

# EXHIBIT

**A**



COMMODITY FUTURES TRADING COMMISSION

525 West Monroe Street, Suite 1100, Chicago, IL 60661

TEL. 312-596-0700

FAX. 312-596-0714

DIVISION of  
ENFORCEMENT

February 2, 2005

VIA PROCESS SERVER

Dr. Samuel Grimes

Quest for Life

5885 Cumming Highway #348

Sugar Hill, GA 30518

Re: U.S. CFTC v. Equity Financial Group, et al. Case No. 04-CV-1512 (D.N.J.)  
Subpoena Duces Tecum dated 2/2/05

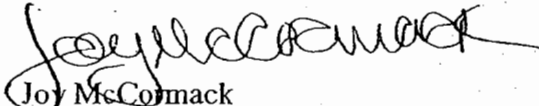
Dear Dr. Grimes:

Enclosed please find a judicial subpoena calling for the production of certain documents no later than **February 15, 2005 at 10:00 a.m.** This subpoena also calls for your deposition to commence on **February 23, 2005 at 11:00 a.m.** at the United States Attorney's Office, 600 U.S. Courthouse, 75 Spring Street, S.W., Atlanta, Georgia, 30303.

The production of documents must be accompanied by a sworn affidavit authenticating the materials and certifying that the production is complete. For your convenience, we have attached an affidavit form for your use.

For your appearance, you are entitled to a witness fee as well as reimbursement for ordinary travel expenses such as mileage and parking. The enclosed "Statement to Persons" sets forth further information regarding providing testimony to the Commission. Should you have any questions, you may call Lead Trial Attorney, Elizabeth Streit (312) 596-0537 or myself at (312) 596-0527.

Sincerely,

  
Joy McCormack  
Investigator

Enclosure: Subpoena with Attachment  
Statement to Persons

cc: Elizabeth Streit, Lead Trial Attorney ✓

EXHIBIT A

EXHIBIT

247

Issued by the  
**United States District Court**  
FOR THE  
NORTHERN DISTRICT OF GEORGIA

**COMMODITY FUTURES  
TRADING COMMISSION**

**Plaintiff,**

VS

**EQUITY FINANCIAL GROUP, LLC  
VINCENT J. FIRTH, ROBERT W. SHIMER,  
J. VERNON ABERNETHY, COYT E. MURRAY,  
TECH TRADERS, INC., TECH TRADERS, LTD.,  
MAGNUM INVESTMENTS, and  
MAGNUM CAPITAL INVESTMENTS, LTD**

**JUDGE ROBERT B. KUGLER**

CASE NUMBER:

**1:04CV-01512-RBK-AMD**

*(Currently pending in the District of New Jersey)*

**Defendants.**

TO: Dr. Samuel Grimes  
Quest for Life  
5885 Cumming Highway #348  
Sugar Hill, GA 30518

YOU ARE COMMANDED to appear in the United States District Court at the place, date, and time specified below to testify in the above case.

PLACE OF TESTIMONY

COURTROOM:

DATE AND TIME:

YOU ARE COMMANDED to appear at the place, date, and time specified below to testify at the taking of a deposition in the above case.

PLACE OF DEPOSITION

**United States Attorney's Office  
600 U.S. Courthouse  
75 Spring Street, S.W.  
Atlanta, Georgia, 30303.**

DATE AND TIME

**February 23, 2005 at 11:00 a.m.**

YOU ARE COMMANDED to produce and permit inspection and copying of the following documents or objects at the place, date, and time specified below (list documents or objects): **See Attachment A**

PLACE

**Commodity Futures Trading Commission  
Division of Enforcement  
525 West Monroe, Suite 1100  
Chicago, Illinois 60661**

DATE AND TIME

**February 15, 2005**

YOU ARE COMMANDED to produce and permit inspection of the following premises at the date and time specified below.

PREMISES

DATE AND TIME

Any organization not a party to this suit that is subpoenaed for the taking of a deposition shall designate one or more officers, directors, or managing agents, or other persons who consent to testify on its behalf, and may set forth, for each person designated, the matters on which the person will testify. Federal Rules of Civil Procedure, 30(b)(6).

Issuing Officer Signature and Title (Indicate if attorney for Plaintiff or Defendant)

Date: 2/2/05

Attorney for Plaintiff

*Elizabeth M Streit*

Issuing Officer's Name, Address, and Phone Number

Elizabeth Streit, Lead Trial Attorney  
Commodity Futures Trading Commission  
525 West Monroe Street, Suite 1100  
Chicago, IL 60661  
(312) 596-0537

(See Rule 45, Federal Rules of Civil Procedure Parts C & D on Reverse)

AO 88 (Rev. 1/94) Subpoena in a Civil Case

**PROOF OF SERVICE**

SERVED:

DATE:

PLACE:

SERVED ON (PRINT NAME):

MANNER OF SERVICE:

SERVED BY (PRINT NAME):

TITLE:

**DECLARATION OF SERVER**

I declare under penalty of perjury under the laws of the United States of America that the foregoing information contained in the Proof of Service is true and correct.

Executed on

DATE

SIGNATURE OF SERVER

**(c) PROTECTION OF PERSONS SUBJECT TO SUBPOENAS.**

(1) A party or an attorney responsible for the issuance and service of a subpoena shall take reasonable steps to avoid imposing undue burden or expense on a person subject to that subpoena. The court on behalf of which the subpoena was issued shall enforce this duty and impose upon the party or attorney in breach of this duty an appropriate sanction which may include, but is not limited to, lost earnings and a reasonable attorney's fee.

(2)(A) A person commanded to produce and permit inspection and copying of designated books, papers, documents or tangible things or inspection of premises need not appear in person at the place of production or inspection unless commanded to appear for deposition, hearing or trial.

(2)(B) Subject to paragraph (d)(2) of this rule, a person commanded to produce and permit inspection and copying may, within 14 days after service of the subpoena or before the time specified for compliance if such time is less than 14 days after service, serve upon the party or attorney designated in the subpoena written objection to inspection or copying of any or all of the designated materials or of the premises. If objection is made, the party serving the subpoena shall not be entitled to inspect and copy the materials or inspect the premises except pursuant to an order of the court by which the subpoena was issued. If objection is made, the party serving the subpoena may, upon notice to the person commanded to produce, move at any time for an order to compel the production. Such an order to compel production shall protect any person who is not a party or an officer of a party from significant expense resulting from the inspection and copying commanded.

(3)(A) On timely motion, the court by which a subpoena was issued shall quash or modify the subpoena if it

(i) fails to allow reasonable time for compliance;

(ii) requires a person who is not a party or an officer of a party to travel to a place more than 100 miles from the place where that person resides, is employed or regularly transacts business in person, except that, subject to the provisions of clause (c)(3)(B)(iii) of this rule, such a person may in order to attend trial be commanded to travel from any such place within the state in which the trial is held, or

(iii) requires disclosure of privileged or other protected matter and no exception or waiver applies, or

(iv) subjects a person to undue burden.

(B) If a subpoena

(i) requires disclosure of a trade secret or other confidential research, development, or commercial information, or

(ii) requires disclosure of an unretained expert's opinion or information not describing specific events or occurrences in dispute and resulting from the expert's study made not at the request of any party, or

(iii) requires a person who is not a party or an officer of a party to incur substantial expense to travel more than 100 miles to attend trial, the court may, to protect a person subject to or affected by the subpoena, quash or modify the subpoena or, if the party in whose behalf the subpoena is issued shows a substantial need for the testimony or material that cannot be otherwise met without undue hardship and assures that the person to whom the subpoena is addressed will be reasonably compensated, the court may order appearance or production only upon specified conditions.

**(d) DUTIES IN RESPONDING TO SUBPOENA.**

(1) A person responding to a subpoena to produce documents shall produce them as they are kept in the usual course of business or shall organize and label them to correspond with the categories in the demand.

(2) When information subject to a subpoena is withheld on a claim that it is privileged or subject to protection as trial preparation materials, the claim shall be made expressly and shall be supported by a description of the nature of the documents, communications, or things not produced that is sufficient to enable the demanding party to contest the claim.

Attachment A to Subpoena  
Issued to Dr. Samuel Grimes on February 2, 2005

*Definitions and Instructions*

The term "document" shall include, but not be limited to, any memorialization, whether in writing, in any mechanical or tape recording, or in a computer memory.

*Documents to Be Produced*

1. Excluding any documents previously produced to the court appointed Receiver, Mr. Stephen Bobo, any and all documents referencing, relating to or involving any of the names listed below including, but not limited to, correspondence, faxes, email, memoranda, invoices, ledgers, statements, agreements, contracts, promotional materials, notes, and records evidencing transfers of money. Documents existing in electronic format may be produced in hard copy.

*Dream Venture Group*  
*Abernethy, Jack Vernon*  
*Bally Lines, Ltd.*  
*Carden, LK*  
*Evors, Edward*  
*Firth, Vincent*  
*Harkey, Chuck*  
*Latulippe, Gerard*  
*Leonard, Thomas*  
*Max Research Foundation*  
*McGaffick, Matthew*  
*Murray, Coyt A.*  
*Murray, Coyt E.*  
*Pruitt, Mike*  
*Quest for Life*  
*Resolution Network Africa*  
*Shimer, Robert*  
*Teague, Elaine*  
*Magnum Capital Investments*  
*Magnum Investments*  
*Security Assets, Inc.*  
*Shasta Capital Associates*  
*Tech Traders, Inc.*  
*Tech Traders, Ltd.*

**COMMODITY FUTURES TRADING COMMISSION**  
**WASHINGTON, D.C. 20581**

**Statement to Persons Directed to Provide Information Pursuant to  
A Commission Subpoena or Requested to Provide Information Voluntarily**

This document sets forth your legal rights and responsibilities as a person requested to supply information voluntarily or directed to provide sworn testimony or produce documents pursuant to a subpoena of the Commodity Futures Trading Commission. This statement also provides important information about the deposition process for persons providing testimony. Unless stated otherwise, the information below applies whether you are providing information voluntarily or pursuant to subpoena.

**FALSE STATEMENTS AND DOCUMENTS**

Any person who knowingly and willfully makes false or fraudulent statements, whether under oath or otherwise, or who falsifies, conceals or covers up a material fact, or submits any false writing or document, knowing it to contain false, fictitious or fraudulent information, is subject to the criminal penalties set forth in 18 U.S.C. § 1001 which include imprisonment of not more than five years, imposition of a substantial fine under the Federal Sentencing Guidelines, or both.

**PRIVACY ACT**

To restrict unauthorized dissemination of personal information, the Privacy Act of 1974, 5 U.S.C. § 552a, limits an agency's ability to disclose such information.<sup>1/</sup> Under the Privacy Act, the Commission may disclose protected information as follows: when the individual to whom the record pertains consents in writing; when officers and employees of the Commission need the record to perform their duties; when required by the terms of the Freedom of Information Act, 5 U.S.C. § 552; or when disclosure is for a "routine use" (i.e., one compatible with the purpose for which the information was collected).

The Privacy Act also requires that individuals requested to provide information receive notice of the following:

1. **AUTHORITY FOR SOLICITATION OF INFORMATION.** Sections 6(c) and 8(a) of the Commodity Exchange Act, 7 U.S.C. §§ 15, 12(a), and Commission Rule 11.2, 17 C.F.R. § 11.2, authorize the Commission to conduct investigations. In the course of any

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<sup>1/</sup> Individuals should refer to the full text of the Privacy Act, 5 U.S.C. § 552a(b), and to the Commission's Rules, 17 C.F.R. 146, for a complete list of authorized disclosures and coverage of the act. Only those disclosures arising most frequently are mentioned in this document.

**BUSINESS RECORDS AFFIDAVIT**

BEFORE ME, the undersigned authority, personally appeared \_\_\_\_\_  
who, being by me duly sworn, deposed as follows:

My name is \_\_\_\_\_, I am over 21 years of age, of sound mind,  
capable of making this affidavit, and personally acquainted with the facts herein stated.

I am custodian of records of \_\_\_\_\_. Attached hereto is/are (\_\_\_\_\_)  
page(s) of records from the files of \_\_\_\_\_. These records were kept by  
\_\_\_\_\_ in the regular course of business; it was in the regular course of business  
for employees of representatives of \_\_\_\_\_ with personal knowledge of the act,  
event or condition recorded to make the memorandum or record, or to transmit information  
thereof to be included in such memorandum or record; and, the memorandum or record was  
made at or near the time of the act, event or condition recorded or reasonably soon thereafter. I  
certify that the record(s) attached hereto is/are exact duplicates of the originals.

\_\_\_\_\_  
\_\_\_\_\_, Affiant

SWORN TO AND SUBSCRIBED before me this \_\_\_ day of \_\_\_\_\_, 2005.

\_\_\_\_\_  
Notary Public, State of Georgia



# EXHIBIT

## **B**

**Montfort S. Ray**  
Attorney at Law

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167 Bell Street, Hiawassee, GA 30546 \* 706-781-5057 \* Fax: 770-234-6200  
NC Office: 429 Pentlands Indian Trail, Hayesville, NC 28904 \* 828-389-1220 \* eagle76@grove.net  
South Georgia office: 10 Warren Drive, Savannah, Georgia, 31407

March 7, 2005

Elizabeth M. Streit, Esq.  
Lead Trial Attorney  
Division of Enforcement  
Commodity Futures Trading Commission  
525 West Monroe St., Ste 1100  
Chicago, Illinois, 60661

Re: U.S. CFTC v. Equity Financial Group, et al. case No. 04-CV-1512 (D.N.J.), and  
the claim of Quest For Life Outreach, a church

Dear Ms. Streit:

Enclosed please find the documents which you requested in the above referenced matter.

Also enclosed are documents which you did not request but which you may find helpful  
in evaluating the claim of Quest for Life Outreach<sup>1</sup>.

First, I think it would be helpful to provide a brief chronological narrative, focusing on  
the personal history of Dr. J. Samuel Grimes, Jr.<sup>2</sup> Dr. Grimes was a decorated Special  
Operations soldier during the Viet Nam war. He was a Marine Force Reconnaissance  
Platoon Commander, and a Provisional Reconnaissance Unit advisor under Project  
Phoenix, a CIA program to break down the Viet Cong infrastructure. A narrative of his

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<sup>1</sup> The full name of the church is Quest for Life Outreach Church, frequently referred to herein as Quest for Life or Quest.

<sup>2</sup> I refer to Samuel Grimes as "doctor" even though he has no state issued license. He did receive a "Doctor of Medicine (Medicina Alternativa)" in 1996 widely accepted in other countries. In any case, I think you will agree after reading this material that he deserves the title.

missions would read like chapters out of Richard Marcinko's Seal Team Six. I enclose a copy of Lt. Grimes' military records and citations (Exhibit A).

While in Viet Nam, Dr. Grimes spent most of his time in the field, unsupervised, leading a small group of men, under terrible adversity, using any means necessary to accomplish his missions. In order to survive, he developed a keen interest and proficiency in guerilla medicine.

Dr. Grimes furthered his medical education upon leaving the military by attending chiropractic school for a year and a half. Finding chiropractic to be only a partial solution to the treatment of disease, he then studied naturopathy, homeopathy, and comprehensive alternative medicine, as used in Europe and other parts of the world. I enclose several documents (Exhibit B) related to Dr. Grimes' formal medical education, which, while not orthodox, is nonetheless considerable.

Striving to heal his war time experiences<sup>3</sup>, Dr. Grimes became deeply religious. As a young Marine in San Diego, Dr. Grimes was introduced to Christ at a Christian Businessmen's Service Center. Regarding the depth and sincerity of his Christian commitment, I refer you to Dr. Grimes' "Ministry Plan of Quest For Life", enclosed herewith as Exhibit C. At least read the first several pages.

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<sup>3</sup> Ending in a third gunshot wound, complicated by malaria, thus ending his first term of military service hospitalized.

Dr. Grimes established Quest for Life Outreach as a church<sup>4</sup> in the early 1990s (see enclosed Certificate of Ordination, marked Exhibit D) and began a ministry in which his medical services were prominently featured. Around 1990, Dr. Grimes felt that he had become reasonably proficient in the various modalities of healing, and he formed a clinic in rural North Carolina.

The clinic became one of this country's most effective and successful clinics in the treatment of chronic degenerative disease, especially cancer. Though Dr. Grimes never advertised (patients came by word of mouth only, referred by other patients) and patients were advised in writing in their initial consultation that Dr. Grimes was not a licensed medical doctor and that his training was unconventional, the clinic's patients read like a Who's Who of the rich and famous.

Enclosed as Exhibit E are letters from several patients<sup>5</sup>. These are wealthy and responsible individuals who could have become patients anywhere in the world, but they chose Dr. Grimes because their investigation showed that he has great success treating degenerative disease, sports injuries, and many other ailments. Greater success than conventional medicine. Incredible, I know. Just read the letters.

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<sup>4</sup> I have no expertise regarding the legal attributes of religious associations. In any case, the Grimes' established Quest as a church and have operated it as a church to the best of their ability. Dr. Grimes has served as pastor of the church and his wife as secretary/treasurer. Occasionally, he uses the title "Director". Both they and their parishioners have regarded all sums placed with Quest to be donations.

<sup>5</sup> These are but a few of the well known patients. Many of the higher profile patients have chosen to remain anonymous.

Was Dr. Grimes irregular and unorthodox in his approach? Absolutely. He has not received a traditional degree from a United States accredited medical school, but he has studied intensely and practiced successfully over a 25 year period. Given his background, Dr. Grimes wouldn't have the patience to endure a conventional medical school/internship/residency program.

Dr. Grimes' medical career is very much like his military career. He is a field operative working with a small group of talented people with little supervision, working with exceptional intelligence, ability and commitment to accomplishing his mission.

Toward the end of the 1990's, Dr. had become "burnt out" by being available 24 hours a day, seven days a week at their clinic dealing with very needy people who were on death's door step. During that time, his clinic was mainly caring for and treating people with cancer who had been sent home by traditional doctors to die after being told "there is nothing else we can do for you".

His goal for many years have been to eventually wind down his clinical work to establish "a church without walls". Over the next several years, he began to assist people in third world countries (principally the Balkans and Tanzania). I enclose letters of appreciation (collectively, Exhibit F) from a few of the individuals and groups who have experienced the generosity of the Quest for Life Outreach Church.

In order to be able to continue the Church's generosity on this scale, Dr. Grimes decided to make church monies available to Tech Traders, Inc. (TTI). I say "make monies available" because the Grimes insist that these sums were "loaned to" and not "invested in" TTI.<sup>6</sup>

You correctly state in your Objection that Richmond Asset Management, Inc. (Richmond) transferred \$1,442,000.00 to Quest For Life, and that Quest For Life was thereby able to loan \$1,150,000.00 to TTI.

