

S. Hrg. 107-84

**ROLE OF U.S. CORRESPONDENT BANKING IN  
INTERNATIONAL MONEY LAUNDERING**

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**HEARINGS**

BEFORE THE  
PERMANENT SUBCOMMITTEE ON  
INVESTIGATIONS  
OF THE  
COMMITTEE ON  
GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE  
ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

MARCH 1, 2, AND 6, 2001

**VOLUME 3 OF 5**

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Senate Permanent Subcommittee  
On Investigations  
EXHIBIT # 57d

**Exhibit 57d.**

**BTCB high yield investment program documents**



**British Trade & Commerce Bank.**  
Licensed for Full Trust Business.

202-224-1972

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Roseau Commonwealth of Dominica,  
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Principal Amount (US\$)	Interest Rate Monthly (%)	Effective Annual Rate (%)	Disbursement
25,000 - 49,999	1.25	15	annually in arrears
50,000 - 74,999	1.50	18	annually in arrears
75,000 - 99,999	1.75	21	annually in arrears
100,000 - 475,000	2.00	24	annually in arrears
500,000 - 975,000	2.25	30.6 (1)	quarterly monthly in arrears
1,000,000 - 1,450,000	2.50	34.5 (1)	monthly in arrears
1,500,000 - 1,950,000	2.75	38.5 (1)	monthly in arrears
2,000,000 - 3,450,000	3.00	42.5 (1)	monthly in arrears
3,500,000 - 4,950,000	3.25	46.8 (1)	monthly in arrears

(1) Assumes monthly interest left for compounding.

**Higher Yield Alternatives Available For Amounts Exceeding US\$5,000,000**

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Eff. 1/1/99



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<u>(US\$)</u>	<u>(%)</u>	<u>(%)</u>	
25,000 - 49,999	1.25	16.07	annually in arrears
50,000 - 74,999	1.50	19.56	annually in arrears
75,000 - 99,999	1.75	23.14	annually in arrears
100,000 - 475,000	2.50	34.48	quarterly in arrears
500,000 - 975,000	3.00	42.57	monthly in arrears
1,000,000 - 1,450,000	3.50	51.10	monthly in arrears
1,500,000 - 1,950,000	4.00	60.01	monthly in arrears
2,000,000 - 3,450,000	4.50	69.58	monthly in arrears
3,500,000 - 4,950,000	5.00	79.58	monthly in arrears

**Higher Yield Alternatives Available For Amounts Exceeding US\$5,000,000**

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September 22, 1998

In order to protect assets properly, whether in BTCB or elsewhere you should consider setting-up a specific structure to assure privacy and avoid unnecessary reporting and taxation issues. There are no taxes on IBC/Trust income or capital gains in Dominica and the privacy laws are very tight. You should seek your own tax and legal advice before proceeding on these matters. However, as discussed, one attractive structure could be as illustrated on Attachment "A". The specifics are:

1. Immediately, establish an IBC in Dominica (if necessary, in same name as the one in which you have contractual identity and/or the funds could be received). This will allow an orderly and mostly invisible transition. This IBC should have an Account at BTCB in order to receive the proceeds of Programs and to disburse them as instructed. This IBC should be 100% owned by bearer shares to be held by the Business Trust. The fee for setting and filing the IBC is \$1,500, including Government filing and fees (in lieu of taxes) and routine Corporate Administration for the first year.
2. Simultaneously, you could establish a Business Trust (your choice of names) in Dominica. This trust would not hold any bank accounts, nor hold any assets except the bearer shares of IBC. Any dividends from the IBC will pass through Business Trust for immediate distribution in accord with the instructions that must accompany the dividend. The fees for setting and filing such Trust are \$4,000, including Government fees and routine Trust Administration for the first year.
3. You should select an "Organizer" of the IBC and Business Trust, and could designate International Corporate Services Ltd (an IBC owned 100% by BTCB) as the Director-Designee for the IBC and BTCB as Trustee of the Business Trust. Any documents executed by ICS Ltd will first be provided for review by the Organizer, who will advise that "they see no reason why {IBC Name} should not execute such documents as provided to Organizer." ICS Ltd will not execute any documents without having received such review comments.
4. The IBC's Accounts should be set-up with dual signatures required, including an officer of ICS Ltd and an officer of BTCB (usually myself as Vice President over all managed accounts).
5. One or more Asset Trusts (your choice of structure, trustees, and such) should be established, filed and activated once proceeds from trading are disbursed by the IBC. The fees for setting and filing such are \$4,000/each, including Government filing fees and routine Trust Administration for the first year.



6. Any interface with U.S. activities could be restricted to interface only with this Asset Trust(s), or in certain desirable cases, with other IBC's you may wish to set-up under those Asset Trusts and all of assets accruing to such interfaces would be from/through those Asset Trusts [e.g., such Trusts or their IBC's could purchase goods and services, hold international debit cards, reinvest assets, purchase and hold stocks or property, and such].
7. The IBC held under the Business Trust would be the entity that would enter into subsequent Trading Programs on a 50/50 cooperative venture with BTCB and would receive all resulting "Investor" earnings/proceeds for distribution. Such IBC Account would operate under a Cooperative Venture Agreement and written Special Transaction Instructions, which assure that the Principal held or applied under any Programs would be limited to Blocked Funds in that IBC's Account(s), or, secured by a top Western European Bank 106% Guarantee.
8. This structure provides: a) access to immediate programs without any significant burden on your resources; b) assurance that the subject assets and earnings are always under joint control of ICS Ltd and BTCB; c) accrual of substantial assets under the Asset Trusts with maximum flexibility on their utilization while maximizing the preservation of capital and earnings; and, all of the Privacy and fiscal advantages afforded by Dominican Law.
9. If you commence with another entity, any subsequent identity change is subject to penetration on the basis of "form over substance" claims.
10. The choice of structure is of course yours, however any client entity that is not domiciled in Dominica is prohibited by our Board from participating in our High Yield Income Programs, so that we may protect the bank and its clients against "cross-jurisdictional" exposure/penetration.
11. If this is desirable to you, I can have the necessary forms sent by the Bank based upon what can you submit to me.

We trust that this information satisfies your request and we look forward to a mutually beneficial professional relationship. I will be happy to discuss this further and can be reached at the coordinates listed below.

Sincerely,

  
 Charles L. Brazie, Ph.D.  
 Vice President - Managed Accounts

Phone       :(767) 448-6410  
 Fax         :(767) 448-6477  
 Cellular   :(767) 235-6410 Dominica  
              :(703) 304-8236 USA



## OFFSHORE INVESTMENT OPPORTUNITIES



The investment environment in most countries is characterized by 1) an excessive, burdensome, costly, and sometimes debilitating body of rules, regulations, and procedures; 2) a repressive and progressive tax structure that seriously erodes earnings and discourages investment initiatives; and 3) an institutional structure that has developed a *modus operandi* favoring the financial institutions at the disproportionate expense of the investor. A number of offshore investment opportunities are not subject to these limitations.

A century ago when you put money into a domestic bank you could expect to receive a 4% return on your investment. The return on a bank savings account has not changed much. Certificate of Deposits boast of 6.5%. Simple logic will tell you that if those banks are willing to pay you 6.5%, then surely they are earning much more than that with the money you deposited in their bank.

Banks do not rely on investments which pay an annualized income. Because your savings is combined with other savings (pooling), they are able to invest large blocks of money into a commodities roll program or international bank debentures. The yields in these scenarios is far in excess of the earnings that are passed on to the investor by domestic banks.

BTCB has access to these international opportunities under a superior bank-to-bank relationship. Through those relationships and our broad asset base, we are able to access those higher yields < yields that are available with guarantees that preserve the invested principal. BTCB believes in sharing those yields more equitably with its clients.

For investment principal amounts less than Five Million USD, our clients can participate in progressive CD transactions. Thereunder, principal of at least US\$ 100,000.00 receives a CD that pays monthly interest at rates significantly higher than currently available at domestic banks. For much higher investment principal levels, International Cash Management Scenarios can be utilized which can provide monthly yields ranging substantially above even these CD rates.

Thus, in general terms, you can establish a system for protecting your assets, realizing substantial asset growth, and still have simple access to your money. You may ask if taxes are required to be paid on the earnings going into the Offshore Trust accounts identified with a unique number known only to you. The answer is NO. The Internal Revenue Code is very specific on that question.

*"Foreign Estate or Trust. The terms "foreign estate" and "foreign trust" means an estate or trust, as the case may be, the income of which, from sources without the United States, is not includable in gross income under subtitle A."*

07/03/98 11:37 FAX 3059716071 SECURITY BANK NA 002  
Jul-03-98 11:11A B : Bank/Trust (805) 744B-6477 P.01



**British Trade & Commerce Bank**

EWENS Building, Dame Eugenia Charles Blvd., Bayfront  
Roseau, Commonwealth of Dominica, P.O Box, 2042

**FAX COVER**  
Date: 07/03/98

<b>TO:</b> FERNANDO GONZALEZ	<b>FROM:</b> GEORGE BETTS
<b>COMPANY:</b> SECURITY BANK N.A.	<b>FAX N°:</b> (767) 448-6477
<b>FAX N°:</b> 305-374-4207	<b>PHONE N°:</b> (767) 448-6410
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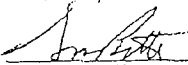
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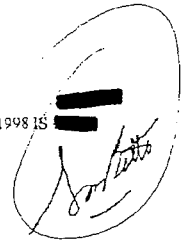
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BK ONE COL (BANK ONE, TEXAS, N.A.)  
HOUSTON, TEXAS  
ABA #044000037, CREDIT 980401787  
BENEFICIARY: GLOBAL INVESTMENT FUND S.A.  
ACCT # [REDACTED] AMOUNT US\$1,000,000

TEST KEY FOR ABOVE WIRES BASED ON US\$1,000,000 DATED JULY 3, 1998 IS [REDACTED]

SINCERELY,

  
\_\_\_\_\_  
GEORGE BETTS  
VICE PRESIDENT



TEST KEY  
DATE: 7/3/98

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Unlicensed for Full Trust Business

*Rejected*

SECURITY BANK N.A.  
OUTGOING DOMESTIC WIRE TRANSFER REQUEST AND AUTHORIZATION

7 - 3 - 98 :DATE TIME: : AMOUNT \$ 1,000,000.00

OUTGOING WIRE - CHARGE CUSTOMER LISTED BELOW  
 INTERNATIONAL DEPARTMENT WIRE (CHARGE INTERNATIONAL DEPARTMENT CLEARING ACCOUNT)  
 DOMESTIC WIRE (US DOLLARS) FOREIGN WIRE: DESCRIBE CURRENCY

INFORMATION ABOUT THE BANK TO RECEIVE THE WIRE

RECEIVING BANK'S NAME RECEIVING BANK'S "ABA" NUMBER  
BK ONE COL (BANK ONE, TEXAS, NA) # 044000037  
TEST CODE, IF ANY SWIFT CODE, IF APPLICABLE  
# #  
BRANCH NAME OR ADDRESS OF RECEIVING BANK, IF ANY  
CITY STATE COUNTRY  
HOUSTON TEXAS

INFORMATION ABOUT THE BENEFICIARY OF THE WIRE

NAME OF BENEFICIARY (PERSON / COMPANY TO RECEIVE WIRE)  
GLOBAL INVESTMENT FUND S.A.  
ACCOUNT NUMBER (RECEIVING BENEFICIARY'S ACCOUNT NUMBER) NUMBER  
# TYPE OF ID, IF PUPID: #  
ADDRESS (IF APPLICABLE) CITY STATE COUNTRY  
FOR FURTHER CREDIT TO (NAME) NUMBER  
BY ORDER OF (NAME) NUMBER  
BRITISH TRADE & COMMERCE BANK #  
SPECIAL INSTRUCTIONS, IF ANY

Redacted Information  
in Subcommittee Files

INFORMATION AND AUTHORIZATION ABOUT CUSTOMER'S ACCOUNT TO DEBIT

NAME OF CUSTOMER'S ACCOUNT TO CHARGE OR GENERAL LEDGER ACCOUNT TO DEBIT  
BRITISH TRADE & COMMERCE BANK  
ACCOUNT NUMBER TO CHARGE (DEBIT)  
#0400101400-01

WIRE AMOUNT \$ 1,000,000.00  
WIRE FEES 15.00  
OTHER  
TOTAL AMOUNT \$ 1,000,015.00

CUSTOMER'S AUTHORIZATION  
I authorize Security Bank to transfer my funds as set forth in the instructions noted herein, including debiting my account and agree that such transfer of funds is subject to the Bank's agreement as noted in the back of this form.  
FAX ATTACHED

CUSTOMER'S SIGNATURE  
WIRE DEPARTMENT USE ONLY  
WIRE SENT BY: FRB  
DATE WIRE SENT: JUL 3 1998  
TIME WIRE SENT: 11:37 AM  
WIRE NUMBER: # 101645  
VERIFIED BY: [Signature]  
SIGNATURE OF OFFICER

OFFICER APPROVING TRANSACTION  
HOLD MUST BE PLACED ON ACCOUNT BY BRANCH OFFICER OR BY DEPARTMENT HEAD INITIATING WIRE.  
NOTE:  
 "ABA" BANK NUMBER HAS BEEN VERIFIED  
 HOLD HAS BEEN PLACED ON ACCOUNT  
APPROVING OFFICER: [Signature]  
SIGNATURE OF OFFICER

07/06/98 12:22 FAX 3059716071

SECURITY BANK NA

002

JUL 0 1998

SECURITY BANK N.A.  
OUTGOING DOMESTIC WIRE TRANSFER REQUEST AND AUTHORIZATION

7 -- 3 -- 98 DATE TIME: : AMOUNT \$ 1,000,000.00

OUTGOING WIRE - CHARGE CUSTOMER LISTED BELOW  
 INTERNATIONAL DEPARTMENT WIRE (CHARGE INTERNATIONAL DEPARTMENT CLEARING ACCOUNT)  
 DOMESTIC WIRE (US DOLLARS) FOREIGN WIRE: DESCRIBE CURRENCY

INFORMATION ABOUT THE BANK TO RECEIVE THE WIRE

RECEIVING BANK'S NAME RECEIVING BANK'S "ABA" NUMBER  
BR ONE CO (BANK ONE, TEXAS, NA) # 044000037  
TEST CODE, IF ANY SWIFT CODE, IF APPLICABLE  
# BRANCH NAME OR ADDRESS OF RECEIVING BANK, IF ANY

CITY STATE COUNTRY  
HOUSTON TEXAS

INFORMATION ABOUT THE BENEFICIARY OF THE WIRE

NAME OF BENEFICIARY (PERSON / COMPANY TO RECEIVE WIRE)  
GLOBAL INVESTMENT FUND S.A.  
ACCOUNT NUMBER (RECEIVING BENEFICIARY'S ACCOUNT NUMBER) NUMBER  
# TYPE OF ID, IF PUID: #  
ADDRESS (IF APPLICABLE) CITY STATE COUNTRY

FOR FURTHER CREDIT TO (NAME) # NUMBER

BY ORDER OF (NAME) # NUMBER  
BRITISH TRADE & COMMERCE BANK

SPECIAL INSTRUCTIONS, IF ANY  
CREDIT: 980401757 NOTIFY JENNIFER THOMAS AT 214-290-4529

INFORMATION AND AUTHORIZATION ABOUT CUSTOMER'S ACCOUNT TO DEBIT

NAME OF CUSTOMER'S ACCOUNT TO CHARGE OR GENERAL LEDGER ACCOUNT TO DEBIT  
BRITISH TRADE & COMMERCE BANK  
ACCOUNT NUMBER TO CHARGE (DEBIT) # 0400101400-01

WIRE AMOUNT \$	1,000,000.00
WIRE FEES	15.00
OTHER	
TOTAL AMOUNT \$	1,000,015.00

CUSTOMER'S AUTHORIZATION  
I authorize Security Bank to transfer my funds as set forth in the instructions noted herein, including debiting my account and agree that such transfer of funds is subject to the Bank's agreement as noted in the back of this form.  
FAX ATTACHED

CUSTOMER'S SIGNATURE

OFFICER APPROVING TRANSACTION

HOLD MUST BE PLACED ON ACCOUNT BY BRANCH OFFICER OR BY DEPARTMENT HEAD INITIATING WIRE.

NOTE:  
 "ABA" BANK NUMBER HAS BEEN VERIFIED  
 HOLD HAS BEEN PLACED ON ACCOUNT

APPROVING OFFICER: SIGNATURE OF OFFICER

WIRE DEPARTMENT USE ONLY

WIRE SENT BY: DATE WIRE SENT: TIME WIRE SENT:

WIRE NUMBER ( # )

VERIFIED BY: SIGNATURE OF OFFICER

Redacted Information in Subcommittee Files

STHT196 96 1138 2407 000 DIRECT INQUIRIES TO: (954) 971-9850  
 SECURITY BANK N.A.  
 1450 SOUTH STATE ROAD 7  
 NORTH LAUDERDALE, FLORIDA 33068  
 BRITISH TRADE & COMMERCE BANK  
 EMENS BLDG DAME SUGENIA CHARLES  
 BLVD. BAYFRONT  
 ROSEAU, DOMINICA, WI  
 0010140000  
 FROM 08/01/98 THRU 08/31/98  
 NUMBER OF ITEMS ENCLOSED: 6

Redacted Information  
 in Subcommittee Files

DATE POSTED	DESCRIPTION OF TRANSACTIONS	CHECKS (-)	DEPOSITS (+)	BALANCE
08/07	BANK AUTO TRANSFER FROM ACCOUNT 0010140002		1,047,643.00	1,047,643.00
08/07	WIRE 3954 [REDACTED]		15,000.00	1,112,643.00
08/07	WIRE 3960 [REDACTED]		15,000.00	1,127,643.00
08/07	WIRE 3961 [REDACTED]		20,000.00	1,147,643.00
08/07	MISCELLANEOUS DEBIT	1,000,000.00		147,643.00
08/07	WIRE 3954 FEB	10.00		147,633.00
08/07	WIRE 3960 FEB	10.00		147,623.00
08/07	WIRE 3961 FEB	10.00		147,613.00
08/07	WIRE 10828 FEB	15.00		147,598.00
08/07	WIRE 10830 FEB	15.00		147,583.00
08/07	WIRE 10828 NATIONS BANK NA	7,783.00		139,800.00
08/07	WIRE 10830 NORWEST BK	-89,800.00		50,000.00
08/10	AUTO TRANSFER FROM ACCOUNT 0010140002		59,212.50	109,212.50
08/10	WIRE 3971 [REDACTED]		10,000.00	119,212.50
08/10	WIRE 3976 [REDACTED]		10,000.00	129,212.50
08/10	WIRE 3970 [REDACTED]		25,000.00	154,212.50

06/13/98 14:14 FAX 3059716071 SECURITY BANK NA @005  
Aug-13-98 11:54A 87 Bank/Trust (809) 448-6477 P.02



**British Trade  
& Commerce Bank**

EMENS Building, Dame Eugenia Charles Blvd., Bayfront  
Roseau, Commonwealth of Dominica, P.O Box: 2042

**FAX COVER**

Date:08/13/98

<b>TO:</b> FERNANDO GONZALEZ	<b>FROM:</b> GEORGE BETTS
<b>COMPANY:</b> SECURITY BANK N.A.	<b>FAX N°:</b> (767) 448-6477
<b>FAX N°:</b> 305-374-4207	<b>PHONE N°:</b> (767) 448-6410
<b>PHONE N°:</b> 305-374-3722	<b>Pages:</b> 1

**NOTES:**     Urgent     For your review     Reply ASAP     Please comment

Comments:  
DEAR FERNANDO:

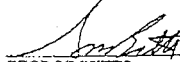
PLEASE MAKE THE FOLLOWING TRANSFERS FROM OUR ACCOUNT 0400191400-01.

BANQUE NATIONAL DE PARIS  
 NEW YORK, N.Y., USA  
 ABA#: 0260-0768-9  
 BENEFICIARY: SUNLAND STATES  
 ACCOUNT NO.: [REDACTED] AMOUNT: USD\$ 170,000  
 REF: GLOBAL INVESTMENT FUND / OUTLAST

THE CHASE MANHATTAN BANK, 7<sup>TH</sup> FLOOR, 55 WATER ST., NY, NY  
 ABA#: 021-000-021  
 BENEFICIARY: ROYAL BANK OF SCOTLAND (NASSAU) LTD  
 ACCOUNT NO.: [REDACTED]  
 FOR FURTHER CREDIT TO  
 HIGHLAND FINANCIAL CORP.  
 ACCOUNT NO.: [REDACTED] AMOUNT: USD\$ 830,000  
 REF: GLOBAL INVESTMENT FUND

TEST KEY FOR ABOVE WIRES BASED ON USD\$1,000,000 DATED AUGUST 13TH, 1998 IS [REDACTED]

SINCERELY,

  
 \_\_\_\_\_  
 GEORGE BETTS  
 VICE PRESIDENT

TEST KEY VERIFIED BY: [Signature]  
 DATE: 8/13/98

*Exceeded for Full Time Business.*

**Redacted Information  
in Subcommittee Files**

SECURITY BANK N.A.  
 OUTGOING WIRE TRANSFER REQUEST AND AUTHORIZATION (Domestic & Foreign)

DATE: 8-13-98 TIME: : AMOUNT \$ 170,000.00

DOMESTIC WIRE - CHANGE CUSTOMER LISTED BELOW  
 INTERNATIONAL DEPARTMENT WIRE (CHANGE INTERNATIONAL DEPARTMENT CLEARING ACCOUNT)  
 DOMESTIC WIRE (HULL/LAND) FOREIGN WIRE: RECEIVING COUNTRY:

INFORMATION ABOUT THE BANK TO RECEIVE THE WIRE

RECEIVING BANK'S NAME: BANQUE NATIONAL DE PARIS RECEIVING BANK'S "AUA" NUMBER: 0260-0768-9

TEST CODE, IF ANY: SWIFT CODE, IF APPLICABLE: BRANCH NAME OR ADDRESS OF RECEIVING BANK, IF ANY: CITY: NEW YORK STATE: NY COUNTRY:

INFORMATION ABOUT THE BENEFICIARY OF THE WIRE

NAME OF BENEFICIARY (PERSON / COMPANY TO RECEIVE WIRE): SUNLAND STATES

ACCOUNT NUMBER (RECEIVING BENEFICIARY'S ACCOUNT NUMBER): TYPE OF ID, IF APPLICABLE: ADDRESS (IF APPLICABLE): CITY: STATE: COUNTRY:

FURTHER CREDIT TO (NAME): NUMBER: BY OTHER OF (NAME): NUMBER: BRITISH TRADE & COMMERCE BANK SPECIAL INSTRUCTIONS, IF ANY: REF. GLOBAL INVESTMENTS FUND/OUTLAST

INFORMATION AND AUTHORIZATION ABOUT CUSTOMER'S ACCOUNT TO DEBIT

NAME OF CUSTOMER'S ACCOUNT TO CHARGE OR GENERAL LEDGER ACCOUNT TO DEBIT: BRITISH TRADE & COMMERCE BANK

CUSTOMER'S ADDRESS (MANDATORY FOR FOREIGN WIRES) INCLUDING CITY-STATE-COUNTRY: STATE NUMBER: CITY: STATE: COUNTRY: ACCOUNT NUMBER TO CHARGE (DEBIT): 0400101400-01

WIRE AMOUNT \$ 170,000.00  
 WIRE FEES 15.00  
 OTHER  
 TOTAL AMOUNT \$ 170,015.00

CUSTOMER'S AUTHORIZATION: I authorize Security Bank to transfer my funds as set forth in the instructions noted herein, including debiting my account and agree that such transfer of funds is subject to the Bank's agreement as noted in the back of this form.

FAX ATTACHED  
 CUSTOMER'S SIGNATURE

OFFICER APPROVING TRANSACTION: MUST BE PLACED ON ACCOUNT BY BRANCH OFFICER OR BY DEPARTMENT HEAD INITIATING WIRE. NOTE:  "ADA" BANK NUMBER HAS BEEN RECEIVED  HOLD HAS BEEN PLACED ON ACCOUNT APPROVING OFFICER: SIGNATURE OF OFFICER

WIRE DEPARTMENT (SEE GR1): WIRE SENT BY: DATE WIRE SENT: TIME WIRE SENT: WIRE NUMBER (M): VERIFIED BY: SIGNATURE OF OFFICER

7/3/9

Redacted Information in Subcommittee Files



**SECURITY BANK N.A.**  
**OUTGOING WIRE TRANSFER REQUEST AND AUTHORIZATION (Domestic & Foreign)**

DATE: 8-13-98 TIME: \_\_\_\_\_ AMOUNT \$ 830,000.00

**OUTGOING WIRE - CHANGE CUSTOMER LISTED BELOW**  
 **INTERNATIONAL DEPARTMENT (OR CHARGE THE INTERNATIONAL DEPARTMENT CLEARING ACCOUNT)**  
 **DOMESTIC WIRE (OR LOCAL)** FOREIGN WIRE: \_\_\_\_\_ DESCRIBE CURRENCY: \_\_\_\_\_

**INFORMATION ABOUT THE BANK TO RECEIVE THE WIRE**

RECEIVING BANK'S NAME: CHASE MANHATTAN BANK RECEIVING BANK'S "R.U.A." NUMBER: 021 000 021  
TEST CODE, IF ANY: \_\_\_\_\_ SWIFT CODE, IF APPLICABLE: \_\_\_\_\_  
BANK BRANCH OR ADDRESS OF RECEIVING BANK, IF ANY: \_\_\_\_\_  
CITY: NEW YORK STATE: NY COUNTRY: \_\_\_\_\_

**INFORMATION ABOUT THE BENEFICIARY OF THE WIRE**

NAME OF BENEFICIARY (PERSON/COMPANY TO RECEIVE WIRE): ROYAL BANK OF SCOTLAND (NASSAU) LTD  
ACCOUNT NUMBER (RECEIVING BENEFICIARY'S ACCOUNT NUMBER): \_\_\_\_\_ NUMBER: \_\_\_\_\_  
ADDRESS (IF APPLICABLE): \_\_\_\_\_ CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ COUNTRY: \_\_\_\_\_  
FOR FURTHER CREDIT TO NAME: \_\_\_\_\_ NUMBER: \_\_\_\_\_  
BY ORDER OF (NAME): BRITISH TRADE & COMMERCE BANK NUMBER: \_\_\_\_\_  
SPECIAL INSTRUCTIONS, IF ANY: REF: GLOBAL INVESTMENTS FUND

**INFORMATION AND AUTHORIZATION ABOUT CUSTOMER'S ACCOUNT TO DEBIT**

NAME OF CUSTOMER'S ACCOUNT TO CHARGE OR GENERAL LEDGER ACCOUNT TO DEBIT: BRITISH TRADE & COMMERCE BANK  
CUSTOMER'S ADDRESS (MANDATORY FOR FOREIGN WIRES) INCLUDING CITY, STATE, COUNTRY: \_\_\_\_\_  
STREET NUMBER: \_\_\_\_\_ CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ COUNTRY: \_\_\_\_\_  
ACCOUNT NUMBER TO CHARGE (EDIT): 0400101400-01

**WIRE AMOUNT \$**  
WIRE AMOUNT: 830,000.00  
WIRE FEES: 15.00  
OTHER: \_\_\_\_\_  
**TOTAL AMOUNT \$** 830,015.00

**CUSTOMER'S AUTHORIZATION**  
I authorize Security Bank to transfer my funds as set forth in the instructions noted hereon, including debiting my account and agree that such transfer of funds is subject to the Bank's agreement as noted in the back of this form.

**FAX ATTACHED**  
**CUSTOMER'S SIGNATURE**

**OFFICER APPROVING TRANSACTION**  
MUST BE PLACED ON ACCOUNT BY BRANCH OFFICER OR BY DEPARTMENT HEAD (INDICATING TITLE)  
NOTE: \_\_\_\_\_  
 "ABA" BANK NUMBER HAS BEEN VERIFIED  
 HOLD HAS BEEN PLACED ON ACCOUNT  
APPROVING OFFICER: \_\_\_\_\_ SIGNATURE OF OFFICER: \_\_\_\_\_

**WIRE DEPARTMENT USE ONLY**  
WIRE SENT BY: \_\_\_\_\_ (CRD)  
DATE WIRE SENT: \_\_\_\_\_ (MM/DD)  
TIME WIRE SENT: \_\_\_\_\_ (HH:MM)  
WIRE NUMBER (#): 12816  
VERIFIED BY: \_\_\_\_\_ SIGNATURE OF OFFICER: \_\_\_\_\_

Redacted Information in Subcommittee Files

8320

STWTS6 96 1138 2407 000 DIRECT INQUIRIES TO: (954) 971-9890

SECURITY BANK N.A.  
145 SOUTH STATE ROAD, 7  
NORTH WOODBRIDGE, FLORIDA 33068  
BRITISH TRADE & COMMERCE BANK  
EMENS BLDG. DAWB EUGENIA CHARLES  
BLVD. BAYFRONT 0010140000  
ROSBAU, DOMINICA, WI FROM 08/01/98 THRU 08/31/98

NUMBER OF ITEMS ENCLOSED: 6

CKG-01 ACCOUNT NO. 00101400 01

-ACCOUNT TRANSACTIONS DETAIL-		CHECKS	DEPOSITS	BALANCE
DATE	DESCRIPTION OF TRANSACTIONS	(-)	(+)	
08/14	WIRE 70902 FEE	15.00		1,228,720.00
08/14	WIRE 70896 FEE	35.00		1,228,685.00
08/14	WIRE 70902	1,685.00		1,227,000.00
08/14	WIRE 70885 RODOLFO REQUENA	25,000.00		1,202,000.00
08/14	WIRE 70896 TEMPLIR R CAISSA SA	152,000.00		1,050,000.00
08/14	WIRE 70887 SUNLAND STATES	170,000.00		880,000.00
08/14	WIRE 70886 ROYAL BANK OF SCOTLAND	830,000.00		50,000.00
08/17	WIRE 4044		10,500.00	60,500.00
08/17	WIRE 4036		15,000.00	75,500.00
08/17	WIRE 4036		50,000.00	125,500.00
08/17	WIRE 4043		50,000.00	175,500.00
08/17	WIRE 4026 FEE		10.00	175,490.00
08/17	WIRE 4036 FEE		10.00	175,480.00
08/17	WIRE 4043 FEE		10.00	175,470.00
08/17	WIRE 4044 FEE		10.00	175,460.00
08/17	AUTO TRANSFER TO	125,460.00		50,000.00

Redacted Information  
in Subcommittee Files

Following message ID: FIP07, Created on 06/25/98 15:31:33

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#### 02 #### FI 0800 0800      FI INCOMING      #####NORMAL MSG/ACCTG ENTRY####
(3100) Sender: 044600037 BANK ONE NA          (2500) Amount: 11,000,918.31
(3400) Receiver: 057010512 GLEY HOM RD LINDO (3600) Bus Function Code: CTR
(1510) Type Code: 1900
(5000) Originator: ██████████
                    BANK ONE TRUST COMPANY N.A.-DOLIVER
                    ATTN: CASH MANAGEMENT
                    INTEROFFICE MAIL
                    OHI-0303
(4000) OPS to BPF Info: FFC TO GLOBAL INVESTMENT FD SA
(4020) Beneficiary: 0040010100 WI
                    BR11191 TRADE & COMMERCE BK
(4700) FI to FI Info: 010-90002504471
(1300) TRF: 199002504471520001151
(3300) Sender Ref: 900025044711151
(4110) Timestamp: 09251537101
(1100) LRNO: 1990002516051100000000251537101
#####

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4170

Redacted Information  
in Subcommittee Files

STMT96 96 1138 2410 000 DIRECT INQUIRIES TO: (954) 971-9890  
 SECURITY BANK N.A.  
 14500 WINDY HILL ROAD, 7  
 NORTH LAUDERDALE, FLORIDA 33068  
 BRITISH TRADE & COMMERCE BANK  
 EMENS BLDG. DAME EUGENIA CHARLES  
 BLVD. BAYFRONT  
 ROSEAU, DOMINICA, WI  
 0010140000  
 FROM 08/01/98 THRU 08/31/98  
 11  
 NUMBER OF ITEMS ENCLOSED: 6

Redacted Information  
 in Subcommittee Files

DATE POSTED	DESCRIPTION OF TRANSACTIONS	CHECKS (-)	DEPOSITS (+)	BALANCE
08/25	WIRE 4099 FEE	10.00		69,612.00
08/25	WIRE 4100 FEE	10.00		69,602.00
08/25	AUTO TRANSFER TO ACCT. --0010140002	19,602.00		50,000.00
08/26	WIRE 4125 [REDACTED]		30,000.00	80,000.00
08/26	WIRE 4120 BANK ONE TRUST		1,006,918.31	1,086,918.31
08/26	WIRE FEE 4120	10.00		1,086,908.31
08/26	WIRE FEE 4125	10.00		1,086,898.31
08/26	AUTO TRANSFER TO ACCT. --0010140002	1,036,898.31		50,000.00
08/27	DEPOSIT		85,932.84	135,932.84
08/27	AUTO TRANSFER FROM ACCOUNT 0010140002		16,023.70	151,956.54
08/27	WIRE FEE 7277	15.00		151,941.54
08/27	WIRE FEE 7278	15.00		151,926.54
08/27	WIRE FEE 7280	15.00		151,911.54
08/27	WIRE FEE 7287	15.00		151,896.54
08/27	WIRE FEE 7288	15.00		151,881.54
08/27	WIRE FEE 7279	35.00		151,846.54
08/27	WIRE 7279 STEWART MOSS	2,852.72		148,993.82
08/27	WIRE 7287 REPUBLIC	3,332.00		145,661.82

1839

8/28/98 10:57 FAX 3050716071 SECURITY BANK NA 002  
8-28-98 04:43P BT&C Bank/Trust (767) < 1-6477 P.01



**British Trade & Commerce Bank**

EMENS Building, Dame Eugenia Charles Blvd., Seyfont  
Roseau, Commonwealth of Dominica, P.O. Box 2042

**FAX COVER**  
Date: 08/28/98

<b>TO:</b> FERNANDO GÓNZALEZ	<b>FROM:</b> GEORGE BETTS
<b>COMPANY:</b> SECURITY BANK N.A.	<b>FAX N°:</b> (767) 448-6477
<b>FAX N°:</b> 305-374-4207	<b>PHONE N°:</b> (767) 448-6410
<b>PHONE N°:</b> 305-374-3722	<b>Pages:</b> 1

**NOTES:**     Urgent     For your review     Reply ASAP     Please comment

**Comments:**

DEAR FERNANDO:

PLEASE MAKE THE FOLLOWING TRANSFER FROM OUR ACCOUNT 0400101400-01.