Richmond is a small group of self-avowed private investors located in Houston, Texas. They say they have nothing to do with an organization of the same name operating out of Hong Kong. I am in the process of verifying same.

Further, Richmond transferred the \$1,442,000.00 to Quest not as an investment, but as a donation to the church in appreciation for its generosity over the previous several years. I enclose as Exhibit G the affidavit of one of Richmond's corporate officers in this regard.

Finally, none of the \$705,000.00 transferred from TTI to Quest was ever transferred from Quest to Richmond, as there would have been in the case of commodity pooling. This is evident from the banking records.

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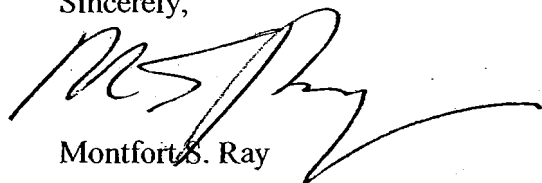
<sup>6</sup> There was some confusion regarding my client's choice of words in addressing the subject of "source of funds" in a previous questionnaire. The phrase "personal earnings" referred to funds generated by the church, not the personal earnings of Dr. Grimes.

You also correctly state that \$1,700,000.00 was made available to TTI by Max Research Foundation, Inc., (MRF). MRF is a company created by Dr. Grimes to facilitate Quest's ministry in foreign countries. Dr. Grimes maintains that it has never served any other purpose. He probably should have named the company Quest International, but the company was formed originally with the goal of medical research and establishing a hospital in the Caribbean. In any case, the company's only purpose was to help the church effect its international ministry. I find that Dr. Grimes' position that MRF is the "international arm" of Quest for Life is a sincere and credible one<sup>7</sup>.

Accordingly, I respectfully submit that Quest's net "investment" is really \$2,045,000.00 (\$1,150,000.00 from the BBT account, plus \$1,700,000.00 from the MRF account, minus \$705,000.00 from TTI to Quest). None of these sums were "placed in trade" on behalf of any other entities.

I look forward to working with you further on this case. Please call if you have any questions. In any case, I will see you in Atlanta on March 23<sup>rd</sup>.

Sincerely,



Montfort S. Ray

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<sup>7</sup> The Christmas Lane address in Atlanta is the residence of church secretary/treasurer Cheryl Barksdale's parents. Because the staff travels so often, Dr. Grimes wanted a stable and occupied address to which the bank statements could be sent.

# EXHIBIT

C



**EXHIBIT**

269

AFFIDAVIT

Before the undersigned officer authorized to administer oaths, personally appeared Glen E. Mayle, who having first been duly sworn, states on his oath as follows:

1.

I, Glen E. Mayle, am over the age of 18 and competent to make this Affidavit. The facts contained in this Affidavit are based on my personal knowledge. I was the Chief Financial Officer of Richmond Asset Management, Inc. during portions of 2002 and 2003, of which corporate office was located at 1901 Post Oak Park Drive, Suite 13303, Houston, Texas, 77027.

2.

Over the course of 2003, several wire transfers were made by Richmond Asset Management, Inc. to Quest for Life. These funds were transferred as a gift to Quest for Life from Richmond Asset Management, resulting from the generosity that Dr. Grimes showed from 2001 through 2003, to the officers of Richmond Asset Management. Through these years, minimal funds were available to pay Dr. Grimes for his medical services. All that Dr. Grimes requested was that a gift be sent to Quest for Life when funds became available. Though these funds are sizable, we consider them minuscule to the price of a man's life.

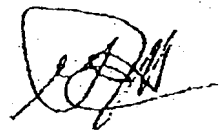
3.

Several of the officers had some rather severe health problems. One officer was suffering from renal failure as well as had uncontrollable diabetes. Other doctors had tried to control his diabetes but neither insulin nor any other medication was bringing it to a manageable level. Through the extended care of Dr. Grimes, he was able to come through the crisis of renal failure as well as get his diabetes down to a manageable level. Dr. Grimes also cared for him during a staph infection from Mexico, recluse spider bites, the flu as well as various other health issues. When his mother was diagnosed with cancer, Dr. Grimes kindly offered assistance in advising him on the best plan of action for his mother.

4.

Another officer was battling with severe obesity and cardiac stress. Dr. Grimes consulted with him providing a plan that would bring him back to health.

1



Exh. b. 4 G

EXHIBIT C

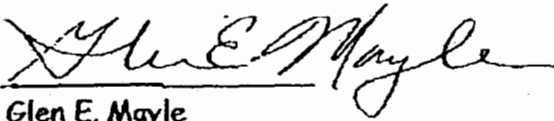
5.

Dr. Grimes holistic consultations to our officers and associates have been invaluable as well as life saving. He firmly believes in treating the whole person. With Dr. Grimes, one always knew that if you had a problem, question or needed anything, you could call on him 24 hours a day, 7 days a week and he would be there for you. No amount of money could show our gratitude to Dr. Grimes.

6.

We are also impressed with Quest for Life's work in third world countries and have been happy to provide support in any way possible.

I declare under penalty of perjury that the foregoing statement is the truth.



Glen E. Mayle

Date: March 8, 2005

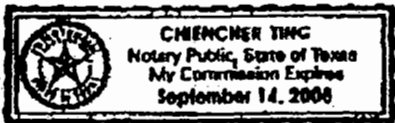
ACKNOWLEDGEMENT

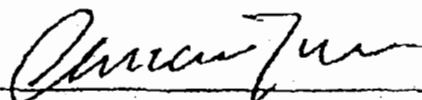
STATE OF TEXAS

COUNTY OF HARRIS

PERSONALLY appeared before me the undersigned authority, within my jurisdiction, and for the said county and state, the within named Glen E. Mayle, having Sworn to and subscribed before me the foregoing AFFIDAVIT.

WITNESS my hand and official seal the 8 th day of MARCH, 2005.



  
NOTARY PUBLIC

MY COMMISSION EXPIRES

# EXHIBIT

**D**

**From:** Streit, Elizabeth M.

**To:** eagle76@grove.net ; Marjorie Moore

**Sent:** Thursday, March 10, 2005 2:03 PM

**Subject:** Further Request for Documents

As follow-up to our phone conversation of this afternoon, please produce the following documents, all of which are responsive to our issued subpoena:

1. any business records for Quest for Life, which include any ledgers, income statements or balance sheets from 2002 to the present-

The only further documents that we can provide are the minutes and By-Laws of Quest for Life. (We have previously provided the Ministry Plan for Quest for Life and letters from those who Quest for Life donated to in the period in question, as per your request for documents associated with Quest for Life.) We do not keep records, save the minutes, which provide a historical documentation of our work, and we do not keep ledgers, income statements or balance sheets. As a non-incorporated Church, which is a non-taxpayer, we are not required to keep records. We find no Biblical precedence for the keeping of records. In fact, to the contrary, we find many Scriptures which we believe speak to the fact that there should be no records. (Matthew 6:1-4, Matthew 6:24, Matthew 6:18). You will find the Bi-Laws and Minutes attached.

2. the names, addresses and phone numbers of the "small group of self-avowed private investors" mentioned in your March 7 letter that provided the funds to Richmond Asset Management which, in turn, transferred those funds to Quest for Life

On this point, I do not know that Richmond Asset Management is a "small group of self-avowed private investors," and I believe that Mr. Ray made the point that this statement was conjecture on his part. I have not, and do not know the nature of their business, nor is there a reason that I would know the nature of their business. To the best of my knowledge, this company is no longer in business. You may want to confirm that with the appropriate attorney general.

3. the names, addresses and phone numbers of the officers and directors of Richmond, if different than #2.

I do not know the answer to this question, nor is it my business to know the answer. I do know those who were treated, however, I am sure that Ms. Streit will understand that I can no more violate doctor-patient and pastor-parishioner confidentiality anymore that she can violate attorney-client privilege.

4. The source of the two deposits of \$850,000 each that went to Tech Traders from Max Research Foundation, including the names, addresses and phone numbers of the person or people who provided the funds

CFTC 343-02-0009

**EXHIBIT D**

The two deposits of \$850,000 each that were lent/invested to Tech Traders from Max Research were derived from donations from patients and parishioners whose identity and financial activity is both privileged and private. One of the reasons that Max Research, an off shore entity, was used by folks was to protect their privacy as relating to health conditions and treatments that they wished to not be made public, even within their own companies. This desire for privacy is of the utmost importance to these people, some of who are well know international figures, for personal and professional reasons that I cannot and will not violate. Again, for me to violate these confidences would be a violation of doctor/patient confidentiality, and a violation of pastor/parishioner privilege.

5. the incorporation documents and corporate bylaws for Max Research Foundation

Find attached.

6. any business records for Max Research Foundation, including any ledgers, income statements or balance sheets from 2002 to the present

You will find the Minutes of Max Research Foundation attached. Max Research Foundation, which is a ministry of Quest for Life, does not keep records, save the minutes, which provide a historical documentation of our work. As is the same as Quest for Life, Max Research is not required to keep records and therefore does not keep ledgers, income statements or balance sheets.

Again, during the period we are discussing, over \$600,000 was given to ministries. Ms. Streit has letters from the recipients of those funds, plus contact information on each of them. Additionally, my travel expenses to Africa and the Balkans every other month or so amounted to approximately \$10,000 per trip, plus I generally took \$5,000 in cash to deal with things on the ground. One vehicle purchase and outfitting of the same was over \$25,000. Some of Quest for Life's larger monthly obligation include: Hanger rent was \$2,092; aircraft insurance of \$2,200 per month; and an airplane payment of around \$10,000 per month. This places the amount of funds accounted for well above the amount that was received back from Tech Traders. Finally, all funds which were received from Tech Traders, were wired directly to the BB&T account, which Ms. Streit has all records for. So, one would ask, with these funds being account for, was there a wrong done?

From reading information on the Internet this past weekend relating to this investigation, I also now understand why Ms. Streit would suspect us of being a CPO. Prior to reading those posting last weekend, I had always been under the understanding that Coyt/Tech Traders, did not allow people to pool funds to lend/invest with Tech Traders. That understanding came from numerous conversations with Coyt and he may have even required me to sign something that stated that the funds which we lent Tech Traders were in fact ours, and not pooled. But I can't be sure of that. However, since reading that he told one fellow that he required \$250,000 to lend/invest directly with Tech Traders, I now

understand that was not the case, but reading those posting have given me a better understanding of what Ms. Streit is up against and endeavoring to "Streiten out."

I recognize from the tone of Ms. Streit's questions, that she expects an answer which is within the paradigm of the way records are kept in a typical business. Ms. Streit must understand that Quest for Life endeavors to operate under a spiritual paradigm. Where typical business practice differs from that which Quest for Life interprets as Biblical standards, Quest for Life has endeavored to follow the Biblical standards as afforded to them by the First Amendment of the Constitution of the United States.

When one faces matters of this magnitude, one can be clearly tempted to compromise one's values and belief's and I can see how that could be expedient. However, I value my own integrity, (Oneness, that is being the same consistently) more than the potential of seeing our funds returned by compromising myself and those who have believed in me through the years. Ms. Streit must understand that there are simply no other records to be produced than these. Perhaps in deposition, I can clarify any of her remaining concerns.

Sincerely



Samuel Grimes, Jr., M.D. (MA)

# EXHIBIT

**E**

**Declaration under penalty of perjury of  
Joy McCormack pursuant to 28 U.S.C. § 1746**

I, Joy McCormack, hereby declare as follows:

1. I am a Futures Trading Investigator with the Division of Enforcement of the United States Commodity Futures Trading Commission ("CFTC"), an independent regulatory agency of the United States Government. I have been employed with the Commission's Division of Enforcement since 1999.

2. As part of the investigation conducted by the Division of Enforcement into the case of CFTC v. Equity Financial Group, et al., I have been assigned the task of analyzing the facts surrounding claims of certain investors. During the course of that analysis I have conducted research, obtained documents, interviewed investors, and reviewed bank records.

Quest for Life, Claim No. 55

3. I have received and reviewed the claim form and its related documents as submitted by Quest for Life. I have also conducted research, obtained and reviewed bank records, and reviewed records as produced by J. Samuel Grimes ("Grimes") through his attorney Montfort Ray. Based upon my review of the records for Quest for Life, it appears that the funds invested in Tech Traders by Quest for Life were derived from Richmond Asset Management ("Richmond"). Richmond has transferred \$1,442,000 to Quest for Life, of which Quest for Life then forwarded \$1,150,000 of the funds to Tech Traders.

4. My research of public records databases reflect that Richmond Asset Management, Inc. is a Texas corporation incorporated in April 2000. The Richmond officers are: (1) Edgar M. Bias ("Bias"), the Member Manager (2) Glen Mayle



("Mayle"), the Chief Financial Officer and Secretary, and (3) John Stern, the President.

(See Attachment 1)

5. I have collected certain documents from the U.S. Department of Justice ("U.S. DOJ") regarding Edgar Bias including an indictment filed March 17, 2005 in the United States District Court for the District of Arizona. The indictment charges Bias and Dennis D. Cope with conspiracy, mail fraud, wire fraud and money laundering in connection with FIIK Investments & Holdings, Inc. ("FIIK"), a Houston, Texas entity he controlled through which he solicited individuals to invest in "so-called trading programs" and other investments. (See Attachment 2) An April 16, 2003 draft "Participation Agreement" sent from "gemayle2@sysmatrix.net" (likely Mayle) to "FIIKUSA@aol.com" (likely FIIK), details the terms of a "joint venture" investment agreement between Richmond Asset Management and an individual<sup>1</sup>. (See Attachment 3)

6. From the documents obtained from U.S. DOJ, it appears that Grimes has had a direct relationship to investment deals with Bias. In an email of December 11, 2003, "gemayle2@sysmatrix.net" (likely Mayle) sets out the details of Grimes' investment and payback history in what appears to be FIIK. (See Attachment 4) From my review of the bank records of Richmond Asset Management and Quest for Life, the dates and amounts on the payback history appear to correspond directly to the dates and amounts of wires from Richmond to Quest for Life's domestic bank account. Additionally, included in the details of a January 29, 2005 letter from an attorney detailing the terms of "a joint venture" between Grimes and Bias, are references to a

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<sup>1</sup> Because these "individuals" do not appear to have any relationship to the matter pending before this Court, I have redacted their identifying information. The original documents as received from U.S. DOJ are available for inspection upon request.

“substantial financial contributions to humanitarian efforts underwritten by Max Research Foundation”, a payment of \$3.5 million to Max Research Foundation in February 2005, and a planned trip by Grimes and Bias to Africa and Europe, where during a meeting in Amsterdam, \$200 million would be wire transferred to the attorney in the United States to repay investors. (See Attachment 5)

Alison Shimer, Claim No. 67

7. Alison Shimer, the wife of defendant Robert Shimer, filed a claim for a September 5, 2003 investment with Shasta Capital Associates for \$150,000. The \$150,000 investment came from a joint checking account held in the name of Alison and Robert Shimer at Patriot Bank (“Patriot 5498”). (See Attachment 6) From my review of the voluminous bank records available to date for Edgar Holding Group, and Allied International Management, it appears that by September 2003 defendant Robert Shimer had already received over \$210,000 in the Patriot 5498 account from sources which were mostly funded by Tech Traders. The chart below summarizes the net transfers to Patriot 5498:

Edgar Holding Group, Patriot Bank #5377	\$196,550.00
Allied International, Patriot Bank #4150	\$13,500.00

Patriot 5498 continued to receive funds derived directly or indirectly from Tech Traders through April 2004.

Bally Lines, Ltd., Claim No. 5

8. I have received and reviewed the claim form and related documents as submitted by Dr. Edward Evors of Bally Lines, Ltd. Since February 2005, I began to obtain a limited portion of the bank records from Nevada First Bank for Bally Lines. To date my review of such records reflects that Bally Lines received funds from persons and entities not listed on their claim form. Since we have indicia of other undisclosed investors, the Commission intends to request and analyze further bank records for Bally Lines.

Janelle Wagner Trust c/o Synder Financial Services, Claim No. 32

9. I have received and reviewed the claim forms and the related documents as submitted by Janelle Wagner on behalf of the Janelle Wagner Family Trust and by Brian Synder, of Synder Financial Services. The Commission has developed information that Janelle Wagner was an investor in an Iowa business entity, "Karum Corporation."

10. Based upon my review of records received from Tech Traders, Matthew McGaffick ("McGaffick") is the president of Karum Corporation ("Karum") which entered into a lenders agreement with Tech Traders in May 2001 (See Attachment 7). From my review of the bank records obtained for Tech Traders, Karum subsequently invested approximately \$434,988 directly with Tech Traders. In December 2001, McGaffick and Coyt Murray entered into a Business Agreement under which Tech Traders agreed to make its Synergy Index Trading System available to McGaffick for a period of five years. (See Attachment 8) In a February 2002 letter to Coyt, McGaffick demanded the return of \$575,000 from Tech Traders. (See Attachment 9) According to the Tech Traders bank records, Tech Traders later sent over \$569,000 to Karum Corporation to an offshore account.

11. In September 2002, the Superintendent of Securities, on behalf of the Iowa Division of Insurance, issued a cease and desist order against McGaffick and Karum for soliciting for the "Synergy Index Trading Program." (See Attachment 10) On information and belief, McGaffick is currently incarcerated in the Federal Bureau of Prisons Duluth Minnesota facility for a financial fraud unrelated to Tech Traders. (See Attachment 11)

12. Karum therefore received at least \$130,000 more than it invested in Tech Traders.

Universe Capital Appreciation, LLC, Claim No. 85

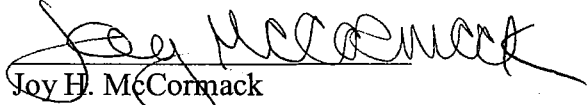
13. I have received and reviewed the claim form and its related documents as submitted by Universe Capital Appreciation ("Universe"). Based upon my review of the Universe bank records, it appears that William D. Perkins, the manager of Universe, received over \$160,000 from Universe, either directly or through separate businesses he ran.

14. From my review of the records, the following people appear to be investors in both Universe and Kaivalya:

Robert Cooper  
William Pfaltz  
Catherine Ptak  
Robert J. Richardson  
Harry Schmalz  
Alison Shimer  
George W. Shimer  
Trinidad Investments  
Harland & Donna Wedel  
Madge M. Watt

In addition, there are a few other corporate investors in Universe which will require further investigation in order to confirm that none of their principals or beneficiaries are investors otherwise in this matter.

I declare under penalty of perjury that the foregoing is true and correct. Executed on this 20<sup>th</sup> day of May 2005.

  
Joy H. McCormack  
Investigator

# ATTACHMENT

**1**

[AutoTrack Home](#) [Feedback](#) [Results Manager](#) [New Search](#) [Sign Off](#) [Online Support](#) [Permissibl](#)

# Detail

## Corporate Records



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### TEXAS SECRETARY OF STATE

Name:	RICHMOND ASSET MANAGEMENT,INC.		
Type:	DOMESTIC BUSINESS CORPORATION		
Status:	IN EXISTENCE		
Date Incorporated:	04/14/2000	Foreign State of Incorporation:	T
Corporation Number:	01579490-00	FEI Number:	

### Corporation Officers:

H	J W (DON) JOHNSON	REG AGENT	HOUSTON, TX
H	J W (DON) JOHNSON	REG AGENT	HOUSTON, TX 77057
	JOHNSON J "DON" W	REG AGENT	
	JOHNSON J "DON" W	REG AGENT	HOUSTON, TX 77057
	BIAS EDGAR M	MEMBER MANAGER	HOUSTON, TX 77027
	BIAS EDGAR M		HOUSTON, TX 77027
	STERN JOHN D	PRESIDENT	HOUSTON, TX 77027
	STERN JOHN D		HOUSTON, TX 77027
	MAYLE GLEN E	CFO	HOUSTON, TX 77027
	MAYLE GLEN E	SECRETARY	HOUSTON, TX 77027
	MAYLE GLEN E		HOUSTON, TX 77027


### Corporation Addresses:


Address Type:	MAILING ADDRESS
	1901 POST OAK DR STE 13303 HOUSTON TX 77027
Address Type:	MAILING ADDRESS
	1901 POST OAK BLVD STE 13303 HOUSTON TX 77056
Address Type:	REG. AGENT ADDRESS


ATTACHMENT 1


c/o J W (DON) JOHNSON

HOUSTON TX

Address Type: REG. AGENT ADDRESS   
c/o J W (DON) JOHNSON  
5850 SAN FELIPE SUITE 470  
HOUSTON TX 77057

Address Type: REG. AGENT ADDRESS   
c/o JOHNSON J "DON" W  
5850 SAN FELIPE SUITE 470  
HOUSTON TX 77057

Address Type: REG. AGENT ADDRESS   
c/o BIAS EDGAR M  
1901 POST OAK DR STE 13303  
HOUSTON TX 77027

Address Type: REG. AGENT ADDRESS   
c/o STERN JOHN D  
1901 POST OAK DR STE 13303  
HOUSTON TX 77027

Address Type: REG. AGENT ADDRESS   
c/o MAYLE GLEN E  
1901 POST OAK DR STE 13303  
HOUSTON TX 77027

**Additional Corporation Information:**

Date: 04/14/2000

Type: NEW ARTICLE OF INCORPORATION



# ATTACHMENT

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# SEALED

REDACTED FOR  
PUBLIC DISCLOSURE

UNITED STATES DISTRICT COURT  
DISTRICT OF ARIZONA

United States of America,  
Plaintiff,  
v.  
Dennis D. Cope, and  
Edgar M. Bias,  
Defendants.

CR05-0237PHX

INDICTMENT

VIO: 18 U.S.C. § 371  
(Conspiracy)  
Count 1

18 U.S.C. § 1341  
(Fraud by Mail)  
Counts 2 - 18

18 U.S.C. § 1343  
(Fraud by Wire)  
Counts 19 - 23

18 U.S.C. § 1956(a)(1)(A)(i)  
(Money Laundering - Promoting  
Unlawful Activity)  
Count 24 - 29

18 U.S.C. § 1957  
(Money Laundering - Transacting  
in Property Derived from  
Unlawful Activity)  
Counts 30 - 32

18 U.S.C. § 981(a)(1)(C)  
28 U.S.C. § 2461(c)  
(Forfeiture Allegation)

18 U.S.C. § 982  
(Forfeiture Allegation)

1 THE GRAND JURY CHARGES:

2 INTRODUCTION

3 1. At all times material to this indictment, the principal individuals, entities and terms  
4 referred to herein include the following:

5 a. The defendant DENNIS D. COPE created Millenium Group International, Inc.  
6 ("MGI"), a Nevada corporation which he administered in Mesa, Arizona, for the purpose, among  
7 others, of soliciting individuals to invest in so-called "trading programs" and other investments  
8 that the defendant DENNIS D. COPE claimed would produce high-yields for the investors. The  
9 defendant DENNIS D. COPE created Green Gables Management ("Green Gables") as a  
10 successor to MGI.

11 b. The defendant DENNIS D. COPE used Servicios Duwas, a Costa Rican entity, for  
12 the purpose of soliciting individuals to invest in so-called trading programs involving bank notes  
13 that the defendant claimed would produce high-yields for the investors.

14 c. The defendant EDGAR M. BIAS controlled FIIK Investments & Holdings, Inc.  
15 ("FIIK"), a Houston, Texas entity, which he and defendant DENNIS D. COPE used for the  
16 purpose, among others, of soliciting individuals to invest in various projects, including so-called  
17 "trading programs," restaurant acquisitions and pipeline development, by moving their  
18 investments from MGI and Green Gables to FIIK.

19 d. The defendant DENNIS D. COPE controlled Partners Bank, a supposed financial  
20 institution purportedly based in Montenegro, then a part of Yugoslavia, and having a purported  
21 office in Victoria, British Columbia, Canada, for the stated purpose of administering returns on  
22 investments made by individuals in response to solicitations the defendants DENNIS D. COPE  
23 and EDGAR M. BIAS and others acting on their behalf or at their direction made through MGI,  
24 Green Gables, Servicios Duwas and FIIK.

25 COUNT 1  
26 (Conspiracy to Commit Mail & Wire Fraud)

27 2. The allegations set forth in Paragraph 1 are realleged and incorporated herein.

1 Objects of the Conspiracy

2 3. From in and around June, 1998, through July, 2003, the defendants DENNIS D. COPE  
3 and EDGAR M. BIAS did willfully, knowingly, and unlawfully combine, conspire, confederate  
4 and agree together with others known and unknown to the Grand Jury to commit violations of  
5 the following offenses against the United States:

6 a. to devise, and by attempting to do so, a scheme and artifice to defraud individuals and  
7 to obtain money, and attempting to do so, by making material false and fraudulent  
8 representations and promises and omitting material information concerning the nature, yield,  
9 security and actual use of investments they offered through MGI, Green Gables, Servicios  
10 Duwas, and FIIK, said scheme and artifice to defraud and to obtain money by material false and  
11 fraudulent representations and promises and material omissions being executed by placing and  
12 causing to be placed matters to be sent or delivered by the United States Postal Service and  
13 commercial interstate carriers, in violation of Title 18, United States Code, Sections 1341 and

14 2.

15 b. to devise a scheme and artifice to defraud individuals and to obtain money by making  
16 material false and fraudulent representations and promises and omitting material information  
17 concerning the nature, yield, security and actual use of investments they offered through MGI,  
18 Green Gables, Servicios Duwas and FIIK, said scheme and artifice to defraud and to obtain  
19 money by material false and fraudulent representations and promises and material omissions  
20 being executed by transmitting and causing to be transmitted by means of wire communication  
21 in interstate and foreign commerce writings, signs and signals, in violation of Title 18, United  
22 States Code, Sections 1343 and 2.

23 Means and Methods of the Conspiracy and Scheme to Defraud  
24 and to Obtain Money by False Pretenses

25 4. The defendants carried out the conspiracy and its fraudulent aspects through the  
26 following means and methods:

27 a. Defendants DENNIS D. COPE and EDGAR M. BIAS offered to sell and did sell  
28

1 investments, sometimes termed Private Placement Loan Agreements ("PPLA"), through MGI,  
2 Green Gables, Servicios Duwas and FIIK in so-called "trading programs" involving the use of  
3 investor funds as collateral for the purchase and sale of purported medium-term bank notes  
4 offered by financial institutions located outside of the United States, falsely and fraudulently  
5 making such statements as -

6 i) the investors' money would yield a high rate of return, such as 120% at the  
7 end of 45 days;

8 ii) the investors' principal would be returned, if an investor desired, at the end  
9 of the investment term;

10 iii) the investors' money would be safe and guaranteed by remaining in a bank  
11 account, including Servicios Duwas.

12 b. Defendants DENNIS D. COPE and EDGAR M. BIAS offered to sell and did sell  
13 investments through Green Gables and FIIK in purported restaurants, pipelines and other  
14 projects that they falsely and fraudulently guaranteed would be safe, guaranteed investments.

15 c. Defendants DENNIS D. COPE and EDGAR M. BIAS failed to inform investors that  
16 there were no such high-yield trading programs, that their money in many instances would not  
17 be placed and kept in bank accounts, that the restaurant, pipeline and other projects had little or  
18 no merit and that the defendants intended to use and did use some investors' money for purposes  
19 other than making investments on behalf of the investors and, in many instances, for their own,  
20 personal use.

21 d. Defendant DENNIS D. COPE lulled investors into the belief that their funds were  
22 safe and earning the stated rates of return by -

23 i) sending and causing to be sent to investors false and misleading statements  
24 and reports of their accounts and investment activity in which he caused to be set  
25 out non-existent returns on their investments that were consistent with the  
26 defendants' claims of safe investment yielding high rates of return;

27 ii) sending and causing to be sent to investors checks, including ones drawn on  
28

1 Partners Bank in British Columbia, Canada, an entity that he failed to inform  
2 investors was not licensed to operate as a bank in Canada, that

3 - proved to be backed by insufficient funds when deposited by investors,

4 or

5 - he subsequently requested not be deposited.

6 e. The defendant DENNIS D. COPE solicited funds from investors for the stated but  
7 unrealized purpose of making donations to the Kirtland Project, a project undertaken by the  
8 Church of Jesus Christ of Latter Day Saints to restore certain historic buildings, in an effort to  
9 create a trusting affinity between the defendant and certain investors.

10 f. In the process of the foregoing, the defendants DENNIS D. COPE and EDGAR M.  
11 BIAS raised over \$18.5 million from investors, of which \$8.6 million was paid back to investors  
12 as seeming returns on their investments in order to -

13 i) lull original investors into the false belief that their investments were safe and  
14 earning the stated rates of return, such that these investors would make further  
15 investments; and;

16 ii) convince other individuals, based upon the experience of original investors,  
17 to make their own investments;

18 thereby engaging in what is commonly known as a *Ponzi* scheme, which ultimately  
19 resulted in a loss to investors of \$9.9 million.

20 Overt Acts

21 5. In furtherance of the conspiracy and to effect the objects thereof, defendants DENNIS  
22 D. COPE and EDGAR M. BIAS, and their co-conspirators and others acting at their direction  
23 performed overt acts in the District of Arizona and elsewhere, including but not limited to:

24 a. [REDACTED]

25 i) On or about September 16, 1999, the defendant DENNIS D. COPE in Mesa,  
26 Arizona witnessed an agreement between MGI and [REDACTED] wherein [REDACTED]  
27 agreed to lend \$70,000 to MGI "for the purpose of initiating high yield projects," and MGI

1 agreed to return the sum at the end of one year and eleven days, plus a 100% profit.

2 ii) On or about September 16, 1999, at the direction of the defendant DENNIS  
3 D. COPE, ██████████ in Mesa, Arizona gave to the defendant DENNIS D. COPE a check  
4 for \$70,000 made payable to MGI.

5 iii) On or about November 18, 1999, the defendant DENNIS D. COPE in Mesa,  
6 Arizona witnessed an agreement between MGI and ██████████, wherein ██████████  
7 agreed to lend \$50,000 to MGI "for the purpose of initiating high yield projects," and MGI  
8 agreed to return the sum at the end of one year and eleven days, plus a minimum of 120% profit.

9 iv) On or about November 18, 1999, at the direction of the defendant DENNIS  
10 D. COPE, ██████████ in Shiprock, New Mexico transferred by wire to Concord, California  
11 \$50,000 for deposit to an MGI bank account.

12 v) On or about November 23, 1999, the defendant DENNIS D. COPE in Mesa,  
13 Arizona witnessed an agreement between MGI and ██████████, wherein ██████████  
14 agreed to lend \$20,000 to MGI "for the purpose of initiating high yield projects," and MGI  
15 agreed to return the sum at the end of one year and eleven days, plus a minimum of 120% profit.

16 vi) On or about November 26, 1999, the defendant DENNIS D. COPE in Mesa,  
17 Arizona caused to be sent to ██████████ in Shiprock, New Mexico a report in which the  
18 defendant caused to be falsely stated that ██████████ placement of a total of \$140,000 had  
19 earned \$28,000.

20 vii) On or about January 26, 2000, the defendant DENNIS D. COPE in Mesa,  
21 Arizona witnessed an agreement between MGI and ██████████, wherein ██████████  
22 agreed to lend \$20,000 to MGI "for the purpose of initiating high yield projects," and MGI  
23 agreed to return the sum at the end of one year and eleven days, plus a minimum of 100% profit.

24 viii) On or about January 26, 2000, at the direction of the defendant DENNIS  
25 D. COPE, ██████████ in Shiprock, New Mexico transferred by wire to Concord, California  
26 \$20,000 for deposit into an MGI bank account.

27 ix) In approximately January, 2000, the defendant DENNIS D. COPE, in Las  
28

1 Vegas, Nevada, presented to [REDACTED] a request that he make a donation to the Kirtland,  
2 Ohio project by making a personal loan to MGI for use in the project.

3 x) On or about January 23, 2000, at the direction of the defendant DENNIS D.  
4 COPE, [REDACTED] in Shiprock, New Mexico sent by U. S. mail to the defendant DENNIS  
5 D. COPE in Mesa, Arizona, a check made payable to MGI for \$15,000, of which \$10,000 was  
6 in response to the defendant's solicitation for donations to the Kirtland project.

7 xi) On or about February 23, 2000, in Mesa, Arizona, the defendant DENNIS  
8 D. COPE witnessed an agreement between MGI and [REDACTED], wherein [REDACTED]  
9 agreed to lend \$15,000 to MGI "for the purpose of initiating high yield projects," and MGI  
10 agreed to return the sum at the end of one year and eleven days, plus a minimum of 120% profit.

11 xii) On or about February 28, 2000, at the direction of the defendant DENNIS  
12 D. COPE, [REDACTED] in Shiprock, New Mexico transferred by wire to Concord, California  
13 \$15,000 for deposit into an MGI bank account.

14 xiii) On or about March 1, 2000, the defendant DENNIS D. COPE in Mesa,  
15 Arizona caused to be sent by U. S. mail to [REDACTED] in Shiprock, New Mexico a check  
16 for \$4,000 drawn on an MGI account.

17 xiv) On or about April 3, 2000, the defendant DENNIS D. COPE in Mesa,  
18 Arizona caused to be sent by U. S. mail to [REDACTED] in Shiprock, New Mexico a check  
19 for \$36,500 drawn on an MGI account.

20 xv) On or about April 25, 2000, the defendant DENNIS D. COPE in Mesa,  
21 Arizona witnessed an agreement between MGI and [REDACTED] wherein Mr. Manning  
22 agreed to lend \$15,000 to MGI "for the purpose of initiating high yield projects," and MGI  
23 agreed to return the sum at the end of one year and eleven days, plus a minimum of 120% profit.

24 xvi) On or about April 26, 2000, at the direction of the defendant DENNIS D.  
25 COPE, [REDACTED] in Shiprock, New Mexico transferred by wire to Concord, California  
26 \$15,000 for deposit into an MGI bank account.

27 xvii) On or about May 4, 2000, the defendant DENNIS D. COPE in Mesa,  
28



1 Arizona caused to be sent by U. S. mail to ██████████ in Shiprock, New Mexico a check  
2 for \$12,500 drawn on an MGI account.

3 xviii) On or about June 23, 2000, the defendant DENNIS D. COPE in Mesa,  
4 Arizona caused to be sent by U. S. mail to ██████████ in Shiprock, New Mexico a check  
5 for \$14,000 drawn on a Green Gables account.

6 xix) On or about August 17, 2000, at the request of the defendant DENNIS D.  
7 COPE, ██████████ in Shiprock, New Mexico consented to cancel his agreements with  
8 MGI, to hold MGI and its officers, agents and employees harmless from all obligations arising  
9 out of those agreements, to transfer to FIIK his total placement of \$190,000 with MGI and to  
10 communicate with FIIK only through Green Gable.

11 xx) In August, 2000, the defendant EDGAR M. BIAS in Houston, Texas caused  
12 his name to be affixed to various agreements with ██████████, in which the defendant  
13 falsely claimed that FIIK: "has . . . the ability and management resources to locate, negotiate,  
14 finance, develop and manage . . . restaurants, merge them with a larger consortium . . . and plans  
15 to offer these combined holdings as a Restaurant REIT, and negotiate its acquisition by a large  
16 national food / restaurant organization" and guaranteed to repay ██████████ his \$190,000  
17 investment within 45 days if his investment generated no profits.

18 xxi) On or about August 28, 2000, the defendant DENNIS D. COPE in Mesa,  
19 Arizona caused to be sent by U. S. mail to ██████████ in Shiprock, New Mexico a check  
20 for \$5,000 drawn on an MGI account.

21 xxii) On or about February 28, 2001, the defendant DENNIS D. COPE in Mesa,  
22 Arizona caused to be sent by U. S. mail to ██████████ in Shiprock, New Mexico a check  
23 for \$5,000 drawn on a Green Gables account.

24 b. ██████████

25 i) On or about August 31, 2000, the defendant EDGAR M. BIAS in Houston,  
26 Texas caused his name to be affixed to various agreements with ██████████, in which the  
27 defendant falsely claimed that FIIK:

1 - "has . . . the ability and management resources to locate, negotiate,  
2 finance, develop and manage . . . restaurants, merge them with a larger  
3 consortium . . . and plans to offer these combined holdings as a Restaurant  
4 REBIT, and negotiate its acquisition by a large national food / restaurant  
5 organization;"

6 - guaranteed that [REDACTED] investment would remain in a bank  
7 account;

8 - guaranteed to repay [REDACTED] a 100% return on his investment  
9 within 45 days.

10 ii) On or about September 6, 2000, at the direction of the defendant DENNIS D.  
11 COPE, [REDACTED] in American Fork, Utah transferred by wire from Ogden, Utah to  
12 Concord, California \$68,000 for deposit into a Green Gables bank account, in partial payment  
13 of the agreement referred to above.