US BANK  
 2990 SO PEORIA ST., AURORA CO. 80014.  
 ABA#: 102-000-021  
 BENEFICIARY: GLOBAL INVESTMENT FUND S.A.  
 ACCOUNT NO.: ██████████ AMOUNT: USD\$1,000,000  
 REF: ATT. JENNIFER SMITH

**Redacted Information  
in Subcommittee Files**

TEST KEY FOR ABOVE WIRES BASED ON USD\$1,000,000 DATED AUGUST 31ST, 1998 IS ██████████

SINCERELY,

  
 \_\_\_\_\_  
 GEORGE BETTS  
 VICE PRESIDENT

TEST KEY VERIFIED BY:	
DATE:	8/31/98

**SECURITY BANK N.A.**  
**OUTGOING DOMESTIC WIRE TRANSFER REQUEST AND AUTHORIZATION**

8 -- 31 -- 98 :DATE TIME: : AMOUNT \$ 1,000.000 -00

OUTGOING WIRE - CHARGE CUSTOMER LEDGER BALANCE  
 INTERNATIONAL DEPARTMENT WIRE (CHARGE INTERNATIONAL DEPARTMENT CLEARING ACCOUNT)  
 DOMESTIC WIRE (US DOLLARS) FOREIGN WIRE: DESCRIBE CURRENCY

**INFORMATION ABOUT THE BANK TO RECEIVE THE WIRE**

RECEIVING BANK'S NAME: ITS BANK RECEIVING BANK'S "ABA" NUMBER: # 102 000 021  
 TEST CODE, IF ANY: # SHIFT CODE, IF APPLICABLE: #  
 BRANCH NAME OR ADDRESS OF RECEIVING BANK, IF ANY: 2990 SO. PRORIA ST  
 CITY: AURORA STATE: COLORADO COUNTRY:

**INFORMATION ABOUT THE BENEFICIARY OF THE WIRE**

NAME OF BENEFICIARY (PERSON / COMPANY TO RECEIVE WIRE): GLOBAL INVESTMENT FUND S.A.  
 ACCOUNT NUMBER (RECEIVING BENEFICIARY'S ACCOUNT NUMBER): # NUMBER:  
 # TYPE OF ID, IF PUPID: # CITY STATE COUNTRY  
 ADDRESS (IF APPLICABLE):  
 FOR FURTHER CREDIT TO (NAME): # NUMBER:  
 BY ORDER OF (NAME): # NUMBER:  
 BRITISH TRADE & COMMERCE BANK #  
 SPECIAL INSTRUCTIONS, IF ANY: REF: A/T: JENNIFER SMITH

**INFORMATION AND AUTHORIZATION ABOUT CUSTOMER'S ACCOUNT TO DEBIT**

NAME OF CUSTOMER'S ACCOUNT TO CHARGE OR GENERAL LEDGER ACCOUNT TO DEBIT: BRITISH TRADE & COMMERCE BANK  
 ACCOUNT NUMBER TO CHARGE (DEBIT): # 0400101400-01

WIRE AMOUNT \$	1,000.000 -00
WIRE FEES	.15 -00
OTHER	
TOTAL AMOUNT \$	1,000.015 -00

**CUSTOMER'S AUTHORIZATION**  
 I authorize Security Bank to transfer my funds as set forth in the instructions noted herein, including debiting my account and agree that such transfer of funds is subject to the Bank's agreement as noted in the back of this form.

FAX ATTACHED  
 CUSTOMER'S SIGNATURE

**OFFICER APPROVING TRANSACTION**  
 HOLD MUST BE PLACED ON ACCOUNT BY BRANCH OFFICER OR BY DEPARTMENT HEAD INITIATING WIRE.  
 NOTE:  
 "ABA" BANK NUMBER HAS BEEN VERIFIED  
 HOLD HAS BEEN PLACED ON ACCOUNT  
 APPROVING OFFICER: SIGNATURE OF OFFICER

**INITIAL DEPARTMENT USE ONLY**  
 WIRE SENT BY: AUG 31 1998  
 DATE WIRE SENT: TIME WIRE SENT: WIRE NUMBER: #  
 VERIFIED BY: SIGNATURE OF OFFICER

Redacted Information in Subcommittee Files

7373

STMT96 96 1138 2413 000 DIRECT INQUIRIES TO: (954) 971-9890  
 SECURITY BANK N.A.  
 300 SOUTH STATE ROAD 7  
 NORTH LAUDERDALE, FLORIDA 33068

BRITISH TRADE & COMMERCE BANK  
 SMNS BLDG. DAME EUGENIA CHARLES  
 BLVD. BAYFRONT  
 ROSEAU, DOMINICA, WI

0010140000  
 FROM 08/01/98 THRU 08/31/98 14

NUMBER OF ITEMS ENCLOSED: 6

CKG-01 ACCOUNT NO. 00101400 01

-----  
 -ACCOUNT TRANSACTIONS DETAIL-  
 -----

DATE POSTED	DESCRIPTION OF TRANSACTIONS	CHECKS (-)	DEPOSITS (+)	BALANCE
08/31	WIRE 4155 FEE	10.00		1,050,055.00
08/31	WIRE 4160 FEE	10.00		1,050,045.00
08/31	WIRE 4161 FEE	10.00		1,050,035.00
08/31	WIRE 4162 FEE	10.00		1,050,025.00
08/31	WIRE 4167 FEE	10.00		1,050,015.00
08/31	WIRE 7303 FEE	15.00		1,050,000.00
08/31	WIRE 7303 GLOBAL INVESTMENT FUND		1,000,000.00	50,000.00

- CHECKS PAID ON THIS STATEMENT LISTED IN NUMERIC ORDER -  
 MEANS SKIP IN SEQUENCE

NUMBER	AMOUNT	NUMBER	AMOUNT
4,155.56		10,000.00	
		69,616.77	

\*\*\*\*\* ACCOUNT ACTIVITY SUMMARY \*\*\*\*\*

SUPERNOW ACCOUNT-02 ACCOUNT NO. 00101400 02

PREVIOUS BALANCE AS OF 07/31/98 2,295,448.27  
 TOTAL OF 12 DEPOSITS AND OTHER CREDITS 2,062,663.36  
 TOTAL OF 8 DEBITS AND WITHDRAWALS 3,335,035.86  
 ENDING BALANCE AS OF 08/31/98

----- ACCOUNT DISCLOSURE -----  
 AVERAGE DAILY COLLECTED BALANCE 1,182,957.77  
 NUMBER OF DAYS THIS STATEMENT

1842

Senate Permanent Subcommittee  
On Investigations  
EXHIBIT # 57e

**Exhibit 57e.**

**Internet gambling documents**





Sports bettors seeking the complete package from an international sports book finally have an opportunity to open an account with a major league operation that gives them immediate access to their funds at - 24 hours a day.

Dominica-based Vegas Book, a state-of-the-art Las Vegas-style sports book takes action via toll-free phones and the Internet, and trumps every other shop in the industry with its unique method of payment.

Solid lines, low vig, top customer service, comprehensive wagering menu, betting limits you can live with...these are just some of the routine features of the internationally acclaimed Vegas Book.

Vegas Book gives you immediate access to your cash. An account with Vegas Book includes an optional international secured card, which allows for immediate withdrawal of funds, giving you complete control over your money. Proceeds from every winning wager are credited to your betting account within three minutes of the conclusion of the event.

*"Home of the  
30 second  
Cash Out"*

With the growth of the offshore industry, bettors have more choices than ever before. However, no other sports book comes close to Vegas Book in the critical areas of reliability, security and payouts.

**RELIABILITY.** Structured by respected investment bankers, Vegas Book's funding, assets and resources are unmatched throughout the industry. The Commonwealth of Dominica is one of the few countries where internet casinos and sports books operate not only with the approval of the government, but with encouragement.

**SECURITY.** Dominica is renowned for its strict laws regarding offshore wealth protection. Your account at Vegas Book is totally secure from all outside enquiries due to the nation's Off Shore Privacy Act of 1996. This statute sets severe penalties for any release of information including identity, revenues and profits.

**PAYOUTS.** All Vegas Book members are given, or purchase - depending on the size of their initial deposit - an International Business Corporation bank account. Acting on your wishes, the IBC wagers directly with Vegas Book, thus avoiding conflict with U.S. anti-gaming laws. Funds in the account, except those in action at any given moment, are available to the account holder 24 hours a day. Simply take the money out of the account at any ATM, or use secured card wherever credit cards are accepted. Your money is protected because it remains in your control, escrowed in your account at the Bank - not at Vegas Book. CALL 1-888-765-9061 to get in the game today...





#### GENERAL RULES

1) All rules, regulations, odds and payoffs contained herein are subject to change and revision by the management of Vegas Book, Ltd. without prior written notice!

2) Vegas Book reserves the right to limit, refuse or review any wager prior to its acceptance. Vegas Book also reserves the right to cancel any wager made on an obviously "bad" line due to data transfer or employee error, or any incorrect wager accepted by the software. VegasBook will notify all customers, by E-mail, of cancellation of their wager as soon as we are aware of the incorrect line. The lines posted by the Stardust Sportsbook in Las Vegas will prevail as the correct line(s) in the case of a data transfer or employee error. In the case of a multiple wager ticket, only the wager(s) with an incorrect line will be voided. The remaining wagers on the ticket will have action. In the case of a "bad line" on a parlay or teaser ticket, the entire parlay or teaser ticket will be voided, and constitute a "no action" wager, and all money will be refunded accordingly. The customer may then make a new wager with the corrected line. "READ BACK IS FINAL". When you have completed making your bets, the consultant reads back the listed plays and says "If all of the plays I have just stated are correct; please restate your PIN." If you do not take the read back, the plays will be accepted as the consultant entered them. Please request a read back to eliminate potential problems.

All wagers will be accepted up to the posted starting time of the event. All sporting events must be played on the scheduled day unless otherwise specified. Sporting events postponed and then rescheduled will automatically constitute a "no action" wager, and all money will be refunded accordingly. Management keeps track of all wagers, point and /or price changes made prior to the start of an event by computer to help minimize errors and to aid in fairly settling disputes. Any wager made after a game or contest has started, shall be considered a "PAST POST" and shall be null and void. In the event that the client knowingly places a "past post" wager, the bettors account may be closed.

When wagering on the "totals", overtime periods are counted as a final score. On half time wagers, overtime periods are included as part of the 2nd half.

3) Minimum wagers are: Straight bets \$50.00, parlays and teasers \$50.00, for the 800 number service. Maximum wager \$5,000.00. Internet minimums are \$10.00 for all wagers. All wagers will be accepted up to the posted starting time. We will discuss raising the limits above \$5,000 with a client who requests it.

4) Vegas Book requires a minimum deposit of \$300. After your funds are received, you will be issued a Personal Identification Number (PIN) and the toll-free number of the wagering office. Whenever you would like to receive the line or place a wager, simply call and speak with a professionally trained sports consultant. Your balance will be verified the first call of the day. Further account information, balances or discrepancies may be obtained by contacting the Customer Service Department directly at 1-888-765-9061.

5) The hour of operations are from 10:00 a.m. Eastern Time until the start of the last West Coast game. The football line is posted Monday for the following week. Baseball, Basketball, and the Hockey lines are posted \* 1:30 a.m. Eastern time daily. In addition, you have the option to use the on-line sportsbook simply by logging on to our website at:

<http://www.vegasbook.com>.

6) As a member of Vegas Book, I agree to the tape recording of my telephone conversations when placing a bet with Vegas Book and I agree that this recording shall be used as the final determination to resolve any dispute. In all cases of discrepancy the tape recording of the transaction shall serve as the final determination of the dispute and all wagers will be adjusted accordingly. All disputes can be settled within 7-hour after review of recorded bet.

7) I understand that Vegas Book is a foreign company and as such does not report the winnings of individuals who bet with the Sports Book to any government agencies, and therefore, it is my sole responsibility, if applicable, to report any winnings to my respective government Customs or Taxation departments. All transactions and wagers shall be considered originating from and governed by the laws of the Commonwealth of Dominica

8) The government of the Commonwealth of Dominica, West Indies will have sole jurisdiction over any disputes as a result of wagers accepted by Vegas Book. Wagers are governed by commonly accepted rules in effect in Las Vegas, NV.

9) Members must use both their PIN number and/or PASSWORD on all wagering calls. Please be sure to review your wagers for any mistakes before sending them over the computer. Once a bet is placed over the computer it cannot be changed. CHECK ALL BETS CAREFULLY!!!

10) Members should check their account balance weekly at the minimum. Wager and balance discrepancies over 14 days will not be reviewed.

11) Vegas Book has twenty four hour(24) tech support and customer service at the web site [www.vegasbook.com](http://www.vegasbook.com). For other enquiries, please feel free to call us during normal business hours at, 1-888-765-9061.

#### SENDING FUNDS

1) You can begin playing within 10 minutes if you send cash using an express setup. If you utilize this form of sending, Vegas Book will always credit you the cost when you send \$300 or more. Call our marketing department for more information at 1-888-765-9061. Sending a Certified cheque via over night delivery is another option. This is recommended if you are not in a rush or would like to send over \$3000. Make cheques payable to Vegas Book or the name of your International Business Corporation.

Send Overnight Delivery To:

British Trade and Commerce Bank  
c/o Vegas Book or the name of your International Business Corporation  
Attention: Herry Royer  
Emens Building, Bay Front Rd.  
Roseau, Commonwealth of Dominica, West Indies

2) Bank Wire transfers are also available for sending funds, but there is no same day transaction guarantee. Call 1-888-765-9061 for details! Or email us at: [clientservices@vegasbook.com](mailto:clientservices@vegasbook.com)

#### COLLECTING YOUR WINNINGS

We pride ourselves on prompt payment and good service. If you do not qualify for a secured card with ATM privileges, you can request your funds and the transaction will take place the following day. This is done Monday through Friday from 9:00 a.m. to 6:00 p.m. No payments are processed on the weekend. All moneys taken from a credit card must first be credited back to the card. Only money that has been taken from the card can be credited back to the card and any excess will be paid out through our regular payout methods. Please allow five to seven (5-7) working days

before the transaction shows up in your bank. Credit Card deposits must wait thirty days (one billing cycle) before a withdrawl can be processed. Other cash out options:

- a) Western Union Cash percentage depending on amount. This is determined by Western Union.
- b) Cashiers Check by Fed-EX. There is flat \$40 USD fee for the check and \$35.00 USD Fed-EX Charge. 48 hour delivery.
- c) Bank Wire from our bank to your bank. This is a flat fee of \$40 USD. Generally require 24 to 72 hours.
- d) Cashiers Check by Regular Mail. This can take 30 days or more. We cannot be responsible for any lost mail. The fee is \$15 USD.

To request a payout, simply call our tollfree number at 1-888-765-9061 and an account representative will help you, or simply email us with instructions at [payout@vegasbook.com](mailto:payout@vegasbook.com)

**EVENT AND WAGERING RULES**

1) All sporting events must be played on date and site scheduled unless otherwise specified. If any event is postponed, suspended and/or rescheduled, said event will automatically constituted "no action"

2) In order to have action, game must go:

Football (College-Pro)-	55 min. of play
Basketball (Pro)-	43 min. of play
Basketball (College)-	35 min. of play
Hockey (Pro & Amateur)-	55 min. of play
Golf (Pro & Amateur) Other	54 holes of play
Sports (with time limits)	less than 5 min. of play left.
Baseball-home team leading	4.5 innings
Baseball-visitors leading	5 innings
Boxing (Pro,College, Amateur)	When bell is sounded signifying the start of the first round, the bout is considered official.

3) Payoffs off the Board

<b>Straight Bets-</b> A wager on one event whose outcome for wagering purposes shall be determined by a point spread or money odds.	All straight and Total bets are 10/11 unless otherwise noted at the time of the wager.
<b>Parlays-</b> Two or more teams or propositions involving two separate outcomes can be tied together to make one wager. All teams must win by the listed point spread.	2 Teams Pay 13/5 3 Teams Pay 6/1 4 Teams Pay 10/1 5 Teams Pay 20/1 6 Teams Pay 40/1

• In case of no action or tie, parlay is reduced to next lowest number of plays.

Teasers - Football		6 points	6 1/2 points	7 points
2 Teams	10/11	10/12	10/13	
3 Teams	8/5	3/2	7/5	
4 Teams	5/2	2/1	3/2	
5 Teams	4/1	7/2	3/1	
6 Teams	6/1	5/1	4/1	

Teasers - Basketball		4 points	4 1/2 points	5 points
2 Teams	10/11	10/12	10/13	
3 Teams	8/5	3/2	7/5	
4 Teams	5/2	2/1	3/2	
5 Teams	4/1	7/2	3/1	
6 Teams	6/1	5/1	4/1	

- 2 Team Teaser with the Tie and Winner is No Action.
- Tie and any Loser is a Loser.
- In case of No Action or Tie on a 3 team teaser or more, the teaser is reduced to the next lowest number of plays.

Moving the Line	0.5 point	lay 12/10
	1.0 point	lay 13/10
	1.5 points	lay 14/10
	2.0 points	lay 15/10
	2.5 points	lay 16/10
	3.0 points	lay 17/10

- For example- Move the line 1 pt, you lay \$130 to win \$100
- Move the line up to 3 points
- Maximum buy in Basketball (totals included) is 4 pts.
- NFL on or off the #3 lay 13/10

**BASEBALL RULES**

Winners and Losers are official after 5 innings of play unless the home team is leading then after 4 1/2 innings. If a game is called or suspended, the winner is determined by the score after the last full inning (unless the home team scores to tie or takes the lead in the bottom half of the inning, in which case the winner is determined by the score at the time the game is called). Monies will be refunded if the home team ties the game and it is then suspended. Events will not carry over to the following day (unless otherwise specified). Vegas Book does not recognize suspended games, protests, overturned decisions, etc. for wagering purposes.

**Special Baseball Rules**

1) When wagering on the total runs (over/under) the game must go 9 innings (8 1/2 if the home team wins) to have action. If a game is called or suspended, the score will be determined after the last full inning (unless the home team scores to tie or takes the lead in the bottom half of the inning, in which case the score is determined at the time the game is called). Rules for the run line wagers are the same as those for baseball totals. Wagers on total runs will be refunded if a pitcher change occurs prior to both listed pitchers throwing at least one pitch.

2) Baseball wagers will be accepted in the following manner:

- a) Action - Team against team, regardless of the starting pitcher.
- b) One Specified Pitcher - This is a wager on or against a specified pitcher, regardless of the starting pitcher.
- c) Both Specified Pitchers - If starting pitchers are not exactly as listed on wagering display board and/or your ticket, your wager will be deemed "No Action".

Note: In the event there is a pitching change prior to the game, money odds may be adjusted. If one scheduled pitcher starts against any unscheduled pitcher, "Action" wagers will be computed by the opening price with the new pitcher. A pitcher is deemed a starting pitcher after throwing one pitch.

Baseball	-1.05 = .95	-1.45 = .69	-1.85 = .54	-2.50 = .40
Parlays	-1.10 = .91	-1.50 = .66	-1.90 = .53	-2.80 = .35
	-1.15 = .87	-1.55 = .64	-1.95 = .51	-2.70 = .37
	-1.20 = .83	-1.60 = .62	-2.00 = .50	-2.80 = .36
	-1.25 = .80	-1.65 = .61	-2.10 = .48	-3.00 = .33
	-1.30 = .77	-1.70 = .59	-2.20 = .45	-3.25 = .31
	-1.35 = .74	-1.75 = .57	-2.30 = .43	-3.50 = .29
	-1.40 = .71	-1.80 = .55	-2.40 = .42	-4.00 = .25

- Because of the money line used in Baseball, there are no set payoffs for tying a number of teams together in parlays. Payoffs are determined by a simple formula that changes the moneyline into a decimal number and combines it with other lines in the parlay. The first step is to change the money line into a decimal. Use the above chart for this purpose.

#### How to Figure Baseball Parlays

For each PRICE or ODDS quote on your teams, look at their respective PAYOFFS (to \$1.00) and always ADD \$1.00 to these payoffs. Multiply your Bet times the products of these payoffs (+\$1.00) for your parlay return.

- Example 1: Bet \$50 on the Cardinals (-150) parlayed to the Tigers (-130):  
 $\$50 \text{ multiplied by } 1.66 \text{ (-150) multiplied by } 1.77 \text{ (-130)} = \$146.91$  (includes return of the \$50 bet)
- Example 2: Bet \$75 on the Cubs (+120) parlayed to the Reds (-135) parlayed to the Mets (Even):  
 $\$75 \text{ multiplied by } 2.20 \text{ (+120) multiplied by } 1.74 \text{ (-135) multiplied by } 2.00$  (EV) = \$574.20 (includes return of the \$75 bet)

Always add \$1.00 to payoff to determine payoff price for all parlays

#### Soccer Rules

Soccer Wagers are accepted in "Single Bets" only. It simply involves betting on the outcome of a match in 90 minutes (i.e. 1st half and 2nd half), choosing whether the game will end in a home win, an away win or a draw. If the score is tied after regulation time, all wagers on the home team and the away team, lose. All wagers on the Draw, win. Extra time or goals scored in extra-time do not count for betting purposes.

To learn more about IBC's and other asset protection structures visit [www.worldwideassets.com](http://www.worldwideassets.com).



Most Caribbean transmissions of data and voice are through a monopoly. Often, voice circuits are busy and internet connections are dismally slow. Utilizing, **InSatCom's** over capacity - our players are guaranteed clear and definable voice and internet transmissions. Licensed by Cable and Wireless and the Government, InSatCom is the first private network offering encrypted data, internet web hosting, and reliable video transmissions from the Caribbean. InSatCom's nine meter satellite dish is able to simultaneously broadcast to multiple transponders ensuring a reliability factor of 99.9%. The threat of unauthorized entry is virtually eliminated because InSatCom operates its own proprietary software and hardware. Further, wagers and transactions are encrypted to retain complete confidentiality.



Virtual Gaming Enterprises, Incorporated is a strategic partner with and equity partner of Vegas Book. Virtual Gaming Enterprises is a public corporation traded under the symbol VGAM (O I C:BB) and operates a Family of internet based gaming and casino sites at the **Casino Theme Park**. Players at these sites experience the safety and dependability of the InSatCom network and also qualify for the benefits of IBC's, secured debit cards and frequent player rewards.



Vegas Book, is a licensee of **Casino del Sol, Limited**. Casino del Sol is recognized worldwide as a premier gaming and marketing company. With twenty five years of consulting experience including optimizing many on-line sports wagering business's in both the Caribbean and North American markets, they offer the necessary management skills required for a sports book's success. From the hiring and training of employees to designing and purchasing the advertising, Casino del Sol offers a wealth of knowledge - thus guaranteeing our players a positive experience and expeditious service.



Over one year ago, **Chinnok West, Limited** in response to demands for a quick, effective and easy to use sports wagering software designed and brought to market its own product. The **On-the-Line** system offers our internet players an easy to read graphical interface including your account information, credit limits, betting limits, available funds, betting history, plays in action, comments and warnings. Along with Spreads and Over/Unders, we offer teasers, futures, parlays and speciality bets.



Vegas Book, Ltd DomTech Complex # 7, Canefield, Commonwealth of Dominica  
868-765-9061 fax 767-449-3646





[Who is Vegas Book, Limited?](#)  
[How do I get started?](#)  
[How does your company work?](#)  
[Can I check my history on the internet?](#)  
[Is my money safe?](#)  
[What kind of plays are offered?](#)  
[How do I place a wager?](#)  
[What if there is a problem?](#)  
[What sports do you take action on?](#)  
[What is your minimum bet?](#)  
[Where do you get your lines from?](#)  
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[Can I use my card from an ATM?](#)  
[What if my secured card is lost?](#)  
[Do I earn interest on the secured card?](#)  
[Whose name will appear on the card?](#)  
[What is the card authorization address?](#)  
[Can I use secured funds to wager?](#)

#### Q. Who are we?

Vegas Book, Ltd., is a partnership between Virtual Gaming Enterprises, Casino del Sol, Ltd and Chinnok West, Ltd. Our operations are located in the Commonwealth of Dominica, West Indies, where we are licensed to take wagers by telephone and Internet. We are regulated by the International Business Unit of the Ministry of Finance of Dominica. Please call us at 1-888-765-9061 for more details.

#### Q. How do I get started?

Read the "Join" page. Fill out the on-line application. When we receive it, a marketing representative will call you back to set up your account. When we receive your funds, your account will be set up and you will be able to wager within minutes. There is absolutely no membership fees.

#### Q How does your company operate?

After contacting us, you send your initial deposit, we will open an account for you, provide you with a PIN number. Upon verification of the financial transaction you will be able to place wagers against the funds that have been posted up. Usually this can be done in as little as fifteen minutes.

#### Q. Can I check my wagering history on the internet ?.

Yes, in the member section of [www.vegasbook.com](http://www.vegasbook.com), you can check your account balance, win/loss history, latest odds, breaking news, place wagers and play in the casino.

#### Q. How do I know my money is safe?

The Commonwealth of Dominica is recognized as one the few countries where foreign companies can openly own and operate internet casino's and sports books. Please contact the Ministry of Finance, Commonwealth of Dominica, West Indies at 767-448-2401 ext. 3158 to check on the status of our license - Casino del Sol, Limited and if there are any complaints about Vegas Book, Limited.



We have worked hard to insure that our clients money is safe and can be easily accessed at any time. For our clients who do not establish an IBC, but deposit amounts over \$ 500 - we offer a Classic secured card with a 25% limit. As your account grows with your winnings, we will increase the available credit limit. This is perfect for the individual who does not want to purchase an IBC - but must have instant access to their cash.

Establishing an IBC offers multiple safe guards for your wagering business. Your IBC is protected from all outside inquires by the Offshore Privacy Act which sets severe penalties for any release of information including corporate identity, revenues and profits. All transactions to and from your account are through Dominica's largest private bank. These funds remain in your control, not Vegas Book. Finally, having a secured card gives you instant access to your cash, including ATM privileges. Click here to review the [Membership Options](#)

**Q. What kind of plays/bets do you have?**

We take action on parlays, round robins, teasers, reverses, if bets, halftimes, straights, totals, action points and future bets. In general, if you can bet it in Vegas, you can bet it with us.

**Q. How do I place a wager?**

Once you have opened your account with us, we will give you our toll-free direct betting lines and a PIN which identifies you to our sports consultants. They will take your bets at your convenience.

**Q. What if there is a discrepancy with a wager?**

Every conversation is recorded and time dated. We simply go to the recorder and find the problem. If it is an error on your part, we play the tape back for you. If we've made a mistake, we will credit your account accordingly. Our operation is computerized and everything is recorded.

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**Q. What sports do we take action on ?**

If we can get a line, you can make the wager. We take action on all professional sports including hockey, football, basketball, NCAA football, NCAA basketball, Women's Final Four, college world series, golf, auto racing (major races only), boxing and tennis.

**Q. What is your minimum bet?**

Straight bets \$50.00, parlays and teasers \$50.00, for the 800 number service, Internet minimums are \$10.00.

**Q. Where do you get your lines from?**

They come straight from Vegas and they move with increased action.

**Q. What kind of lines do you have on hockey?**

Puck lines and money lines.

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**Q. Who do I call for Customer Service ?**

For all inquires regarding non-Vegas Book services, including IBC processing, account balances, wiring of funds, secured card charges, Certificates of Deposit please call InSatCom at 1-767-449-0954 during normal business hours.

**Q. What will I receive from you?**

Your membership includes an International Business Corporation, secured card and monthly sports schedule/newsletter. The Certificate of Incorporation can be mailed to you from Dominica. This may require two weeks for delivery.