14 iii) On or about September 7, 2001, the defendant DENNIS D. COPE in Mesa,  
15 Arizona sent by U. S. mail to [REDACTED] in American Fork, Utah a note in which he falsely  
16 stated that "the big money should be coming to us in a few days."

17 iv) On or about April 3, 2002, the defendant EDGAR M. BIAS in Bullhead City,  
18 Arizona executed a document wherein he stated that the agreement between FIIK and [REDACTED]  
19 [REDACTED] had been replaced with the following false terms:

20 - "[a] guaranteed return to [REDACTED] of his 'Original Principal'  
21 amount of \$186,000 plus 9% per annum from the date of the original  
22 contract issued by Fiik Investments, to be paid by May 1;"

23 - the total return would be paid to [REDACTED] within 6 to 12 months;

24 - monthly and/or weekly payouts would be paid until such time that the  
25 total return owed had been satisfied;

26 - the total amount due would be paid in full no later than 1 year from the  
27 date of execution of the agreement.

1 c. [REDACTED]

2 i) On or about July 19, 1999, at the direction of the defendant DENNIS D.  
3 COPE, [REDACTED] in Salt Lake City, Utah sent by U. S. mail to the defendant in Mesa,  
4 Arizona a check made payable to MGI for \$50,000.

5 ii) On or about July 22, 1999, the defendant DENNIS D. COPE in Mesa, Arizona  
6 executed an agreement between MGI and [REDACTED], wherein [REDACTED] agreed to lend  
7 \$50,000 to MGI "for the purpose of initiating high yield projects," and MGI agreed to return the  
8 sum at the end of one year and eleven days, plus a 100% profit.

9 iii) On or about October 4, 1999, the defendant DENNIS D. COPE in Mesa,  
10 Arizona caused to be sent by U. S. mail to [REDACTED] in West Jordan, Utah a report in  
11 which the defendant caused to be falsely stated that [REDACTED] placement of \$50,000 had  
12 earned \$8,334 for the third quarter of 1999.

13 iv) On or about January 4, 2000, the defendant DENNIS D. COPE in Mesa,  
14 Arizona caused to be sent by U. S. mail to [REDACTED] in West Jordan, Utah a report in  
15 which the defendant caused to be falsely stated that [REDACTED] placement of \$50,000 had  
16 earned \$12,500 for the fourth quarter of 1999.

17 v) On or about April 3, 2000, the defendant DENNIS D. COPE in Mesa, Arizona  
18 caused to be sent by U. S. mail to [REDACTED] in West Jordan, Utah a report in which the  
19 defendant caused to be falsely stated that [REDACTED] placement of \$50,000 plus accrued  
20 earnings had earned \$16,000 for the first quarter of 2000.

21 vi) On or about September 21, 2000, at the direction of the defendant DENNIS  
22 D. COPE, [REDACTED] in Herriman, Utah executed a "Non-Circumvention / Non-  
23 Disclosure Agreement," which contained the following provisions:

24 - "The undersigned is not a member . . . of any law enforcement agency .  
25 . . . of any government agency . . . of any investigative agency private or  
26 public."

27 - "The undersigned agrees to . . . the non-disclosure of any and all  
28

1 privileged information obtained directly or indirectly from [Green Gables],  
2 FIKK or DC [Dennis Cope] except as allowed by a . . . waiver.”

3 – “The undersigned agrees to hold confidential any and all information  
4 obtained at the meeting on September 21, 200[0] . . . in Laughlin, NV &  
5 shall not disclose the context of any conversation, presentation, explanation  
6 or written paperwork . . . at said meeting.”

7 vii) In or about January or February, 2001, during a cruise off the coast of  
8 Southern California and Mexico, the defendant DENNIS D. COPE gave a check to [REDACTED]  
9 [REDACTED] for \$5,000 as a return on his investment with MGI, which had been succeeded by Green  
10 Gables.

11 viii) In or about January or February, 2001, the defendant DENNIS D. COPE  
12 in Mesa, Arizona, instructed [REDACTED] to return the afore-referenced check for \$5,000.

13 ix) On or about May 28, 2001, the defendant EDGAR M. BIAS in Houston,  
14 Texas wrote on behalf of FIKK to [REDACTED], the defendant having delivered the letter  
15 to the defendant DENNIS D. COPE for delivery to [REDACTED], falsely stating as follows:

16 – “The most important thing you need to understand at this point is that  
17 your investment funds are safe and they cannot be lost. Your principal is  
18 secure;”

19 – “It is true that there is a hold on those funds . . . Those holds have been  
20 out of our control and can only be released by appropriate governmental  
21 agencies . . .;”

22 – “Finally, let me emphasize that those who decide to withdraw will be  
23 given a refund of their principal placed with no further obligation on our  
24 part. Those who choose to remain will participate in the generated profits  
25 per their contracts.”

26 d. [REDACTED]

27 i) On or about November 9, 1999, the defendant DENNIS D. COPE in Las  
28

1 Vegas, Nevada executed an agreement between MGI and [REDACTED], wherein [REDACTED]  
2 agreed to lend \$400,000 to MGI "for the purpose of initiating high yield projects," and MGI  
3 agreed to return the sum at the end of one year and eleven days, plus a 120% profit.

4 ii) On or about November 10, 1999, at the direction of the defendant DENNIS  
5 D. COPE in Mesa, Arizona, [REDACTED] in Pocono Lake, Pennsylvania transferred by wire  
6 from Roanoke, Virginia to Concord, California \$400,000 for deposit into an MGI bank account.

7 iii) On or about January 3, 2000, the defendant DENNIS D. COPE in Mesa,  
8 Arizona, caused to be sent by U. S. mail to [REDACTED] in Pocono Lake, Pennsylvania an  
9 MGI check for \$5,000 as a payment of interest on his \$400,000 investment.

10 iv) On or about January 4, 2000, the defendant DENNIS D. COPE in Mesa,  
11 Arizona caused to be sent by U. S. mail to [REDACTED] in Pocono Lake, Pennsylvania, a  
12 report in which the defendant caused to be falsely stated that [REDACTED] placement of \$400,000  
13 had earned \$40,000 for the fourth quarter of 1999.

14 v) On or about April 3, 2000, the defendant DENNIS D. COPE in Mesa, Arizona  
15 caused to be sent by U. S. mail to [REDACTED] in Pocono Lake, Pennsylvania, a report in  
16 which the defendant caused to be falsely stated that [REDACTED] placement of \$400,000 plus  
17 accrued earnings had earned \$166,000 for the first quarter of 1999.

18 vi) On or about April 17, 2000, the defendant DENNIS D. COPE in Mesa,  
19 Arizona, caused to be sent by U. S. mail to [REDACTED] in Pocono Lake, Pennsylvania, an  
20 MGI check for \$5,000 as a payment of interest on his \$400,000 investment.

21 vii) On or about May 4, 2000, the defendant DENNIS D. COPE in Mesa,  
22 Arizona, caused to be sent by U. S. mail to [REDACTED] in Pocono Lake, Pennsylvania an  
23 MGI check for \$5,000 as a payment of interest on his \$400,000 investment.

24 viii) On or about August 11, 2000, at the request of the defendant DENNIS G.  
25 COPE, [REDACTED] in Pocono Lake, Pennsylvania, consented to cancel his agreement with  
26 MGI, to release MGI and its officers, agents and employees from all obligations arising out of  
27 that agreement, and to transfer to FIIK his total placement of \$400,000 with MGI.

1 ix) On or about September 26, 2000, the defendant DENNIS D. COPE in Mesa,  
2 Arizona, caused to be sent from Victoria, British Columbia, Canada to ██████████ in Pocono  
3 Lake, Pennsylvania, a purported two-year certificate of deposit for \$775,000 with an interest rate  
4 of 24% per year drawn on Partner Bank of Montenegro, which certificate proved to be worthless.

5 x) On or about October 2, 2000, the defendant DENNIS D. COPE in Mesa,  
6 Arizona, caused to be sent from Victoria, British Columbia, Canada to ██████████ in Pocono  
7 Lake, Pennsylvania, a purported cashiers check for \$10,000 drawn on Partner Bank of  
8 Montenegro, which check proved to be worthless.

9 xi) On or about October 2, 2000, the defendant DENNIS D. COPE in Mesa,  
10 Arizona caused to be sent by telefacsimile to ██████████ in Pocono Lake, Pennsylvania a  
11 "Non-Circumvention / Non-Disclosure Agreement," which contained the following provisions:

12 - "The undersigned is not a member . . . of any law enforcement agency .  
13 . . of any government agency . . . of any investigative agency private or  
14 public;"

15 - "The undersigned agrees to . . . the non-disclosure of any and all  
16 privileged information obtained directly or indirectly from [Green Gables],  
17 FIIK or DC [Dennis Cope] except as allowed by a . . . waiver"

18 - "The undersigned agrees to hold confidential any and all information  
19 obtained at the meeting on September 21, 2000 in Laughlin, NV . . . &  
20 shall not disclose the context of any conversation, presentation, explanation  
21 or written paperwork . . . at said meeting."

22 c. ██████████

23 i) On or about June 21, 1999, the defendant DENNIS D. COPE in Mesa,  
24 Arizona executed an agreement between MGI and ██████████, wherein ██████████ agreed  
25 to lend \$6,000 to MGI "for the purpose of initiating high yield projects," and MGI agreed to  
26 return the sum at the end of one year and eleven days, plus a 100% profit.

27 ii) On or about June 21, 1999, at the direction of the defendant DENNIS D.  
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1 COPE, ██████████ in Glendale, Arizona caused to be sent to the defendant in Mesa,  
2 Arizona a check made payable to MGI for \$6,000.

3 iii) On or about February 22, 2000, at the request of the defendant DENNIS D.  
4 COPE, ██████████ in Glendale, Arizona entered an agreement with MGI, wherein ██████████  
5 ██████████ agreed to lend \$30,000 to MGI "for the purpose of initiating high yield projects," and  
6 MGI agreed to return the sum at the end of one year and eleven days, plus a 100% profit.

7 iv) On or about February 24, 2000, at the direction of the defendant DENNIS D.  
8 COPE, ██████████ in Glendale, Arizona transferred by wire to Concord, California  
9 \$30,000 for deposit into an MGI bank account.

10 v) On or about April 3, 2000, the defendant DENNIS D. COPE in Mesa, Arizona  
11 caused to be sent by U. S. mail to ██████████ in Glendale, Arizona, a report in which the  
12 defendant caused to be falsely stated that ██████████'s placement of a total of \$38,750 with MGI  
13 had earned \$4,500 for the first quarter of 2000.

14 vi) On or about April 5, 2000, at the request of the defendant DENNIS D. COPE  
15 ██████████ in Glendale, Arizona entered an agreement with MGI, wherein ██████████  
16 agreed to lend \$65,000 to MGI "for the purpose of initiating high yield projects," and MGI  
17 agreed to return the sum at the end of one year and eleven days, plus a 100% profit.

18 vii) On or about April 6, 2000, at the direction of the defendant DENNIS D.  
19 COPE, ██████████ in Glendale, Arizona transferred by wire to Concord, California \$65,000  
20 for deposit into an MGI bank account.

21 viii) On or about June 11, 2000, the defendant DENNIS D. COPE in Mesa,  
22 Arizona caused to be sent by U. S. mail to ██████████ in Fountain Green, Utah, an  
23 Unconditional Offer to Rescind his agreements with MGI in which the defendant caused to be  
24 falsely stated that MGI had invested ██████████ funds with FIJK and that the funds were held  
25 in an account at a bank.

26 ix) On or about August 11, 2000, at the request of the defendant DENNIS G.  
27 COPE, ██████████ in Fountain Green, Utah consented to cancel his agreements with MGI,  
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1 to hold MGI and its officers, agents and employees harmless from all obligations arising out of  
2 those agreements, to transfer to FIIK his total placement of \$101,000 with MGI, to communicate  
3 with FIIK only through Green Gable.

4 x) On or about September 26, 2000, the defendant DENNIS D. COPE in Mesa,  
5 Arizona, caused to be sent to [REDACTED] in Fountain Green, Utah a purported two-year  
6 certificate of deposit for \$200,000 with an interest rate of 18% per year drawn on Partner Bank  
7 of Montenegro, which certificate proved to be worthless.

8 xi) On or about October 9, 2000, the defendant DENNIS D. COPE in Mesa,  
9 Arizona, caused to be sent to [REDACTED] in Fountain Green, Utah a purported cashiers  
10 check for \$10,000 drawn on Partner Bank of Montenegro, which check proved to be worthless.

11 xii) On or about November 14, 2000, the defendant DENNIS D. COPE in Mesa,  
12 Arizona, caused to be sent by U. S. mail to [REDACTED] in Fountain Green, Utah a letter  
13 falsely claiming that FIIK was the source of funds for the check, that Partner Bank was a secure  
14 financial institution and that it offered to sell certificates of deposit from the bank.

15 xiii) On or about April 21, 2001, the defendant DENNIS D. COPE in Mesa,  
16 Arizona, sent an e-mail to [REDACTED] in Fountain Green, Utah, in which the defendant  
17 falsely stated that [REDACTED]'s investment had not been lost and that checks would be sent out  
18 "shortly."

19 f. [REDACTED]

20 i) On or about September 16, 1999, the defendant DENNIS D. COPE in Mesa,  
21 Arizona executed an agreement between MGI and [REDACTED], wherein [REDACTED]  
22 agreed to lend \$100,000 to MGI "for the purpose of initiating high yield projects," and MGI  
23 agreed to return the sum at the end of one year and eleven days, plus a 100% profit.

24 ii) On or about September 16, 1999, at the direction of the defendant DENNIS  
25 D. COPE, [REDACTED] in Santa Ana, California caused to be sent by U. S. mail to the  
26 defendant DENNIS D. COPE in Mesa, Arizona a check for \$100,000.

27 iii) On or about January 4, 2000, the defendant DENNIS D. COPE in Mesa,  
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1 Arizona, caused to be sent by U. S. mail to [REDACTED] in Santa Ana, California a report  
2 in which the defendant caused to be falsely stated that [REDACTED] placement of \$100,000 with  
3 MGI had earned \$30,000 for the fourth quarter of 1999.

4 iv) On or about February 22, 2000, the defendant DENNIS D. COPE caused  
5 [REDACTED] in Santa Ana, California to send by U. S. mail to the defendant in Mesa,  
6 Arizona a check made payable to MGI for \$150,000 in partial fulfillment of an agreement to be  
7 entered on February 24, 2000.

8 v) On or about February 24, 2000, the defendant DENNIS D. COPE in Mesa,  
9 Arizona witnessed an agreement between MGI and [REDACTED], wherein [REDACTED]  
10 agreed to lend \$250,000 to MGI "for the purpose of initiating high yield projects," and MGI  
11 agreed to return the sum at the end of one year and eleven days, plus a 120% profit.

12 vi) On or about March 27, 2000, defendant DENNIS D. COPE caused [REDACTED]  
13 [REDACTED] in Santa Ana, California to send by U. S. mail to [REDACTED] in Glendale,  
14 Arizona a check made payable to MGI for \$30,000.

15 vii) On or about April 3, 2000, the defendant DENNIS D. COPE in Mesa,  
16 Arizona caused to be sent by U. S. mail to [REDACTED] in Santa Ana, California, a report  
17 in which the defendant caused to be falsely stated that [REDACTED] account with MGI, which  
18 totaled \$310,000 on the basis of \$280,000 in payments from [REDACTED] and \$30,000 in  
19 previously earned interest, had earned \$54,000 for the first quarter of 2000.

20 viii) On or about May 23, 2000, the defendant DENNIS D. COPE in Mesa,  
21 Arizona executed an agreement between MGI and [REDACTED], wherein [REDACTED]  
22 agreed to lend \$250,000 to MGI "for the purpose of initiating high yield projects," and MGI  
23 agreed to return the sum at the end of one year and eleven days, plus a 120% profit.

24 ix) On or about August 15, 2000, at the request of the defendant DENNIS D.  
25 COPE, [REDACTED] in Santa Ana, California consented to cancel his agreements with  
26 MGI, to release MGI and its officers from all obligations arising out of those agreements, and  
27 to transfer to FIIK his total placement of \$530,000 with MGI.

1 x) In August, 2000, the defendant EDGAR M. BIAS in Houston, Texas caused  
2 his name to be affixed to various agreements with ██████████, in which the defendant  
3 claimed that FIIK: "has . . . the ability and management resources to locate, negotiate, finance,  
4 develop and manage . . . restaurants, merge them with a larger consortium . . . and plans to offer  
5 these combined holdings as a Restaurant REIT, and negotiate its acquisition by a large national  
6 food / restaurant organization;" guaranteed to repay ██████████ a 100% return on his investment  
7 within 45 days.

8 xi) On or about October 10, 2000, the defendant DENNIS D. COPE caused to  
9 be mailed from Victoria, British Columbia, Canada to ██████████ in Santa Ana,  
10 California a purported two-year certificate of deposit having an interest rate of 35% per year  
11 payable to a business owned by ██████████ for \$1,600,000 drawn on Partner Bank of  
12 Montenegro, which certificate proved to be worthless.

13 xii) On or about February 23, 2001, the defendant DENNIS D. COPE in Mesa,  
14 Arizona, caused to be sent by U. S. mail to ██████████ in Santa Ana, California a letter  
15 on behalf of Green Gables, a letter on behalf of FIIK signed by the defendant EDGAR M BIAS  
16 and an "Affidavit of Full Principle Return" in which the following were set forth:

17 - the defendant DENNIS D. COPE falsely stated in the Green Gable letter  
18 that "[w]e have reported [to federal regulators] that each participant [in  
19 FIIK] has received, via cash, check or CD, an amount equal to or greater  
20 than the amount of principal originally placed;"

21 - the defendant EDGAR M. BIAS falsely stated in the FIIK letter that  
22 "each participant should have received, via cash, check of Certificate of  
23 Deposit (CD), at least the full amount they placed with FIIK . . . ;"

24 - the defendants caused to be provided in the affidavit that "in  
25 consideration of the total amount of funds received to-date," Mr. Block  
26 "released, acquitted and forever discharged . . . FIIK . . . EDGAR BIAS,  
27 DENNIS (DENNY) COPE, MILLENIUM GROUP INTERNATIONAL,  
28

1 INC., GREEN GABLES MANAGEMENT . . . from any and all claims .  
2 . . . made on the basis of . . . the agreement [with] FIIK . . . MGI . . . and  
3 Green Gables Management.”

4 xiii) On or about May 9, 2001, the defendant DENNIS D. COPE in Mesa,  
5 Arizona, caused to be sent by U. S. mail to [REDACTED] in Santa Ana, California, a letter  
6 on behalf of Green Gables in which the defendant falsely stated that “the funds that have been  
7 placed in this transaction are completely safe and secure,” in reference to the placement of his  
8 investment with FIIK.

9 xiv) On or about May 28, 2001, the defendant EDGAR M. BIAS in Houston,  
10 Texas caused to be mailed to [REDACTED] in Santa Ana, California, a letter from FIIK  
11 in which the defendant falsely stated that “[t]he most important thing you need to understand at  
12 this point is that your investment funds are safe and they cannot be lost.”

13 xv) On or about July 3, 2001, the defendant DENNIS D. COPE in Mesa, Arizona  
14 caused to be sent by U. S. mail to [REDACTED] in Santa Ana, California a letter over the  
15 signature of the defendant EDGAR M. BIAS, which had been addressed to the defendant Cope  
16 on behalf of FIIK, in which the defendant Bias falsely stated that a supposed investment of the  
17 funds placed with FIIK by [REDACTED] and others for a pipeline project in Mexico appeared ready  
18 for approval and subsequent pay-out to the investors.

19 xvi) On or about May 23, 2003, in a telephone call between defendant DENNIS  
20 D. COPE in Mesa, Arizona and [REDACTED] in Santa Ana, California the defendant  
21 DENNIS D. COPE falsely stated that [REDACTED] should receive the funds from the  
22 Mexican project in a few weeks.

23 xvii) On or about June 22, 2003, the defendant DENNIS D. COPE in Mesa,  
24 Arizona sent to [REDACTED] in Santa Ana, California an electronic mail message in  
25 which the defendant falsely stated that “the story from Mexico and Houston is that everything  
26 is done and the money is set to be paid out this week.”

1 8. [REDACTED]

2 i) On or about August 10, 2000, the defendant EDGAR M. BIAS in Houston,  
3 Texas caused to be mailed to [REDACTED] in Orem, Utah an offer to invest in FIIK, which  
4 contained the following provisions:

5 - that the investor would cancel any agreement with MGI and hold its  
6 officers harmless and released from that agreement;

7 - that the investment would be held in a bank;

8 - that the investors contacts with FIIK would be through Green Gables.

9 ii) On or about August 16, 2000, at the direction of the defendant EDGAR M.  
10 BIAS [REDACTED] in Orem, Utah accepted FIIK's August 10, 2000, offer to invest.

11 iii) On or about August 21, 2000, at the direction of the defendant EDGAR M.  
12 BIAS, [REDACTED] in Magna, Utah transferred by wire to Concord, California \$10,000 for  
13 deposit into a Green Gables bank account.

14 iv) On or about February 23, 2001, the defendant DENNIS D. COPE in Mesa,  
15 Arizona, caused to be sent by U. S. mail to [REDACTED] in Orem, Utah, a letter on behalf of  
16 Green Gables, a letter on behalf of FIIK signed by the defendant EDGAR M. BIAS and an  
17 "Affidavit of Full Principal Return" in which the following were set forth:

18 - the defendant DENNIS D. COPE falsely stated in the Green Gable letter  
19 that "[w]e have reported [to federal regulators] that each participant [in  
20 FIIK] has received, via cash, check or CD, an amount equal to or greater  
21 than the amount of principal originally placed"

22 - the defendants caused to be provided in the affidavit that "in  
23 consideration of the total amount of funds received to-date," Mr. Morck  
24 "released, acquitted and forever discharged . . . FIIK . . . EDGAR BIAS,  
25 DENNIS (DENNY) COPE, MILLENIUM GROUP INTERNATIONAL,  
26 INC., GREEN GABLES MANAGEMENT . . . from any and all claims .  
27 . . made on the basis of . . . the agreement [with] FIIK . . . MGI . . . and  
28

Green Gables Management."

h. [REDACTED]

i) On or about November 2, 2000, the defendant DENNIS D. COPE in Mesa, Arizona executed an agreement on behalf of Green Gables with [REDACTED] wherein [REDACTED] agreed to lend \$100,000 to Green Gables "for the purpose of initiating high yield projects," and Green Gables agreed to return the sum at the end of one year and eleven days, plus "a minimum of Two Hundred per cent (200%) profit . . ."

ii) On or about November 8, 2000, at the direction of the defendant DENNIS D. COPE, [REDACTED] in Gilbert, Arizona sent a check for \$100,000 made payable to MGI to the defendant DENNIS D. COPE, in Mesa, Arizona.

iii) On or about December 4, 2000, the defendant DENNIS D. COPE in Mesa, Arizona executed an agreement on behalf of Green Gables with [REDACTED] wherein [REDACTED] agreed to lend \$50,000 to Green Gables "for the purpose of initiating high yield projects," and Green Gables agreed to return the sum at the end of one year and eleven days, plus "a minimum of Two Hundred Forty per cent (240%) profit . . ."

iv) On or about November 10, 2000, the defendant DENNIS D. COPE in Mesa, Arizona caused to be mailed to [REDACTED] in Gilbert, Arizona a purported two-year certificate of deposit for \$100,000 with an interest rate of 18% per year drawn on Partner Bank of Montenegro, which certificate proved to be worthless.

i. [REDACTED]

i) On or about September 28, 1999, at the direction of the defendant DENNIS D. COPE, [REDACTED] in Lehi, Utah transferred by wire from American Fork, Utah to Concord, California \$100,000 for deposit into an MGI bank account.

ii) On or about March 8, 2000, at the direction of the defendant DENNIS D. COPE, [REDACTED] in Lehi, Utah transferred by wire from American Fork, Utah to Concord, California \$273,000 for deposit into an MGI bank account.

iii) On or about May 31, 2001, the defendant EDGAR M. BIAS caused to be sent

1 by U. S. mail from Houston, Texas to [REDACTED] in Lehi, Utah a letter from FIIK over  
2 the signature block of the defendant in which the defendant falsely stated that "[t]he most  
3 important thing you need to understand at this point is that your investment funds are safe and  
4 cannot be lost."

5 j. [REDACTED]

6 i) On or about September 5, 2001, at the direction of the defendant DENNIS D.  
7 COPE, [REDACTED] in Portland, Oregon transferred by wire from Gladstone, Oregon to  
8 Concord, California \$1,000,000 for deposit into a Green Gables bank account.

9 ii) On or about December 1, 2001, the defendant DENNIS D. COPE in Mesa,  
10 Arizona caused a telefacsimile to be sent to [REDACTED] in Oregon City, Oregon falsely stating  
11 in reference to the project that [REDACTED] and other investors had funded through the  
12 defendants: "[e]ach of these projects is very credible and real and it is in the best interest of all  
13 parties involve[] to get them completed and funded right away."

14 In violation of Title 18, United States Code, Section 371.

15 **COUNTS 2 - 18**  
16 **(Fraud by Mail)**

17 6. The allegations set forth in Paragraphs 1, 3, 4 and 5 are realleged and incorporated  
18 herein.

19 7. From approximately June 1998 through July 2003, in the District of Arizona and  
20 elsewhere the defendant DENNIS D. COPE and others known and unknown to the Grand Jury  
21 devised and intended to devise a scheme and artifice to defraud individuals, and to obtain money  
22 by means of false pretenses, representations and promises and the concealment of material facts,  
23 well knowing at the time the pretenses, representations and promises and concealment of  
24 material facts were false and fraudulent when made and concealed.

25 8. In furtherance of the scheme and artifice to defraud and in the attempt to do so, the  
26 defendant DENNIS D. COPE did place on or about the below-listed dates in a post office or  
27 authorized depository for mail matter, the below-listed pieces of mail to be sent or delivered by  
28

1 the U. S. Postal Service to the below-listed persons.

2	<u>Count</u>	<u>Date</u>	<u>Recipient</u>	<u>Description of Item Mailed</u>
3	2	4/3/00	[REDACTED]	MGI check for \$36,500
4	3	5/04/00	[REDACTED]	MGI check for \$12,500
5	4	6/23/00	[REDACTED]	Green Gables check for \$14,000
6	5	8/28/00	[REDACTED]	MGI check for \$5,000
7	6	2/28/01	[REDACTED]	Green Gables check for \$5,000
8	7	9/7/01	[REDACTED]	Note: "the big money should be coming to us in a few days"
9	8	4/3/00	[REDACTED]	Report on Mr. Davey's earnings
10	9	4/3/00	[REDACTED]	Report on Mr. Oliver's earnings
11	10	4/17/00	[REDACTED]	MGI check for \$5,000
12	11	5/4/00	[REDACTED]	MGI check for \$5,000
13	12	4/3/00	[REDACTED]	Report on Mr. Hansen's earnings
14	13	6/11/00	[REDACTED]	Offer to rescind investment
15	14	4/3/00	[REDACTED]	Report on Mr. Block's earnings
16	15	2/23/01	[REDACTED]	Affidavit of full principal return
17	16	5/9/01	[REDACTED]	Note: "the funds that have been placed in this transaction are completely safe and secure."
18	17	11/10/00	[REDACTED]	Certificate of deposit
19	18	12/1/01	[REDACTED]	Fax: "each of these projects is very credible and real . . ."

20 In violation of Title 18, United States Code, Sections 1341 & 2

21 **Counts 19 - 23**  
22 **(Fraud by Wire)**

23 9. The allegations set forth in Paragraphs 1, 3, 4 and 5 are realleged and incorporated  
24 herein.

25 10. From approximately June 1998 through July 2003, in the District of Arizona and  
26 elsewhere the defendant DENNIS D. COPE and others known and unknown to the Grand Jury  
27 devised and intended to devise a scheme and artifice to defraud individuals, and to obtain money  
28

1 by means of false pretenses, representations and promises and the concealment of material facts,  
2 well knowing at the time the pretenses, representations and promises and concealment of  
3 material facts were false and fraudulent when made and concealed.

4 11. In furtherance of the scheme and artifice to defraud, the defendant DENNIS D. COPE  
5 transmitted and caused to be transmitted by means of wire communication in interstate  
6 commerce the below listed wires, signs and signals on the dates so listed.

<u>Count</u>	<u>Date</u>	<u>Sender / Recipient</u>	<u>Location of Sending / Receipt</u>	<u>Description of Transmission</u>
19	4/6/00	[REDACTED] / Bank of America	Glendale, AZ / Concord, CA	\$65,000 wire transfer
20	10/2/00	[REDACTED]	Mesa, AZ / Pocono Lake, PA	Fax re non- circumvention / non-disclosure agreement
21	4/21/01	Dennis D. Cope / [REDACTED]	Mesa, AZ / Fountain Green, UT	E-mail re the safety of [REDACTED] investment
22	12/1/01	Dennis D. Cope / [REDACTED]	Mesa, AZ / Oregon City, Oregon	Fax re safety of an investment
23	5/23/03	Dennis D. Cope / [REDACTED]	Mesa AZ / Santa Ana, CA	Telephone call re the payment of funds to [REDACTED]

18 In violation of Title 18, United States Code, Sections 1343 & 2.

19  
20 **Counts 24 - 29**  
**(Money Laundering - Promoting Unlawful Activity)**

21 12. The allegations set forth in Paragraphs 1, 3, 4 and 5 are realleged and incorporated  
22 herein.

23 13. The defendant DENNIS D. COPE caused some of the funds obtained from individuals  
24 to be paid back to them in the form of interest earned on their loans or the return of a portion of  
25 the principal lent. The source of these payments was the funds obtained from the loans  
26 themselves - not from the results of investments made on the basis of the loans. The making of  
27 these purported payments of interest and repayments of principal was designed to



- 1 - lull initial investors into the false belief that their investments were safe and earning the
- 2 stated rates of return, such that these investors would make further investments, and;
- 3 - convince other individuals to make their own loans to MGI, Green Gables and FIIK.

4 14. On or about the below-listed dates, the defendant DENNIS D. COPE, within the  
 5 District of Arizona and elsewhere, did knowingly and wilfully conduct and attempt to conduct  
 6 a financial transaction affecting interstate commerce, that is: the below-listed payments which  
 7 involved the proceeds of a specific unlawful activity, that is: fraud by mail in violation of title  
 8 18, United States Code, Section 1341 with the intent to promote the carrying on of specified  
 9 unlawful activity, that is; the continuation of fraud by mail, and that while conducting and  
 10 attempting to conduct such financial transaction knew that the property involved in the financial  
 11 transaction, that is: funds in the below-listed amounts, represented the proceeds of some form  
 12 of unlawful activity.

13 Count	Date	Payment / Recipient
14 24	4/3/00	MGI payment of \$36,500 to [REDACTED]
15 25	5/4/00	MGI payment of \$12,500 to [REDACTED]
16 26	6/23/00	Green Gables payment of \$14,000 to [REDACTED]
17 27	8/28/00	MGI payment of \$5,000 to [REDACTED]
18 28	2/28/01	Green Gables payment of \$5,000 to [REDACTED]
19 29	9/7/01	Green Gables payment of \$5,000 to [REDACTED]

20 In violation of Title 18, United States Code, Sections 1956(a)(1)(A)(i) and 2.

21 **Counts 30 - 32**  
 22 **(Money Laundering - Transacting in**  
**Property Derived from Unlawful Activity)**

23 15. The allegations set forth in Paragraphs 1, 3, 4 and 5 are realleged and incorporated  
 24 herein.

25 16. On or about the dates listed below, in the District of Arizona and elsewhere, the  
 26 defendant DENNIS D. COPE, did knowingly engage and attempt to engage in a monetary  
 27 transaction by, through or to a financial institution, that is: the use of funds contained in the bank  
 28

1 accounts set forth below, as paid to the entities listed below, which transactions affected  
2 interstate commerce and which consisted of criminally derived property of a value greater than  
3 \$10,000, such property having been derived from a specified unlawful activity, that is: fraud by  
4 mail in violation of Title 18, United States Code, Section 1341.

5 <u>Count</u>	<u>Date</u>	<u>Amount</u>	<u>Account/Holder</u>	<u>Payee/Item</u>
6 30	12/19/00	\$100,000	Green Gables Bank of America (# [REDACTED])	Fidelity National Purchase real estate
8 31	2/28/01	\$44,020.51	Green Gables Bank of America (# [REDACTED])	Security Title Purchase real estate
10 32	4/18/01	\$18,000	Green Gables Bank of America (# [REDACTED])	New Millenium Euro Imports Purchase Lexus automobile

12 In violation of Title 18, United States Code, Sections 1957 & 2.

#### 14 FORFEITURE ALLEGATIONS

15 17. Pursuant to 18 U.S.C. § 981(a)(1)(C); and 28 U.S.C. § 2461 and as a result of  
16 committing one or more of the offenses charged in Counts 1- 20 of this Indictment, Defendants  
17 DENNIS D. COPE and EDGAR M. BIAS shall forfeit to the United States, all property, real  
18 and personal, that constitutes or is derived from proceeds traceable to the commission of the  
19 offense, including but not limited to the following: \$9,914,843 in U.S. currency and all interest  
20 and proceeds traceable thereto, in that such sum in aggregate is property which was involved in  
21 the afore-stated offenses or is traceable to such property, in violation of Title 18, United States  
22 Code, Section § 981(a)(1)(C) and 28 U.S.C. § 2461.

23 18. Pursuant to 18 U.S.C. § 982(a)(1), and as a result of committing one or more of the  
24 money laundering offenses charged in Counts 21 - 30 of this Indictment, in violation of 18  
25 U.S.C. § 1956 or 1957, defendant DENNIS D. COPE shall forfeit to the United States pursuant  
26 to 18 U.S.C. § 982(a)(1):

27 (a) All right, title, and interest in any and all property involved in each offense in violation  
28

1 of Title 18, United States Code, Section 1956 or 1957, for which the defendant is convicted,  
2 and all property traceable to such property, including the following: 1) all money or other  
3 property that was the subject of each transaction, transportation, transmission or transfer in  
4 violation of Section 1956(a)(1) or 1957; 2) all commissions, fees and other property  
5 constituting proceeds obtained as a result of those violations; and 3) all property used in any  
6 manner or part to commit or to facilitate the commission of those violations including, but  
7 not limited to the following:

8 (b) A sum of money equal to the total amount of money involved in each offense for which  
9 the defendant is convicted.

10 19. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18,  
11 United States Code, Section 982(b), and 28 U.S.C. Section 2461, the defendants shall forfeit  
12 substitute property, up to the value of the amount described above, if, by any act or omission  
13 of the defendant, the property described above, or any portion thereof, cannot be located upon  
14 the exercise of due diligence; has been transferred, sold to or deposited with a third party; has  
15 been placed beyond the jurisdiction of the court; has been substantially diminished in value; or  
16 has been commingled with other property which cannot be divided without difficulty.

17 All in accordance with Title 18, United States Code, Sections 981 and 982(a)(1); 28 United  
18 States Code, Section 2461; 18 U.S.C. Section 1343 and Rule 32.2(a), Federal Rules of  
19 Criminal Procedure.

20 A TRUE BILL

21 /s/  
22 FOREPERSON OF THE GRAND JURY  
Date: March 17, 2005

23 PAUL K. CHARLTON  
24 United States Attorney  
District of Arizona

25  
26   
27 David Eisenberg  
Assistant U.S. Attorney

# ATTACHMENT

**3**

Subj: 2nd-Whitting-RAMI-ParticipationAgreement  
Date: 4/16/03 5:24:40 PM Central Daylight Time  
From: gemayle2@sysmatrix.net  
To: FIKUSA@aol.com  
Sent from the Internet (Details)

## PARTICIPATION AGREEMENT

### Prolithic Lease Acquisition and Development Project

This Participation Agreement, hereinafter referred to as the "AGREEMENT", is made and entered into this \_\_\_\_ day of April, 2003, by and between Richmond Asset Management, Inc., a Texas Corporation, hereinafter referred to as "SELLER", and [REDACTED], an Individual, hereinafter referred to as "BUYER", and whereas SELLER and BUYER are sometimes hereinafter referred to as the "Parties hereto".

For and in consideration of the mutual covenants set forth herein and other good and valuable consideration, the Parties hereto agree as follows:

### 1. THE LEASES

1.1 SELLER represents, without warranty of title except by, through and under SELLER, but not otherwise, that SELLER will acquire 100% ownership of the certain Oil, Gas and Mineral interests currently owned by the Prolithic Companies identified on Exhibit "A", such interests shall sometimes hereafter be referred to as the "LEASES". The LEASES are located within the State of Texas in various counties.