**Q. How much do I wager to qualify for a free IBC?**

All membership levels above \$5,000 qualify for a free IBC. The Classic member can choose to purchase an IBC for \$250 and a standard member can purchase an IBC for \$1,000. Every six months we review all accounts to determine the total wagers. If you have wagered more than your initial deposit your status will be elevated to the next level. If you have wagered less- then you will be dropped to the appropriate category. Members, regardless of their category - who do not wager at least \$2,500 will be charged a \$250 IBC incorporation fee. Click here to review the [Membership Options](#)

**Q. Can I use my IBC to protect my house and car ?**

As the sole shareholder, you direct what your IBC can do. Vegas Book and the Bank cannot direct your IBC. Thus, using your IBC for asset protection is a valid alternative. Asset protection is exactly what it states. It is the act of protecting and preserving your assets or wealth that you have accumulated by legitimate means. You may need to protect your assets from litigation, confiscation by government, fraudulent financial schemes, unsafe and unsound financial institutions and management, etc.

If you, or a member of your family or your friends are considering financial planning using an international structure, we would encourage them to call the Banks marketing department and visit the web site: [www.worldwideassets.com](http://www.worldwideassets.com).

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**Q. Can I use an offshore plan to reduce my tax?**

Normally, any investment income or capital gains are subject to taxes. However, you can shelter some of your income or capital gains from taxation by using certain legal and appropriate offshore structures. As such structures must be designed to fit your special needs and circumstances, you should consider obtaining expert advice.

**Q. What would delay the IBC processing ?**

The three main reasons for delays are: 1) The application was not fully completed. 2) The application was rejected because the initial deposit was not credited to the account within 72 hours. 3) Applicant failed the requirements of the

Bank.

---

**Q. Does an IBC have a renewal fee?**

Yes, each year there is a renewal fee. For our Platinum, Gold and Silver members the fee is waived. For the Classic member the fee is \$250.

**Q. Is there a minimum bank deposit to keep the IBC ?**

As an active Vegas Book customer, there is no minimum account balance. If you cancel your Vegas Book membership, but retain the IBC, the Bank requires a minimum balance of \$5,000.

---

**Q. Can I check my charges on the internet ?**

On the web site [www.btc.com](http://www.btc.com) you are able to verify the balances of your IBC and the charges to your secured card. This requires a separate password and user id.

**Q. How is the card secured?**

On the Account Opening Form - you can choose from 10% to 50% of your deposit to be available for your card charges. If you were to choose the 20% level and deposited \$5,000 in your bank account - your secured card credit limit would be equal to \$1,000. The \$1,000 is frozen in your account thus guaranteeing the Bank that they will always have money to pay for a your secured card charges. The remaining \$4,000 would be available for wagering with Vegas Book.

**Q. How is payment made for the charges?**

Each month a statement will be mailed to you listing all the charges for previous month. Like a normal credit card, you can write a check from your "home" bank account and mail it in. Or you can make a minimum payment, which will be subject to a monthly interest charge. Or, you can check the box and automatically your winnings or remaining account balance will be used to pay the statement.

---

**Q. How can I increase my limit?**

Once a month, you can fax a request to the Bank to increase your limit. Remember, if you increase your limit, without adding additional funds to your IBC, you are limiting the amount that you can wager with Vegas Book.

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**Q. Can I use my card from an ATM?**

After the card has been issued, you will receive, by mail a separate envelope with your four digit PIN. At all major ATM's you can directly receive cash advances. This service costs \$5.00 per transaction. Please be aware that the ATM may charge an additional handling fee.

**Q. What if my secured card is lost or stolen?**

Like any other card, you must call Card Services at

1-888-232-5701 to report the loss of your card. If you fail to do so, you will be responsible for all charges.

**Q. Do I earn interest on the secured card balance?**

Yes, the secured card balance earns 3% per annum.

**Q. Whose name will appear on the credit card?**

Though the card has been issued to the IBC, we place your name on the card. At no time will the records indicating the IBC name and its subsequent owner be released to anyone. That information is retained in complete confidentiality at the bank.

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**Q. What is the authorization address for the card?**

Sometimes, for merchants to authorize a purchase, you may be required to furnish a mailing address. Regardless of where the Bank may mail its statement, all secured cards are registered to:

PO Box 2042  
Dame Eugenia Charles Blvd  
Roseau, Commonwealth of Dominica.

**Q. Can I use secured funds to wager?**

No, we must be able to guarantee payment to the Bank. Thus the frozen amount cannot be used for wagering.

Account Opening Form - IBC Accounts

Fax number 1-888-922-1559

Date:

**VEGAS BOOK MEMBER INFORMATION** PLEASE PRINT OR TYPE CLEARLY

Last Name	First Name	Middle Initial	Phone Number ( ) ( ) ( ) ( ) ( ) ( )	Fax Phone Number: ( ) ( ) ( ) ( ) ( ) ( )
Physical Address		City	State/Country	Zip/Postal Code
Mailing Address (if different than above)		City	State/Country	Zip/Postal Code
Communication Preferences				
<input type="checkbox"/> Phone	<input type="checkbox"/> Fax	<input type="checkbox"/> Mail	<input type="checkbox"/> Email Address	
Opening Balance	Membership Level			
\$	<input type="checkbox"/> Platinum - \$25,000	<input type="checkbox"/> Gold - \$10,000	<input type="checkbox"/> Silver - \$5,000	<input type="checkbox"/> Classic - \$2,500
Form of Payment				
<input type="checkbox"/> Credit Card	<input type="checkbox"/> Wire Transfer	<input type="checkbox"/> Western Union		
Name as it appears on your Credit Card				
<input type="text"/>				
Credit Card Number		Expire Date	Type	
<input type="text"/>		<input type="text"/>	<input type="checkbox"/> MasterCard <input type="checkbox"/> Visa	
Issuing Bank:	Bank Phone Number	Date Of Birth	Sex	
	( ) ( ) ( ) ( ) ( ) ( )	( ) ( ) ( ) ( ) ( ) ( )	<input type="checkbox"/> Male <input type="checkbox"/> Female	

**INTERNATIONAL BUSINESS CORP. (IBC)** NOTE: A Company name must end with the word(s) "Limited", "Corporation", "Societe Anonyme", or an abbreviation thereof. The use of the words "Finance", "Trust", "Bank", "Insurance", "Royal" or "Imperial" is not allowed.

Proposed Name	Option #1	I request Nominee Shareholder and Director Services		
<input type="checkbox"/> randomly assigned		<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
	Option #2			
Activities/ Purpose of Company	Shareholder Name	Address	% Ownership	Position
International Commerce	Same as above	Same as above	100%	Director
I would like monthly statements and other correspondence				
<input type="checkbox"/> Do not send anything	<input type="checkbox"/> Sent to physical address	<input type="checkbox"/> Sent to mailing address	<input type="checkbox"/> Faxed to the above number	<input type="checkbox"/> Held on file at the Bank
How did you hear about us?				
<input type="checkbox"/> Internet	<input type="checkbox"/> Television	<input type="checkbox"/> From a Friend	<input type="checkbox"/> Magazine	<input type="checkbox"/> Radio

I certify the information given herein is true and correct; the person mentioned does exist and all funds sent to the Bank are clean and of legal origin and are owned or lawfully managed by the person signing below. By signing below, I authorize Card Services, Ltd. to charge the opening balance and I acknowledge this purchase and agree that all sales are final. I am of legal age and am solely responsible for any financial losses from wagering. Further I have read and agreed to the Player's Agreement at www.vegasbook.com. I authorize the Bank to conduct the proper verification of the above information. In addition, I agree to hold the Bank, Vegas Book, its Directors, Officers, employees, affiliates and representatives free from any liability incurred when acting on facsimile instructions provided by me, provided such instructions bear my signature or any close proximity thereto. I shall at all times hereafter indemnify and keep indemnified the Bank and Vegas Book against all costs, charges, expenses which the Bank or Vegas Book may now or hereafter be liable to pay or sustain in connection with any matter which may arise as a result of any false statement with regard to any such funds or any false statement made in this application or in relation to any unlawful transaction of any bank account or international business corporation named in this application and also against all sums of money whether for damages, costs, attorney fees, charges, expenses or otherwise howsoever which the Bank or Vegas Book may be liable to pay or may sustain in this regard. I confirm that I am making this declaration for my protection as well as for the Bank and Vegas Book and hereby give consent to the Bank to disclose this transaction to law enforcement authorities subject to the confidentiality laws of the Commonwealth of Dominica. I hereby certify that I have not received legal or tax advice associated with my decision to form this structure and I have been encouraged to consult my attorney and tax advisor. This service can be provided by independent representatives; the Bank and Vegas Book cannot be held responsible for any claims or representations outside of what appears in this Form. Please include a photocopy of your passport or driver's license and the front and back of your credit card. Please fax this information to 1-888-922-1559, if you have any questions, please call 1-888-765-9061 or visit www.vegasbook.com.

Vegas Book Member, Organizer of IBC

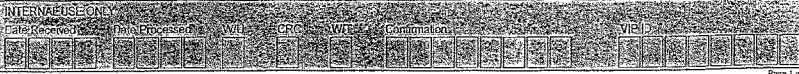
Signed  \_\_\_\_\_

Printed Name: \_\_\_\_\_

Choose a six to eight digit password

Are you an employee of and/or a consultant to a Judicial Department of either a Federal, Provincial or State Government?

Yes  No



IBC NAME: \_\_\_\_\_

**Appointment of Bankers**

WHEREAS the Corporation gave British Trade & Commerce Bank ("Bank") a certified copy dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ of the Corporation's resolution (the "authorization") authorizing the person(s) named in the authorization (the "authorized persons") to carry out with the Bank the transactions specified in the authorization (the "authorized transactions") and at the same meeting of the Board of Directors, it was resolved:

That British Trade and Commerce Bank shall be appointed as the Bankers of the Company and as the Bankers of the Company

That regarding the Company's account(s) the said Bank is hereby authorized and requested:

- To honor and comply with all cheques drafts bills of exchange promissory notes acceptance negotiable instruments and orders expressed to be drawn accepted made or given on behalf of this Company at any time or times whether the banking account or accounts of the Company are overdrawn
- In the event of the said account becoming overdrawn at anytime we hereby agree that you shall be entitled to charge compound interest on the sum by which that said account is overdrawn calculated on daily balances charged monthly and that the rate of interest charged from time to time shall be at your sole discretion up to but not exceeding 2% \_\_\_\_\_ % above the minimum rate in force at the time. You shall not be bound to notify us in advance of any change in the rate of interest but on receipt of a written request from us you shall be obligated to specify the rate of interest being charged at the time of such request.
- To honor and comply with all instructions to deliver or dispose of any securities or documents or property held by the Bank on behalf of the Company; to hold the Company liable on all agreements and indemnities in connection with the issue of letters of credit, drafts and telegraphic transfers and with all banking transactions.

Provided any such cheques drafts bills of exchange promissory notes acceptance negotiable instruments orders instructions agreements and indemnities are signed by the persons holding the undermentioned office for the time being:

- To treat of cheques drafts bills of exchange promissory notes acceptance negotiable instruments orders as being endorsed on behalf of the Company and to discount or otherwise deal with them provided such endorsements purport to be signed by:
 

Name: \_\_\_\_\_ as shown below Title/Office: Director

To cancel all existing mandates (if any) in force at the date hereof with regard to the Company's said Account(s) which mandates are hereby terminated. Provided that all authorities, instructions, instruments and transactions are authorized in accordance with any existing mandate and purporting to have been given, made issued or entered into prior to receipt of notice of this resolution shall have effect as between the Company and British Trade & Commerce Bank as though this resolution had never been passed.

That a list of the names and specimen signatures of the persons at present authorized to sign under this resolution be furnished to the Bank. That the foregoing mandate and list of names remain in force and receipt by the said Bank of a duly certified copy of a resolution renewing or amending the same.

**Resolution of Directors**

AND WHEREAS the Corporation wishes to allow the authorized persons to give, by facsimile machine, instructions to the Bank to carry out authorized transactions.

NOW THEREFORE be it resolved that:

- The authorized persons may give instructions on behalf of the Corporation to the Bank by facsimile machine to carry out authorized transactions
- The Bank may act on instructions received by it that are, or purport to be from, authorized persons to the same extent as if they had been given in writing under the authorization
- The Corporation acknowledges that the Bank will not have to constantly monitor its facsimile machines, but need only use reasonable efforts to determine if it has received any instructions. Instructions given in accordance with this resolution will not be considered to have been received by the Bank until they are brought to the attention of the authorized Bank employees.
- Although the Bank will not have any duty to confirm any signature on any instructions given by facsimile, if the signature purports to be the signature of an authorized person, the Bank may decline to act if it doubts that the instructions have been properly authorized, accurately transmitted or properly understood by it.
- If the Bank acts on instructions received by it that are, or purport to be, given under the authority of this resolution, those instructions will be conclusively deemed to be valid instructions, even if they did not, in fact, come from authorized persons, or were not accurately transmitted or properly understood by the Bank. This does not, however, apply if the Bank is grossly negligent or its action amounts to willful misconduct.
- Unless the Bank is grossly negligent in its action or reckless amounts to willful misconduct, it will not be responsible for anything it does or cannot do, due to any of the following:
  - Delays, breakdowns, slowdowns or failures in performance or otherwise resulting, whether directly or indirectly from acts or omissions/breaches by the control including, without limitation, computer or access equipment or facsimile machine breakdown, slowdown, malfunction or delay
  - The action of, or any failure to act, any third party
  - Any inaccuracy or inadequacy in, or lack of authenticity of, any instructions received by it.
- Any liability of the Bank connected with this resolution or any instructions delivered or purporting to be delivered to the Bank under this resolution will be limited in the aggregate to actual and direct money damages, not to exceed the aggregate of the total fees and charges paid by the Corporation to the Bank for the operation by the Bank of the Corporation's bank accounts during the one year period immediately prior to the first event giving rise to that liability. This will apply no matter what form of action or claim may be brought by the Corporation against the Bank. The Bank will not, in any event, be liable for any indirect, consequential or exemplary damages whatsoever, including loss of profits. In addition, the Bank will not be liable for any claim against the Corporation by or other liabilities of the Corporation to, any third party, whether that claim or those liabilities are for breach of warranty, negligence or otherwise, even if the Bank has been advised or given notice of such a possibility.
- The Corporation will indemnify and save harmless the Bank from any loss, cost, damage or expense which the Bank may suffer or incur from acting or declining to act upon any instructions it may receive which are or purport to be made under this resolution, including, without limitation, legal and other professional fees and disbursements reasonably incurred by the Bank. This indemnity shall not extend to any loss, cost, damage or expense resulting from the gross negligence or willful misconduct of the Bank or any Bank employee.
- If the Corporation passes any resolutions (the "new resolutions") in the future that add to, amend or replace the authorization, then the terms "authorization", "authorization persons" and "authorized transactions" in this resolution will include those new resolutions and any persons or transactions specified in them.
- The Bank has given a copy of this resolution certified by the secretary of the Corporation, and that this resolution has been binding on the Corporation until the Bank receives a notice in writing from the secretary of the Corporation that this resolution has been rescinded, and the Bank has duly acknowledged receipt of that notice.

By signature on previous page, I hereby certify the above to be a true copy from the minutes.

**SECURED CARD**

Name to Appear on \_\_\_\_\_  
 the Credit Card: \_\_\_\_\_  
 Card holder Signature Sample: \_\_\_\_\_

Credit limit is equal to what percentage of deposit - see top sample  
 10% 20% 30% 40% 50%

I would like monthly statements and other correspondence  
 Sent to physical address  Sent to mailing address  Faxed to the above number  Held on file at the Bank

I agree to abide by the rules of the Cardholder Agreement (a full copy of which is available by request). I acknowledge that I am responsible for all charges on the IBC secured card, and that I will make payments to the Bank as required by the Cardholder Agreement. I further agree to maintain frozen funds in the indicated IBC account equal to the above percentage to determine my credit limit. I agree that these funds shall not be used to pay this monthly balance on the card.

**Bank Account / Secured Card Organizer**

Signed  \_\_\_\_\_ Printed Name \_\_\_\_\_ Date \_\_\_\_\_

**CREDIT CARD AUTHORIZATION FORM** Note: The card must be in the individuals name that is requesting the credit to their account

I \_\_\_\_\_ authorized Card Services, Ltd., on behalf of Vegas Book Ltd., to debit my credit card. I acknowledge the intent of the transactions, and the fact that they are gambling related. I am fully aware the transaction (s) on my credit card statement will reflect the funds sent to Card Services, Ltd. on behalf of Vegas Book, Ltd., and for verification and signature on file purposes, I am enclosing a copy of my Driver's License and/or Passport and Credit Card. By signing and submitting this document I agree and acknowledge that the transaction (s) made against my Credit Card are final. Please call 1-888-765-9051 to verify that the fax copy was received clearly.

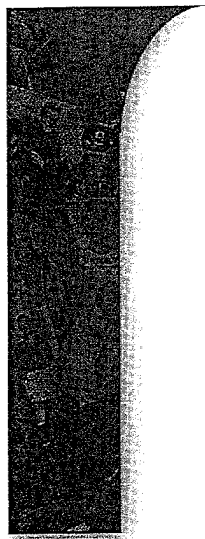
Card Holder Signature X \_\_\_\_\_ Date: \_\_\_\_\_

Please copy the front and back of your credit card here


Please copy the front of your drivers license or passport here.


**WIRING INSTRUCTIONS**

BANK NAME:	ST. KITTS-NEVIS-ANGUILLA NATIONAL BANK, LTD. Central Street Basseterre, St. Kitts, W.I.
Swift BIC:	KNANKNSK
US Correspondent:	Bank of America International 100 S.E. 2nd St. Miami, FL 33131
ABA Number:	066 007 681
Credit to:	St. Kitts-Nevis-Anguilla National Bank Ltd.
Further credit:	British Trade & Commerce Bank
Account number:	41325
Final credit to:	(Your Account name and/or Account number and/or PIN number)



**WINNERS**  
PAID IMMEDIATELY



5555 9401 1234 

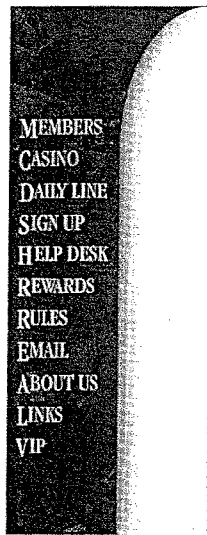
5542 7234 SOLD 10/01  
THRU 12/31


YOUR NAME HERE

INSTANT ACCESS TO *YOUR* CASH...

**MEMBER**   **VISITOR**   **VIP**







  
COMMONWEALTH OF DOMINICA

**International Gaming Licence**

A company, by the name CASINO DEL SOL, LIMITED,  
incorporated under the International Business Companies (IBC) Act  
1996, is hereby licensed to conduct international wagering, lotteries  
or games of chance from Dominica by way of telecommunications  
and/or the internet subject to the provisions of the Lotteries Act,  
Chapter 20:12 of the Revised Laws of the Commonwealth of  
Dominica, 1990 and the contract of concession dated the 11th <sup>th</sup>  
day of May, 1998.

This licence is for one <sup>th</sup> years, commencing on the 8<sup>th</sup>  
day of May, 1998, and shall remain in effect until  
expiration or revocation.

Given under my hand this 5<sup>th</sup> day of May, 1998.

   
**TIMOTHY C. TIMOTHY**  
Minister for Finance, Industry  
and Planning.

Service Charges

Register Online

Agent program

Dominica

Links

Email

WORLDWIDE ASSET PROTECTION/DRC

# IBCNOW.COM

Welcome to IBCNow.com. Our web site is designed for individuals and/or corporations who desire the benefits of immediate confidential wealth preservation. In cooperation with the Government for the Commonwealth of Dominica, you can conduct a check to insure that the name for your international Business Corporation is available. Once you have determined the name - complete the remaining forms and we will reserve it for seventy two hours. To fulfill the process continue following the online registration steps. On receipt of your account opening forms, it generally requires one week for the completed documents and certificates to be returned. Please feel free e-mail us if you have any questions. To review the forms prior to signing up - please click on the Register Online Button.

<p><b>IBC Name Check</b></p> <p><small>Note: This service is made available to the general public as a service of the Government for the Commonwealth of Dominica. Any misuse or abuse of this system will be prosecuted to the fullest extent of the law.</small></p> <p><small>A Company name must end with the word(s) Limited, Corporation, Societe Anonyme, Sociedad Anonima, or an abbreviation thereof. The use of the words Finance, Trust, Bank, Insurance, Royal, or Imperial is <u>not allowed</u>.</small></p> <p>Click on a letter below to jump to an alphabetical listing:</p> <p>A B C D E F G H I J K L M N O P Q R S T U V W X Y Z</p> <p>OR Search the listings: <input type="text"/></p> <p style="text-align: center;"><input type="button" value="Search"/></p>
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<a href="#">Join today</a>	<p>Worldwide Asset Protection Web Ring</p> <p>{ <a href="#">Previous</a>   <a href="#">Next</a>   <a href="#">Next 5 Sites</a>   <a href="#">List Sites</a> }</p> <hr/> <p>IBCnow is a qualified member</p>
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Daily, the media heralds the rewards of internet commerce. Billions of potential consumers offer an unrestricted market for the cyber entrepreneur. The new frontier has forced Governments to hastily enact legislation, policies and laws to control the unforeseen future. Sensing a shifting paradigm, the directors of ezwebhosting began searching for strategic opportunities and alliances. After a year of investigation, planning and careful review, ezwebhosting unveiled its international web commerce center in the Commonwealth of Dominica. Our concept offers the internet community a safe and reliable alternative for generating and protecting income outside of their home country.



The cornerstone for ezwebhosting's electronic marketing is a five year old internet mall that draws thousands of daily customers. As a ezwebhosting client your product or services are immediately highlighted in our new vendor section. For clients already on the web, ezwebhosting offers an immediate impact through algorithms that bring your listing to the forefront of most search engines. Over time, we will help the client to cultivate link exchanges with noncompetitive sites, deploy banner advertising and position them in targeted news groups. Isn't it time that your clients capture the Internet wealth and earn dividends today?

Product Type	Commissioned	Includes in Group Sales
Web Hosting	Yes	Yes
Server Collocation	Yes	Yes

**Casino del Sol**

Casino del Sol offers the savvy marketer the opportunity to open an internet business with worldwide appeal. Daily, millions of dollars are wagered by gamblers hoping that lady luck will grant them a fortune. With our casino program you eliminate chance by becoming the house. It is easy...we host your custom designed site from a high speed, state of the art secure server in the Commonwealth of Dominica with proprietary casino software proven as the industry's best. After designing the look for your casino, choose your games including Black Jack, Slots, Poker or Lil Baccarat. Each time one of your members logs in and plays, we track his/her winnings and losses and deposit the difference in your BTCB bank account.



Want to get into the sportsbook business? Casino del Sol offers a 24 hour secure and discreet package for the busy player who enjoys adding a little spice to the game. Your sportsbook's toll free call is greeted by highly trained professionals who understand the demand for speed and accuracy. Seasoned odd makers operate independently of large gaming chains and post some of the industry's most aggressive lines. Whichever you choose - on-line casino or sportsbook, your clients proven knowledge of marketing and customer acquisition, coupled with our reliability and secrecy guarantees ultimate financial success.

Product Type	Commissioned	Includes in Group Sales
Internet Casino	Yes	Yes
Sports Book	Yes	Yes

**Worldwide Asset Protection**

Worldwide Asset Protection was organized to develop innovative methods for introducing the fundamental principles of wealth preservation to individuals and institutions wanting a life free from the pressures of regulation, litigation, and over taxation. Based in the Caribbean, World Wide Asset Protection is a not-for-profit organization ensuring that our decision making is unbiased and will never be tarnished by outside entities or governments. In parallel with your practice, we educate individuals and corporations on financial empowerment through sophisticated and legitimate wealth protection strategies.



Over the years, we have witnessed the desire for our profession to exchange and interact with its fellow members. Unfortunately, the supreme rule of confidentiality dictates an industry fostered in complete secrecy. Worldwide Asset Protection has harnessed the anonymity of

the Internet to provide a single source of timely news, articles, publications and discussion. As a member you are encouraged to participate freely and express your views and opinions on our web sites Message Board. Further, we offer a members' library section for the publishing of recent articles and editorials for viewing by thousands of potential clients. For those with existing websites, we can attract immediate attention to your site through our link exchange program and the first offshore "web ring". Welcome to the international on-line community for the next century.

Product Type	Commissioned	Included in Group Sales
Web Publications	Yes	Yes
Free E-mailing	No	No

**InSatCom, Limited**

The centerpiece for our web partners and their clients is a high speed digital data center coupled with a fully redundant private satellite communication network. Licensed by Cable and Wireless and the Government of the Commonwealth of Dominica, InSatCom is the first private network offering encrypted data, internet web hosting, and reliable video transmissions from the Caribbean. InSatCom's nine meter satellite dish is able to simultaneously broadcast to multiple transponders ensuring a reliability factor of 99.9%. The threat of unauthorized entry is virtually eliminated because InSatCom operates its own proprietary software and hardware. Further, your customers' transactions and personal information are encrypted and retain complete confidentiality. Many of our larger partners co-locate their servers in our complex or contract our services as an emergency backup. Your clients enjoy the same benefits once only available to the richest and most technologically advanced corporations.



Product Type	Commissioned	Included in Group Sales
International Business Co	Yes	Yes
International Franchise	Yes	Yes
Limited Liability Partnership	No	Yes
Real Estate Investment	Yes	Yes

\* Includes both the set-up fee and annual residual

Each Company offers a unique niche and has priced its services to be very competitive in the world market. As a representative you have access to the entire Group and are regularly updated to changes and new product introductions. For the first time in history, our Group has developed a legitimate means for individuals to generate offshore revenues and conduct business in an international arena where the client benefits far out weigh the insignificant changes to their daily business or personal affairs.

For more information - on the pricing for the various services or to become a Representative - contact us at



# Links

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## Our worldwide links



[Service and Fees](#) | [Register Online](#) | [Agent Program](#) | [Dominica](#) | [Link](#) | [Home](#)

Sample of wire transfers  
indicating BTCB involvement  
with Internet gambling

```

#### 02 #### FT PROD #### FT INCOMING #####MSG/ACCTS ENTRY####
(3100) Sender: 021001033 BANKERS NYC (2000) Amount: $124,382.00
(3400) Receiver: 067010512 SECURITY M LAUDER (3600) Bus Function Code: CTR
(1510) Type Code: 1000
(5000) Originator: GLOBAL ENTERTAINMENT
TECHNOLOGIES LIMITED
(6000) ORG to BNF Info: FEES DEDUCTED $14.00
(5100) Originator's FI:
OVERSEAS TRUST BANK LTD
32/F WJ CHANG HOUSE
213 EUGEN'S ROAD EAST
WANCHAI, HONG KONG
(4200) Beneficiary:
CYBERNETZ INC
P O BOX 2153 BELFAST COMMON-
WEALTH OF DOMINICA WEST INDIES
TEL 868-268-8888
(4320) Ref for BNF:
(4100) Beneficiary's FI: DR40010140001
BRITISH TRADE AND COMMERCE
BANK EMENS BLIS DAWE EUGENIA
CHARLES BLVD BAYFRONT ROSEAU
DOMINICA SWIFT BTCDMDW
(1520) IMAD: 200003248108384001070
(3320) Sender Ref: 0324236775001070
(1110) Timestamp: 03240011FT01
(1120) DMAD: 200003248108384001070
#####

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*Fixed*

*6*

*(Handwritten mark)*

Redacted Information  
in Subcommittee Files

*IN 3240006*





Inbound Message for IN 912140017

### 02 ### FT PROD      ### FT INCOMING #####  
(3100) Sender: 122000496 UNION LA AKA UBOC(2000) Amount: \$250,000.00  
(3400) Receiver: 067010512 SECURITY N LAUDER(3600) Bus Function Code:  
(1510) Type Code: 1000  
(5000) Originator: BRENDA J. WILLIAMS  
DBA-VIRTUAL GAMING ENTERPRISES  
2580 SEA SCAPE GLEN  
ESCONDIDO, CA 92026  
(6000) Org to Bnf Info: TO THE FINAL CRD OF VIRTUAL GAMING  
ENTERPRISES  
(4200) Beneficiary: D040010140001  
BRITISH TRADE AND COMMERCE BANK  
BAYFORT ROSEAU  
COMMONWEALTH OF DOMINICA WEST AND  
EAST  
(6410) Beneficiary's Adv Info: WRE  
(1520) IMAD: 19991214L2LEUN2C001189  
(3320) Sender Ref: 991214033430  
(1110) Timestamp: 12141351FT01  
(1120) CMAD: 19991214F6Q6G11C000001012141351FT01  
#####

**BRITISH TRADE AND COMMERCE BANK (BTCB)  
ACCEPTANCE OF WIRE TRANSFERS INVOLVING  
VIRTUAL GAMING ENTERPRISES INC.  
(August 1999 - March 2000)**

<b>ORIGINATOR OF WIRE TRANSFER</b>	<b>BENEFICIARY</b>	<b>AMOUNT &amp; DATE</b>
Brenda J. Williams DBA Virtual Gaming Enterprises	BTCB* for final credit to Virtual Gaming Enterprises Inc.	\$90,000 8/18/99
Brenda J. Williams DBA Virtual Gaming Enterprises	BTCB for final credit to Virtual Gaming Enterprises Inc.	\$300,000 12/8/99
Brenda J. Williams DBA Virtual Gaming Enterprises	BTCB for final credit to Virtual Gaming Enterprises	\$250,000 12/14/99
Brenda J. Williams DBA Virtual Gaming Enterprises	BTCB for final credit to Virtual Gaming Enterprises	\$100,000 12/23/99
Brenda J. Williams DBA Virtual Gaming Enterprises	BTCB for final credit to Virtual Gaming Enterprises	\$150,000 2/8/00
Brenda J. Williams DBA Virtual Gaming Enterprises	BTCB for final credit to Virtual Gaming Enterprises	\$150,000 2/17/00
Brenda J. Williams DBA Virtual Gaming Enterprises	BTCB for final credit to Virtual Gaming Enterprises	\$150,000 3/23/00

**TOTAL WIRE TRANSFERS    \$1,190,000**

\*All wire transfers were sent to Security Bank N.A. in Florida, for deposit into BTCB's correspondent account at that bank, and identified Virtual Gaming Enterprises as the ultimate beneficiary of the funds.

Prepared by the U.S. Senate Permanent Subcommittee on Investigations, December 2000



Zink was under a consent decree barring him from selling business opportunities, and Deck had been disciplined by the NASD.

The company wanted to cleanse management of "persons with prior criminal convictions," said the document. Later that year, as recorded in an SEC filing on June 16, the Vishno group resigned and the company got its new name.

On Aug. 31 of this year, the new company filed another report with the SEC. **Virgil Williams** had replaced his son as chief executive.

Earlier that month, the SEC, as part of a major campaign against micro-cap stock fraud, alleged that Durante (aka Durant) and Vishno, among others, had manipulated the shares of a former San Diego company.

Relief defendants in the matter included Zink, Deck and Edward Durante's wife, Janice Sheeley Durante. The SEC seeks return of proceeds from the illegal scheme by the relief defendants, who don't get hit with some of the other charges.

Lo and behold, right around the time of the SEC charges, these individuals had filed papers expressing intention to dump their shares in VGE.

On Aug. 18, Durante filed his intention to dump 428,250 shares; on August 5, Vishno filed to dispose of 117,473; on June 30, Zink filed to unload 428,250.

VGE's current lawyer, David Jarvis of Las Vegas, doesn't know if these registrations to sell shares have become effective. And he does not believe that the individuals named in the SEC complaint have anything to do with VGE anymore. Further, he is recommending that the Aug. 31, 1999, SEC filing be withdrawn, but he won't say why.

Interestingly, in that filing -- less than a month ago -- the company's lawyer was listed as Jeffrey Bradpiece.

Bradpiece had been the lawyer in the public offering of a San Diego stock, On Queue, financed by Melvin Lloyd Richards' investment group. Bradpiece had also been an attorney for Richards' Palm Springs-based Tampa Bay Corp.

Jeffrey Bradpiece's brother, Sidney Bradpiece, had pleaded guilty in the uranium scam in which Richards was convicted in Los Angeles in 1987. Jarvis says he knows nothing of Bradpiece.

It's Jarvis' understanding that **Virgil Williams** has had only a "very limited," affiliation with the Richards group, working for Richards' Alco International for a short period.

But I followed the Richards saga closely. One of the more bizarre adventures occurred in 1993, when some investors, calling themselves the Scottsdale Group, announced intention to assert more control over Alco. Skeptics thought it was a ploy to look like a takeover attempt.

In that group were relatives and friends of Richards and of other Alco officials. And one member was **Virgil Williams**, president of Pathfinder Corp., which had been financed by -- you guessed it -- Richards' San Diego group.

Another member of the group was James S. Ross, who later pleaded guilty to helping Richards and a crony evade taxes in 1991 and 1992. Anthony Elgindy of Pacific Investigations points out that in one VGE news release, the Kingsford Group was listed as public relations consultant. When you called Kingsford, Ross replied on the answering machine, says Elgindy, who has a 200-share short position in VGE stock.

In the early 1990s, Elgindy worked at a brokerage house, Armstrong McKinley, that was concentrating on stocks that the Richards group had financed. Joseph Williams was a broker there, says Elgindy. Later, Joseph Williams moved to Desert Mountain Securities, which also was specializing in Richards stocks, according to NASD records.

According to Gambling Magazine, VGE is a licensee of Starnet Communications, a cyber-gambler that recently switched its headquarters from Vancouver to Antigua, home of its virtual **gaming** operations.

Last month, after an 18-month investigation, British Columbia police raided Starnet, seeking information on alleged gambling and pornography. Also last month, the company's auditor, Ernst & Young, quit.

"There is no formal relationship between Virtual **Gaming** and Starnet," says Jarvis, who, however, doesn't say the Gambling Magazine report is incorrect. The two companies use the same software, he says he believes.

Don Bauder's e-mail address is [don.bauder@uniontrib.com](mailto:don.bauder@uniontrib.com)

**LANGUAGE:** ENGLISH

**LOAD-DATE:** September 19, 1999

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General News;virgil williams, garr:ing

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The San Diego Union-Tribune

May 5, 2000, Friday

**SECTION:** BUSINESS;Pg. C-1

**LENGTH:** 644 words

**HEADLINE:** For Virtual **Gaming**, life is like a house of cards

**BYLINE:** DON BAUDER; Union-Tribune library researcher Denise Davidson assisted with this column.

**BODY:**

Escondido's Virtual **Gaming** Enterprises has filed government papers to become a fully reporting company -- and it's clear that it should not be named Virtuous **Gaming** Enterprises.

The Internet gambling company, based in a home on Seascaple Glen, averred in its 10KSB filing with the Securities and Exchange Commission that it "is not currently involved in litigation."

The company had been the subject of an SEC probe "regarding a cease-and-desist proceeding and stop-order proceeding" for possible violations of securities laws, says the filing. But without admitting or denying the SEC's charges, the company agreed to stop committing any violations, says the filing.

But that's news to the SEC. "There has been no enforcement action," says Kelly Bowers, SEC official in Los Angeles.

It is a matter of public record that the SEC has been looking into Virtual **Gaming** Enterprises. "We issued a subpoena and got a court to enforce the subpoena," says Bowers. As reported here last year, a federal judge found the company in contempt for not providing documents.

Yesterday, the company's chief executive, Virgil Williams, was perplexed by the SEC's statement. He called his lawyer, as did I, but by day's end, there was no explanation.

There are other provocative nuggets in the company's SEC filing. "In October 1995, a federal district court found Mr. Williams liable for securities fraud and ordered him to pay a joint and several judgment of \$26,987,721," confesses the 10KSB.

This was for his role in the notorious Alco International Group caper. The main villain was former San Diego stock manipulator Melvin Lloyd Richards, who went to prison for two years over Alco matters, and a month after emerging last January was sent back to prison as a securities fraud recidivist.

Williams claims he was only on the Alco board for a few months, and made procedural mistakes that got him included in the final judgment.

Then, according to the 10KSB, Williams filed for (Chapter 7) bankruptcy in 1997. "It was precipitated by the judgment," he says.

The attorney who won the judgment, Daniel J. Mogin, says, "A fraud judgment is not dischargeable in bankruptcy," and besides, he was never notified of Williams' Chapter 7. "You can't have a secret bankruptcy. You have to give notice to creditors." Mogin says Williams has paid none of the judgment.

According to the 10KSB filing, Williams' wife, Brenda, is the only other official of the company, serving as secretary and treasurer. In 1999, he made \$165,000 and she made \$64,167 although the company at that point had never had any revenues and had a cumulative deficit of \$331,719.

She went into bankruptcy at the same time he did. According to the 10KSB, they had both attended

Ambassador College in Pasadena, a now-defunct religious institution affiliated with the Worldwide Church of God.

In recent months, the company has pumped out news releases announcing its purchases of new Internet gambling sites. It now has a sports book, simulated casinos, etc., and had its first revenues (\$25,000) last month, says Williams.

There is one mystery. Recently, several people have received offers to buy restricted stock in Virtual Gaming for \$3 at the time that unrestricted stock was selling between \$10 and \$20. Williams claims that he did a stock option deal with a Bangkok company, and that company then did a deal with a Florida brokerage that is peddling the cheap stock, and he wants it stopped.

Philip M. Harrison of American Express Financial Advisors told his client, Walter Pagels, not to nibble on the \$3 offering. Pagels turned down the deal, and a telemarketer called back: "He got abusive, (and) said, 'You don't have the backbone to do this,' and hung up," recalls Pagels.

Don Bauder's email address is [don.bauder@uniontrib.com](mailto:don.bauder@uniontrib.com)

LANGUAGE: ENGLISH

LOAD-DATE: May 8, 2000

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Search within these results:

This will only search up to 1,000 documents, even if your original search retrieved more.

People News;williams, brenda, gaming

1874

**VIRTUAL GAMING ENTERPRISES INC**

**Filing Type:** 10KSB  
**Description:** Annual Report  
**Filing Date:** Sep 14, 2000  
**Period End:** May 31, 2000

**Primary Exchange:** Over the Counter Includes OTC  
and OTCBB  
**Ticker:** VGAM



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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

## FORM 10-KSB

- Annual report under section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended May 31, 2000.
- Transition report under section 13 or 15(d) of the Securities Exchange Act of 1934.

COMMISSION FILE NUMBER: 33-59254-43

Virtual Gaming Enterprises, Inc.  
(Exact name of registrant as specified in its charter)

Nevada (State of Organization)	87-0485308 (I.R.S. Employer I.D. No.)
2580 SEASCAPE GLEN, ESCONDIDO, CA (Address of Principal Executive Offices)	92026 (Zip Code)

Registrant's Telephone Number, Including Area Code:  
(760) 510-0188

Check whether the issuer: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.  
{ }

There were no revenues during the initial year of operations as the Company focused on web site and casino development.

The aggregate market value of the voting stock of the registrant held by non-affiliates of the Registrant, based upon the closing price of the Common Stock on the OTC Bulletin Board on May 31, 2000, was approximately \$97,380,487. The number of shares outstanding of the registrant's common Stock as of May 31, 2000 was 8,287,701.

Note: If a determination as to whether a particular person

or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided that the assumptions are set forth in this form.

2,576,322 Common Shares, \$0.001 Par Value, Issued and Outstanding

Transitional Small Business Disclosure Format: Yes[ ] No [X]

DOCUMENTS INCORPORATED BY REFERENCE

Document of the Registrant	Form 10-KSB Reference	Location
None	N/A	N/A

Virtual Gaming Enterprises, Inc.

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PART I

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This Report contains forms of forward-looking statements that are based on the Company's beliefs as well as assumptions made by and information currently available to the Company. When used in this report, the words "believe," "expect," "anticipate," "estimate," and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions, including without limitations, material risks factors such as inadequate working capital, auditors qualification as to going concern, recent commencement of operations, lack of market acceptance to date for the Company's products and services, nominal

revenues to date, continuing losses from operations, future growth of revenue and threat of regulation of Company's business. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results will vary materially from these anticipated, estimated, or projected and the variations may be material. The Company cautions potential investors not to place undue reliance on any such forward-looking statements all of which speak only as of the date such statement was made.

Item 1. Business

Virtual Gaming Enterprises, Inc. was incorporated June 1, 1998, under the laws of the State of Nevada. Mr. Joseph M. Williams acted as President for approximately two weeks before Mr. Virgil G. Williams assumed the daily responsibility of President and continues in that capacity to present.

On June 11, 1998, Virtual Gaming Enterprises, Inc. ratified a plan of Merger with Interbet, Inc. Upon successful completion of the merger, Virtual Gaming Enterprises, Inc. was named the succeeding entity and the name was changed to Virtual Gaming Enterprises, Inc. The Company was formed to purchase, manage, develop, market, and resell casino style Internet games that will allow players to wager.

Initial business development efforts involved exploring potential contracts with various Indian tribes. These agreements with Indian Tribes proved to be too difficult to bring to market. The Company then chose to purchase developed technologies with existing casino licenses.

The Company purchased Hung-Sai Ltd., an International Business Corporation, now a fully owned subsidiary of Virtual Gaming Enterprises, Inc. Hung-Sai is the business of on-line gaming.

The Company, through it's subsidiary, purchased one casino in December of 1998 called Classic Bet. Classic Bet is a traditional on-line casino that requires the loading of software on the player's computer. Classic Bet has a suite of Multimedia games including Black Jack. Promotion of Classic Bet is done primarily through mass mailing of CD with the games on them. Once the software suite has been loaded, the player can log in to their secure account with a user name and password.

In November of 1999 the Company purchased a Theme Park of 18 games that are simple, secure and player friendly. Players can choose from Black Jack, Video Poker, Lil' Baccarat, and/or slot machines. Players have the ability to register once and play in many different themed casinos. Using at least a 56k modem players can begin playing in less than two minutes. The Company has eliminated the days of downloading software or waiting for a CD in the mail. Our players do not install any software. Anyone with Netscape or Internet Explorer 4.x browsers can easily access and play the Java-based games. Players can always find a table or slot machine because an unlimited number of openings are dynamically created for each member who enters the casino. Players enjoy the same advantages of traditional casinos conventional gaming software that reshuffles the deck after each hand. The Company's software plays up to six decks before shuffling.

The Company holds a 20% (twenty percent) interest in a Sports Book business, Vegasbook.com, also licensed and operated exclusively on the island of Dominica. Vegas Book maintains an 800 number that allows players to submit sports wagers by phone using secure passwords and user names.

All deposits are escrowed with a large Dominican off shore bank insuring that the player's account remains solely available for their wagers. Membership is protected from all outside inquiries by the Offshore Privacy Act of 1995 and sets severe penalties for any release of information. It has never been easier or safer to bring the excitement of legitimate casino gaming into the player's home or office.

Network Services are provided through InSatCom, Ltd. InSatCom offers a high-speed digital data center coupled with a fully redundant private satellite communication network. Licensed by Cable and Wireless and the Government of the Commonwealth of Dominica, InSatCom is the first private network offering encrypted data, Internet web hosting, and reliable video transmissions from the Caribbean. InSatCom's nine-meter satellite dish is able to simultaneously broadcast to multiple transponders ensuring a reliability factor of 99.9%. The threat of unauthorized entry is virtually eliminated because InSatCom operates its own proprietary software and hardware. Player's wagers and transactions are encrypted to retain complete confidentiality.

On March 23rd, 2000, The Company purchased a 10% interest in www.global-shopping.net, a division of EBB, USA Inc. for \$50,000 in cash. EBB USA is a member of the world's largest barter service with offices worldwide. The Company believes there is potential in using "cybercash" for gaming purposes in its current casinos and sports book.

Item 2. Properties

The Company neither owns nor leases any real property. Virgil G. Williams, President and a Director of the Company provide office facilities and related services, without charge. The Company's principal place of business is located at 2580 Seascape Glen, Escondido, CA 92026.

Item 3. Legal Proceedings

On or about June 11, 1999, the United States Securities and Exchange Commission initiated a proceeding in the United States District Court, Southern District of California, against the Company seeking to hold the Company in Civil Contempt for failure to respond to a Subpoena issued by the Commission. The Court granted the Commission's request and issued an Order that sanctioned the Company Ten Thousand (\$10,000.00) Dollars per day until such time as it complied with the Commission's Subpoena.

Subsequent to the Company's compliance with the Commission's Subpoena, the Company and the Commission entered into a Stipulation and Order whereby the Company, having purged itself of the civil contempt citation, agreed to pay and did pay Ten Thousand (\$10,000.00) Dollars as a sanction. The Stipulation and Order was signed by the Court and filed on or about November 18, 1999.

Virtual Gaming Enterprises, Inc., and its President,

Virgil Williams, in or about May, 2000, submitted Offers of Settlement to the United States Securities and Exchange Commission that stemmed from certain matters reviewed by the Commission.

The Company, without admitting or denying any wrongdoing, consented to entry of an Order by the Commission that:

A) Orders it to cease and desist from committing or causing any violation, and any future violation, of Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder; and

B) Orders the effectiveness of Virtual Gaming's Form S-8 be suspended.

On July 24, 2000, the Company and the Commission agreed to modify a portion of this Offer of Settlement to reflect that, "As a result of Virtual Gaming's failure to meet its reporting obligations, the Form S-8 never became effective."

Virgil Williams, without admitting or denying any wrongdoing, consented to entry of an Order by the Commission that:

A) Orders him to cease and desist from committing or causing any violation, and any future violation, of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

Both of these Offers of Settlement have yet to be acted upon by the Commission.

In a civil proceeding filed in the United States District Court for the Eastern District of New York in January 2000, identified by Case Number 00 CIV 0276, Platinum I.T. Consulting, Inc., and Edward Marian, alleged that Virtual Gaming Enterprises, Inc., Virgil Williams, Brenda Williams and others violated Section 12(1) of the Securities Act, Violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Breached their Contract(s) with Plaintiff(s), Fraudulently Induced Plaintiff(s) to purchase the Company's securities, Converted Plaintiff(s) funds, and were Unjustly Enriched at Plaintiff's expense. Plaintiffs sought damages in excess of Five Million (\$5,000,000.00) Dollars.

The Company deemed it in its best interest to resolve this matter, as the costs and fees for defense would largely outweigh the costs of resolution. Accordingly, without admitting or denying the allegations in the Complaint, the Company and Virgil and Brenda Williams entered into a Settlement and Consent Judgment whereby they agreed to compensate the Plaintiffs in the amount of \$170,00.00 within 75 days of the effective date of the Settlement and Consent Judgment.

Due to the hospitalization of the Company's President Virgil Williams, the Company did not make payment as required under the Settlement and Consent Judgment. As a result, and by the terms and provisions of the Settlement and Consent Judgment, the Settlement Obligation has increased to \$250,000.00. The Company expects to remit this amount to the Plaintiffs, in care of Plaintiffs' Attorney, in short order.

On February 14, 2000, the State of Indiana, Office of the Secretary of State, Securities Division, filed an Administrative Complaint against Virtual Gaming Enterprises, Inc., Virgil Williams and others, alleging that all Respondents sold and/or offered for sale certain securities in violation of Indiana State Law. On this same date, the Indiana Securities Division requested and received a Cease and Desist Order.

On March 2, 2000, Virtual Gaming Enterprises, Inc., and Virgil Williams filed their Answer and Affirmative Defenses to the Administrative Complaint and demanded an immediate administrative hearing pursuant to the terms and provision of the Indiana Securities Act that requires a hearing to be set within 45 days of the Indiana Securities Division. Virtual Gaming Enterprises, Inc., and Virgil Williams have and do expressly deny any and all allegations made against them in the Administrative Complaint.

Counsel for the Company and Mr. Williams, having not had a response to the hearing demand, provided the Indiana Securities Division a second copy of the Answer and Affirmative Defenses and Demand for Hearing via facsimile on March 17, 2000. Subsequent to March 17, 2000, Counsel for the Company made several attempts to contact the Indiana Securities Division via telephone, leaving messages for the Deputy Commissioner, Enforcement, who apparently is responsible for this proceeding. The Indiana Securities Division has never responded to the Demand for Hearing or the telephonic inquiries of counsel.

Finally, in January or February 2000, Virtual Gaming Enterprises, Inc., was named as a Defendant in a Complaint for Interpleader filed in the Third Judicial District Court in and for Salt Lake County, State of Utah, and identified as Civil No. 000901201. Therein, National Stock Transfer, Inc., the transfer agent for the Company's Stock, due to competing demands for certain certificates. This action remains pending.

Item 4. Submission of Matters to a Vote of Security Holders

The only matter submitted to the shareholders of the corporation was the matter of the Plan of Merger with Interbet, Inc., such plan being effective as of June 11, 1998. The Merger was approved by a majority vote of 13,136,539 votes in favor of the Merger out of the 25,000,000 total outstanding at the time of the vote. The Articles of Merger were filed with the State of Nevada pursuant to the provisions of NRS 78-458, the Domestic and Foreign Corporation Laws.

PART II  
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Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Company's Common Stock is listed on the Over the Counter Bulletin Board under the symbol "VGAM". The following table sets forth the high and low closing prices of the Company's Common Stock for each calendar quarter since March 31, 1998. These quotations reflect inter-dealer prices, without retail mark-up or commissions and may not represent actual transactions.

Date	Low	High
March 31, 1998	.01	.10
June 30, 1998	.01	.10
September 30, 1998	.10	.87
December 31, 1998	.10	.87
March 31, 1999	.75	2.50
June 30, 1999	3.00	5.00
September 30, 1999	5.00	9.87
December 31, 1999	8.50	10.37
March 31, 2000	15.00	18.50
June 30, 2000	1.12	16.87

During the period reported in this 10-KSB, certain securities were sold by the company and/or the Company's President, Virgil Williams. Some of the securities were sold in Reliance on Regulation S, others were sold in private transactions by Virgil Williams wherein certain of Mr. Williams' shares were sold in private transactions and others were sold in reliance on an exemption from registration afforded by Regulation D. The Company and Mr. Williams are currently in the process of compiling these sales and will report them in an amendment to this Form 10-KSB.

Item 6. Management's Discussion and Analysis or Plan of Operation

NOTE: REGARDING PROJECTIONS AND FORWARD LOOKING STATEMENTS

This statement includes projections of future results and forward looking statements as that terms is defined in Section 27A of the Securities Act of 1933 as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements that are included in this 10-KSB, including statements of historical fact, are forward looking statements. Although Management believes that the expectations reflected in these forward looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Important factors could cause actual results to differ materially from the expectations disclosed in this statement, including without limitation, in conjunction with those forward looking statements contained in this statement.

Virtual Gaming has taken an "off-line" approach to marketing to the end users or players. The Company has focused efforts in print, radio, developed an affiliate program and, instituted countless direct marketing programs. The Company has chosen not to focus on banner advertisement as our sole marketing efforts. The Company plans to separate itself from other on-line casinos with this unique marketing approach.

Through strategic partnerships, Virtual Gaming will be in the business of selling turnkey solutions to prospective casino owners. The Company has refined the licensing and connectivity issues that a new casino entrepreneur might find insurmountable. Moreover, the Company has tested, enhanced, and developed reporting features that a casino operator must have. The Company has partnered with a creative staff to offer custom themes to what the prospective casino owner might want.



The Company intends to develop casinos in non-English languages. The Internet will allow the Company to reach new markets. The Company will then aggressively market Internationally. The Company should benefit initially from listings in new search engine technologies outside of the U.S.