### 2. REPRESENTATIONS AND WARRANTIES OF THE SELLER

SELLER represents and warrants to BUYER as follows:

2.1 SELLER, is a Texas Corporation, duly organized, validly existing, and in good standing under the laws of the State of Texas and is duly qualified to do business in the State of Texas.

2.2 The execution and delivery of this AGREEMENT and SELLER'S performance of its obligations hereunder have been duly authorized by all necessary actions and do not conflict with any provisions contained in their Articles of Incorporation or By-Laws.

### 3. LEASE DEVELOPMENT

3.1 As part of the consideration due BUYER herein, SELLER shall utilize or cause to be utilized \$4,500,000.00 of BUYER'S invested capital to further develop LEASES, to include but not be limited to the drilling, completing or re-completing of wells with due diligence and in a workmanlike manner with good oil field practice.

#### 4. PROJECT COST

Concurrent with the execution of this Agreement, BUYER agrees to pay to SELLER the sum of \$9,000,000.00, which shall constitute BUYER'S payment in full for:

1. 75% percent of eight-eighths (8/8ths) interest in the LEASES, of varying percentages of net revenue interests defined in Exhibit "A",
2. \$4,500,000.00 of additional leasehold development,

#### 5. ASSIGNMENT OF INTEREST

5.1 Upon execution by BUYER, and upon acquisition of the LEASES defined in Exhibit "A", SELLER shall deliver a fully executed and recordable assignments in essentially the form attached hereto marked Exhibit "B". The assignment shall cover 75% of interests covered by the LEASES. The assignment to BUYER shall be made specifically subject to the terms and provisions of the Participation Agreement. Notwithstanding anything to the contrary, the assignment by SELLER to BUYER shall be without any warranty of title whatsoever, except as to any person claiming title by, through or under SELLER.

5.2 Subject to other terms, conditions, and obligations contained herein, and in the event that SELLER or its assigns does not elect to pay rentals or maintain the LEASES, then if requested, SELLER or assigns agree to reassign any such acreage to participants at least 30 days prior to such rental date or demand date. Such reassignment shall cover only acreage covered by such LEASES that are not within a producing unit or units and shall be free and clear of any liens, royalty burdens, overriding royalty burdens, or encumbrances other than those that existed at the time SELLER received such acreage assignment.

5.3 Notwithstanding any provisions to the contrary, SELLER shall not be obligated to make any such rental payment or otherwise maintain any LEASES.

#### 6. Rights of the SELLER

6.1 **Right to Buy Back Interest:** SELLER shall have the exclusive right to buy back BUYER'S interest any time within the first six months from the date of this AGREEMENT at a cost to SELLER of \$12,000,000.00.

6.2 **Right of First Refusal:** In the event that BUYER has a bona fide third party offer to purchase BUYER'S interest, BUYER must offer SELLER the exclusive right to purchase BUYER'S interest at the terms of the bona fide offer. SELLER shall have 30 days from the date of BUYER'S notice to perform the terms of the offer. Should SELLER not elect to purchase prior to the 30 day election term, SELLER shall notify BUYER in writing of SELLER'S release of option.

#### 7. OPERATING AGREEMENT

7.1 Operations will be controlled by the AAPL Form 610 - 1982 Model Form Operating

Agreement as modified and attached hereto as Exhibit "D".

**8. INFORMATION**

8.1 In connection with the Prospect or any well drilled on the LEASES or on any lands pooled therewith under the terms of this Agreement, OPERATOR shall deliver to SELLER all well information. In addition, upon written request, OPERATOR shall furnish BUYER copies of all applications, reports, notices, surveys, and permits required by any governmental authority regulating the drilling and production of oil and/or gas, and a plat showing the proposed location of any well to be drilled under the terms of this Agreement. BUYER, at its own risk, shall have full access to the well site as deemed necessary by BUYER.

**9. NOTICES**

9.1 Except as otherwise expressly provided herein, all notices and communications to be given under the terms hereof shall be given in writing by letter, facsimile or telegram, postage or charges prepaid, addressed to the respective parties as follows:

**SELLER INFO**

**BUYER INFO**

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Mailing: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
E-Mail: \_\_\_\_\_  
Contact Name: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

9.2 Except as otherwise provided, notice shall have been deemed to have been given upon actual, verifiable receipt, or upon written confirmation by the receiving party that such notice has been received. Any party may effect a change of address by like notice.

**10. RELATIONSHIP OF THE PARTIES**

10.1 It is understood and agreed that this Agreement shall not create the relationship of a partnership or joint venture between the parties hereto and that no act done by any party, pursuant to the provisions thereof, shall operate to create such relationship. The liability of the parties hereto shall be several and not joint or collective, and each party shall be responsible only for its obligations as herein set forth, and shall be liable only for its proportionate share of the cost, expenses and liabilities incurred pursuant to the terms and provisions of this Agreement or the Exhibits attached hereto.

## 11. MISCELLANEOUS PROVISIONS

11.1 This Agreement, and Assignment of interests covered hereby contain the entire agreement between the parties hereto relative to the Prospect. Any prior agreement, promises, negotiations or representations not expressly set forth herein are of no force or effect.

11.2 No variations, modifications, or amendments to the Agreement shall be effective unless evidenced by written document executed by all parties hereto.

11.3 The terms, covenants and conditions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, legal representatives, successors and assigns, and such terms, covenants and conditions shall be deemed to be covenants running with the land and LEASES covered hereby and with each transfer or assignment of said lands or LEASES.

11.4 Each paragraph and provision of this Agreement is several, and should any court of competent jurisdiction declare any provision(s) of the Agreement invalid or unenforceable, the remaining provisions, hereof, shall continue to be in force.

11.5 In the event any provisions in this Agreement conflict with any provision in the Operating Agreement attached hereto marked Exhibit "D," the provisions of this Agreement shall prevail.

11.6 This Agreement and all matters pertaining hereto shall be construed, governed and determined in accordance with the laws of the State of Texas.

11.7 This Agreement may be executed in counterparts, each of which shall be considered an original for all purposes, and this Agreement shall be binding upon each party upon its execution.

11.8 The parties agree to submit to arbitration any dispute or controversy of any nature arising out of or relating to the interpretation or application of the terms of this Agreement. Arbitration shall be conducted strictly in accordance with the Commercial Arbitration Rules of the American Arbitration Association with no deviation there from except as modified herein and a judgment upon the award made by the arbitrators may be entered in any court having jurisdiction thereof.

Upon a dispute arising, any party may send written notice to the other party that it desires to arbitrate the dispute and such notices shall name the initializing party's choice of arbitrator. The party to whom such notice is directed shall have five (5) business days to respond appointing an arbitrator of its choice. The two appointed arbitrators so designed shall, within five (5) business days of the appointment of the second arbitrator, select a third neutral arbitrator and a majority of the panel of arbitrators shall be controlling in the granting of an award. The fees of respective arbitrators appointed by the parties shall be paid by the appointing party, and fees of the neutral arbitrator shall be borne equally by the parties.

The panel of arbitrators shall notify both parties of the date upon which the dispute will be heard at a mutually agreeable location. Unless otherwise agreed to by the parties and the panel of arbitrators, the hearing shall be held within ten (10) business days from the date of the selection of the third arbitrator.

The neutral arbitrator shall disclose any adverse interests under the guidelines of the Code of Ethics for Commercial Arbitrators. The parties will be permitted to challenge the selection of the third arbitrator for cause and where such challenge is accepted by the opposing party, a new neutral arbitrator



will be chosen by the appointed arbitrators. The appointed arbitrators may not be challenged because of adverse interests or bias and are expected to act as advocates for the party appointing them in the deliberations of the panel of arbitrators. An arbitrator appointed by a party will be allowed oral and written communication with the appointing party in the absence of the party and the other arbitrators, but there shall be no oral communication with the neutral arbitrator by any party without the presence of the other party or without the consent of the other party.

Written communications shall be sent to all parties. The rules of procedure and evidence that prevail in the U.S. District Court where the hearing is to be held shall be applicable and the substantive law of the State of Texas shall be applied. A stenographic record shall be provided by the arbitrators if requested by one or both parties. Costs shall be borne by the requesting party or split if requested by both. Tape recordings are permissible.

The award shall be issued promptly, but no later than ten (10) days from the date of the closing of the hearing. The panel of arbitrators may grant such relief as may be deemed just and may assess expenses in favor of one party or the other, to-wit: administrative fees, costs and expenses and attorney's fees. The panel of arbitrators shall issue a written opinion at the time of issuing the award. The written opinion shall be authorized by the neutral arbitrator. No dissenting opinion will be allowed. Pre-hearing and post-hearing briefs may be requested by the arbitrators, who shall specify the procedures to be followed.

SELLER'S and BUYER'S signature pages follow:

SELLER – Richmond Asset Management, Inc.

\_\_\_\_\_  
Edgar M. Bias - President

\_\_\_\_\_  
John D. Stern – Vice President

\_\_\_\_\_  
Glen E. Mayle – CFO, Secretary

IN WITNESS WHEREOF, this instrument has been duly executed effective for all purposes as of \_\_\_\_\_, 2003, the "Effective Date."

WITNESS TO SIGNATURE(S):

\_\_\_\_\_ By: \_\_\_\_\_

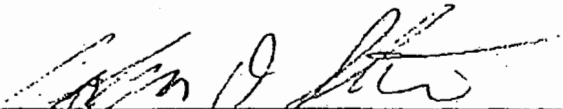
Title: \_\_\_\_\_

**RESOLUTION OF THE DIRECTORS  
OF  
Richmond Asset Management, Inc.**

RESOLVED, at a meeting duly held by the Directors of Richmond Asset Management, Inc., hereinafter "Corporation", based on unanimous vote of all Directors as follows:

THAT Glen E. Mayle, as Officer and Director of the Corporation is hereby authorized to enter into and administrate the Prolithic Acquisition and Development Project PARTICIPATION AGREEMENT between [REDACTED] or assigns, and the Corporation.

\_\_\_\_\_  
Edgar M. Bias – CEO/President, Director

ⓧ   
\_\_\_\_\_  
John D. Stern – Vice President, Director

\_\_\_\_\_  
Glen E. Mayle – CFO, Secretary, Director

SO RESOLVED, this the Twenty First day of April, 2003

# ATTACHMENT

**4**

Subj: **Compounded DR. GRIMES-Investment&Payback Accounting**  
 Date: 12/11/2003 9:29:28 AM Central Standard Time  
 From: gemayle2@sysmatrix.net  
 To: FIKUSA@aol.com

**Dr. Grimes Investment & Payback History**

9% annual interest rate/month 0.0076  
 9% annual interest rate/day 0.000246576

Interest is based on monthly compounding until payments begin, at which time compounding is adjusted at payment date.

	Date	Investment & Payments	Principal Balance	Interest	Running Balance
* Investment Made	9/27/2000	\$ 1,500,000.00	\$ 1,500,000.00	\$ -	\$ 1,500,000.00
	10/27/2000		\$ 1,500,000.00	\$ 11,250.00	\$ 1,511,250.00
	11/27/2000		\$ 1,500,000.00	\$ 11,334.38	\$ 1,522,584.38
	12/27/2000		\$ 1,500,000.00	\$ 11,419.38	\$ 1,534,003.76
	1/27/2001		\$ 1,500,000.00	\$ 11,505.03	\$ 1,545,508.79
	2/27/2001		\$ 1,500,000.00	\$ 11,591.32	\$ 1,557,100.10
	3/27/2001		\$ 1,500,000.00	\$ 11,678.25	\$ 1,568,778.35
	4/27/2001		\$ 1,500,000.00	\$ 11,765.84	\$ 1,580,544.19
	5/27/2001		\$ 1,500,000.00	\$ 11,854.08	\$ 1,592,398.27
	6/27/2001		\$ 1,500,000.00	\$ 11,942.99	\$ 1,604,341.26
	7/27/2001		\$ 1,500,000.00	\$ 12,032.56	\$ 1,616,373.82
* Investment Made	8/27/2001	\$ 25,000.00	\$ 1,525,000.00	\$ 12,122.80	\$ 1,633,496.62
	9/27/2001		\$ 1,525,000.00	\$ 12,401.22	\$ 1,665,897.85
	10/27/2001		\$ 1,525,000.00	\$ 12,494.23	\$ 1,678,392.08
	11/27/2001		\$ 1,525,000.00	\$ 12,587.94	\$ 1,690,980.02
	12/27/2001		\$ 1,525,000.00	\$ 12,682.35	\$ 1,703,662.37
	1/27/2002		\$ 1,525,000.00	\$ 12,777.47	\$ 1,716,439.84
	2/27/2002		\$ 1,525,000.00	\$ 12,873.30	\$ 1,729,313.14
	3/27/2002		\$ 1,525,000.00	\$ 12,969.85	\$ 1,742,282.99
	4/27/2002		\$ 1,525,000.00	\$ 13,067.12	\$ 1,755,350.11
	5/27/2002		\$ 1,525,000.00	\$ 13,165.13	\$ 1,768,515.29
	6/27/2002		\$ 1,525,000.00	\$ 13,263.86	\$ 1,781,779.10
	7/27/2002		\$ 1,525,000.00	\$ 13,363.34	\$ 1,795,142.44
	8/27/2002		\$ 1,525,000.00	\$ 13,463.57	\$ 1,808,606.01
	9/27/2002		\$ 1,525,000.00	\$ 13,564.55	\$ 1,822,170.56
Amount Paid On	10/16/2002	\$ (27,000.00)	\$ 1,525,000.00	18.00	\$ 1,803,256.00
Amount Paid On	10/16/2002	\$ (110,000.00)	\$ 1,525,000.00	1.00	\$ 1,693,702.64
	10/27/2002		\$ 1,693,296.61	11.00	\$ 1,698,296.51
Amount Paid On	11/13/2002	\$ (200,000.00)	\$ 1,505,416.40	17.00	\$ 1,505,415.40
	11/27/2002		\$ 1,510,612.18	14.00	\$ 1,510,612.18
Amount Paid On	12/24/2002	\$ (50,000.00)	\$ 1,470,669.13	27.00	\$ 1,470,669.13
	12/27/2002		\$ 1,471,767.02	3.00	\$ 1,471,757.02
Amount Paid On	1/7/2003	\$ (150,000.00)	\$ 1,326,748.91	11.00	\$ 1,326,748.91
Amount Paid On	1/8/2003	\$ (200,000.00)	\$ 1,126,076.81	1.00	\$ 1,126,076.81
Amount Paid On	1/23/2003	\$ (375,000.00)	\$ 788,240.76	16.00	\$ 755,240.75
Amount Paid On	1/24/2003	\$ (25,000.00)	\$ 730,426.97	1.00	\$ 730,426.97
	1/27/2003		\$ 730,967.28	3.00	\$ 730,967.29
Amount Paid On	1/29/2003	\$ (102,000.00)	\$ 629,327.76	2.00	\$ 629,327.76
	2/27/2003		\$ 633,827.89	29.00	\$ 633,827.89
	3/27/2003		\$ 638,203.90	28.00	\$ 638,203.90
	4/27/2003		\$ 643,082.23	31.00	\$ 643,082.23

Amount Paid On	6/1/2003	\$ (45,000.00)	\$ 688,716.50	4.00	\$ 634.27	\$ 598,716.50
	6/27/2003		\$ 602,664.86	26.00	\$ 3,838.35	\$ 602,554.85
Amount Paid On	6/3/2003	\$ (380,000.00)	\$ 223,694.86	7.00	\$ 1,040.03	\$ 223,594.86
Amount Paid On	6/4/2003	\$ (110,000.00)	\$ 113,660.01	1.00	\$ 55.13	\$ 113,650.01
Amount Paid On	6/10/2003	\$ (20,000.00)	\$ 93,818.16	6.00	\$ 168.14	\$ 93,818.15
Amount Paid On	6/11/2003	\$ (70,000.00)	\$ 23,841.28	1.00	\$ 23.13	\$ 23,841.28
Balance remaining ?	6/16/2003	\$ (24,000.00)	\$ (129.32)	5.00	\$ 29.39	\$ (129.32)

TOTAL Principal Investment Paid \$ 1,525,000.00 Accrued Interest Paid \$ 362,870.68

\* TOTAL Airplane Hours Paid \$ 500,000.00

- Amount Paid On 2/8/2002 \$ (15,000.00)
- Amount Paid On 4/20/2002 \$ (20,000.00)
- Amount Paid On 5/14/2002 \$ (50,000.00)
- Amount Paid On 5/23/2002 \$ (10,000.00)
- Amount Paid On 8/21/2002 \$ (7,000.00)
- Amount Paid On 9/5/2002 \$ (75,000.00)
- Amount Paid On 9/27/2002 \$ (50,000.00)
- Amount Paid On 10/15/2002 \$ (273,000.00)

Balance on Airplane Hours \$

# ATTACHMENT

**5**

NICHOLAS J. DAMADEO, P.C.

ATTORNEYS AT LAW  
14 LOFT ROAD  
SMITHTOWN, NEW YORK 11787

(631) 382-7900  
FAX: (631) 382-7953  
E-MAIL: damadeo@quixnet.net

NICHOLAS J. DAMADEO

Of Counsel:  
VINCENT T. APICELLA

January 29, 2005

Via E-Mail: [fiikusa@aol.com](mailto:fiikusa@aol.com)

Edgar J. Bias  
2352 Bering Dr.  
Houston, TX 77057

Re: Sharpstown Energy Corporation - "Mexoil/pipeline #12 joint venture"

Dear Ed:

As you requested, I am writing this letter to confirm our telephone conference yesterday among Dr. Samuel Grimes, yourself, and me. You and Dr. Grimes informed me of the following understanding of and procedure for the joint venture:

1. Using Sharpstown Energy Corporation as the business vehicle for this transaction, you, with the assistance of Glenn Maylie and [REDACTED], have brought to the table a joint venture involving a Mexico oil pipeline that has the potential to earn literally hundreds of millions of dollars.

2. You did not have the financial ability to handle a deal of this magnitude and found a silent partner, whose identity is unknown to me, and which is based in Amsterdam, that is willing to fund your side of the deal. For purposes of this letter, we will refer to the silent partner as "the Committee". Several conditions were placed on you by the Committee for its participation. These included improvement in your personal physical condition to certain standards which Dr. Grimes has helped you to achieve, your commitment to relocate to Arizona, from which you will manage the joint venture, and substantial financial contributions to humanitarian efforts underwritten by Max Research Foundation, a foreign entity with which Dr. Grimes is familiar through his own humanitarian work in Africa, Indonesia and the Balkans. All the conditions you were required to meet have been met except for a final payment of \$3.5 million to Max Research Foundation that must be made by this Tuesday, February 17, 2005.