The Company should benefit from adding new functionality to the games hosted in Dominica. The Java-based games will make new features easy and fast to implement. All changes are made at the server level and can be enjoyed by the players immediately. The existing software development team is currently testing new features such as chat rooms, message boards, and the addition of sound. The Company continues to test and enhance games based on player feedback

Item 7. Financial Statements

See Independent Auditors Report, Balance Sheet, Statement of Operations, Statement of Stockholders' Equity, Statement of Cash Flows and Notes to Financial Statements, included herein and made a part of this report.

Item 8. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

There have been no disagreements with the accountants or the accounting and financial disclosure.

PART III  
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Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act

Virgil G. Williams  
-----

Mr. Williams was born in Cameron, Texas on February 10, 1948. His formative years were spent in North Central and East Texas. Attending private school in East Texas for primary and secondary schooling, Mr. Williams was heavily involved in scholastic and athletic programs.

Graduating at the top of his class in 1966, Mr. Williams applied for and was accepted to Ambassador College in Pasadena, California. Graduating near the top of his class in 1970, Mr. Williams was offered a position with the faculty teaching Advanced Speech & Communications courses to selected classes.

Two days following his graduation, Mr. Williams married his current wife of 30 years. Mr. Williams taught classes while completing his post Graduate work in Education/Speech & Communication in 1974. The Williams' son, Joseph Matthew was born in September 1971 and their daughter Jacquelyn Renae was born in May 1976.

Mr. Williams resigned from his position in August 1980 and moved to Richmond, VA where he formed Consolidated Resources, Ltd. and worked in the asset management business. Working with assets of clients in excess of 100 Million Dollars, Mr. Williams enjoyed expanding his base of knowledge in various arenas of finance, which included working with public stock.

Realizing the potential of the public arena, Mr. Williams

took a position with a public Company in San Diego, CA in 1991- 1994. Returning to the private sector, Mr. Williams continued to work with public companies on a consulting restructuring basis for the next three years.

Mr. Williams filed for personal bankruptcy on October 20, 1997 and was discharged on December 30, 1997. In October, 1995, a federal district court found Mr. Williams liable for securities fraud and ordered him to pay a joint and several judgment of \$26,987,721 in re: Alco International Group, Inc. This judgment was included in and discharged pursuant to the federal bankruptcy laws.

Virtual Gaming Enterprises was incorporated in Nevada in June 1998 and Mr. Williams was named Chairman of the Board and President within the first month of operation and has continued in that capacity to the present.

Brenda J. Williams  
-----

Brenda Williams was born in Wichita, Kansas on February 23, 1949 and resided in the Wichita area until her graduation from high school in 1967.

Majoring in education at Ambassador College in Pasadena, California, Ms. Williams held offices in Women's Clubs and was the captain of the track team for two years. Graduating in 1970, Ms. Williams was married and has remained so for almost 30 years.

Working as an office manager for an engineering Company while her husband was in graduate school, Ms. Williams gave birth to her first child, Joseph Matthew in September 1971. Her second child, Jacquelyn Renae was born in May 1976.

Ms. Williams has given considerable time to volunteer services in children's schools and churches. She has also served on library boards and has continued over the years to work in adult literacy programs on both the East and West Coasts.

Presently serving as a Director and Secretary/Treasurer of Virtual Gaming Enterprises, Inc., Ms. Williams has continued her postgraduate work in psychology at local colleges. Declaring personal bankruptcy in October 1997, which was discharged in December 1997, was the result of her efforts involving business transactions that required the assets shared with her husband.

Ms. Williams continues her efforts in volunteer work and working daily in the corporate office.

Item 10. Executive Compensation

Name and position	Year	Annual Compensation		
		Salary	Bonus	Other Annual Compensation
Virgil G. Williams	1998	\$ 24,800.	-0-	
President & CEO	1999	\$165,000.*	-0-	
	2000	\$198,333.	-0-	
Brenda J. Williams	1998	\$ 6,200.	-0-	
Secretary & Treasurer	1999	\$ 64,167.*	-0-	
	2000	\$ 79,167.	-0-	

## Long Term Compensation

Name and position	Restricted Stock Award(s) (\$)	Options**/ SARs (\$)	LTI Payouts (\$)	All Other Compensation (\$)
Virgil G. Williams President & CEO	1998 1999 2000	\$160,000. -0- -0-	-0- -0- -0-	-0- -0- -0-
Brenda J. Williams Secretary & Treasurer	1998 1999 2000	\$55,000. -0- -0-	-0- -0- -0-	-0- -0- -0-

\*The above figures represent Accrued Salaries for fiscal year ended 5/31/99. Of the amounts listed, \$12,200 was paid to Virgil Williams and \$3,050 was paid to Brenda Williams. The balance remains accrued and due to the officers.

\*\*The above referenced stock options have been duly approved, but have neither been exercised nor distributed.

## Item 11. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information relating to the beneficial ownership of the Company's common stock by those persons holding beneficially more than 5% of the Company's common stock. The only holders of more than 5% of the Company's Common Stock are the directors and executive officers.

Title of Class	Name & Address	Amount and Nature of Beneficial Shares	Share Percentage of Ownership
Common	Brenda J. Williams 2580 Sea Scape Glen Escondido, CA 92026	20,000(1)	.2%
Common	Brenda J. Williams 2580 Sea Scape Glen Escondido, CA 92026	1,853,333(2) options(4)	18.8%
Common	Virgil G. Williams 2580 Sea Scape Glen Escondido, CA 92026	5,333,333(3) options(4)	54.7%

(1) These shares were issued pursuant to the Plan of Merger.

(2) Have not been issued, although she has the vested rights to these shares pursuant to her employment agreement.

(3) Have not been issued, although he has the vested rights to these shares pursuant to his employment agreement.

(4) Assuming the issuance of these shares, the total outstanding shares would be 2,576,332, plus 7,180,666 for a total of 9,756,998, the number upon which the

percentage of ownership is figured.

Item 12. Relationships and Related Transactions

As aforesaid, the Company neither owns nor leases any real property. Office facilities and related services are provided without charge by Virgil G. Williams, the Company's President. The Company's principal place of business is located at 2580 Seascape Glen, Escondido, CA 92026. These accommodations are currently being provided to the Company, without charge, by Mr. Williams.

No compensation of directors or executive officers has been paid by the Company to date. The officers and directors of the Company are reimbursed for out-of-pocket expenses incurred on the Company's behalf. While the Company anticipated compensating Messrs. Williams and Williams beginning January 2000, the same has not yet begun to occur.

At this time, there are no additional relationships or related transactions to be reported.

Item 13. Exhibits and Reports of Form 10-KSB

- Exhibit 2: Plan of acquisition, reorganization, arrangement, liquidation, or succession
  - Exhibit 3: Articles of Incorporation (Incorporated by Reference)
  - Exhibit 4: Instruments defining the rights of security holders including indentures (N/A)
  - Exhibit 9: Voting Trust Agreement (N/A)
  - Exhibit 10: Material Contracts
  - Exhibit 11: Statements re: computation of per share earnings
  - Exhibit 13: Annual or quarterly reports, Form 10-QSB
  - Exhibit 16: Letter on change in certifying accountant (N/A)
  - Exhibit 18: Letter on change in Accounting Principals (N/A)
  - Exhibit 21: Subsidiaries of the registrant
  - Exhibit 22: Published report regarding matters submitted to vote (N/A)
  - Exhibit 23: Counsel of experts and counsel (N/A)
  - Exhibit 24: Power of Attorney (N/A)
  - Exhibit 27: Financial Data Schedule
  - Exhibit 99: Additional Exhibits (N/A)
- Item 14. Independent Auditor's Report

Item 7. Financial Information

VIRTUAL GAMING ENTERPRISES, INC.

(A Development Stage Enterprise)

AUDITED FINANCIAL STATEMENTS

For the Years Ended May 31, 2000 and 1999

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders  
Virtual Gaming Enterprises, Inc.  
Escondido, California

We have audited the accompanying balance sheets of Virtual Gaming Enterprises, Inc., a development stage enterprise, as of May 31, 2000 and 1999 and the related statements of operations, stockholders' equity (deficiency) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Virtual Gaming Enterprises, Inc. as of May 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 5 to the financial statements, the Company has experienced a loss since inception. The Company's financial position and operating results raise

substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 5. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/Gately & Associates, LLC  
Orlando, Florida  
August 21, 2000

F-2

Virtual Gaming Enterprises, Inc.  
(A Development Stage Enterprise)  
Balance Sheets  
May 31,

	2000	1999
ASSETS		
CURRENT ASSETS		
Cash	\$ 109,142	\$ 0
Advance receivable related party	62,333	14,824
Total current assets	171,475	14,824
PROPERTY AND EQUIPMENT		
Equipment	5,000	5,000
Less: accumulated depreciation	(2,500)	(833)
Total property and equipment	2,500	4,167
OTHER ASSETS		
Intangible assets	3,180,000	60,000
Less: accumulated amortization	0	0
Net intangibles	3,180,000	60,000
Investment - EBB Venture Capital	50,000	0
Investment - Vegas Book, Ltd	320,000	0
Total other assets	3,550,000	60,000
Total Assets	\$3,723,975	\$ 78,991
	=====	=====
LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIENCY)		
CURRENT LIABILITIES		
Bank overdraft	\$ 0	\$ 5,251
Accrued salaries payable	204,007	172,967
Short-term notes payable	1,252,000	0
Total current liabilities	1,456,007	178,218
Total Liabilities	1,456,007	178,218
STOCKHOLDERS EQUITY (DEFICIENCY)		
Common stock, \$0.001 par value, authorized 25,000,000 shares; 8,287,701 and 2181,822 issued and outstanding shares	8,288	2,182
Additional paid-in capital	3,393,963	230,310
Deficit accumulated during the development stage	(1,134,283)	(331,719)
Total Stockholders Equity (Deficiency)	2,267,968	(99,227)

Total Liabilities and Stockholders	-----	-----
Equity (Deficiency)	\$3,723,975	\$ 78,991
	=====	=====

The accompanying notes are an integral part of the financial statements.

F-3

Virtual Gaming Enterprises, Inc.  
(A Development Stage Enterprise)  
Statements of Operations  
For the Years and Period Since Inception Ended May 31,

	2000	1999	Period from November 1997 (Inception) through May 31, 2000
	-----	-----	-----
Revenues	\$ 0	\$ 0	\$ 0
Expenses			
Compensation:			
Officers	290,690	219,217	523,860
Other	16,553	9,950	27,673
Consultants	42,060	23,250	70,560
General and			
administrative expenses	361,593	35,964	397,690
Depreciation	1,667	833	2,500
Research and development	90,000	22,000	112,000
Total expenses	802,563	311,214	1,134,283
Loss from operations	(802,563)	(311,214)	(1,134,283)
Net loss	\$ (802,563)	\$ (311,214)	\$ (1,134,283)
Basic net loss per weighted average share	\$ (0.14)	\$ (0.14)	
Weighted average number of shares	5,834,400	2,181,822	

The accompanying notes are an integral part of the financial statements.

F-4

Virtual Gaming Enterprises, Inc.  
(A Development Stage Enterprise)  
Statement of Changes in Stockholders Equity  
For the Years and Period Since Inception through May 31, 2000

	Number Of Shares	Common Stock	Additional Paid-in Capital	Deficit Accumulated During the Development Stage	Total Stockholders' Equity
	-----	-----	-----	-----	-----
BEGINNING BALANCE, November 1997 (Inception)	0	\$ 0	\$ 0	\$ 0	\$ 0

Shares issued for cash	13,000,000	46,400	0	0	46,400
Net loss	0	0	0	(20,506)	(20,506)
-----					
BALANCE, May 31, 1998	13,000,000	46,400	0	(20,506)	25,894
June 1998 - reverse merger	10,209,647	(44,079)	44,109	0	30
February 1999 - reverse split	(22,707,774)	(1,819)	1,819	0	0
Shares issued for cash	1,679,949	1,680	184,382	0	186,062
Net loss	0	0	0	(311,214)	(311,214)
-----					
BALANCE, May 31, 1999	2,181,822	2,182	230,280	(331,720)	(99,228)
Shares issued for cash	6,105,879	6,106	3,163,653	0	3,169,759
Net loss				(802,563)	(802,563)
-----					
BALANCE, May 31, 2000	8,287,701	\$ 8,288	\$ 3,393,963	\$ (1,134,283)	\$ 2,267,968
=====					

The accompanying notes are an integral part of the financial statements.

F-5

Virtual Gaming Enterprises, Inc.  
(A Development Stage Enterprise)  
Statement of Cash Flows  
For the Years and Period Since Inception Ended May 31,

	2000	1999	Period from November 1997 (Inception) through May 31, 2000
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (802,563)	\$ (311,214)	\$ (1,134,283)
Adjustments to reconcile net loss to net cash used for operating activities:			
Depreciation	1,667	833	2,500
Changes in operating assets and liabilities:			
(Increase) decrease advance receivable - related party	(47,509)	(14,824)	(62,333)
Increase (decrease) accrued salaries payable	31,040	172,967	204,007
Net cash used by operating activities	(817,365)	(152,238)	(990,109)
-----			
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(5,000)	(5,000)	(5,000)
Purchase of investments	(340,000)		(340,000)



Acquisition of intangible assets	(1,898,001)	(60,000)	(1,958,001)
Net cash (used) provided by investing activities	(2,238,001)	(65,000)	(2,303,001)
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Proceeds from issuance of common stock	3,169,759	186,093	3,402,252
Net cash provided by financing activities	3,169,759	186,093	3,402,252
Net increase (decrease) in cash	114,393	(31,145)	109,142
CASH, beginning of period	(5,251)	25,894	0
CASH, end of period	\$ 109,142	\$ (5,251)	\$ 109,142

The accompanying notes are an integral part of the financial statements.  
[TABLE]

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VIRTUAL GAMING ENTERPRISES, INC.  
(A Development Stage Enterprise)  
NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

THE COMPANY Virtual Gaming Enterprises, Inc. is a Nevada chartered development stage corporation which conducts business from its headquarters in Escondido, California. The Company was incorporated on August 9, 1990. The operating company, now dissolved, was established in November 1997.

The Company has not yet engaged in its expected operations. The Company's future operations will be to provide casino gambling via the Internet. Current activities include raising additional equity and negotiating with potential key personnel and facilities. There is no assurance that any benefit will result from such activities. The Company will not receive any operating revenues until the commencement of operations, but will nevertheless continue to incur expenses until then.

The following summarize the more significant accounting and reporting policies and practices of the Company:

A) START-UP COSTS Costs of start-up activities, including organization costs, are expensed as incurred, in accordance with Statement of Position (SOP) 98-5.

B) NET LOSS PER SHARE Basic is computed by dividing the net loss by the weighted average number of common shares outstanding during the period.

C) USE OF ESTIMATES The financial statements have been prepared in conformity with generally accepted accounting principles. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statements of financial

condition and revenues and expenses for the period then ended. Actual results may differ significantly from those estimates.

D) PROPERTY AND EQUIPMENT All property and equipment are recorded at cost and depreciated over their estimated useful lives, using the straight-line method. Upon sale or retirement, the costs and related accumulated depreciation are eliminated from their respective accounts, and the resulting gain or loss is included in the results of operations. Repairs and maintenance charges which do not increase the useful lives of the assets are charged to operations as incurred. Depreciation expense was \$833 and \$0 for the periods ended May 31, 1999 and 1998, respectively.

E) SIGNIFICANT ACQUISITION In June 1998, Interbet, Inc. issued 13,136,539 shares of common stock to acquire all of the issued and outstanding shares of the common stock of Virtual Gaming Enterprises, Inc. (VGEBI) in a reverse merger, accounted for as a reorganization of VGEBI.

F) PRINCIPLES OF CONSOLIDATION The consolidated financial statements include the accounts of Virtual Gaming Enterprises, Inc. (VGEBI) and its wholly owned subsidiary and majority owned subsidiary. Inter-company balances and transactions have been eliminated.

(2) ADVANCES RECEIVABLE - RELATED PARTIES The Company has advanced \$62,333 to officers of the Company. These advances are due on demand and carry no stated interest rate.

(3) STOCKHOLDERS' EQUITY The Company has authorized 25,000,000 shares of \$0.001 par value common stock. The Company had 8,287,701 shares of common stock issued and outstanding at May 31, 2000. The Company, in August 1990, issued 1,000,000 shares for \$1,000 in cash. In August 1996, the Company issued 100,000 shares for \$50,000 in cash. In December 1997, the Company issued 4,973,108 shares in conjunction with the acquisition of Interbet, Inc. In June 1998, the Company issued 2,000,000 shares in exchange for services valued at \$313,200. In June 1998, the Company issued 600,000 shares in settlement of a loan amounting to \$93,957. In June 1998, the Company issued 1,400,000 shares for \$46,400 in cash. In June 1998, the Company

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VIRTUAL GAMING ENTERPRISES, INC.  
(A Development Stage Enterprise)  
NOTES TO FINANCIAL STATEMENTS

(3) STOCKHOLDERS' EQUITY (CONTINUED) issued 13,136,539 shares for the acquisition of Virtual Gaming Enterprises, Inc. In February 1999, the Company completed a reverse split of its common stock, leaving 501,873 shares issued and outstanding. During the fourth quarter of fiscal 1999, the Company issued 1,679,949 shares for \$186,062 in cash. During the Year ended May 31, 2000, the Company issued 6,105,879 shares for \$3,169,759.

(4) INCOME TAXES Deferred income taxes (benefits) are provided for certain income and expenses which are recognized in different periods for tax and financial reporting purposes. The Company has net operating loss carry-forwards for income tax purposes of approximately \$1,103,243, expiring \$20,500 at May 31, 2018, \$311,200 at May 31, 2019 and \$771,523 at May 31, 2020.

The amount recorded as deferred tax assets is approximately \$165,500 and \$50,000 as of May 31, 2000 and May 31, 1999, respectively, which represents the amount of tax benefit of the loss carryforward. The Company has established a 100% valuation allowance against this deferred tax asset, as the Company has no history of profitable operations.

(5) GOING CONCERN As shown in the accompanying financial statements, the Company incurred a net loss of \$1,103,243 for the period from November 1997 (Inception) through May 31, 2000. The ability of the Company to continue as a going concern is dependent upon commencing operations and obtaining additional capital and financing. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. The Company is currently seeking financing to allow it to begin its planned operations.

(6) RELATED PARTIES As discussed in Note 2, the Company extended an advance to an officer. Related party balances and amounts for the period since inception, (November 1997), ended May 31, 2000 are as follows:

Advance receivable - related party	\$ 62,333
	=====

(7) INTANGIBLE ASSETS During the year ended May 31, 2000, the Company entered into agreements for the development of software that will provide gaming capabilities on the internet. The Company has invested \$1,898,001 during the year for 17 of these programs. The Company plans to lease and/or manage these sites for a fee. In May 1999, the Company formed Hung Sai, Ltd., a Nevis Corporation. In May 1999, Hung Sai entered into a license agreement with a third party to provide an Internet gateway for future Internet casinos to be located in St. Kitts, West Indies. This agreement required a \$60,000 initial license fee and future revenue sharing from the Company's future on-line casinos. The Company expects to amortize the license fee over a five-year period, once commercialization has begun.

(8) COMMITMENTS AND CONTINGENCIES EMPLOYMENT AGREEMENTS In July 1998, the Company entered into employment agreements with two of its officers. These agreements have three-year terms expiring June 30, 2001. The agreements contain base pay amounts of \$250,000, \$280,000 and \$325,000, combined. These contracts also call for the issuance of options for 3,000,000 shares of the Company's common stock, 1,500,000 of which vested on December 1, 1998, and 150,000 per month beginning June 1, 1999 for a period of ten months.

(9) LEGAL PROCEEDINGS On or about June 11, 1999, the United States Securities and Exchange Commission initiated a proceeding in the United States District Court, Southern District of California, against the Company seeking to hold the Company in Civil Contempt for failure to respond to a Subpoena issued by the Commission. The Court granted the Commission's request and issued an Order that sanctioned the Company Ten Thousand (\$10,000.00) Dollars per day until such time as it complied with the Commission's Subpoena.

Subsequent to the Company's compliance with the Commission's Subpoena, the Company and the Commission entered into a Stipulation and Order whereby the Company, having purged itself of the civil contempt citation, agreed to pay and did pay Ten Thousand (\$10,000.00) Dollars as a sanction. The

Stipulation and Order was signed by the Court and filed on or about November 18, 1999.

Virtual Gaming Enterprises, Inc., and its President, Virgil Williams, in or about May, 2000, submitted Offers of Settlement to the United States Securities and Exchange Commission that stemmed from certain matters reviewed by the Commission.

The Company, without admitting or denying any wrongdoing, consented to entry of an Order by the Commission that:

A) Orders it to cease and desist from committing or causing any violation, and any future violation, of Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder; and

B) Orders the effectiveness of Virtual Gaming's Form S-8 be suspended.

On July 24, 2000, the Company and the Commission agreed to modify a portion of this Offer of Settlement to reflect that, "As a result of Virtual Gaming's failure to meet its reporting obligations, the Form S-8 never became effective."

Virgil Williams, without admitting or denying any wrongdoing, consented to entry of an Order by the Commission that:

A) Orders him to cease and desist from committing or causing any violation, and any future violation, of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

Both of these Offers of Settlement have yet to be acted upon by the Commission.

In a civil proceeding filed in the United States District Court for the Eastern District of New York in January 2000, identified by Case Number 00 CIV 0276, Platinum I.T. Consulting, Inc., and Edward Marian, alleged that Virtual Gaming Enterprises, Inc., Virgil Williams, Brenda Williams and others violated Section 12(1) of the Securities Act, Violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Breached their Contract(s) with Plaintiff(s), Fraudulently Induced Plaintiff(s) to purchase the Company's securities, Converted Plaintiff(s) funds, and were Unjustly Enriched at Plaintiff's expense. Plaintiffs sought damages in excess of Five Million (\$5,000,000.00) Dollars.

The Company deemed it in its best interest to resolve this matter, as the costs and fees for defense would largely outweigh the costs of resolution. Accordingly, without admitting or denying the allegations in the Complaint, the Company and Virgil and Brenda Williams entered into a Settlement and Consent Judgment whereby they agreed to compensate the Plaintiffs in the amount of \$170,000.00 within 75 days of the effective date of the Settlement and Consent Judgment.

Due to the hospitalization of the Company's President Virgil Williams, the Company did not make payment as required under the Settlement and Consent Judgment. As a result, and by the terms and provisions of the Settlement and Consent Judgment, the Settlement Obligation has increased to \$250,000.00. The Company expects to remit this amount to the Plaintiffs, in

care of Plaintiffs' Attorney, in short order.

On February 14, 2000, the State of Indiana, Office of the Secretary of State, Securities Division, filed an Administrative Complaint against Virtual Gaming Enterprises, Inc., Virgil Williams and others, alleging that all Respondents sold and/or offered for sale certain securities in violation of Indiana State Law. On this same date, the Indiana Securities Division requested and received a Cease and Desist Order.

On March 2, 2000, Virtual Gaming Enterprises, Inc., and Virgil Williams filed their Answer and Affirmative Defenses to the Administrative Complaint and demanded an immediate administrative hearing pursuant to the terms and provision of the Indiana Securities Act that requires a hearing to be set within 45 days of the Indiana Securities Division. Virtual Gaming Enterprises, Inc., and Virgil Williams have and do expressly deny any and all allegations made against them in the Administrative Complaint.

Counsel for the Company and Mr. Williams, having not had a response to the hearing demand, provided the Indiana Securities Division a second copy of the Answer and Affirmative Defenses and Demand for Hearing via facsimile on March 17, 2000. Subsequent to March 17, 2000, Counsel for the Company made several attempts to contact the Indiana Securities Division via telephone, leaving messages for the Deputy Commissioner, Enforcement, who apparently is responsible for this proceeding. The Indiana Securities Division has never responded to the Demand for Hearing or the telephonic inquiries of counsel.

Finally, in January or February 2000, Virtual Gaming Enterprises, Inc., was named as a Defendant in a Complaint for Interpleader filed in the Third Judicial District Court in and for Salt Lake County, State of Utah, and identified as Civil No. 000901201. Therein, National Stock Transfer, Inc., the transfer agent for the Company's Stock, due to competing demands for certain certificates. This action remains pending.

10. SHORT-TERM LIABILITIES The Company entered into 17 agreements whereby they have invested funds with International Business Assoc. Corp. to develop the software for internet gaming sites. The agreements mature on April 1, 2003 and accrue interest at a rate of 10%. Each agreement calls for a quarterly payment of \$14,153. The principal and accrued interest, at the option of the holder, become immediately due if a quarterly payment is 10 days late. As of May 31, 2000 the Company entered into an informal agreement for prepayment of these notes as funds become available.

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#### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this 10-KSB report to be signed on its behalf by the undersigned thereunto duly authorized.

VIRTUAL GAMING ENTERPRISES, INC.  
(Registrant)

Date: September 14, 2000 /s/ Virgil G. Williams

-----  
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<a href="#">BACK</a>	<h2>Company Profile</h2>
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## Virtual Gaming Enterprises, Inc.

Address: 2960 Seascaple Glen,  
Escondido, CA 92026

Phone: (760)510-0188

Fax: (760)510-0011

**Business Summary:** Virtual Gaming Enterprises, Inc. was formed to purchase, manage, develop, market, and resell casino style Internet games that will allow players to wager. Virtual Gaming's Internet operations are based in the Commonwealth of Dominica, where it holds a Master Gaming License. VGAM asserts it is well positioned to capture market share, due to the burgeoning growth of Internet Gaming, expected by some industry experts to grow to more than \$18 billion in 2002. VGAM, through joint ventures and an aggressive acquisition campaign, operates over 18 Gaming related websites and a 20% interest in Vegas Book.com, a traditional sports book.

### General Information

Sector: Technology

Industry: Internet Gaming

Ticker: [VGAM]

Exchange: OTCBB

Web Page(s): [www.vgam-ent.com](http://www.vgam-ent.com)

E-mail: [info@vgam-ent.com](mailto:info@vgam-ent.com)

FYE: 5/31

Links:

[SEC Filings](#)  
[Company News](#)  
[Insider Trades](#)  
[REPORT](#)  
[Message Board](#)

Shares Outstanding: 2,576,322

Float: 108K

Market Cap: \$11,271,408

### Key Products/Services/Assets/Intellectual Property/Patents:

#### Casinos & Holdings

Classic Bet; The Casino Theme Park; Vegas Book

[ [Great Gatsby Casino](#) ] [ [The Mayan Casino](#) ] [ [The Omni Casino](#) ] [ [The Hollywood Casino](#) ] [ [Forkys Casino](#) ]  
[ [The Flaming Dragon Casino](#) ] [ [The Work-n-Stuff Casino](#) ] [ [The Mardi Gras Casino](#) ] [ [Cyber Casino Player](#) ]  