3. Provided that this final payment is timely made, you and Dr. Grimes will be traveling to Africa and Europe from approximately February 6-11. Your final destination on the trip is Amsterdam, where you will meet with Glenn, Gil, and the Committee. At some point during the meeting in Amsterdam, approximately \$200 million will be wire transferred to one or more Sharpstown Energy accounts in Chase Bank and/or Bank of America in New York. Documents will be provided to me that identify the Committee and contain a spreadsheet with all your investors to be repaid, along with instructions for repayment. I will be authorized to transfer funds from

ATTACHMENT 5

Edgar M. Bias  
January 29, 2005  
Page 2

Sharpstown to my North Fork Bank escrow account for Sharpstown, negotiate settlements within authorized parameters, prepare settlement documents, and repay your investors. That process will begin immediately after I receive funds. The [REDACTED] group of investors, including [REDACTED], will be the first group repaid.

4. The funds being used to repay your investors are a portion of and an advance against that portion of the joint venture proceeds to which you will ultimately be entitled.

5. All funds transferred to my escrow account will be from U.S. Banks and will have satisfied all federal laws relating to wire transfers.

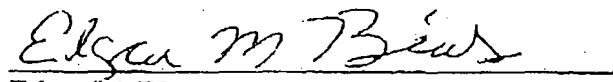
If my understanding is correct, please sign and return a copy of this letter by fax. If there are any corrections to be made, please advise me by e-mail, and I will make them.

Very truly yours,

*Nicholas J. Damadeo*

Nicholas J. Damadeo

NJD/hs

  
\_\_\_\_\_  
Edgar M. Bias



# ATTACHMENT

**6**

Client Support Unit  
100 Citibank Drive  
San Antonio, TX 78245

Ordered By:

**ORDER PARTY:** ROBERT W. SHIMER  
1225 W LEESPORT RD  
LEESPORT, PA 19533-0000

Beneficiary:

**BNF BNF:** A/C: ██████6303  
ROBERT W. SHIMER ESCROW  
ATTY ESCROW ACCT  
1225 W LEESPORT RD  
LEESPORT PA 19533 9320

000001US0010002852 -000154000000-0002480905  
ROBERT W. SHIMER ESCROW  
ATTY ESCROW ACCT  
1225 W LEESPORT RD  
LEESPORT PA 19533 9320

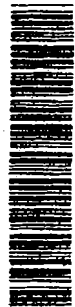
**DATE:** SEPTEMBER 5, 2003  
**GID:** F0732480105F01  
**WC:** 00000000000001  
**REL REF:**  
**AMOUNT:** USD\*\*\*\*\*\$150,000.00  
**SAME DAY FUNDS**

The credit to your account may have been reduced by funds transfer charges of the sending bank and/or Citibank.

**Details of Payment:**

**DEBIT PARTY:** PATRIOT BANK

**Originator to beneficiary Information:**  
**OBI:**



**Bank to Bank Information:**  
**BBK:**

**VALUE DATE:** 09/05/03 **SAME DAY FUNDS** **\*\*AMOUNT\*\***USD\$150,000.00



Dear Customer,

This is to inform you that your account was credited with proceeds from a funds transfer payment.

Details are as follows:

**Credit Advice:** ROBERT W. SHIMER ESCROW  
ATTY ESCROW ACCT  
1225 W LEESPORT RD  
LEESPORT PA 19533 9320

**Date:** SEPTEMBER 5, 2003  
**Amount:** USD\*\*\*\*\*\$150,000.00

**NON NEGOTIABLE RCF 002403**

The Sum of: ONE HUNDRED FIFTY THOUSAND AND 00/100 U.S. DOLLARS\*\*\*\*\*

**CREDIT ADVICE**

**ATTACHMENT 6**



High & Hanover Streets  
Pottstown, PA 19464

Page: 2 of 3  
Account Number: ██████████ 5498  
Statement Date: 09-15-2003

Alison E. Shimer  
Robert W. Shimer  
1225 W Leesport Rd  
Leesport PA 19533

-----Simply Plus Checking - ██████████ 5498 CONTINUED

Date	Description	Checks/ Debits	Deposits/ Credits	Balance
08-28	4701 Check	-300.00		10,638.86
08-29	ATM Withdrawal 2228 STATE HILL WYOMSSING PA	-60.00		10,578.86
08-29	4696 Check	-117.52		10,461.34
09-02	External Withdrawal BILLMATRIX 214-750-2700 - BILL PAYMT	-1.95		10,459.39
09-02	Deposit		1,000.00	11,459.39
09-02	Withdrawal	-200.00		11,259.39
09-03	External Withdrawal NEXTCARD INTERNET - CARD PMT	-500.00		10,759.39
09-03	External Withdrawal HOUSEHOLD CHP - ONLINE PMT	-264.99		10,494.40
09-03	Eff. 08-29 External Withdrawal CREDIT CARD - ELECT PYMT	-18.00		10,476.40
09-03	4708 Check	-300.00		10,176.40
09-03	140 Check	-22.91		10,153.49
09-04	Eff. 09-03 External Deposit MBNA AMERICA - DIRECT DEP		1,500.00	11,653.49
09-05	Domestic Wire Deposit WIRE FROM/CHELSEA SETTLEMENT		163,760.43	175,513.92
09-05	Domestic Wire Deposit Fee INCOMING WIRE FEE	-10.00		175,503.92
09-05	Domestic Wire Withdrawal WIRE TO/Shasta Capital Associates LLC	-150,000.00		25,503.92
09-05	Domestic Wire Wth Fee OUTGOING WIRE FEE	-20.00		25,483.92
09-05	ATM Withdrawal 10 S SUMMIT AVE SHILLINGTON PA	-61.75		25,422.17
09-05	ATM Withdrawal 10 S SUMMIT AVE SHILLINGTON PA	-41.75		25,380.42
09-08	4705 Check	-400.00		24,980.42
09-08	4732 Check	-18.88		24,961.54
09-08	4731 Check	-6.00		24,955.54
09-09	4714 Check	-69.95		24,885.59
09-10	4716 Check	-943.64		23,941.95
09-10	4712 Check	-749.00		23,192.95
09-11	Point Of Sale Withdrawal SOU USPS 41440 LEESPOR541491PA	-54.30		23,138.65

2615

RCF 002404

# ATTACHMENT

**7**

pd

**AGREEMENT**

**BETWEEN**

Tech Traders, Ltd., represented by its Attorney In Fact, Coyt Murray, Marron House, Virginia St., P.O. Box N-4826, Nassau, Bahamas, and hereinafter referred to as "TECH TRADERS".

**AND**

Karum Corporation, represented by Matthew McGaffick, address of 500 North Third Street Fairfield Iowa 52556 and hereinafter referred to as "LENDER".

**WHEREAS:**

This agreement is entered into on this 7<sup>th</sup> day of May 2001 and sets forth the rights, obligations, duties, agreements, promises and understandings by and between the parties.

**WHEREAS:**

**TECH TRADERS** has certain proprietary financial information concerning the computerized technical analysis and systematic trading methodologies applicable to the financial markets, and for the purposes of this agreement is hereinafter referred to as the "System Portfolio". The techniques and methodologies of the System Portfolio use a synergistic combination of proprietary modifications written on a programmable platform, in conjunction with other selected programs and customized computer and communications hardware. Highly advanced mathematical algorithms filter noise to determine the immediate trend. Continuous real-time scans search for high probability trading conditions. Experienced traders and programmers manage the operation. Pattern Analysis, Portfolio Management, Money Management and Risk Analysis are integral aspects of the System Portfolio.

**WHEREAS:**

**LENDER** is a sophisticated investor and lender who has access to international investment markets. **LENDER** desires to make certain capital fund loans to **TECH TRADERS** and desires to participate in the potential profits of the activities as described herein, fully understanding of the risks involved.

**LENDER** has secured a private right to loan funds to **TECH TRADERS**, for the purposes of capitalizing **TECH TRADERS'** use of the System Portfolio for trading in the financial markets, and agrees to maintain complete secrecy concerning any and all information obtained from **TECH TRADERS**, and agrees to use said information in a private and confidential manner. **LENDER** agrees to not lend, give, sell or otherwise disseminate this information to, nor allow this information to be viewed or used by any other person or entity not bound by this agreement, without the express written consent of **TECH TRADERS**

**ATTACHMENT 7**

## ARTICLE 1

### THE PURPOSE OF THE VENTURE

The purpose of this Article is to outline the basic goals and objectives of our mutual business strategies and to detail procedures that will most effectively accomplish these objectives.

1.1 The GOAL is to position ourselves favorably in the domestic and international investment markets utilizing the System Portfolio to trade in these markets, to control our own financial destiny, to maximize the potential financial benefits and to demonstrate stewardship over our time and resources.

1.2 The OBJECTIVE is to accumulate funds for TECH TRADERS' investment into diversified financial markets and to maximize the profit yield of LENDER and profit sharing partners and to maintain privacy and security.

1.3 The STRATEGY is to utilize the System Portfolio to allow strategic and tactical positional advantages in the multiple markets of world trade.

1.4 The FUNDING of this enterprise is solely through legally borrowed funds. All of the principals acknowledge that they are not licensed brokers and therefore will only use funds loaned by experienced sophisticated investors, lenders and institutions, and are not soliciting funds for investing in the markets. This agreement and subsequent pertinent agreements is not a solicitation of funds for investment, nor is it a solicitation to buy or sell any security, instrument or commodity. All amounts are in US Dollars unless expressly stated otherwise.

1.5 The SECURITY for all loans will be an interest bearing TECH TRADERS, LTD. Corporate Promissory Note.

## ARTICLE II

### PROFIT SHARING

2.1 LENDER agrees to loan to TECH TRADERS, an amount of Three Hundred Thousand US Dollars (\$300,000.00 US) to UNLIMITED amounts based on the terms and conditions of this agreement and as outlined in the Corporate Promissory Note, a copy of which is attached hereto as "Exhibit A".

2.2 LENDER may also loan various amounts of capital funds to TECH TRADERS from time to time, as approved by TECH TRADERS and agreed to by all parties.

2.3 TECH TRADERS agrees to give its best efforts to maximize the net profit potential of the gross amount of all capital funds loaned by LENDER.

2.4 Profit Sharing and Definitions and Calculations:

- LENDER will receive profit sharing in the amount of 50% of the profits earned by TECH TRADERS' Capital Pool as based on the following formula: LENDER'S Net Profit = LENDER'S Balance Share x Capital Pool's Gross Profit % x LENDER'S 50% Profit Share x 90% (where 90% reflects 10% overhead).

- LENDER'S balance share shall be defined as the amount of the loans made by LENDER to TECH TRADERS plus the total of LENDER'S accumulated profits plus any other additional funds credited to LENDER'S account by TECH TRADERS for the purpose of paying off the balance of the Promissory Note, minus any withdrawals by LENDER.
- As a service to LENDER to increase his balance share, the amounts loaned to TECH TRADERS by LENDER will count toward LENDER'S balance share and will be credited in full with interest to LENDER'S balance share upon fulfillment of the obligation of the Promissory Note. In other words, example, if LENDER'S initial loan (balance share) is \$10,000.00 and TRADER TECH produces a profit of \$10,000.00 plus 24% APR interest the original loan is recognized as paid in full by TECH TRADER and these funds are then credited back to LENDER'S balance share to join LENDER'S original funds of \$10,000.00 making LENDER'S balance share \$20,000.00 plus 24% APR interest.
- Accumulated profits shall be defined as those net profits that are credited to LENDER'S balance share and that are kept in the capital pool and are not withdrawn by LENDER. These profits are credited to LENDER'S total funds (balance share) and therefore become part of LENDER'S portion of the Capital Pool.
- All profits credited to LENDER, whether withdrawn or accumulated, are equally applied toward the balance of the Promissory Note, until such time as the obligation of the Note is paid in full. All profits applied toward the payoff of the Note shall remain in LENDER'S account and counted toward LENDER'S balance share, unless withdrawn by LENDER.
- In the event TECH TRADERS loses funds in the capital pool and therefore that same loss percentage from LENDERS account, the amount of loss is then deducted from the portion of past profits paid and credited towards the loan repayment.
- All profits will be calculated on a quarterly basis for the term of the agreement.

2.5 Elucidation and Examples:

Formula for Lender' profit:

**Lender's profit = 0.9 x (Lender's Balance Share x Capital Pool's Gross Profit %) x 50%**

0.9 - constant reflecting 10% overhead

50% - constant for lender's share of gross profit percent

The Capital Pool's Gross Profit Percent (GP%) shall be defined as the percentage of increase in the Capital Pool's Equity after accounting for any withdrawals and deposits to the pool, for the most recently ended quarter.

Example 1: The Capital Pool earns a 50% Quarterly Gross Profit. LENDER has an account balance share of \$500,000. The formula would then read as follows: 0.9 multiplied by 500,000.00 is 450,000 multiplied by gross profit of 50% equals 225,000.00 multiplied by lenders share 50% equals 112,500.00 profit to lender. The balance owed on the Promissory Note would be reduced by up to \$112,500, until the Note is paid in full.

Lender's new balance share in this case is 612,5000.00.

Example 2:

Profit made 100%

Principal 500,000

Karum profit =  $0.9 \times 500,000 \times 100\% \times 50\% = 225,000$

Lender's new balance share is 725,000.00.

Example 3:

Profit made 20%

Principal the same

Karum profit =  $0.9 \times 500,000 \times 20\% \times 50\% = 45,000$

Lender's new balance share is 545,000.00.

2.6 LENDER may withdraw accumulated profits upon receipt of a 30-day written notice, prior to quarterly end. Profits may be paid on a quarterly basis, if LENDER desires, and routed as directed in writing by LENDER. Otherwise, all profits will remain in the Capital Pool. Any and all profits paid to LENDER by TECH TRADERS will be credited as repayment of the principal amount of any outstanding loans owed LENDER by TECH TRADERS until the full amount of the outstanding loans is repaid. These credited payments shall remain as a part of the LENDER'S portion of the Equity Pool and shall be included in the calculation of the LENDER'S Balance Share.

2.7 The term of this agreement will be for a period of 18 months, and all funds loaned will be loaned for a period of 12 months. Therefore, this agreement will automatically be extended for a period of 18 months from the last date that TECH TRADERS accepts any loans from LENDER, as the contract period for the additional funds, unless both parties agree in writing otherwise. A Corporate Promissory Note will be issued to secure any additional loans.

2.8 Any and all renewals of this Agreement will be made based on a re-signing by LENDER and TECH TRADERS.

2.9 All outstanding loans and all accumulated profits from this venture will be settled and disbursed at the end of this Profit Sharing Agreement. There is no penalty for prepayment of any loans.

### Article III

#### SOURCE OF FUNDS

3.1 It is hereby acknowledged that the funds for capitalizing this venture have been made available to this venture by way of capital funds loaned by LENDER to TECH TRADERS. LENDER asserts that all of their funds for the loans into this venture are good, clean, clear funds of non-criminal origin. TECH TRADERS has subsequently placed these funds, at its sole discretion, into the capitalization of this venture and all its related expenses and activities as stated in this agreement.

3.2 All parties agree and acknowledge that there are certain potential risks in the execution of these types of activities, and that no profits can be guaranteed.

3.3 This agreement hereby promises to LENDER a share of the profits of this venture, if any, to be paid out as requested by LENDER, to any place or account as designated by LENDER.

3.4 LENDER agrees to advance all funds as described above, immediately upon the execution of this agreement by all parties.



## ARTICLE IV

### SCHEDULING AND ACCOUNTING

4.1 TECH TRADER has agreed to accept loans from LENDER as lender adds funds to their account and to provide a Promissory Note (exhibit A) to lender within 10 days of receiving funds, each time funds are received and to notify lender of current balance which will include the new loan funds.

All funds will be transferred to TECH TRADERS within 10 days from the signing of this Agreement.

4.2 All deposits of loans to the capital account should be made into the TECH TRADERS account at Bank of America, unless otherwise agreed.

- Bank of America P.O. Box 65094 Charlotte NC 28265
- Account Name: Tech Traders
- Routing No# 053904483
- Account No# 000775597961

4.3 TECH TRADERS will require approximately 2 weeks from the completion of initial funding to facilitate trading.

4.4 Upon the acceptance of funding, TECH TRADERS will cause to be issued a Corporate Promissory Note, as outlined in Exhibit "A", as security for the full amount of the loans to TECH TRADERS. The note will bear interest at the rate of 24% APR.

4.5 TECH TRADERS will be make available an accounting on a quarterly basis, on or before the 15<sup>th</sup> of the first month of the following quarter for the activity of the prior quarter. TECH TRADERS will use Collis and Associates of Gastonia, NC as their Certified Public Accountant. Collis and Associates will provide LENDER via Certified Mail a certified audited financial statement of LENDER'S funds and profits, and will certify that the percentage of gross profits of LENDER'S account is the same percentage of Gross Profit generated in and from the Capital Pool stated herein in this agreement on the above stated schedule.

4.6 Each quarter, profits will automatically accumulate unless otherwise directed in writing by LENDER, with a 30-day notice.

## ARTICLE V

### MISCELLANEOUS PROVISIONS

5.1 Warranty of Authority: Each signatory hereto, hereby represents and warrants that he has the right to enter into this Agreement and to grant the rights contained herein, and that the provisions of this agreement do not violate any other contracts or agreements that he has entered into with any other individual or entity.

5.2 Facsimile signatures: A facsimile signature and/or initials by the parties hereto shall have equal dignity with and be deemed to an original signature and/or initial for all purpose of this agreement and shall be legally binding against said party as if same was an original signature and/or initial of the party.

5.3 Best Efforts: Each party shall at all times exercise his/their best efforts in the performance of the services called for by this Agreement.

5.4 Governing Laws: This agreement shall be governed by the laws of the Commonwealth of the Bahamas, and in the event of litigation, shall be brought before a court in the Commonwealth of the Bahamas.

5.5 Both parties agree that time is of the essence in this Agreement.

IN WITNESS THEREOF, all parties hereby agree to the terms and conditions herein and acknowledge their agreement by affixing their signatures below.

Karum Corporation

By: Matthew McGaffick  
Matthew McGaffick, Karum Corporation

5-14-01  
Date

Tech Traders, Ltd.

By: Coyt Murray  
Coyt Murray, Attorney-In-fact

5-7-01  
Date

**Addendum to Agreements  
BETWEEN  
Tech Traders, Ltd. AND Karum Corporation**

This addendum modifies and supercedes any and all previous agreements between Karum Corporation and Tech Traders Ltd. This addendum pertains to and affects solely Article IV, Section 4.5. All other covenants and conditions of the agreements will remain unchanged.