[ [The Out of this World Casino](#) ] [ [The Zodiacic Casino](#) ] [ [The Masterpiece Casino](#) ] [ [The Swinging 70's Casino](#) ]  
[ [The Double Diamond Casino](#) ] [ [Casino del Caribe](#) ] [ [The Good Fortune Casino](#) ] [ [The Lucky Leprechaun Casino](#) ]

### Directors/Key Personnel

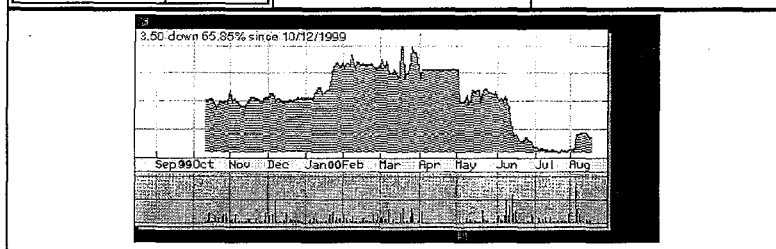
President/CEO – Mr. Virgil G. Williams  
Secretary/Treasurer – Mrs. Brenda J. Williams

### Important Recent Developments

- May 23, 2000 [Announced the Purchase of Five Additional Internet Casinos](#)
- May 03, 2000 [Granted Fully Reporting Status](#)
- May 02, 2000 [Completed Forms 10-K and 10-Q Filings](#)
- April 06, 2000 [Announced the Purchase Of Six Additional Internet Casinos](#)

**Financial Statistics & Technical Analysis Information**

General (as of 8/11/00)		Internal Growth		Financial Strength	
Price	\$4.4375	ROA (@)	-96.89%	Current Ratio	10.40
52-Week High	\$21.00	ROE (@)	-239.47%	Quick Ratio	N/A
52-Week Low	\$1.125	Per Share Numbers		Income Statements	
Total Cash	\$163K	Book Value	\$0.54	Net Income (@)	-\$1.3MM
Valuation Ratios		EPS (@)	-\$0.61	Revenues	\$0
Price/Book	8.10	Cash	\$0.06	Equity Turnover	N/A
Price/Earnings	N/A	Sales	N/A	Net Profit Margin	N/A
Price/Sales	N/A				



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**Current Report 6/18/2000**  
**VGAM - Virtual Gaming Enterprises, Inc.**





(logo is property of Virtual Gaming Enterprises, Inc.)

**GENERAL CORPORATE INFORMATION**

Address: 2580 Seascape Glen, Escondido CA 92026  
 Phone: (760)510-0188  
 Fax: (760)510-0011  
 Web Page(s): [www.VGAM-Ent.com](http://www.VGAM-Ent.com)  
 I/R E-mail: [info@vgam-ent.com](mailto:info@vgam-ent.com)

Sector: Services  
 Industry: Business Services  
 Exchange: OTCBB  
 FYE: 5/31  
 Shares Out: 2,576,322  
 Market Cap: \$10,305,288

  [Quote](#) [News](#) [Chart](#) [Analysts](#)

**Web Presence:** [Classic Bet](#); [The Casino Theme Park](#); [Vegas Book](#)

Virtual Gaming Enterprises, Inc. (OTCBB: VGAM) was formed to purchase, manage, develop, market, and resell casino style Internet games that will allow players to wager.

Virtual Gaming's Internet operations are based in the Commonwealth of Dominica, where it holds a Master Gaming License. The Commonwealth of Dominica is an Independent Parliamentary Republic located in the British Virgin Islands. According to the company's CEO, Mr. Virgil Williams, the master gaming license agreement assures the company's preeminent position within the Internet gaming market and facilitates its current and future expansion plans. Mr. Williams further confirmed that all activity and revenue targets for the on-line casino have been exceeded.

**INVESTMENT SUMMARY**

Virtual Gaming Enterprises, Inc. represents an opportunity for investors to participate in a rapidly growing industry and a company in its early, but aggressive stage of development. The company has made numerous acquisitions over the previous ten (10) months in efforts to diversify and expand its online gaming offerings. It currently operates eighteen (18) separate sites and holds a 20% ownership in a sports book business. The company is a Master Gaming Licensee in the Commonwealth of Dominica and provides a virtually bulletproof secure and private network. The company is currently undergoing an aggressive expansion program aimed at further enhancing its industry position and increasing its market share. All casino sites offer dynamic wagering and are 'cross-linked' to maximize the synergy created in the Company's 'Gaming Family' and maximize exposure.

Growth Opportunity And Strategic Focus

With the worldwide gaming market for authorized wagering exceeding an estimated ONE TRILLION DOLLARS, industry experts are anticipating the online gaming market to grow from \$535 million to more than \$10 billion in three years (source: Data Monitor). Virtual Gaming Enterprises believes itself to be strategically positioned to benefit from the predicted revenue explosion.

Virtual Gaming Enterprises, Inc. believes it has the product and expertise in place to capture a minimum 2-3% of this rapidly exploding market. VGAM is projecting net incomes in the range of \$30-\$80 million dollars through the year 2005. These projections are based on VGAM's assesment of market conditions and could vary with changes to the worldwide online environment.

Marketing Strategy

Virtual Gaming has taken an 'off-line' approach to marketing to the end users or players. The Company has focused efforts in print, radio, developed an affiliate program and, instituted countless direct marketing programs. The Company has chosen not to focus on banner advertisement as our sole marketing efforts. The Company plans to separate itself from other on-line casinos with this unique marketing approach.

The Virtual Gaming Enterprises 'Gaming Family'Classic Bet

Classic Bet is a traditional on-line casino that requires the loading of software on the player's computer. Classic Bet has a suite of Multimedia games, including Black Jack. Promotion of Classic Bet is done primarily through mass mailing of CD with the games on them. Once the software suite has been loaded, the player can log in to their secure account with a user name and password.

In addition to "Classic Bet", VGAM operates the following on-line casinos, all of which can be accessed directly or via the company's TheCasinoThemePark.com web site where players have the ability to register once and play in many different themed casinos.

CASINOS & HOLDINGS

{ Great Gatsby Casino } { The Mayan Casino } { The Omni Casino } { The Hollywood Casino } { Porkys Casino }  
 { The Flaming Dragon Casino } { The Work-n-Stiff Casino } { The Mardi Gras Casino } { Cyber Casino Player }  
 { The Out of this World Casino } { The Zodiac Casino } { The Masterpiece Casino } { The Swinging 70's Casino }  
 { The Double Diamond Casino } { Casino del Caribe } { The Good Fortune Casino } { The Lucky Leprechaun Casino }

The Company has eliminated the days of downloading software or waiting for a CD in the mail. Its players do not install any software. Anyone with Netscape or Internet Explorer 4.x browsers can easily access and play the Java-based games. Tables and slot machines are readily available due to an unlimited number of dynamically created openings for each member who enters the casino. Players enjoy the same advantages of traditional casinos conventional gaming software that reshuffles the deck after each hand. The Company's software plays up to six decks before shuffling.

The Company also holds a 20% (twenty percent) interest in a Sports Book business, Vegasbook.com, also licensed and operated exclusively on the Island of Dominica. Vegas Book maintains an 800 number that allows players to submit sports wagers by phone using secure passwords and user names.

DIVERSIFICATION

Through strategic partnerships, Virtual Gaming also intends to be in the business of

Through strategic partnerships, Virtual Gaming also intends to be in the business of selling turnkey solutions to prospective casino owners. The Company has refined the licensing and connectivity issues that a new casino entrepreneur might find insurmountable. Moreover, the Company has tested, enhanced, and developed reporting features that a casino operator must have. The Company has partnered with a creative staff to offer custom themes tailored to the wants and needs of the prospective casino owner.

The Company intends to develop casinos in non-English languages. The Internet will allow the Company to reach new markets. The Company will then aggressively market internationally. The Company should benefit initially from listings in new search engine technologies outside of the U.S.

*PRIVACY & SECURITY*

All deposits are escrowed with the largest Dominican off shore bank, insuring that the player's account remains solely available for their wagers. Membership is protected from all outside inquiries by the Offshore Privacy Act of 1995 and sets severe penalties for any release of information. It has never been easier or safer to bring the excitement of legitimate casino gaming into the player's home or office.

Network Services are provided through InSatCom, Ltd. InSatCom offers a high-speed digital data center coupled with a fully redundant private satellite communication network. Licensed by Cable and Wireless and the Government of the Commonwealth of Dominica, InSatCom is the first private network offering encrypted data, Internet web hosting, and reliable video transmissions from the Caribbean. InSatCom's nine-meter satellite dish is able to simultaneously broadcast to multiple transponders ensuring a reliability factor of 99.9%. The threat of unauthorized entry is virtually eliminated because InSatCom operates its own proprietary software and hardware. Player's wagers and transactions are encrypted to retain complete confidentiality.

**Recent Announcements**

May 23, 2000 Announced the Purchase of Five Additional Internet Casinos

May 3, 2000 Granted Fully Reporting Status

May 2, 2000 Completed Forms 10-K and 10-Q Filings

Apr 6, 2000 Announced the Purchase Of Six Additional Internet Casinos

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Disclaimer - CCS Publications has been paid a fee of \$6,000US Cash and 1,500 shares of freely tradeable stock common from Steven G. Trapp & Company for services related to Virtual Gaming Enterprises, Inc., including preparation, dissemination and posting of this report on our website for a period of 90 days 6/18/2000 - 9/18/2000, in addition to introducing the company into our Profile program for the period 6/18/2000 - 6/18/2001. The information contained in this report has been gathered from sources we deem to be reliable, including company SEC filings. You should consult with your own personal financial representative regarding making a purchase in the stock of this company. There is risk associated with investing in the stock market. We are not investment advisors, counselors, brokers or government agencies, and do not purport to be offering you any investment advise. This is a publication, a periodical, etc. meant to inform you about one company in a sea of many. You may wish to do additional research regarding this company before investing. Proceed with caution. CCS Publications, its principals, associates, family and/or friends may, from time to time, have positions in the securities of the companies featured in our reports and he/she/we/me/they may actively trade those securities.

All statements contained herein (other than historical facts) are based upon current expectations. These statements are forward looking statements in nature and involve a number of risks and uncertainties, including but not limited to economic, competitive, governmental and technological facts affecting the Company's operations, markets, products and prices, as well as other factors. Actual results may differ materially from the anticipated results or other expectations expressed in the Company's forward looking statements. Generally, the words "anticipate", "believe", "estimate", "expects", "plan", and similar expressions as they relate to the Company and/or its management, are intended to identify forward looking statements.

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1903

May 16 00 03:21p

Rodd R. Buell, P. A.

(305) 448 0994

p. 2

**RODD R. BUELL**  
ATTORNEY AT LAW  
A PROFESSIONAL ASSOCIATION

MIRACLE PLAZA BUILDING  
2355 SALZEDO STREET, SUITE 202  
CORAL GABLES, FLORIDA 33134-5035

TELEPHONE (305) 443-1997  
TELEPHONE (305) 448-1991  
FACSIMILE (305) 448-0994  
E-MAIL: BUELLLAW@AOL.COM

May 16, 2000

British Trade & Commerce Bank  
Emens Bldg., Dame Eugenia Charles Blvd. Bayfront.  
P.O. Box 2042  
Roseau Commonwealth of Dominica  
Attn: George Betts, Executive Vice President

Re: British Trade & Commerce - Account # 0400101400-01  
*Via fax and regular mail*

Dear Sir:

Please be advised that I represent Security Bank, N.A. wherein British Trade & Commerce Bank has maintained a checking account(s).

It has come to our attention that the name of Security Bank, N.A. has appeared in certain casino gambling web sites. Very specifically, these web sites direct a potential gambling customer to wire funds to Security Bank, N.A., for beneficiary British Trade & Commerce Bank, account number 0400101400-01.

Security Bank, N.A. objects to the use of its name in these web page solicitations, and demands that its name be removed forthwith from all such casino gambling web sites.

Be further advised that the British Trade & Commerce checking account number 0400101400-01 and any other accounts shall be closed and terminated within thirty days of this communication. Please contact Security Bank directly to arrange an orderly closure of this account(s).

PLEASE GOVERN YOURSELVES ACCORDINGLY.

Very truly yours,

  
Rodd R. Buell, P.A.

RRB/br



**British Trade & Commerce Bank.**

*Licensed for Full Trust Business.*

Emens Bldg., Dame Eugenia Charles Blvd. Bayfront,  
Roseau Commonwealth of Dominica.  
PO Box 2042. Phone: (767) 448-6410 Fax: 448-6477  
e-mail: btcbank@owdom.dm - SWIFT: BTCBMDM

May 17, 2000.

**Mr. Manuel Fernandez, President**  
**Security Bank N.A.**  
Fort Lauderdale, FL.

Dear Mr. Fernandez:

With great surprise we have received yesterday a letter from your lawyer Mr. Buell explaining the situation that wire transfer instructions using your bank and our bank as final beneficiary were found on some internet gaming web sites.

First of all let me assure with full responsibility that we were not aware of the situation at all and no officer from BTCB authorize the company OnLine Commerce Inc. (a South African corporation) owner of those web sites, to use the banking coordinates of Security Bank. We are aware of the position that US Banks maintain on this regards, and we do not encourage at all the use of your good bank for this matters.

As immediate action, we have communicated with the mentioned by company right away, by phone and in writing (copy of the Letter is enclosed) and ask to correct immediately the situation. They had committed to us that this will be taking in care today.

I really apologize for any inconvenience this situation might cause to your firm institution, and we hope that this incident do not jeopardize the good banking and business relationship that BTCB has maintained with Security Bank.

Any further questions please do no hesitate to contact us.

For and on behalf of British Trade and Commerce Bank.

Dr. Rodolfo Requena  
President.



cc. Rodd Buell  
Felix Rodriguez  
George Betts.



**British Trade & Commerce Bank.**

*Licensed for Full Trust Business.*

Emene Bldg., Dame Eugenia Charles Blvd. Bayfront,  
Roseau, Commonwealth of Dominica.  
PO Box 2042. Phone: (767) 448-6410 Fax: 448-8477  
E-mail: btcbank@owdom.dm -SWIFT: BTCBDMOM

May 17, 2000

Mr. John Holmes  
OnLine Commerce Inc.  
P.O. Box 2042  
Roseau, Dominica

Sent via fax: 011-27-21-782-6739

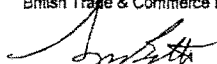
Dear Mr. Holmes:

It has recently been brought to our attention that certain of your web sites contain wire instructions, which instruct people to wire transfer funds to British Trade & Commerce Bank through Security Bank in Miami, Florida.

We wish to advise you that this information must be removed from your web sites immediately. Failure to do so will result in the immediate termination of our banking relationship and the closure of your account.

Please advise us by return fax as to your plans to deal with this situation.

Sincerely,  
For and on behalf of  
British Trade & Commerce Bank

  
George E. Betts  
Executive Vice President



Cc: Mr. Rodd R. Buell

1906

May 22 00 10:45a Rodd R. Buell, P. A. (305) 448 0994 p. 2  
Sent By: BRITISH TRADE AND COMMERCE BANK; 1 767 448 6477; May 22 00 10:59PM; Page 1



**British Trade & Commerce Bank**  
Emanc Bldg., Dame Eugenie Charles Blvd., Bayfront Roseau,  
Commonwealth of Dominica  
P.O. Box 2042 Phone: (767) 448-6410 Fax: 448-6477

Date: 05/19/00

*Fax Cover Sheet*

To: RODD BUELL From: GEORGE BETTS  
Company: \_\_\_\_\_ Department: \_\_\_\_\_  
Fax: 305-448-0994 Pages: 5

Ref:

**Confidentiality Caution:** This message is intended only for the use of the individual or entity to which it is addressed and contains information that is privileged and confidential. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of the communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the above address at our cost.

DEAR MR BUELL

I AM FAXING YOU SEVERAL PAGES WE PRINTED FROM THE SITES YOU MENTIONED TO ME OVER THE PHONE. THEY HAVE DELETED ALL REFERENCE TO SECURITY BANK AND I HAVE MADE ARRANGEMENTS WITH ANOTHER OF OUR CORRESPONDENT BANKS TO TAKE THEIR WIRE TRANSFERS. PLEASE CONVEY OUR APOLOGIES AND REGRETS FOR THIS INCIDENT TO THE DIRECTORS OF SECURITY BANK. THE CUSTOMER DID NOT CONSULT WITH US BEFORE USING SECURITY BANKS' NAME. WE CERTAINLY WOULD NOT HAVE ALLOWED THEM TO USE IT.

SINCERELY,

GEORGE BETTS



Security Bank, N.A.

Subject: Security Bank, N.A.  
Date: Wed, 10 May 2000 13:19:51 -0400  
From: Lisa La Horey <LDLaHorey@MWPB.com>  
To: "J. Luis Domenech" <fenix97@sbn.com>  
CC: Lisa La Horey <LDLaHorey@MWPB.com>

Sir,

As requested the following are internet gambling sites in which Security Bank, N.A. is referred to.

- www.astrobet.com
- www.atlantiststar.com
- www.aztecgoldcasino.com
- www.bingotops.com
- www.fairplaycasino.com
- www.magic-carpetcasino.com
- www.casinooldglory.com
- www.casinoorientexpress.com
- www.casinoiceberg.com
- www.flyingdragoncasino.com

Generally the references to Security Bank, N.A. can be found in the area of the website relating to banking arrangements. I will email to you separately a few of the websites.

As I was having some difficulty in hearing you over the telephone, I would appreciate your acknowledging receipt of this email.

Lisa La Horey  
McCague Wires Peacock  
ldlahorey@mwpb.com  
Tel: (416) 860-0035  
Fax: (416) 860-0003

1908

Senate Permanent Subcommittee  
On Investigations  
EXHIBIT # 57f

**Exhibit 57f.**

**Banco Industrial de Venezuela documents**

**BTCB MONTHLY ACCOUNT ACTIVITY  
AT BANCO INDUSTRIAL DE VENEZUELA (MIAMI OFFICE)**

<b>MONTH</b>	<b>OPENING BALANCE</b>	<b>DEPOSITS</b>	<b>WITHDRAWALS</b>	<b>CLOSING BALANCE</b>
October 1997	\$0	\$1,005,000	\$25,020	\$980,195
November 1997	\$980,195	\$0	\$25,020	\$958,052
December 1997	\$958,052	\$0	\$953,473	\$5,860
January 1998	\$5,860	\$49,784	\$9,413	\$46,231
February 1998	\$46,231	\$1,224,688	\$820,886	\$99,980
March 1998	\$99,980	\$2,294,532	\$181,742	\$2,565,499
April 1998	\$2,565,499	\$4,573,517	\$474,375	\$6,679,330
May 1998	\$6,679,330	\$7,878,012	\$11,095,470	\$3,498,560
June 1998	\$3,498,560	\$0	\$3,498,560	\$0
<b>TOTAL:</b>		\$17,025,533	\$17,061,441	

Prepared by U.S. Senate Permanent Subcommittee on Investigations, November 2000

1910



**British Trade & Commerce Bank.**

*Licensed for Full Trust Business.*  
EMENS Bldg., Dame Eugenia Charles Blvd. Bayfront  
Roseau, Commonwealth of Dominica  
P.O. Box 2042. Phone: (803) 448-6410 Fax: 448-6477  
E-mail: [btcbank@td.com](mailto:btcbank@td.com)



July 28, 1997

Mr. Pierre Laubeau  
General Manager-Credit  
Banco Industrial de Venezuela  
1101 Brickell Ave., Suite 500  
Miami, FL 33131

Dear Mr. Laubeau

At the request of Mr. Rodolfo Requena I am pleased to provide you with a brief write up on our Bank and copies of our various licences and other material.

I hope this information is sufficient to allow you to act on our request for a correspondent relationship. Should you require anything else, please do not hesitate to contact us.

Sincerely,

George E. Betts  
Vice President, Financial Comptroller

BN's Response to 4500 0313  
Congressional Subpoena

RECEIVED  
1997 AUG 12 11:06:28  
DEPT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION  
WASHINGTON, DC

1911



**British Trade & Commerce Bank.**

*Licensed for Full Trust Business.*  
Emens Bldg., Dome Eugenia Chanes Blvd. Bayford,  
Rocas Caramunicallh of Dominica  
PO Box 2042, Phone: (809) 442-6410 Fax: 442-6477  
e-mail: btcbank@td.dn - SWIFT: BTGBDMDB

Mr. Pierre Lubeau, Credit Manager.  
Banco Industrial de Venezuela  
1101 Brickell Av.  
Miami, 33131.

Re: Account Opening.

Dear Sir:

*Louis*

September 15, 1997

*Do you know, or have you heard of  
Mr. Butler?*

Following our conversation last Friday, please find followed the information that the bank need to clarify regarding our institution.

- 1) British Trade and Commerce Ltd. is the company that was granted with the Bank License, that company was formed and is owned by Mr. Clarence Butler of Dominica, and Rodolfo Requena of Venezuela. Mr. Butler is a well respected businessmen from Dominica highly respected by the community. He has been President, for various terms, of the Dominican Chamber of Commerce and Tourism, also he has held positions as Honorary Consul of the Republic of France in Dominica. At the same time he was heavily involved in the creation of The Ross Medical University, where he has also been the Administrative Vice-President, Ross University is a Medical school facility created for international students an represents the third largest income for the state of Dominica. Mr. Butler has been advisor during years for the previous and the actual government, and is a very active promoter towards new foreign investments for the country. As for myself all my resume is in the information previously submitted to you.
- 2) Actually the main income of the bank proceeds from Trust related activities, we are actively forming trusts and IBC corporations and do investments in Financial instruments from various countries such as Venezuela, USA, Argentina etc. Also, we are in the developing phase to create a Program for Insured Credit Cards. Also, some project financing will be done specially in the industrial and tourism area in some of the Caribbean islands.
- 3) As for arranging a wire transfer to open the account, as soon as we have positive answer from your find bank we are ready to transfer up to US \$ 40 million to open the account.

Hoping this information will help you, and looking forward to establish a long and profitable business relationship for the two institutions and we no further matters.

Very truly yours;

Dr. Rodolfo Requena  
President.

*Signature?*



**BANCO  
INDUSTRIAL  
DE VENEZUELA**

MIAMI AGENCY  
1101 BRICKELL AVENUE, SUITE 500  
MIAMI, FLORIDA 33131, U.S.A.  
TELEPHONE: (305) 374-5060  
TELEX: MCI 881 2058 BIV-MIA  
FAX: (305) 374-5178  
CABLE: "BANDUSTRAL"

2

September 19, 1997

Mr. George Betts  
British Trade & Commerce Bank  
8 Castle Street 2<sup>nd</sup> Floor  
Brunys Law Offices  
Roseau Commonwealth of Dominica

Dear Mr. Betts:

As per Mr. Requena's instructions, I enclose the account opening documents. Please remit copies of identification for all authorized signatures in the account as well as the Bank's balance sheet in order to complete the file.

Mr. Requena will be visiting our offices on Monday or Tuesday of next week at which time we will need his signature in the Corporate Resolution form and Signature Cards.

At the receipt of documents, an account number will be assigned and test key together with security procedures materials shall be delivered to you. Our ABA is 066010801, we are on-line with the Federal Reserve.

If you have any questions please call me at (305) 374-5060 Ext.17.

Thank you for choosing Banco Industrial de Venezuela; we look forward to servicing you.

Very sincerely,

  
Lorena Ortiz  
Corporate Banking

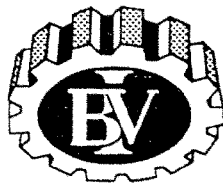
Enclosures.

BI's Response to 4500 0310  
Congressional Subpoena

1913

BANCO INDUSTRIAL DE VENEZUELA, C.A.  
MIAMI AGENCY

41



ACCOUNT OPENING APPLICATION  
(CORPORATE/PARTNERSHIP)

*British Trade & Commerce Bank*

DOCUMENTS PREREQUISITES

The following documents MUST be submitted with this Application and will be filed together with this Application in the CUSTOMER's file. A new account shall not be opened without the receipt of these documents.

**CORPORATE/PARTNERSHIP ACCOUNT:**

- Copy of Articles of Incorporation or Partnership Agreement.  
(must include all current updates of same).
- Board of Directors' Resolution or Partnership Certificate.  
(must be in form required by BIV).
- Current Financial Statement.
- Two (2) bank letters of reference.
- Evidence of initial deposit (check, wire transfer, etc.)

1914

07/02/97

British Trade & Commerce Bank (US\$),  
Summary Balance Sheet  
As of June 30, 1987

E

	<u>Jun 30, '87</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	8,802,058.93
Other Current Assets	<u>10,802.51</u>
Total Current Assets	8,812,861.44
Fixed Assets	208,266.35
Other Assets	434,613.97
<b>TOTAL ASSETS</b>	<u><u>7,255,739.76</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	23,092.30
Other Current Liabilities	<u>1,556,503.20</u>
Total Current Liabilities	1,579,595.50
Long Term Liabilities	<u>246,144.28</u>
Total Liabilities	1,825,739.78
Equity	<u>5,430,000.00</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>7,255,739.76</u></u>

BV's Response to 4600 0234  
Congressional Subpoena



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**Banque Française Commerciale**  
Antilles Guyane

AGENCE:  
Roseau  
DOMINIQUE  
P.O.B. 166  
Tél: 84040  
Fax: 85335

*Mr. George Betts*  
*Vice-President/Financial Controller*  
*British Trade & Commerce Bank*  
*P.O.B. 2042*  
*Roseau*

24 September 1997

Dear Sir,

BRITISH TRADE AND COMMERCE BANK

The above-mentioned customers established accounts with this Bank on the 21st July, 1997.

Customers operate a Foreign Currency Account and a Local Currency Account. We understand that customers are currently renovating Premises in which the offices of the Bank will be housed.

We attach specimen of the current signatories who are authorised to operate the accounts.

*Yours faithfully*

BANQUE FRANÇAISE  
COMMERCIALE  
ANTILLES GUYANE  
AGENCE DE ROSEAU  
DOMINIQUE

MANAGER



BANCO INDUSTRIAL DE VENEZUELA

MIAMI AGENCY

NEW CUSTOMER AND ACCOUNT INPUT INFORMATION SHEET

Deposit Amount: \$ \_\_\_\_\_ Date: 9/29/97

1-Customer Name: British Trade and Commerce Bank

2-Customer Short Name: British

3-Customer Number: 26783 4-Account Number: 062020001

5-Account Type: (X) DDA, ( ) MMK, ( ) CD, ( ) LC, ( ) LN.

6-Account Class: 20100402-0000 Class:

- 1-DDA Individuals
2-DDA Corporations
3-MMK Individuals
4-MMK Corporations

BANK

NOTE: IF SPECIAL RATES ARE NEEDED FOR A SPECIFIC CUSTOMER PLEASE INFORM THE ACCOUNT DEPARTMENT TO CREATE A SPECIAL RATE TABLE

- 7-G/L Number: ( ) Individual
( ) Corporation & Partnership
( ) Credit Balances Corp & Part.
( ) Certificate of Deposit
( ) Letters of Credit
( ) Loan

8-Account Officer: L/ES ES= E. Saad AP= A. Peche LR= L. Robinson

9-Hold Mail: ( ) Yes If Yes Fee Will be Charge Montly (X) No

10-Approved By: [Signature] I. E. Saad or 2. A. Peche

11-Opened By: [Signature] Must be Signed By Accounting Officer and Clerk.-



- CARD STATUS (Check One):
- NEW ACCOUNT
  - CHANGE SIGNERS
  - ADD SIGNERS
  - UPDATE SIGNATURE
  - OTHER



**BANCO INDUSTRIAL DE VENEZUELA**  
Miami Agency

ACCOUNT #: 02020001

CUSTOMER #: 24783

FOR BANK USE ONLY

CORPORATE ACCOUNT

DATE: 9/28/97 ACCEPTED BY: [Signature]

ACCOUNT TITLE (PLEASE TYPE OR PRINT)

NATURE OF BUSINESS:

British Trade & Commerce Bank Bank

LEGAL ADDRESS  
Emerys Building  
Bayfront  
Roseau, Commonwealth of Dominica

MAILING ADDRESS  
P.O. Box 2042  
Roseau, Commonwealth of Dominica

TEL (809) 448-6410 FAX 448-6477

TEL same FAX

NAME	TITLE	(SOLE OR JOINT)	SIGNATURE
<u>Rodolfo Requena</u>	<u>President</u>	<u>Any</u>	<u>[Signature]</u>
<u>George E. Betts</u>	<u>Vice-President</u>	<u>two of</u>	<u>[Signature]</u>
<u>Henry Royer</u>	<u>Secretary</u>	<u>three</u>	<u>[Signature]</u>



BANCO INDUSTRIAL DE VENEZUELA, C.A.

CORPORATE ACCOUNT

NAME: British Trade and Commerce Bank  
 ACCOUNT #: 062020001 CUSTOMER #: 56783  
 AGENCY: \_\_\_\_\_

DOCUMENTS:

- ACCOUNT APPLICATION FORM \*
- 2 SIGNATURE CARDS 2 ✓
- CORPORATE RESOLUTION ✓
- 2 IDENTIFICATIONS 1 ✓  
(OF ALL AUTHORIZED SIGNATURES)
- BANK LETTERS OF REFERENCE ✓
- FUNDS TRANSFER AGREEMENT ✓
- HOLD MAIL AGREEMENT YES ✓
- ARTICLES OF INCORPORATION NO
- CERTIFICATE OF OFFICERS/DIRECTORS AND/OR PARTNERS
- CURRENT FINANCIAL STATEMENT AND GENERAL INFORMATION NO

CHECKBOOK:

- ACCOUNT NAME & ADDRESS
- NAME, ADDRESS & TELEPHONE
- DEPOSIT TICKETS DUPLICATE
- TRIPLICATE

DOCUMENTOS:

- APLICACION DE APERTURA DE CUENTA
- 2 TARJETAS DE FIRMAS
- RESOLUCION CORPORATIVA
- 2 DOCUMENTOS DE IDENTIDAD (DE TODAS LAS FIRMAS AUTORIZADAS)
- CARTAS DE REFERENCIA BANCARIA
- CONTRATO DE TRANSFERENCIAS
- CONTRATO DE RETENCION DE CORREO
- ACTA DE CONSTITUCION
- APODERAMIENTOS
- ESTADO FINANCIERO ACTUALIZADO E INFORMACION GENERAL

TALONARIO DE CHEQUES:

- NOMBRE Y DIRECCION Sociedad - 2016 - 2016
- NOMBRE, DIRECCION Y TELEFONO
- TALONARIO DE DEPOSITOS DUPLICADO
- TRIPLICADO

MADE & REVIEWED BY: \_\_\_\_\_

DATE 9/29/97

AUTHORIZED BY: \_\_\_\_\_

DATE \_\_\_\_\_

REMARKS:

+ Embossed Stamp.  
Order cks w/ security measures.

## FOLLOW-UP CALL PLANNER

110

CALLING OFFICER: LorenNAME OF OFFICE/ PROSPECT/CLIENT: British Trade & C. Bk.CALL DATE: 10/21/97OBJECTIVE OF CALL: Confirmar Transferencia / solicitar  
Tabla de claves.NAME OF CONTACT: Rodolfo RequenaINFORMATION OBTAINED/PROVIDED: Vamos a recibir approx. esta

- Semana \$25 mil -