The purpose of this addendum is to modify the agreements to permit the use of a CPA other than the one stated and agreed to in the contract. This is due to the inability of the stated CPA to perform as anticipated due to unforeseen inherent limitations of liability and insurance, among other difficulties. These inherent limitations may similarly affect the responsibilities and duties of other CPA firms.

All parties agree to the following changes:

Article IV, Section 4.5 is changed to read as follows:

4.5 TECH TRADERS will be make available an accounting on a fiscal quarterly basis, on or before the 15<sup>th</sup> of the first month of the following quarter for the activity of the prior quarter, ie; Oct 31<sup>st</sup>, Jan 31<sup>st</sup>, Apr 30<sup>th</sup> and July 31<sup>st</sup> of each year. TECH TRADERS will make best efforts to obtain from either an independent CPA or other independent source a written verification that the percentage of gross profits of LENDER'S account is the same percentage of Gross Profit generated in and from the Capital Pool stated herein in this agreement on the above stated schedule.

WIZM  
MMA  
Accounting  
10-26-01

IN WITNESS THEREOF, all parties hereby agree to the terms and conditions herein and acknowledge their agreement by affixing their signatures below

Karum Corporation

By: Matthew McGaffick  
Matthew McGaffick, Karum Corporation

10-25-01  
Date

Tech Traders, Ltd

By: Coyt Murray  
Coyt Murray, Attorney-In-fact

10-25-01  
Date

# ATTACHMENT

8

**Business Agreement**

This agreement is between (Party One) Matthew McGaffick 500 North Third St. Fairfield, Iowa personally and/or any other entity Matthew McGaffick forms or represents (Party Two) Coyt Murray personally and/or Tech Traders Ltd. PO Box N-4826 Marron House, Virginia Street Nassau Bahamas and US location at 1331 East Garrison Blvd. Suite C, Gastonia, North Carolina 28054.

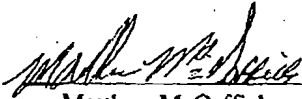
Both Parties agree to the follow:

The Synergy Index Trading System (System Portfolio) and it's subsequent trading systems (derivatives from) (System Portfolio) developed by Coyt Murray and/or Tech Traders Ltd. and/or utilized by agrees that the System Portfolio and it's derivatives will always be available to Party One at least in accord with the terms of it's current agreement dated May 7, 2001 for a period of, at least 5 years.

Party Two and/or any other company developed by Coyt Murray or Tech Traders Ltd. principals must do business with Party One under, at least, the terms of the above mentioned current agreement for a period, of at least five years.

In the event the Synergy Index Trading System (System Portfolio) and/or derivatives is sold to another party or a sharing joint venture agreement is entered into or any agreement with another party is entered into that would give control of the technology and/or contracting to a new entity, that buying party or that new entity must honor the terms of the current agreement Party One has with Party Two for a period of, at least, five years with the condition Party One can continue for another five years if it chooses.

Coyt Murray can sell or enter an agreement with Party One to be partners and utilize the System portfolio and/or it's derivatives together in other business ventures or sell the technology to Party One. In either case, Party Two agrees to oversee and help Party One with the utilization of the (Portfolio System) until Party One is satisfied in their ability to manage the (Portfolio System).

  
Matthew McGaffick

12-18-01  
Date

\_\_\_\_\_  
Coyt Murray Date

RT 006226

**ATTACHMENT 8**

## Business Agreement

This agreement is between (Party One) Matthew McGaffick 500 North Third St. Fairfield, Iowa personally and/or any other entity Matthew McGaffick forms or represents and (Party Two) Coyt Murray personally and Tech Traders Ltd. PO Box N-4826 Marron House. Virginia Street Nassau Bahamas and US location at 1331 East Garrison Blvd. Suite C, Gastonia, North Carolina 28054.

Both Parties agree to the following:

Party Two agrees that The System Portfolio and its derivatives developed by and/or utilized by Party Two will be made available to Party One in accordance with the general terms of its current agreement dated May 7, 2001 for a period of at least 5 years, with the stipulation that the specific terms are to be negotiated in light of prevailing conditions at the time of negotiation, i.e.; The interest rate and length of term of the Note and of the Agreement, and any particular pertinent changes that are deemed necessary to achieve an equitable arrangement between Party One and Party Two.

Party Two agrees to do business with Party One under the general terms of the current agreement for a period of at least five years, with the above-mentioned stipulations.

In the event the Synergy Index Trading System (System Portfolio) and/or derivatives is sold to another party or a sharing joint venture agreement is entered into or any agreement with another party is entered into that would give control of the technology and/or contracting to a new entity, that buying party or that new entity must honor the terms of the current agreement Party One has with Party Two for a period of at least five years from the date of the signing of this document. Party Two allows Party One the option of negotiating the continuation of the agreement for an additional five years.

Coyt Murray may sell the technology to Party One or enter into an agreement with Party One to be partners and utilize the System Portfolio and/or its derivatives together in other business ventures. In either case, Party Two agrees to oversee and help Party One with the utilization of the System Portfolio until either Party One is satisfied in their ability to manage the System Portfolio.

\_\_\_\_\_  
Matthew McGaffick

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Coyt Murray

12-10-01  
\_\_\_\_\_  
Date

RT 006225

# ATTACHMENT

9

DEAR DR. COYT,

SOMEHOW IT APPEARS I HAVE NOT MADE MYSELF CLEAR. I AM SORRY. I AM VERY SORRY FOR THE CURRENT SITUATION.....

HERE IT IS:

ALMOST FIVE YEARS AGO I HAD A BUSINESS PARTNER AND HE PLACED OVER 3 MILLION IN FUNDS WITH A COMPANY. HE WAS IN CHARGE OF THE CONTRACTING AND INVESTMENTS. I DID NOT CHECK ON HIM AND HE LIED TO ME FOR YEARS. THE FUNDS WERE STOLEN (AS FAR AS I KNOW HE DID NOT CONTRACT CORRECTLY NOR HANDLE THE TRANSACTION CORRECTLY ACCORDING TO THE CONTRACT REQUIREMENTS AND IT APPEARS THE PARTY WHO TOOK (STOLE) THE FUNDS HE WAS IN BUSINESS WITH THEM. I HAVE NOT BEEN ABLE TO GET THE FUNDS BACK AFTER THREE YEARS OF INTERNATIONAL LITIGATIONS. THE FUNDS WERE INVESTORS MONEY. THE INVESTORS HAVE COMPLAINED TO THE US GOVERNMENT, THE FBI AND UNITED STATES ATTORNEY TO INVESTIGATE.

THE KARUM FUNDS HAVE NOTHING TO DO WITH THOSE FUNDS. BUT, THE GOVERNMENT DOES NOT CARE. I WAS PART OF THE DEAL SO THEY ARE INVESTGATING ME FULLY.

I HAVE A GRAND JURY HEARING NEXT WEDNESDAY. I WILL BE ASKED ABOUT CURRENT FUNDS AND ASSETS. I MUST TELL THE TRUTH. ANY FUNDS OR ASSETS I AM A PART OF, THE GOVERNMENT WILL GO IN AND FREEZE. THEY WILL INVESTIGATE FULLY. THEY WILL

RT 006235

ATTACHMENT 9



ALSO FREEZE TECH TRADERS ACCOUNTS, YOUR CREDIT LINES AND CREDIT COMPANIES, YOUR BUSINESS, YOUR ACCOUNTING, YOUR CONTRACTS, YOUR CLIENTS, YOUR SALES PEOPLE AND BUSINESS. YOU WILL NOT BE ABLE TO DO BUSINESS UNTIL THEY VERIFY AND INVESTIGATE FULLY.... VERIFY EVERYTHING. THAT IS HOW THEY WORK AND IT COULD TAKE OVER ONE YEAR. I AM SURE THERE ARE THINGS SUCH AS TOM AND OTHER THINGS YOU DO NOT WANT THEM TO KNOW.

SO, I MUST TELL THEM I HAVE NO FUNDS IN INVESTMENT. THERE IS NO LONGER KARUM. I MUST PROVE THAT TO THEM, IF I HAVE TOO.

SO YOU SEE, TO PROTECT YOU, YOU MUST REMIT BACK TO ME ALL THE FUNDS OF KARUM YOUR REPORT SHOWS. PLUS FEBRUARY, IN CASE I HAVE TO SHOW THEM.....

I WILL SHOW YOU THE GRAND JURY SUBPEONA IF YOU DOUBT ME. MY ATTORNEY HAS INTERACTED WITH THEM MANY MANY TIMES. THEY ARE SERIOUS ABOUT FINDING OUT EVERYTHING ABOUT ME. I MUST DO THIS TO CLEAR MYSELF FROM MY OLD PARTNER WHO LIED TO ME AND DECEIVED ME.

BY REMITTING THE FULL \$575K TO ME I CAN SHOW I HAVE NOTHING IF THEY ASK. THEY WILL LEAVE YOU ALONE BECAUSE YOU HAVE NO FUNDS. THEY WANT THE MONEY. ALL OF THE \$575 IS OTHER PEOPLE MONEY ANYWAY AND I WILL REMIT IT BACK TO THEM BEFORE WEDNESDAY.

RT 006236

FROM :

FAX NO. : 000000000000

Feb. 21 2002 06:31PM P3

I AM DEEPLY SORRY TO BRING YOU INTO THIS, BUT, I  
HAD NO IDEA UNTIL RECENTLY. I HAVE BEEN TRYING  
TO EXPLAIN TO YOU FOR A WHILE.

I LOVE AND RESPECT YOU, I AM TRYING TO HELP YOU  
SO, PLEASE UNDERSTAND AND FORGIVE ME.....

SINCERELY,

  
MATTHEW

RT 006237

FROM :

TXN NO. : 000000000000

Feb. 01 2002 00:10PM P1

DEAR COYT.

DO NOT WORRY ABOUT WIRING LARGER SUMS. THEY  
ARE WITH THE BANK AND WE ARE JUST REMITTING  
THEM BACK WITHIN THE US IN ACCEPTABLE WIRING  
AMOUNTS.

THE AMOUNTS ARE ALL OK, EVEN 500K IS.

M

RT 006238

# ATTACHMENT

**10**



4. The investors' funds for the Synergy Index Trading Program were direct deposited into McGaffick's account at Hills Bank and Trust in Iowa.
5. McGaffick and Karum are not licensed to sell securities in the state of Iowa.

#### UNREGISTERED SECURITIES

6. Paragraphs One through Five are restated.
7. Karum and its principals, officers, directors, agents, representatives and affiliates, including, but not limited to, McGaffick, have offered or sold, aided or abetted the offer or sale of, or have participated in the offer or sale of unregistered and non-exempt securities in violation of Iowa Code 502.201(2001).
8. The securities promoted by Karum and McGaffick were not registered with the Iowa Securities Bureau pursuant to Iowa Code Sections 502.206 or 502.207, nor do any of the exemptions in Iowa Code Sections 502.202 or 502.203 appear to apply.
9. Iowa Code Section 502.201 states that it is unlawful for any person to offer or sell any security in this state unless the security is registered with the state or the transaction is exempted under section 502.202 or 502.203.
10. This action is necessary and appropriate in the public interest and for the protection of investors and consistent with the purposes fairly intended by the provisions of

OFTC 030 01 0002

Chapter 502, Code of Iowa (2001) - The Iowa Uniform Securities Act.

**UNREGISTERED AGENT**

11. Paragraphs One through Ten are restated.
12. Iowa Code Section 502.301(1)(2001) provides that it is unlawful for any person to transact business in this state as a broker-dealer or agent unless they are registered as such.
13. McGaffick was not registered as a securities agent with the Iowa Securities Bureau at the time of the offer and/or sale of the securities.
14. Those representatives of Karum, including, but not limited to, McGaffick, who have solicited, offered or sold these securities in Iowa, have violated Iowa Code Section 502.301(1)(2001).
15. This action is necessary and appropriate in the public interest and for the protection of investors and consistent with the purposes fairly intended by the provisions of Chapter 502, Code of Iowa (2001) - The Iowa Uniform Securities Act.

**UNREGISTERED ISSUER**

16. Paragraphs One through Fifteen are restated.
17. Section 502.301(2)(2001) states that it is unlawful for any broker-dealer or issuer to employ an agent in this state unless the agent is registered.

18. Karum is an issuer as defined in Iowa Code Section 502.102(13)(2001).
19. Karum has violated Iowa Code Section 502.301(2)(2001) by employing agents not registered with the Iowa Securities Bureau to offer and sell securities in Iowa.
20. This action is necessary and appropriate in the public interest and for the protection of investors and consistent with the purposes fairly intended by the provisions of Chapter 502, Code of Iowa (2001) - The Iowa Uniform Securities Act.

#### **MATERIAL OMISSIONS**

21. Paragraphs One through Twenty are restated.
22. Karum, and its principals, officers, directors, including, but not limited to, McGaffick have made omissions of material facts in the sale of above-described securities. The omissions of material facts include, but are not limited to:
  - failure to disclose to investors that the securities offered and/or sold were not registered with the State of Iowa and were required to be registered or exempted pursuant to Iowa Code Section 502.201 (2001);
  - failure to disclose to investors that Karum was not registered as an issuer in the State of Iowa;
  - failure to provide required disclosure about the investment in the Synergy Index Trading Program.



23. Karum and its principals, officers, directors, agents, representatives and affiliates, including, but not limited to, McGaffick, have violated Iowa Code Section 502.401(2001) by omitting material facts and information.
24. This action is necessary and appropriate in the public interest and for the protection of investors and consistent with the purposes fairly intended by the provisions of Chapter 502, Code of Iowa (2001) - The Iowa Uniform Securities Act.

NOW, THEREFORE, IT IS HEREBY ORDERED pursuant to the powers granted to the Superintendent of Securities by Iowa Code Section 502.604(2001) as follows:

- A. Karum and its principals, agents and affiliates, including, but not limited to McGaffick, shall cease and desist the offer or sale of, aiding and abetting the offer or sale of, and participating in the offer or sale of the securities described above or any other securities in the State of Iowa while those securities are unregistered and non-exempt, in violation of Iowa Code Section 502.201 (2001).
- B. All individuals representing Karum, including but not limited to McGaffick, shall cease and desist all action as agents in the State of Iowa without registration, in violation of Iowa Code Section 502.301(1) (2001).

CFTC 030 01 0005

- C. Karum shall cease and desist employing individuals as securities agents who are not registered as agents to solicit the sale of securities in Iowa without registration in violation of Iowa Code Section 502.301(2).
- D. Karum and its principals, agents and affiliates, including, but not limited to McGaffick, shall cease and desist omitting material facts that are in violation of Iowa Code Section 502.401.

NOTICE IS HEREBY GIVEN that Karum Corporation and Matthew McGaffick, or any authorized representative or agent may request a hearing in this matter. This request must be in writing and must be filed within thirty (30) calendar days of the date of this Order, with Ilene L.R. Gilson, Enforcement Attorney, Iowa Securities Bureau, 340 Maple Street, Des Moines, IA 50319.

A notice of the hearing shall be prepared and shall be given at least fifteen (15) days before the date of the hearing unless the parties agree to an earlier date. The hearing shall be held within forty-five (45) days after the date of the notice of hearing unless extended by the presiding officer for good cause with at least fifteen days notice to the parties. The resulting hearing will be held in accordance with Iowa Code Chapter 17A(2001).

A final Cease and Desist Order issued to a licensed insurance agent for acting as an unlicensed securities agent may

OFTC 030 01 0005

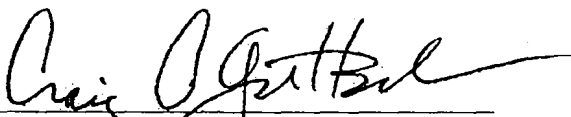
subject the insurance agent to insurance license revocation or other disciplinary action.

Further notice is given that the Iowa Securities Bureau is a bureau of the Iowa Insurance Division. The Iowa Insurance Division may review this Cease and Desist Order.

If you require the assistance of auxiliary aids or services to participate in a hearing because of a disability, immediately call 515-281-5705, or if you are hearing impaired, call Relay Iowa TTY at 800-735-2942.

Entered this 18<sup>th</sup> day of September 2002.

THERESE M VAUGHAN  
COMMISSIONER OF INSURANCE

  
CRAIG A. GOETTSCHE  
SUPERINTENDENT OF SECURITIES

SENT BY REGULAR AND CERTIFIED MAIL

Matthew McGaffick  
500 N. 3<sup>rd</sup> Street, Suite 210  
Fairfield, IA 52556

Matthew McGaffick  
PO Box 670,  
Iowa City, IA 52244

Karum Corporation  
500 N. 3<sup>rd</sup> Street  
Fairfield, IA 52556

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# ATTACHMENT

**11**

# Inmate Locator

Locate a **Federal Inmate**  
(includes all inmates from 1982 to present)



Name	Register Number	Age	Race	Sex	Release Date Actual / Projected	Location
1. MATTHEW BARRETT MCGAFFICK	06854-030	60	White	M	06-08-2006	<u>DULUTH FPC</u>

- [New Search](#)
- [FAQs](#)
- [Privacy](#)

Results 1 - 1 of 1

### Case Summary

**4:03-cr-00126-JEG USA v. McGaffick**

**Date filed: 04/30/2003**

**Matthew Barrett McGaffick (1)**

**Office: Central Filed: 04/30/2003**

**County: Jefferson Terminated: 09/24/2004 Reopened:**

**Other Court Case: None**

**Count: 1 Citation: 18:1343.F Offense Level: 4**

18:1343 FRAUD BY WIRE

**Count: 2-7 Citation: 18:1343.F Offense Level: 4**

18:1343 FRAUD BY WIRE

**Count: 8-10 Citation: 18:1341.F Offense Level: 4**

18:1341 MAIL FRAUD

**Def Custody Status: Released**

**Flags: R/R, TERMED**

Defendant **Matthew Barrett** represented **Patrick F Curran** (Designation **Fax:6416825525**  
**McGaffick** by Retained)

Plaintiff **USA** represented **Kevin E VanderSchel** **Phone:515 284 6278**  
by **Fax: 515 284 6281**

**Email:** [REDACTED]

<b>PACER Service Center</b>			
<b>Transaction Receipt</b>			
05/20/2005 08:25:09			
<b>PACER Login:</b>	cf0164	<b>Client Code:</b>	
<b>Description:</b>	Case Summary	<b>Search Criteria:</b>	4:03-cr-00126-JEG
<b>Billable Pages:</b>	1	<b>Cost:</b>	0.08