- ①. Enviar una carta señalando de donde provienen los fondos
  - ②. Enviar balances actualizados - (George Betty)
  - ③. Inauguración del Banco - el 15 de Nov. 97.

DESCRIBE WANTS OR NEEDS: Enviarles el listo de claves y procedimiento  
de seguridad.RESULTS OF CALL: Los fondos ~~de~~ recibidos por \$1 mil el 20 de oct.  
permanecerán en la cta. etc. hasta la prox. semana o  
previo aviso.ACTION: ①. Informar al Sr. Robinson ref. Claves. <sup>Done</sup>  
②. " a la Dra. Saad y Sr. Loubau, ref. <sup>Todo</sup>  
③. " a Tróf. recibida, balances etc.③. Dar seguimiento al envío de clave a Dominica.

000266



**BANCO  
INDUSTRIAL  
DE VENEZUELA**

MIAMI AGENCY  
1101 BRICKELL AVENUE, SUITE 500  
MIAMI, FLORIDA 33131, U.S.A.  
TELEPHONE: (305) 374-5060  
TELEX: MCI 681 2058 BIV-MIA  
FAX: (305) 374-5178  
CABLE: "BANDUSTRAL"

---

INTEROFFICE MEMORANDUM

---

TO: MR. LOUIS ROBINSON  
FROM: DRA. ESPERANZA SAAD  
SUBJECT: BRITISH TRADE AND COMMERCE BANK  
ACCT. NO. 62020001  
DATE: OCTOBER 22, 1997  
CC: MR. PIERRE LOUBEAU  
MISS LORENA ORTIZ

---

On October 20, we received a wire transfer in the amount of 1,005,000.00 to activate the above-referenced account.

In light that this is a correspondent bank account, please remit test key and security procedures directly to their offices in Dominica as follows:

Mr. Rodolfo Requena or Mr. George Betts  
British Trade and Commerce Bank  
Emmens Building, Bayfront  
Roseau, Commonwealth of Dominica

Once arrangements have been sent, please inform Mr. Loubeau and Miss Ortiz.

Thank you,

*Esperanza de Saad*

BIV's Response to 4800 0306  
Congressional Subpoena



Financial  
Advisors

Richard A. Perca  
Personal Financial Advisor

American Express  
Financial Advisors Inc.  
Suite 200  
5550 Merrick Road  
Massapequa, NY 11758  
Bus: 516.797.7590 Ext. 212  
Voice Mail  
Fax: 516.797.7586

FACSIMILE TRANSMISSION FORM

DATE: February 6, 1998

TO: Angel Peche, Bco. Industrial of Miami  
FAX: (305) 374 5178  
FM: Richard Perca                      TIME: 1650                      PAGES: 1  
SUBJ: British Trade & Commerce Bank, EMENS Bldg., Domenica

Dear Mr. Peche:


It was good to meet you on the telephone today.

I am informed by Mr. Betts, VP and Financial Comptroller of British Trade & Commerce Bank, that yours is a correspondent bank of subject. A client of ours is exploring a transaction involving subject bank in the low seven figures. Without responsibility on your part, we would appreciate your response to the following by way of a standard checking:

1. Is Bco. Industrial of Miami a correspondent bank of subject?
2. Please give us your opinion of the bank and its management.
3. Do you extend credit to subject bank?
4. In your opinion, would a transaction in the low seven figures for up to two years be consistent with the bank and its operations?

Thank you in advance for your assistance in this matter.

Sincerely,

  
Richard A. Perca  
Personal Financial Advisor

*Spoke w/ Mr. Peche  
Perca by phone*

*Sol. Adams*

1922



**BANCO  
INDUSTRIAL  
DE VENEZUELA**

MIAMI AGENCY  
1101 BRICKELL AVENUE, SUITE 500  
MIAMI, FLORIDA 33131, U.S.A.  
TELEPHONE: (305) 374-5060  
TELEX: MCI 681 2058 BIV-MIA  
FAX: (305) 374-5178  
CABLE: "BANDUSTRAL"

TO WHOM IT MAY CONCERN

As per request of our client British Trade & Commerce Bank, we hereby confirm that they have been a client of ours since October 20, 1997 and maintain an active checking account.

Currently, their account presents a balance in excess of medium six figures.

If you need further information please contact Mrs. Lorena Ortiz at (305)374 5060 ext. 17.

Sincerely,



  
Dra. Esperanza de Saad  
EVP & General Manager  
BIV Miami

BIV's Response to H500 0307  
Congressional Subpoena

HEAD OFFICE IN VENEZUELA: AV. UNIVERSIDAD — ESQUINA TRAPOSOS. CARACAS

sent by Reguete Mail



1923



**British Trade  
& Commerce Bank**

EMENS Building, Dame Eugenia Charles Blvd., Bayfront  
Roseau, Commonwealth of Dominica. P.O. Box: 2042

**FAX COVER**

Date:03/06/98

<b>TO:</b> LORENA ORTIZ	<b>FROM:</b> GEORGE BETTS
<b>COMPANY:</b> BANCO INDUSTRIAL DE VENEZUELA	<b>FAX N°:</b> (767) 448-6477
<b>FAX N°:</b> 305-374-5178	<b>PHONE N°:</b> (767) 448-6410
<b>PHONE N°:</b> 305-374-5060	<b>Pages:</b> 1 (Including this one)

<b>NOTES:</b>	<input type="checkbox"/> Urgent	<input type="checkbox"/> For your review	<input type="checkbox"/> Reply ASAP	<input type="checkbox"/> Please comment
---------------	---------------------------------	--	-------------------------------------	---

Comments:  
DEAR LORENA:

THANK YOU FOR THE BANK REFERENCE LETTER. WE ALSO NEED A LETTER SIGNED BY TWO BANK OFFICERS WITH THE FOLLOWING TEXT.

TO: BRITISH TRADE AND COMMERCE BANK  
EMENS BUILDING, BAYFRONT  
ROSEAU, COMMONWEALTH OF DOMINICA

THIS LETTER CONFIRMS THAT YOU HOLD AN ACCOUNT IN GOOD STANDING IN OUR BANK AND THAT YOUR CURRENT BALANCE IS IN EXCESS OF USD\$400,000.

SINCERELY,

SIGNED BY BANK OFFICER  
NAME AND TITLE

SIGNED BY BANK OFFICER  
NAME AND TITLE

PLEASE SEE IF YOU CAN GET THIS PREPARED AND FAXED TO ME TODAY. I APPRECIATE ALL YOUR HELP IN THIS MATTER

KIND REGARDS,

  
GEORGE BETTS

*Licensed for Full Trust Business.*

BV's Response to 4600 0303  
Commissional Subpoena

1924



MIAMI AGENCY  
1101 BRICKELL AVENUE, SUITE 500  
MIAMI, FLORIDA 33131, U.S.A.  
TELEPHONE: (305) 374-5900  
TELEX: MCI 681 2058 BIV-MIA  
FAX: (305) 374-5178  
CABLE: "BANDUSTRAL"


March 10, 1998

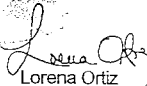
BRITISH TRADE AND COMMERCE BANK  
Emens Building, Bayfront  
Roseau, Commonwealth of Dominica

Gentlemen:

As requested, we hereby confirm that you hold a checking account in our Agency which is in good standing. Your account presents a current balance in excess of US\$400,000.00.

Sincerely,

  
Mr. Louis Robinson  
Comptroller

  
Lorena Ortiz  
Account Officer

BIV's Response to 48/00 0297  
Congressional Subpoena



**British Trade & Commerce Bank**

EMENS Building, Dame Eugenia Charles Blvd., Bayfront  
Rooseau, Commonwealth of Dominica, B.W. Fax: 8027

FAX COVER

Date: 04/02/98

TO:	LORENA ORTIZ	FROM:	GEORGE BETTS
COMPANY:	BANCO INDUSTRIAL DE VENEZUELA	FAX N°:	(767) 448-6477
FAX N°:	305 374 6060	PHONE N°:	(767) 448 6410
PHONE N°:		Pages:	(Including this one)

NOTES:  Urgent  For your review  Reply ASAP  Please comment

6-3

Comments:

DEAR LORENA

FOLLOWING IS THE PROOF OF FUNDS THAT WE HAVE BEEN ASKED TO PROVIDE. PLEASE REVIEW AND CALL EITHER ME OR RODOLFO TO DISCUSS.

THANKS,

GEORGE BETTS

*Jon*

*Tel #*

*4/8/98 File*

*4/8/98 called - left to Mr. Rogers - Urgent.  
- called - info - no answer  
4/9/98 spoke w/ Harry Rogers - Mr. Rogers will be away for Easter week.*

Unsuitable for Full Trust Business

1926

Apr-02-98 07:30P BT&C Bank/Trust

(809) 448-6477

P.02

(Banco Industrial de Venezuela Letterhead)  
[typed in 14pt type]

*4/6/98 Disposed  
w/ Mr. Requena*

DATE April 3, 1998  
TO British Trade & Commerce Bank  
EMENS Bldg., Dame Eugenia Charles Blvd., Bayfront  
Roseau, Commonwealth of Dominica  
RE PROOF OF FUNDS  
ACCOUNT NO. 062-020-001  
ACCOUNT NAME British Trade & Commerce Bank

Banco Industrial de Venezuela, pursuant to your request, hereby confirms to you that your Bank has on deposit a sum exceeding Four Hundred Thousand United States Dollars (US\$400,000) in the form of Cash deposited at Banco Industrial de Venezuela as of today's date.

We, Banco Industrial de Venezuela, also confirm these funds to be good, clean and cleared funds of non-criminal-origin, and are free from any and all liens and encumbrances, and that these funds are available to your Bank on first call; that your account is in good standing; and that you are a valued customer of this bank and your account has always, in so far as the records of this bank show, been maintained in accordance with the rules and regulations of this bank as an account in good order.

This bank is prepared to block these funds and issue the appropriate documents upon your request or to place these funds upon your instruction.

Sincerely,

By : [Name of Officer]  
Title : [Title of Officer]  
Date : [Date]  
Phone: [Phone Number]  
Fax : [Fax Number]

By : [Name of Officer]  
Title : [Title of Officer]  
Date : [Date]  
Phone: [Phone Number]  
Fax : [Fax Number]

BANK STAMP OR SEAL

*Bykellin  
AJ or.*

*11/2/98  
10/23/98  
10/28/98*

1927



**BANCO  
INDUSTRIAL  
DE VENEZUELA**

**MIAMI AGENCY**  
1101 BRICKELL AVENUE, SUITE 500  
MIAMI, FLORIDA 33131, U.S.A.  
TELEPHONE: (305) 374-5060  
TELEX: MCI 681 2058 BIV-MIA  
FAX: (305) 374-6178  
CABLE: "BANDUSTRAL"

MAY 5, 1998

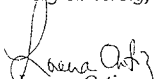
VIA FAX: 1 767 448-6477

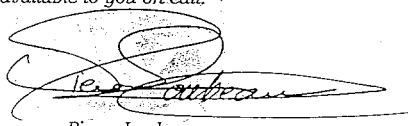
*BRITISH TRADE AND COMMERCE BANK  
Emens Building, Bayfront  
Roseau, Commonwealth of Dominica*

*Gentlemen:*

*As requested, we hereby confirm that you hold a Demand Deposit Account in our books with a present balance in excess of US\$1,000,000.00. This account is in good standing and funds are available to you on call.*

*Very sincerely,*

  
Lorena Ortiz  
Account Officer

  
Pierre Loubeau  
Credit Manager

BV's Response to 48600  
Congressional Subpoena 0270

HEAD OFFICE IN VENEZUELA: AV. UNIVERSIDAD — ESQUINA TRAJOSOS, CARACAS

1928



**BANCO  
INDUSTRIAL  
DE VENEZUELA**

MIAMI AGENCY  
1101 BRICKELL AVENUE, SUITE 500  
MIAMI, FLORIDA 33131, U.S.A.  
TELEPHONE: (305) 374-5060  
TELEX: MCI 681 2058 BIV-MIA  
FAX: (305) 374-5178  
CABLE: "BANDUSTRAL"

— MEMORANDO INTERNO —

January 23, 1998

To : Ms. Maria Cristina Garciga - Wire Transfer Dept.

From: Lorena Ortiz

CC : Mr. Pierre Loubeu

Ref: British Trade and Commerce Bank

On December 16, 1987 A transfer in the amount of \$6,000.00 was sent to Mr. Rodolfo Requena at Banco Industrial de Venezuela Caracas to be picked up at their registers.

To date, Mr. Requena has not received these funds. Please investigate the whereabouts of said transfer and inform me so that I may update my clients.

Thank you.

*Lorena*

*funds 1/24/98  
on 12/18/97 and  
- confirmed w/ Mr. Betts.  
J.*

BV's Response to 4840 0260  
Congressional Subpoena



1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5666 • FAX (305) 374-5178 • TELEX 150785 BIVMIA  
 MIAMI AGENCY

**NAME & ADDRESS**  
 FISH TRADE AND COMMERCE BANK  
 2ND FLOOR, BAYFRONT  
 SAN JUAN, PUERTO RICO 00901  
 COMMONWEALTH OF DOMINICA

**ACCOUNT NO.** 062020001  
**STATEMENT DATE** 12/31/97  
**PAGE** 2

**OPENING BALANCE**  
 100,000.00


DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
					43,177.01
5/97		W/T FEE	10.00		26,327.44
5/97		W/T F/O RODOLFO REQUENA	16,849.57		26,317.44
5/97		W/T FEE	10.00		20,317.44
6/97		W/T F/O RODOLFO REQUENA	6,000.00		20,297.44
7/97		W/T FEE	20.00		17,930.24
7/97		W/T F/O SCHENKER INTL	2,1367.20		11,920.24
7/97		W/T F/O	10.00		11,900.24
7/97		W/T FEE	6,000.00		5,900.24
9/97		W/T F/O RODOLFO REQUENA	10,000.00		5,860.24
9/97		W/T FEE	10,000.00		5,860.24
31/97		BELOW MINIMUM BALANCE CHARG	20.00		5,860.24
					5,860.24

Redacted Information  
 in Subcommittee Files

1930

Ref: F6AZPD1 16:45:33 05/26/1998 Funds Transfers : Verify  
Message V2.50.30  
File: FLTRANJ Record: 2 New Status: TQ Appl Sequ #: 000002  
Scheduled for Transmission

#### FT P #### FT OUTGOING #### URC: FT0002 ####  
1520) IMAD: 19980526 F6QCA11C 000002  
3100) Sender: 066010801 BANCO IND DE VENEZ (2000) Amount: \$10,000.00  
3400) Receiver: 066010814 BCO VENEZUELA INTL (3600) Bus Function Code: CTR  
1510) Type Code: 1000  
5000) Originator: D62020001  
BRITISH TRADE AND COMMERCE BANK  
ROSEAU DOMINICA  
200) Beneficiary: D127277606  
RODOLFO REQUENA  
320) Sender Ref: 002  
#####







MIAMI AGENCY  
1101 BRICKELL AVENUE, SUITE 500  
MIAMI, FLORIDA 33131, U.S.A.  
TELEPHONE: (305) 374-5060  
TELEX: MCI 881 2066 BIV-MIA  
FAX: (305) 374-5178  
CABLE: "BANDUSTRAL"

22

facsimile transmittal

*File  
British Trade*

To: Mr. [REDACTED] Fax: 1 714 [REDACTED]  
From: Lorena Ortiz Date: February 10, 1998  
Re: Balance Sheet Pages: 2

Notes: As per Mr. George Betts' request, we submit our Statement of Assets, Liabilities and Head Office Equity audited report for June 30, 1997. If you need further information please feel free to contact me directly at (305) 374-5060 Ext.17.

Cordially,

*Lorena Ortiz*

1932

BANCO INDUSTRIAL DE VENEZUELA, C.A.  
MIAMI AGENCY

Statement of Assets, Liabilities and  
Head Office Equity

June 30, 1997

Assets

Cash and due from banks:	
Cash on hand	\$ 27,801
Due from banks—noninterest-bearing:	
Branches	129,395
Domestic	460,785
Total cash and due from banks	<u>617,981</u>
Federal funds sold—overnight	22,345,000
Commercial paper	2,960,030
Interest-bearing deposits with branches:	7,920,313
Trading securities	495,000
Securities held to maturity	7,343,850
Bankers' acceptances	1,948,667
Loans, net	2,670,769
Accrued interest receivable	169,374
Furniture and equipment, net	101,170
Other assets	82,379
	<u>\$ 46,654,533</u>

Liabilities and Head Office Equity

Due to customers—foreign:	
Noninterest-bearing demand deposits	685,890
Interest-bearing:	
Money market accounts	1,405,366
Certificates of deposit	3,293,581
Total due to customers—foreign	<u>5,384,837</u>
Due to customers—domestic:	
Noninterest-bearing demand deposits	1,226,407
Total due to customers—domestic	<u>1,226,407</u>
Due to Head Office and branches:	
Noninterest-bearing demand deposits	500,000
Federal funds sold—overnight	63,942
Interest-bearing time deposits, greater than \$100,000	11,576,174
Due to branches and affiliates	22,704,019
Total due to Head Office and branches	<u>34,844,135</u>
Federal funds purchased	41,191
Accrued interest payable	103,066
Other liabilities	175,510
Total liabilities	<u>41,775,146</u>
Head Office equity:	
Capital	5,000,000
Accumulated deficit	(120,613)
	<u>4,879,387</u>
Commitments and contingent liabilities	
	<u>\$ 46,654,533</u>

See accompanying notes to financial statements.

1933



**BANCO  
INDUSTRIAL  
DE VENEZUELA**

MIAMI AGENCY  
1101 BRICKELL AVENUE, SUITE 500  
MIAMI, FLORIDA 33131, U.S.A.  
TELEPHONE: (305) 374-5060  
TELEX: MCI 821 2058 BIV-MIA  
FAX: (305) 374-5178  
CABLE: "BANUSTRAL"

FACSIMILE TRANSMITTAL SHEET

TO: FROM: LORENA ORTIZ  
BRITISH TRADE AND COMMERCE BANK  
COMPANY: *Attn: Mr. Harry Royce* DATE: APRIL 8, 1998  
FAX NUMBER: 1767 448-6477 NO. OF PAGES INCL. COVER: 3  
RE: YOUR REFERENCE NUMBER:  
Message received from Union de Credito de Fomento Integral de Naucalpan

URGENT  FOR REVIEW  PLEASE COMMENT  PLEASE REPLY  PLEASE RECYCLE

NOTES/COMMENTS:

Enclosed is copy of the telex sent us to be retransmitted to yourselves via swift.

Please note that we are unable to accommodate your Bank in these types of services. Messages of this nature can be sent directly to your Institution either by telex or fax.

Sincerely,

*L. Ortiz*  
Lorena Ortiz

BO's Response to 41500 0292  
Congressional Subpoena

1934

R194  
RX-DDD 0301 FRI 11-JUL-00  
6812058BIV MIA  
WUI 1835 04/06  
172498 TXPUME

*unable to accommodate  
your request. please  
remit directly to BTB  
Regards  
BT*

*BTB*

TLALNEPANTLA MEX ., 06 ABRIL 1998  
UNION DE CREDITO DE FOMENTO INTEGRAL DE NAUCALPAN . S.A.DE C.V.

APRIL 6, 1998.

TO: BANCO INDUSTRIAL DE VENEZUELA, MIAMI, FLORIDA  
ABA. NO. 066010001  
SWIFT CODE: INDSUS3M  
TELEX NO: MCI 6812058 BIV-MIA

PLEASE TRANSMIT THE FOLLOWING MESSAGE TO BRITISH TRADE AND  
COMMERCE BANK, ROSEAU COMMONWEALTH OF DOMINICA.  
SWIFT CODE: BICBDMDM  
ATTENTION: MR. RODOLFO REQUENA, PRESIDENT

WE ARE SENDING THE FOLLOWING TELEX TO METROPOLITAN BANK AND  
TRUST CO. CHICAGO, ILLINOIS. AS PER REQUEST OF YOUR ACCOUNT  
HOLDER HONG KONG - SHANGHAI INVESTMENTS CORP. PLEASE CONFIRM  
THE FOLLOWING MESSAGE BY SWIFT TO: HARRIS BANK, CODE HATRUS 44.

APRIL 1ST 1998

FROM: UNION DE CREDITO DE FOMENTO INTEGRAL DE  
NAUCALPAN SA DE C.V. (UCREFIN)  
NAUCALPAN EDO DE MEXICO.

TELEX NRO. 172498+  
BERRIOZARAL NRO 6, COL CENTRO  
TLALNEPANTLA .

TO: METROPOLITAN BANK AND TRUST CO.  
CHICAGO ILLINOIS , U. S. A.

1935

VIA WIRE TRANSFER  
 CORRESPONDENT BANK, METROPOLITAN BANK AND TRUST CO.  
 TELRFX NRO: 824164  
 SWIFT CODE: HATRUS 44  
 BSA NRO: 071000288  
 FOR THE ACCOUNT OF METROPOLITAN BANK AND TRUST,  
 ACCOUNT NRO: 1265289  
 ATTENTION: MS. BETTY VALLE (773) 890-3528  
 MR. ABRAHAM KRITZER (773) 890-3505  
 FOR FURTHER CREDIT TO ACCOUNT OF WESTMINSTER FINANCIAL GROUP,  
 LTD. ACCOUNT NRO. 36420660, ATTENTION MR. MARSHAL SUTTON, DR. SAVITA  
 KEZERLE, DR. CONRAD MAZESKI.

PLEASE TRANSMIT THIS MESSAGE TO:  
 METROPOLITAN BANK AND TRUST, CO., CHICAGO, ILLINOIS  
 ATTENTION: MS. BETTY VALLE/MR. ABRAHAM KRITZER, SR. V.P.  
 I. B. A. NRO: 071002707  
 ACCOUNT NUMBER: 36420660  
 ACCOUNT NAME: WESTMINSTER FINANCIAL GROUP, LTD.  
 PLEASE NOTIFY: DR. SAVITA KEZERLE  
 TRANSACTION CODE: 0301/97 UCFI/NAU

WE CONFIRM WITH FULL BANKING RESPONSIBILITY OUR LETTERS OF  
 GUARANTEE NUMBERS: 0301/97 UCFI/NAU, 0302/97 UCFI/NAU, 0303/97  
 UCFI/NAU, 0304/97 UCFI/NAU, 0305/97 UCFI/NAU, 0306/97 UCFI/NAU, 0307/97  
 UCFI/NAU, 0308/97 UCFI/NAU, 0309/97 UCFI/NAU, 0310/97 UCFI/NAU, EACH  
 IN THE AMOUNT OF U.S.D. TEN MILLION (US\$10,000,000.00)  
 ISSUED JANUARY 15, 1997, TO BENEFICIARY HONG KONG - SHANGHAI  
 INVESTMENTS CORPORATION, 2633 GOMES DRIVE, SAN JOSE CA U.S.A.

WE ALSO, HEREBY IRREVOCABLY AND UNCONDITIONALLY PAY TO ORDER  
 OR BEARER UPON PRESENTATION AND SURRENDER OF THIS GUARANTEE  
 AT MATURITY, NOVEMBER 2ND., 1998

ACION DE CREDITO DE FOMENTO INTEGRAL DE NAUCALPAN SA DE C.V.

SIGNED:

SIGNED:

ING. ANTONIO PIÑON DIAZ.  
 RESIDENT/GENERAL DIRECTOR.

ING. JOSE LUIS CASILLAS RDGZ  
 GENERAL MANAGER.

PARQUE DE ZOQUIAPAN NRO 1, COL DEL PARQUE C.P. 53390  
 NAUCALPAN, ESTADO DE MEXICO TELEF 357 09 44 FAX. 3 57 09 44

NNNNNNNN

...\*\*  
 KEY DISCONNECTED

Lapsed time 00:09:29

PRINTED AT 0311 FRI 11-JUL-00

1936



**BANCO  
INDUSTRIAL  
DE VENEZUELA**

MIAMI AGENCY  
1101 BRICKELL AVENUE, SUITE 500  
MIAMI, FLORIDA 33131, U.S.A.  
TELEPHONE: (305) 374-5050  
TELEX: MCI 681 2058 BIV-MIA  
FAX: (305) 374-5178  
CABLE: "BANUSTRAL"

May 28, 1998

BRITISH TRADE AND COMMERCE BANK  
Emmens Building, Bayfront  
Roseau, Commonwealth of Dominica.

Dear Mr. George Betts:

Further to our conversation today, in which you informed me that British Trade and Commerce Bank is a company incorporated in Dominica, on March 1997, and that they opened for business on October 1997, and therefore you do not have any audited Financial Statements for the year 1997.

Since you mentioned during our conversation that you have personal references from Idaho, please send us these references overnight, at our expenses.

In addition, we also need the following information:

- One picture identification of Mr. Requena, Mr. Betts and Mr. Reyes
- Two bank letters of reference (Attention: Banco Industrial de Venezuela -Miami Agency)
- Articles of Incorporation
- Current Financial Statements and General Information
- Personal References of Mr. Requena and Mr. Reyes
- Certificate of Officers/ Directors and/or partners.

Sincerely,

Jorge Lora  
Acting Operations Manager

c.c. Mr. Mario Cairés  
Executive Vice-President &  
General Manager

BIV's Response to 4600 0001  
Congressional Subpoena

HEAD OFFICE IN VENEZUELA: AV. UNIVERSIDAD — ESQUINA TRAJOSOS, CARACAS

1937



**BANCO  
INDUSTRIAL  
DE VENEZUELA**

MIAMI AGENCY  
1101 BRICKELL AVENUE, SUITE 500  
MIAMI, FLORIDA 33131, U.S.A.  
TELEPHONE: (305) 374-5060  
TELEX: MCI 681 2068 BIN-MIA  
FAX: (305) 374-5178  
CABLE: "BANDUSTRAL"

3

May 29, 1998

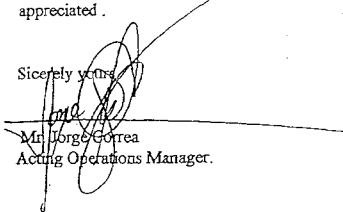
BRITISH TRADE AND COMMERCE BANK  
Emmens Building, Bayfront  
Roseau, Commonwealth of Dominica

Dear Mr. George Betts:

Further to our letter of May 28, 1998 and in connection with the accounts your institution holds in our Agency, please inform us the name of your accountants, your law firm, and any other information you may deem appropriate for our files.

We are requesting this information to update our bank records. Your help in this process is highly appreciated.

Sincerely yours,

  
Mr. Jorge Gorrea  
Acting Operations Manager.

cc : Mr. Mario Caires  
Mrs. Amparo Delao  
Mrs. Yuraima Martinez  
Mr. Leonardo Gonzalez

BIV's Response to 45/90 0114  
Congressional Subpoena

HEAD OFFICE IN VENEZUELA: AV. UNIVERSIDAD — ESQUINA TRAJOSOS, CARACAS

1938



**British Trade & Commerce Bank.**  
*Licensed for Full Trust Business.*

Emens Bldg., Dame Eugenia Charles Blvd. Bayfront,  
Roseau Commonwealth of Dominica,  
PO Box 2042, Phone: (767) 448-8410 Fax: 448-6477  
E-mail: [btcbank@cwdom.dm](mailto:btcbank@cwdom.dm) - SWIFT: BTCEDMDM

May 29, 1998

Mr. Jorge Correa  
Acting Operations Manger  
Banco Industrial de Venezuela  
1101 Brickell Ave.  
Miami, Fl. 33131

Dear Mr. Correa

In reply to your letters of May 28 and May 29, 1998 I am pleased to enclose the following:

1. Personal reference letters for Rodolfo Requena, Herry Royer and George Betts.
2. Photocopies of the passports of Rodolfo Requena, Herry Royer and George Betts.
3. Memorandum and Articles of Association of British Trade & Commerce Bank. *(Sent via Fed-Ex)*
4. Balance Sheet of British Trade & Commerce Bank at 12/31/97. The first year-end of the Bank will be September 30, 1998 at which time we will have our first audit.
5. Profile on our Bank, the Officers and Directors. Also, you can visit our web site at [www.btcb.com](http://www.btcb.com) for more information on our services. *(Sent via Fed-Ex)*

Our auditing firm in Dominica is Moreau Winston & Co. 13 Hanover St., Roseau, Dominica. Telephone 767-448-2252. Mr Gordon Moreau is the partner in charge of our engagement.

Our attorney is Mr. Michael Bruney, Bruney's Law Office, 12 Virgin Lane, Roseau, Dominica. Telephone 767-448-0200.

I believe this covers everything in your two letters. If you need anything else, please do not hesitate to contact me.

Sincerely,

George E. Betts  
Vice President-Financial Comptroller

BT's Response to 4500 0238  
Congressional Subpoena



1939

JUN-01-98 04:03P BT&C BANK/11933

BRITISH TRADE AND COMMERCE BANK  
Balance Sheet (U.S. Dollars)  
December 31, 1997

5

ASSETS

CASH AND DUE FROM BANKS	\$ 6,230,253.80
GOVERNMENT SECURITIES HELD	\$ 200,000,000.00
BANK PREMISES AND EQUIPMENT	\$ 287,266.91
PREPAID EXPENSES AND OTHER ASSETS	\$ 667,913.59
TOTAL ASSETS	\$ 207,185,434.30

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

DEMAND DEPOSITS	\$ 1,210,128.15
CERTIFICATES OF DEPOSIT	\$ 400,000.00
GOVERNMENT SECURITIES	\$ 200,000,000.00
TOTAL	\$ 201,610,128.15
ACCRUED EXPENSES AND OTHER LIABILITIES	\$ 29,833.65
LONG-TERM LIABILITIES	\$ 239,301.85

STOCKHOLDERS' EQUITY

CAPITAL STOCK	\$ 3,000,000.00
ADDITIONAL PAID IN CAPITAL	\$ 2,429,868.89
RETAINED EARNINGS	\$ (123,698.24)
TOTAL	\$ 5,306,170.65
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 207,185,434.30

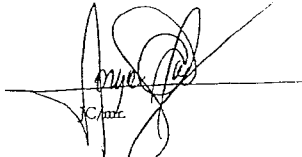
BANCO  
INDUSTRIAL  
DE VENEZUELA

7

INTEROFFICE MEMORANDUM

TO: CUSTOMER SERVICE / EDP ADMINISTRATOR / PAYING & RECEIVING CLERK  
 FROM: JORGE CORREA - ACTING GENERAL MANAGER  
 SUBJECT: BRITISH TRADE & COMMERCE BANK  
 ACCOUNT # 062020001  
 DATE: MAY 29, 1998  
 CC: M. CAIRES / M. DOLORES PARADA / YURAIMA MARTINEZ / ALFREDO MURACIOLE

Effective immediately, please proceed to close the account # 062020001. No debits or credits should be done without formal authorization from General Manager.

  
 J. CORREA

*Correa*  
*Paradise - car to*  
*with alaves m*  
*6/11*

Jun-01-98 05:30P BT&C BANK/11435



**British Trade & Commerce Bank.**  
*Licensed for Full Trust Business.*

Emery Bldg., Dame Eugenia Charles Blvd., Bayfront  
Roseau Commonwealth of Dominica.  
PO Box 2042. Phone: (767) 448-6410 Fax: 448-6477  
E-mail: btcbank@cwdom.dm - SWIFT: BTCTJMDM

June 1, 1998

Mr. Jorge Correa  
Acting Operations Manager  
Banco Industrial de Venezuela  
1101 Brickell Ave.  
Miami, Fl. 33131

Dear Mr. Correa

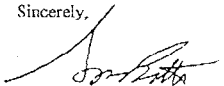
Further to our verbal request for a Bank Reference letter from your institution, we wish to inform you in writing that we would like the following Bank Reference letters addressed to the individuals named.

1. Ms. Kyree D. Pina  
Compliance Officer  
First Equity Corporation of Florida  
201 So. Biscayne Blvd., Suite 1400  
Miami, Fl. 33131
2. Mr. Oscar Gomez  
Senior Vice President,  
Correspondent Banking Manager  
Union Planters Bank  
1221 Brickell Av.  
Miami, F. 33131
3. Ms. Christina Acosta  
Vice President, International  
First Union Bank  
6505 Blue Lagoon Drive  
Miami, Fl. 33126
4. Mr. Eduardo Romero  
Nations Bank

Please fax me copies of the above letters and hold the originals for Mr. Rodolfo Requena to pick up when he is in Miami this coming Thursday and Friday, June 4 and 5.

Thank you for your cooperation.

Sincerely,

  
George Betts, Vice President

1942



**BANCO  
INDUSTRIAL  
DE VENEZUELA**

MIAMI AGENCY  
1101 BRICKELL AVENUE, SUITE 500  
MIAMI, FLORIDA 33131, U.S.A.  
TELEPHONE: (305) 374-5060  
TELEX: MCI 881 2058 BIV-MIA  
FAX: (305) 374-5176  
CABLE: "BANDUSTRAL"

(9)

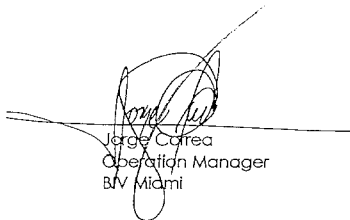
June 4<sup>th</sup>, 1998

BRITISH TRADE & COMMERCE BANK  
Emmens Building, Bayfront Roseau  
Common Wealth of Dominica  
Attn. Mr. George Betts

Dear Mr. Betts:

Further our telephone conversation held today please be informed that  
the balance is US\$3,498,559.74.

Sincerely,



Jorge Correa  
Operation Manager  
BIV Miami

C.C.: Mr. Mario Caires-E.V.P.BIV N.Y.

JC/lm

BIV's Response to 45600 0236  
Congressional Subpoena



**BANCO  
INDUSTRIAL  
DE VENEZUELA**

(10)

MIAMI AGENCY  
1101 BRICKELL AVENUE, SUITE 500  
MIAMI, FLORIDA 33131, U.S.A.  
TELEPHONE: (305) 374-5060  
TELEX: MCI 681 2058 BIV-MIA  
FAX: (305) 374-5178  
CABLE: "BANDUSTRAL"

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INTEROFFICE MEMORANDUM

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TO: MARIO CAIRES  
ACTING EVP AND GENERAL MANAGER, BIV-MIAMI

FROM: JORGE CORREA  
ACTING OPERATIONS MANAGER, BIV-MIAMI

SUBJECT: BRITISH TRADE AND COMMERCE BANK

DATE: JUNE 5, 1998

CC: AMPARO DELAO, INTERNAL AUDITOR

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Regarding above mentioned, this is to inform you that at 4:00 p.m., on Wednesday June 4, 1998, Mr. Armando E. Lacasa, attorney at law for Ruden, McClosky, Smith, Schuster and Russell, P.A. and the undersigned, Jorge Correa, called Mr. Rodolfo Requena, President of British Trade and Commerce Bank at his cellular, No. (561) [REDACTED] and we informed Mr. Requena that we are closing his account in our institution (BIV-Miami Agency), No. 062020001, immediately.

Mr. Requena replied that he would like to know the reason. At that point I, Jorge Correa, introduced Mr. Requena to Mr. Lacasa, who explained him that he is our lawyer and that the reasons were as follows:

1. We are in the process of restructuring this Agency;
2. We are reducing the customer service portfolio and since your account is substantial, we are, therefore, closing your account. As Mr. Correa informed you, the balance in your the account is at your disposal.

Mr. Lacasa also asked Mr. Requena on to how he would like to get his money. Perhaps a check. I added that we will send a check to his attention, via Fedex.

Mr. Requena responded that this was fine and asked what was the balance in the account. I replied that I will send him a fax confirming the following:

"Attention Mr. George Betts:

Further to our telephone conversation held today, please be informed that the outstanding balance in your account is ~~US\$374,559.74~~."

Regards,

Jorge Correa

JCC:m

Redacted Information  
in Subcommittee Files

BIV's Response to 4500  
Congressional Subpoena 023

Translation memo CONFIDENTIAL to Dr. Miguel Angel Burelli Rivas; from Leonardo Gonzalez - Interim General Manager BIV-Miami; Ref. British Trade and Commerce Bank-Dominica; dated June 11, 1998.

Text:

Following instructions from our Executive Vice President, Mr. Mario Caires, we hereby inform you of the following:

#### **BACKGROUND**

British Trade and Commerce Limited (henceforth "British"), is a corporation established under the laws of Commonwealth of Dominica on February 26, 1997, to perform bank business, including offshore financial transactions, in Dominica as well as other countries.

On March 27, 1997, British obtained a license to conduct offshore banking business and/or trust business. This license was incorporated by Ministry of Finance, Industry and Planning of Dominica incorporated this license.

The company was constituted by two (2) shareholders: Rodolfo Requena Pérez, Avenida Venezuela, Torre Merica, Oficina 615, Bello Monte, Caracas, Venezuela and Clarence Butler, Pont Casse, Dominica.

In their request to obtain the bank license, British presented the following managerial structure:

#### **Board of Directors**

Rodolfo Requena Pérez, President

Pablo Urbano Torres, Director

Diran Sarkissian Ramos, Director

#### **Management**

Rodolfo Requena Pérez, President

Charles L. Brazie, Vice-President – Accounts

Jorge E. Betts, Vice-President – Finance

Oscar Rodríguez Gondelles, Venezuelan Representative

John G. Long, Committee Consultant

Juan Medina Diaz, External Consultant

RELATIONSHIP WITH BANCO INDUSTRIAL DE VENEZUELA, MIAMI AGENCY

Approximately on July 1997, Messrs. Requena and Betts contacted Banco Industrial de Venezuela Miami Agency ("BIV-Miami") with the purpose of opening an account. On September 15, 1997, British expressed to BIV-Miami their intention of opening an account with an initial deposit of USD 40,000,000. The account was opened on October 1, 1997, with an initial deposit of approximately USD 1,000,000. The information of British, to establish and to perform transactions in the account, is:

- Name of the account: British Trade & Commerce Bank
- Number of the account: 062020001
- Address: Emmens Building, Bayfront Rouseau,  
Commonwealth of Dominica
- Telephone: (809) 448-6410
- Fax: (809) 448-6477
- Post Office Box: POB 2042, Rouseau, Commonwealth of  
Dominica
- Authorized signatures: Rodolfo Requena Pérez, President, Jorge E. Betts,  
Vice-President and Henry Royer, Secretary.

The activity in the above referenced account was limited to receive deposits and to do withdrawals in the form of wire transfers, from and to the United States of America and other countries.

Between October 1997 and March 1998, the account showed very little activity, with an average balance of USD 500,000. At the beginning of April the account had a large number of wire transfers, increasing their average balance to USD 6,000,000, with the following characteristics:

- Large amounts in a single transaction (between 500,000 to 1,000,000).
- Payer and Payee were usually the same individuals and/or corporations (i.e. "International Business Consultant").

As consequence of the results of "Casablanca Operation", BIV took special measures to assure the safety and soundness of its operation. It was immediately detected that the account of British:

1. had deficiencies in the support documentation required;
2. was considerably intensify the volume of their transactions;
3. erroneously sent wire transfers to BIV-New York and BIV-Caracas (this never happened in the past).



**BANCO  
INDUSTRIAL  
DE VENEZUELA**

COPY

MIAMI AGENCY  
1101 BRICKELL AVENUE, SUITE 500  
MIAMI, FLORIDA 33131, U.S.A.  
TELEPHONE: (305) 374-5060  
TELEX: MCI 601 2058 BIV-MIA  
FAX: (305) 374-5176  
CABLE: "BANDUSTRAL"

Confidencial

Para: Dr. Miguel Angel Burelli Rivas  
Ministro de Relaciones Exteriores  
De: Leonardo González Dellán  
Gerente General Encargado  
BIV-Miami  
Asunto: British Trade and Commerce Bank - Dominica  
Fecha: Miami, 11 de Junio de 1998

Siguiendo instrucciones de nuestro Vice Presidente Ejecutivo, Ing. Mario Cairés S., le informo lo siguiente:

**ANTECEDENTES**

British Trade and Commerce Limited (en lo sucesivo "British") es una empresa constituida, en fecha 26 de febrero de 1997, bajo las leyes del *Commonwealth of Dominica*, para realizar negocios bancarios, incluyendo transacciones financieras "offshore", en dicho país y otros países.

En fecha 27 de marzo de 1997, British obtuvo una licencia para conducir negocios bancarios "offshore" y/o negocios de fideicomiso (*trust business*). Esta licencia fue suscrita por el Ministro de Finanzas, Industria y Planificación de Dominica.

Esta compañía fue constituida por dos (2) accionistas: Rodolfo Requena Pérez, Avenida Venezuela, Torre Mérica, Oficina 615, Bello Monte, Caracas, Venezuela y Clarence Butler, Pont Casse, Dominica.

En la solicitud para la licencia bancaria, British presentó la siguiente estructura gerencial:

Junta Directiva  
Rodolfo Requena Pérez, Presidente  
Pablo Urbano Torres, Director  
Diran Sarkissian Ramos, Director  
Estructura Gerencial  
Rodolfo Requena Pérez, Presidente  
Charles L. Brazie, Vice - Presidente - Cuentas  
Jorge E. Betts, Vice - Presidente - Finanzas  
Oscar Rodríguez Gondelles, Representante en Venezuela  
John G. Long, Comité de Ascenso  
Juan Medina Díaz, Consultor Externo



## RELACION BANCO INDUSTRIAL DE VENEZUELA, AGENCIA MIAMI

Aproximadamente en julio de 1997, los señores Requena y Betts establecieron contacto con la agencia de Miami del Banco Industrial de Venezuela ("BIV-Miami") para abrir una cuenta. En fecha 15 de septiembre de 1997, British manifestó a BIV-Miami su intención de abrir una cuenta con depósito inicial de US\$ 40,000,000. La cuenta de British fue establecida el 1 de octubre de 1997, con depósito inicial de aproximadamente US\$ 1,000,000. Los datos principales de British para establecer y movilizar la cuenta son:

- Nombre de la cuenta: British Trade & Commerce Bank
- Número de la cuenta: 062020001
- Dirección: Emmens Building, Bayfront Rouseau,  
Commonwealth of Dominica
- Teléfono: (809) 448-6410
- Fax: (809) 448-6477
- Dirección de correo: P.O. Box 2042, Rouseau, Commonwealth of  
Dominica
- Firmas autorizadas: Rodolfo Requena Pérez, Presidente; Jorge E. Betts,  
Vice-Presidente y Henry Royer, Secretario.

La actividad de la referida cuenta se limitó a recibir depósitos y hacer retiros a través de transferencias electrónicas, desde y hacia los Estados Unidos de Norteamérica y otros países.

Durante el período octubre 1997 - marzo de 1998, la cuenta registro poca actividad, con balance promedio de US\$300,000. A comienzos de abril, la cuenta registro muchas transferencias electrónicas, aumentando el balance promedio a US\$ 6,000,000, con estas características:

- Movimiento de grandes cantidades en una sola operación (entre 500 mil - 1 millón)
- Tanto ordenantes como beneficiarios tendían a ser los mismos individuos y/o corporaciones (ej. "International Business Consultant").

Después de conocerse el resultado de la llamada "Operación Casablanca", BIV comenzó a tomar medidas especiales para asegurar la normalidad de todas sus operaciones. Se detectó inmediatamente que la cuenta de British:

- Tenía deficiencias en el soporte documental requerido
- Había intensificado considerablemente el volumen de sus transacciones
- Realizó erróneamente transferencias electrónicas a BIV-Nueva York y BIV-Caracas (cuando nunca había ocurrido en el pasado)

1948

14:41 FAX 3059716071

SECURITY BANK NA

006



June 17, 1998

Ms. Lorena Ortiz  
Banco Industrial de Venezuela - Miami Agency  
1101 Brickell Avenue, Suite 500  
Miami, FL 33131

Dear Ms. Ortiz:

Mr. Rodolfo Requena, president of British Trade and Commerce Bank in Dominica, West Indies, has given us your bank as reference to establish a banking relationship with us.

Any information you could provide us about British Trade and Commerce Bank, your credit experience with them, average balances and how their account was handled, would be most helpful.

Your information, of course, will be treated with the strict confidence.

We will appreciate hearing from you at your earliest convenience. Thank you very much for your cooperation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Fernando Gonzalez", is written over a circular stamp or seal.

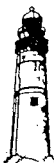
Fernando Gonzalez  
Branch Manager - Brickell Branch

1949

14:41 FAX 3059716071

SECURITY BANK NA

007



**Security  
Bank N.A.**

July 10th, 1998.

Ms. Lorena Ortiz  
Banco Industrial de Venezuela-Miami Agency  
1101 Brickell Avenue, Suite 500  
Miami, FL 33131

Dear Ms. Ortiz:

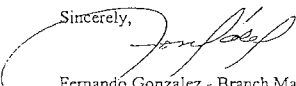
Mr. Rodolfo Requena, president of British Trade and Commerce Bank in Dominica, West Indies, has given us your bank as reference to establish a banking relationship with us.

Any information you could provide us about British Trade and Commerce Bank, your credit experience with them, average balances and how their account was handled, would be most helpful.

Your information, of course, will be treated with the strict confidence.

We will appreciate hearing from you at your earliest convenience. Thank your very much for your cooperation.

Sincerely,

  
Fernando Gonzalez - Branch Manager  
Brickell Branch  
444 Brickell Avenue  
Miami, FL 33131

SECOND REQUEST

BRICKELL OFFICE



MIAMI AGENCY  
 1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5960 • FAX (305) 374-6178 • TELEX 152785 BRVMA

NAME & ADDRESS
BRITISH TRADE AND COMMERCE BANK EMMERS BUILDING, BAYFRONT ROSEAU COMMONWEALTH OF DOMINICA

ACCOUNT NO.	STATEMENT DATE	PAGE
062020001	10/31/97	1

OPENING BALANCE
.00

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
10/20/97		W/T B/O BANQUE FRANCAISE		1,000,000.00	1000000.00
10/29/97		10/29/97 INVESTMENT ALLOCAT	905,000.00		100000.00
10/30/97		P/INVESTMNT + INTRS 04.37500 %		905,108.47	1005108.47
10/30/97		W/T F/O BRITISH TRADE & COM	25,000.00		980108.47
10/30/97		W/T FEE	20.00		980088.47
10/30/97		10/30/97 INVESTMENT ALLOCAT	880,088.47		100000.00
10/31/97		P/INVESTMNT + INTRS 04.43750 %		880,195.46	980195.46
10/31/97		10/31/97 INVESTMENT ALLOCAT	880,195.46		100000.00

OPENING BALANCE	.00
TOTAL DEBITS	2,690,303.9
TOTAL CREDITS	2,790,303.9
ENDING BALANCE	100,000.0
AVERAGE BALANCE	758,181.8

UNLESS ALTERATIONS, FORGERIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 90 DAYS OF RECEIPT, WE SHALL CONSIDER THIS STATEMENT TO BE CORRECT.



MIAMI AGENCY  
 1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-5178 • TELEX 153725 BIVMMA

NAME & ADDRESS
BRITISH TRADE AND COMMERCE BANK BREHNS BUILDING, BAYFRONT ROSEAU COMMONWEALTH OF DOMINICA

ACCOUNT NO.	STATEMENT DATE	PR
062020001	11/20/97	

OPENING BALANCE
100,000.00

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
11/03/97		P/INVESTMNT + INTRS 04.37500 %		880,511.96	980511.96
11/03/97		11/03/97 INVESTMENT ALLOCAT	880,511.96		100000.00
11/04/97		P/INVESTMNT + INTRS 04.31250 %		880,615.99	980615.99
11/04/97		11/04/97 INVESTMENT ALLOCAT	880,615.99		100000.00
11/05/97		P/INVESTMNT + INTRS 04.37500 %		880,721.54	980721.54
11/05/97		11/05/97 INVESTMENT ALLOCAT	880,721.54		100000.00
11/06/97		P/INVESTMNT + INTRS 04.31250 %		880,825.59	980825.59
11/06/97		11/06/97 INVESTMENT ALLOCAT	880,825.59		100000.00
11/07/97		P/INVESTMNT + INTRS 04.18750 %		880,926.64	980926.64
11/07/97		11/07/97 INVESTMENT ALLOCAT	880,926.64		100000.00
11/10/97		P/INVESTMNT + INTRS 04.31250 %		881,238.88	981238.88
11/10/97		11/10/97 INVESTMENT ALLOCAT	881,238.88		100000.00
11/12/97		P/INVESTMNT + INTRS 04.37500 %		881,450.13	981450.13
11/12/97		11/12/97 INVESTMENT ALLOCAT	881,450.13		100000.00
11/13/97		P/INVESTMNT + INTRS 04.31250 %		881,554.27	981554.27
11/13/97		W/T F/O BRITISH TRADE AND C	25,000.00		956554.27
11/13/97		W/T FEE	20.00		956534.27
11/13/97		11/13/97 INVESTMENT ALLOCAT	856,534.27		100000.00
11/14/97		P/INVESTMNT + INTRS 04.25000 %		856,634.00	956634.00
11/14/97		11/14/97 INVESTMENT ALLOCAT	856,634.00		100000.00
11/17/97		P/INVESTMNT + INTRS 04.37500 %		856,942.03	956942.03
11/17/97		11/17/97 INVESTMENT ALLOCAT	856,942.03		100000.00
11/18/97		P/INVESTMNT + INTRS 04.31250 %		857,043.27	957043.27
11/18/97		11/18/97 INVESTMENT ALLOCAT	857,043.27		100000.00
11/19/97		P/INVESTMNT + INTRS 04.31250 %		857,144.52	957144.52
11/19/97		11/19/97 INVESTMENT ALLOCAT	857,144.52		100000.00
11/20/97		P/INVESTMNT + INTRS 04.25000 %		857,244.33	957244.33
11/20/97		11/20/97 INVESTMENT ALLOCAT	857,244.33		100000.00
11/21/97		P/INVESTMNT + INTRS 04.18750 %		857,342.67	957342.67
		CARRY OVER...			957,342.67

OPENING BALANCE	
TOTAL DEBITS	
TOTAL CREDITS	
ENDING BALANCE	
AVERAGE BALANCE	

UNLESS ALTERNATING, FORGONES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 10 DAYS OF RECEIPT, WE SHALL CONSIDER THIS STATEMENT TO BE CORRECT.



**INDUSTRIAL  
DE VENEZUELA**

MIAMI AGENCY

1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5660 • FAX (305) 374-5178 • TELEX 153785 BRVMA

NAME & ADDRESS
BRITISH TRADE AND COMMERCE BANK EMMENS BUILDING, BAYFRONT ROSEAU COMMONWEALTH OF DOMINICA

ACCOUNT NO.	STATEMENT DATE	PAGE
052020001	11/28/97	

OPENING BALANCE
100,000.00

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
11/21/97		11/21/97 INVESTMENT ALLOCAT	857,342.46		100,000.00
11/24/97		P/INVESTMNT + INTRS 04.25000 %		857,642.15	957,642.15
11/24/97		11/24/97 INVESTMENT ALLOCAT	857,642.15		100,000.00
11/25/97		P/INVESTMNT + INTRS 04.31250 %		857,743.48	957,743.48
11/25/97		11/25/97 INVESTMENT ALLOCAT	857,743.48		100,000.00
11/26/97		P/INVESTMNT + INTRS 04.37500 %		857,846.29	957,846.29
11/26/97		11/26/97 INVESTMENT ALLOCAT	857,846.29		100,000.00
11/26/97		P/INVESTMNT + INTRS 04.37500 %		858,051.93	958,051.93
11/28/97		11/28/97 INVESTMENT ALLOCAT	858,051.93		100,000.00

OPENING BALANCE	100,000.00
TOTAL DEBITS	15,621,479.00
TOTAL CREDITS	15,621,479.00
ENDING BALANCE	100,000.00
AVERAGE BALANCE	100,000.00

UNLESS ALTIATIONS, FORGERIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 10 DAYS OF RECEIPT, WE SHALL CONSIDER STATEMENT TO BE CORRECT.

1953



**INDUSTRIAL DE VENEZUELA**  
MIAMI AGENCY

1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-5178 • TELEX 153785 BIVMIA

NAME & ADDRESS
BRITISH TRADE AND COMMERCE BANK EMMENS BUILDING, BAYFRONT ROSEAU COMMONWEALTH OF DOMINICA

ACCOUNT NO.	STATEMENT DATE	PAGE
062020001	12/31/97	1

OPENING BALANCE
100,000.00

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
12/01/97		P/INVESTMENT + INTR 04.62500		858,378.10	958,378.10
12/01/97		12/01/97 INVESTMENT ALLOCAT	858,378.10		100000.00
12/02/97		P/INVESTMENT + INTR 04.37500		858,480.98	958480.98
12/02/97		W/T F/O BRITISH TRADE & COM	75,000.00		883480.98
12/02/97		W/T FEE	20.00		883460.98
12/02/97		W/T F/O REPUBLIC PRODUCTS	37,806.00		845654.98
12/02/97		W/T FEE	10.00		845644.98
12/02/97		12/02/97 INVESTMENT ALLOCAT	745,644.98		100000.00
12/03/97		P/INVESTMENT + INTR 04.37500		745,734.35	845734.35
12/03/97		12/03/97 INVESTMENT ALLOCAT	745,734.35		100000.00
12/04/97		P/INVESTMENT + INTR 04.31250		745,822.45	845822.45
12/04/97		12/04/97 INVESTMENT ALLOCAT	745,822.45		100000.00
12/05/97		P/INVESTMENT + INTR 04.18750		745,908.01	845908.01
12/05/97		W/T F/O CORP EXP SOUTH	21,892.75		824015.26
12/05/97		12/05/97 INVESTMENT ALLOCAT	724,015.26		100000.00
12/08/97		P/INVESTMENT + INTR 04.25000		724,268.16	824268.16
12/08/97		12/08/97 INVESTMENT ALLOCAT	724,268.16		100000.00
12/09/97		P/INVESTMENT + INTR 04.25000		724,352.49	824352.49
12/09/97		12/09/97 INVESTMENT ALLOCAT	724,352.49		100000.00
12/10/97		P/INVESTMENT + INTR 04.18750		724,435.59	824435.59
12/10/97		12/10/97 INVESTMENT ALLOCAT	724,435.59		100000.00
12/11/97		P/INVESTMENT + INTR 04.25000		724,519.94	824519.94
12/11/97		12/11/97 INVESTMENT ALLOCAT	724,519.94		100000.00
12/12/97		P/INVESTMENT + INTR 04.31250		724,605.54	824605.54
12/12/97		W/T F/O [REDACTED]	750,000.00		74605.54
12/12/97		W/T FEE	20.00		74585.54
12/12/97		W/T F/O [REDACTED]	17,746.36		56839.18
12/12/97		W/T FEE	10.00		56829.18
12/12/97		W/T F/O LAVERN ERSPAN	13,642.17		43187.01
		CARRY OVER...			43,187.0

OPENING BALANCE	100,000.00
TOTAL DEBITS	858,378.10
TOTAL CREDITS	858,480.98
ENDING BALANCE	43,187.0
AVERAGE BALANCE	

UNLESS ALTERATIONS, FORGERIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 90 DAYS OF RECEIPT, WE SHALL CONSIDER THIS STATEMENT TO BE CORRECT.

Redacted Information  
in Subcommittee Files



**INDUSTRIAL DE VENEZUELA**

MIAMI AGENCY

1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5090 • FAX (305) 374-5178 • TELEX 153785 BIVMIA

NAME & ADDRESS
BRITISH TRADE AND COMMERCE BANK EMMENS BUILDING, BAYFRONT ROSEAU COMMONWEALTH OF DOMINICA

ACCOUNT NO.	STATEMENT DATE	PAGE
062020001	12/31/97	

OPENING BALANCE
100,000.00

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
12/12/97		W/T FEE	10.00		73171.00
12/15/97		W/T F/O RODOLFO REQUENA	16,849.57		26327.43
12/15/97		W/T FEE	10.00		26317.43
12/16/97		W/T F/O RODOLFO REQUENA	6,000.00		20317.43
12/16/97		W/T FEE	20.00		20297.43
12/17/97		W/T F/O SCHENKER INTL	2,367.20		17930.23
12/17/97		W/T FEE	10.00		17920.23
12/17/97		W/T F/O	6,000.00		11920.23
12/17/97		W/T FEE	20.00		11900.23
12/19/97		W/T F/O RODOLFO REQUENA	6,000.00		5900.23
12/19/97		W/T FEE	20.00		5880.23
12/31/97		BELOW MINIMUM BALANCE CHARG	20.00		5860.23

OPENING BALANCE	100,000.00
TOTAL DEBITS	7,670,665.00
TOTAL CREDITS	7,576,505.00
ENDING BALANCE	5,860.23
AVERAGE BALANCE	47,769.00

UNLESS ALTERATIONS, FORGERIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 60 DAYS OF RECEIPT, WE SHALL CONSIDER THIS STATEMENT TO BE CORRECT.



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MIAMI AGENCY  
 1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-5178 • TELEX 153785 BIVMIA

NAME & ADDRESS
BRITISH TRADE AND COMMERCE BANK EMHENS BUILDING, BAYFRONT ROSEAU COMMONWEALTH OF DOMINICA

ACCOUNT NO.	STATEMENT DATE	PAGE
062020001	1/30/98	1

OPENING BALANCE
5,860.24

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
1/05/98		W/T RCVD. B/D AERO COURIER		4,994.00	10344.24
1/07/98		W/T NRMSTBK.F/O INTL.GEOTEL	1,363.43		9480.81
1/07/98		W/T FEE	10.00		9470.81
1/20/98		WT F/O BRITISH TRADE AND CO	8,000.00		1470.81
1/20/98		WT FEE	20.00		1450.81
1/30/98		WT B/O		44,800.00	46250.81
1/30/98		BELOW MINIMUM BALANCE CHARG	20.00		46230.81
		INTEREST PAID IN 1997	4,374.29		

OPENING BALANCE	5,860.24
TOTAL DEBITS	9,613.43
TOTAL CREDITS	49,794.00
ENDING BALANCE	46,230.81
AVERAGE BALANCE	7,633.61

UNLESS ALTERATIONS, FORGERIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 90 DAYS OF RECEIPT, WE SHALL CONSIDER THIS STATEMENT TO BE CORRECT.



1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-5178 • TELEX 153785 BIVMIA

**NAME & ADDRESS**  
 BRITISH TRADE AND COMMERCE BANK  
 EMMENS BUILDING, BAYFRONT  
 ROSEAU  
 COMMONWEALTH OF DOMINICA

**ACCOUNT NO.** 062020001  
**STATEMENT DATE** 2/27/98

**OPENING BALANCE**  
 46,230.81

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
2/04/98		WT F/O BRITISH TRADE	20,000.00		26230.81
2/04/98		WT FEE	20.00		26210.81
2/04/98		WT F/O REPUBLIC PRODUCTS	25,000.00		1510.81
2/04/98		WT FEE	10.00		1200.81
2/04/98		WT F/O INTERNAT GOETEL	711.28		489.53
2/04/98		WT FEE	10.00		479.53
2/09/98		WT 8/0 FIRST FSLA		10,000.00	10479.53
2/10/98		WT 8/0		60,000.00	70479.53
2/10/98		WRE RCVO FOR CR AURORA INVESTM		25,000.00	95479.53
2/11/98		W/T RCVP FROM ACO HOLDING LTD		975,718.42	1071197.95
2/11/98		B/O		42,000.00	1113197.95
2/11/98		WRE FOR CR OMEGA CONSTRU		45,000.00	1158197.95
2/11/98		02/11/98 INVESTMENT ALLOCAT	1,058,197.95		100000.00
2/12/98		P/INVESTMNT + INTRS 04.31250 %		1,058,322.97	1158322.97
2/12/98		WT F/O PABLO URSANO	8,000.00		1150322.97
2/12/98		WT FEE	20.00		1150302.97
2/12/98		02/12/98 INVESTMENT ALLOCAT	1,050,302.97		100000.00
2/13/98		P/INVESTMNT + INTRS 04.16750 %		1,050,423.46	1150423.46
2/13/98		W/T CHASE NY F/O INTL TRADE	450,000.00		700423.46
2/13/98		W/T CHASE NY COMM.FEE	20.00		700403.46
2/13/98		W/T HOME FSL F/O LAVERN ERS	2,500.00		697903.46
2/13/98		W/T HOME FSL COMM.FEE	10.00		697893.46
2/13/98		02/13/98 INVESTMENT ALLOCAT	597,893.46		100000.00
2/17/98		P/INVESTMNT + INTRS 04.50000 %		598,188.31	698188.31
2/17/98		WT F/O REPUBLIC PRODUCTS	4,467.00		693721.31
2/17/98		WT FEE	10.00		693711.31
2/17/98		WT F/O REPUBLIC PRODUCTS	2,840.00		690871.31
2/17/98		WT FEE	10.00		690861.31
2/17/98		WT F/O RODOLFO REQUENA	6,000.00		684861.31
		CARRY OVER...			684,861.31

OPENING BALANCE	46,230.81
TOTAL DEBITS	1,050,302.97
TOTAL CREDITS	1,050,423.46
ENDING BALANCE	684,861.31
AVERAGE BALANCE	

UNLESS ALTERNATIONS, FORGONES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 10 DAYS OF RECEIPT, WE SHALL CONSIDER STATEMENT TO BE CORRECT.



**INDUSTRIAL DE VENEZUELA**

MIAMI AGENCY

1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-5178 • TELEX 153785 BIVMIA

NAME & ADDRESS
BRITISH TRADE AND COMMERCE BANK EMMENS BUILDING, BAYFRONT ROSEAU COMMONWEALTH OF DOMINICA

ACCOUNT NO.	STATEMENT DATE	PAGE
062020001	2/27/98	

OPENING BALANCE
46,230.81

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
2/17/98		WT FEE	10.00		654831.3
2/17/98		WT F/O BRITISH TRADE	252,000.00		432831.3
2/17/98		WT FEE	20.00		432811.3
2/17/98		WT TO BANQUE FRANCAISE	15,000.00		417811.3
2/17/98		WT FEE	20.00		417811.3
2/17/98		02/17/98 INVESTMENT ALLOCAT	317,811.31		100000.00
2/18/98		P/INVESTMNT + INTRS 04.31250 %		317,848.85	417848.85
2/18/98		02/18/98 INVESTMENT ALLOCAT	317,848.85		100000.00
2/19/98		P/INVESTMNT + INTRS 04.25000 %		317,885.85	417885.85
2/19/98		02/19/98 INVESTMENT ALLOCAT	317,885.85		100000.00
2/20/98		P/INVESTMNT + INTRS 04.12500 %		317,921.77	417921.77
2/20/98		WT F/O RODOLFO REQUENA	826.86		417094.91
2/20/98		WT FEE	10.00		417084.91
2/20/98		F/O SWIFT S.C.	5,302.19		411782.72
2/20/98		WT FEE	10.00		411772.72
2/20/98		F/O BRITISH TRADE	13,000.00		398772.72
2/20/98		WT FEE	20.00		398752.72
2/20/98		W/T F/O LAVERN ERSPEN	7,500.00		391252.72
2/20/98		WT FEE	10.00		391242.72
2/20/98		WT F/O MARY C. BRAZIL	7,500.00		383742.72
2/20/98		WT FEE	10.00		383732.72
2/20/98		02/20/98 INVESTMENT ALLOCAT	283,732.72		100000.00
2/23/98		P/INVESTMNT + INTRS 04.25000 %		283,831.83	383831.83
2/23/98		02/23/98 INVESTMENT ALLOCAT	283,831.83		100000.00
2/24/98		B/O		10,000.00	110000.00
2/24/98		P/INVESTMNT + INTRS 04.25000 %		283,864.87	393864.87
2/24/98		02/24/98 INVESTMENT ALLOCAT	293,864.87		100000.00
2/25/98		FOR CR ASSET ENHANCEMENT		10,000.00	110000.00
2/25/98		FOR CR AURORA INVESTMENTS		2,010.00	112010.00
		CARRY OVER...			112,010.00

OPENING BALANCE	
TOTAL DEBITS	
TOTAL CREDITS	
ENDING BALANCE	
AVERAGE BALANCE	

UNLESS ALTERATIONS, FORGERIES, ERRORS OF PRINTING OR DISCREPANCIES ARE REPORTED TO US WITHIN 10 DAYS OF RECEIPT OF THIS STATEMENT, WE SHALL CONSIDER IT CORRECT.



MIAMI AGENCY  
 1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-5178 • TELEX 153785 BIVMIA

**NAME & ADDRESS**  
 BRITISH TRADE AND COMMERCE BANK  
 EMMENS BUILDING, BAYFRONT  
 ROSEAU  
 COMMONWEALTH OF DOMINICA

**ACCOUNT NO.** 062020001  
**STATEMENT DATE** 2/27/98  
**PAGE** 3

**OPENING BALANCE**  
 46,230.81

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
2/25/98		WT B/O		10,000.00	122010.00
2/25/98		P/INVESTMNT + INTR 04.43750 %		293,900.59	415910.59
2/25/98		STMT. FAX FEE	10.00		415900.59
2/25/98		02/25/98 INVESTMENT ALLOCAT	315,900.59		100000.00
2/26/98		P/INVESTMNT + INTR 04.43750 %		315,938.99	415938.99
2/26/98		02/26/98 INVESTMENT ALLOCAT	315,938.99		100000.00
2/27/98		WT B/O		24,975.00	124975.00
2/27/98		WT F/O ASSET ENHANCEMENT		9,985.00	134960.00
2/27/98		P/INVESTMNT + INTR 04.43750 %		315,977.40	450937.40
2/27/98		02/27/98. INVESTMENT ALLOCAT	350,937.40		100000.00
2/27/98		BELOW MINIMUM BALANCE CHARG	31,209.00		99980.00
2/27/98		INTEREST PAID IN 1997	4,374.29		

**OPENING BALANCE** 46,230.81  
**TOTAL DEBITS** 6,325,066.11  
**TOTAL CREDITS** 6,378,793.31  
**ENDING BALANCE** 99,980.00  
**AVERAGE BALANCE** 11,188.52

UNLESS ALLEGATIONS, FORGERIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 90 DAYS OF RECEIPT, WE SHALL CONSIDER THIS STATEMENT TO BE CORRECT.

1959



MIAMI AGENCY

1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5050 • FAX (305) 374-5178 • TELEX 153785 BIVMHA

NAME & ADDRESS
BRITISH TRADE AND COMMERCE BANK EMMENS BUILDING, BAYFRONT ROSEAU COMMONWEALTH OF DOMINICA

ACCOUNT NO.	STATEMENT DATE	PAGE
062020001	3/31/98	1
<b>OPENING BALANCE</b>		
99,980.00		

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
3/02/98		P/INVESTMNT + INTRS 04.43750 %		351,065.39	551045.39
3/02/98		03/02/98 INVESTMENT ALLOCAT	451,045.39		100000.00
3/03/98		P/INVESTMNT + INTRS 04.43750 %		451,100.22	551100.22
3/03/98		W/T NATIONS BK.F/O REPUBLIC	4,631.00		546469.22
3/03/98		W/T FEE	10.00		546459.22
3/03/98		W/T BANK ONE F/O SIMPLY BET	7,525.00		538934.22
3/03/98		W/T FEE	10.00		538924.22
3/03/98		W/T WASH.TRUST F/O	25,000.00		513924.22
3/03/98		W/T FEE	10.00		513914.22
3/03/98		W/T 1ST UNION F/O BRITISH	13,000.00		500914.22
3/03/98		W/T FEE	20.00		500894.22
3/03/98		W/T CIBC(BK.AMERICA)F/O D.B	14,000.00		486894.22
3/03/98		W/T FEE	20.00		486874.22
3/03/98		03/03/98 INVESTMENT ALLOCAT	386,874.22		100000.00
3/04/98		P/INVESTMNT + INTRS 04.43750 %		386,921.25	485921.25
3/04/98		03/04/98 INVESTMENT ALLOCAT	386,921.25		100000.00
3/05/98		B/O		30,000.00	130000.00
3/05/98		P/INVESTMNT + INTRS 04.25000 %		386,966.30	516966.30
3/05/98		SWIFT SERV MESS INVESTIG CH	20.00		516946.30
3/05/98		SWIFT SERV MESS INVEST CHAR	20.00		516926.30
3/05/98		03/05/98 INVESTMENT ALLOCAT	416,926.30		100000.00
3/06/98		P/INVESTMNT + INTRS 04.12500 %		416,973.41	516973.41
3/06/98		WT F/O SWIFT SC	2,023.51		514949.90
3/06/98		WT FEE	10.00		514939.90
3/06/98		WT F/O INTERNATIONAL GEOTEL	1,340.80		513599.10
3/06/98		WT FEE	10.00		513589.10
3/06/98		03/06/98 INVESTMENT ALLOCAT	413,589.10		100000.00
3/09/98		P/INVESTMNT + INTRS 04.12500 %		413,729.32	513729.32
		CARRY OVER...			513,729.32

OPENING BALANCE	
TOTAL DEBITS	
TOTAL CREDITS	
ENDING BALANCE	
AVERAGE BALANCE	

UNLESS ALTERATIONS, FORGERIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 18 DAYS OF RECEIPT, WE SHALL CONSIDER THIS STATEMENT TO BE CORRECT.

1960

**INDUSTRIAL DE VENEZUELA**

MIAMI AGENCY  
 1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-6178 • TELEX 153785 BIVMIA

**NAME & ADDRESS**  
 BRITISH TRADE AND COMMERCE BANK  
 EMMENS BUILDING, BAYFRONT  
 ROSEAU  
 COMMONWEALTH OF DOMINICA

**ACCOUNT NO.** 062020001  
**STATEMENT DATE** 3/31/98  
**PAGE**

**OPENING BALANCE**  
 99,980.00

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
3/09/98		WT FEE	20.00		508709.33
3/09/98		WT F/O LAVERN ERSPAN	2,500.00		506209.33
3/09/98		WT FEE	10.00		506199.33
3/09/98		WT F/O MARY C. BRAZIE	2,500.00		503699.33
3/09/98		WT FEE	10.00		503689.33
3/09/98		03/09/98 INVESTMENT ALLOCAT	403,689.32		100000.00
3/09/98		WT F/O CRASSET LINDANCE		10,000.00	110000.00
3/10/98		P/INVESTMT + INTR 04/13/98		403,734.94	513734.94
3/10/98		03/10/98 INVESTMENT ALLOCAT	13,734.94		100000.00
3/11/98		WT F/O MARY C. BRAZIE	29,994.00		129994.00
3/11/98		WT F/O METRON FUND REF ASSETS	17,000.00		136994.00
3/11/98		P/INVESTMT + INTR 04/12/98		413,781.69	550775.69
3/11/98		WT FEE	15.00		550760.69
3/11/98		03/11/98 INVESTMENT ALLOCAT	502,260.69		100000.00
3/12/98		P/INVESTMT + INTR 04/12/98		450,811.63	550811.63
3/12/98		03/12/98 INVESTMENT ALLOCAT	49,811.63		100000.00
3/13/98		P/INVESTMT + INTR 04/12/98		450,862.47	550862.47
3/13/98		03/13/98 INVESTMENT ALLOCAT	50,862.47		100000.00
3/16/98		WT F/O M. BRAZIE F/O ASSETS ENH	13,000.00		113000.00
3/16/98		P/INVESTMT + INTR 04/12/98		451,024.69	564024.69
3/16/98		WT F/O BRITISH TRADE	5,000.00		559024.69
3/16/98		WT FEE	20.00		559004.69
3/16/98		WT F/O REPUBLIC PRODUCTS	11,957.00		547047.69
3/16/98		WT FEE	10.00		547037.69
3/16/98		WT F/O BRITISH TRADE	3,500.00		543537.69
3/16/98		WT FEE	10.00		543527.69
3/16/98		WT F/O LA BELLE COSTUME JEW	528.00		542999.69
3/16/98		WT FEE	10.00		542989.69
		CARRY OVER...			542,989.69

**OPENING BALANCE** 99,980.00  
**TOTAL DEBITS** 5,000.00  
**TOTAL CREDITS** 4,417,844.94  
**ENDING BALANCE** 542,989.69  
**AVERAGE BALANCE**

UNLESS ALTERATIONS, FORGERIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 10 DAYS OF RECEIPT, WE SHALL CONSIDER THIS STATEMENT TO BE CORRECT.

1961



**INDUSTRIAL DE VENEZUELA**

MIAMI AGENCY

1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-5178 • TELEX 153785 BIVMIA

NAME & ADDRESS
BRITISH TRADE AND COMMERCE BANK EMMENS BUILDING, BAYFRONT ROSEAU COMMONWEALTH OF DOMINICA

ACCOUNT NO.	STATEMENT DATE	PAGE
062020001	3/31/98	3
<b>OPENING BALANCE</b>		
99,980.00		

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
3/17/98		P/INVESTMNT + INTRS 04.31250 %		443,042.02	543042.02
3/17/98		STMT.FEE	10.00		543032.02
3/17/98		03/17/98 INVESTMENT ALLOCAT	443,032.02		100000.00
3/18/98		P/INVESTMNT + INTRS 04.25000 %		443,083.60	543083.60
3/18/98		WT F/O MARY C BRAZIE	5,000.00		538083.60
3/18/98		WT FEE	10.00		538073.60
3/18/98		WT F/O BRITISH TRADE AND CO	2,500.00		535573.60
3/18/98		WT FEE	10.00		535563.60
3/18/98		WT F/O	25,000.00		510563.60
3/18/98		WT FEE	10.00		510553.60
3/18/98		WT F/O LAVERN ERSKIN/MAVIS	5,000.00		505553.60
3/18/98		WT FEE	10.00		505543.60
3/18/98		03/18/98 INVESTMENT ALLOCAT	405,543.60		100000.00
3/19/98		NR RECVD FOR CR ASSET ENHANCEM.		10,000.00	110000.00
3/19/98		P/INVESTMNT + INTRS 04.18750 %		405,590.12	515590.12
3/19/98		WT F/O REPUBLIC PRODUCTS	3,179.00		512411.12
3/19/98		WT FEE	10.00		512401.12
3/19/98		WT F/O PABLO URBANO TORRES	5,000.00		507401.12
3/19/98		WT FEE	20.00		507381.12
3/19/98		03/19/98 INVESTMENT ALLOCAT	407,381.12		100000.00
3/20/98		P/INVESTMNT + INTRS 04.12500 %		407,427.15	507427.15
3/20/98		WT F/O CCS TECHNOLOGY	2,900.00		504527.15
3/20/98		WT FEE	20.00		504507.15
3/20/98		03/20/98 INVESTMENT ALLOCAT	404,507.15		100000.00
3/23/98		REVERSING ENTRY OF 3-16-98		528.00	100528.00
3/23/98		REVERSING WT FEE ON 3-16-98		10.00	100538.00
3/23/98		P/INVESTMNT + INTRS 04.25000 %		404,648.45	505186.45
3/23/98		WT F/O REPUBLIC PRODUCTS	1,254.00		503932.45
		CARRY OVER...			503,932.45

OPENING BALANCE	
TOTAL DEBITS	
TOTAL CREDITS	
ENDING BALANCE	
AVERAGE BALANCE	

UNLESS ALTERATIONS, FORGERIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 90 DAYS OF RECEIPT, WE SHALL CONSIDER STATEMENT TO BE CORRECT.

1962



**INDUSTRIAL DE VENEZUELA**

MIAMI AGENCY

1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-5178 • TELEX 153785 BIVMIA

**NAME & ADDRESS**  
 BRITISH TRADE AND COMMERCE BANK  
 EMMENS BUILDING, BAYFRONT  
 ROSEAU  
 COMMONWEALTH OF DOMINICA

**ACCOUNT NO.** 062020001  
**STATEMENT DATE** 3/31/98  
**PAGE** 2  
**OPENING BALANCE**  
 99,980.00

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
3/23/98		03/23/98 INVESTMENT ALLOCAT	403,922.45		100000.00
3/24/98		P/INVESTMNT + INTRS 04.18750 %		403,968.79	503968.79
3/24/98		03/24/98 INVESTMENT ALLOCAT	403,968.79		100000.00
3/25/98		P/INVESTMNT + INTRS 04.37500 %		404,017.21	504017.21
3/25/98		WT F/O BRITISH TRADE	17,000.00		487017.21
3/25/98		WT FEE	20.00		486997.21
3/25/98		STMT	10.00		486987.21
3/25/98		WT F/O MARY C BRAZIE	5,000.00		481987.21
3/25/98		WT F/O LAVERN ERSPAN	5,000.00		481977.21
3/25/98		WT FEE	10.00		476967.21
3/25/98		WT F/O RODOLFO REQUENA	6,000.00		470967.21
3/25/98		WT FEE	10.00		470957.21
3/25/98		03/25/98 INVESTMENT ALLOCAT	370,957.21		100000.00
3/26/98		B/O PENSON FINANCIAL SERVICES		35,000.00	135000.00
3/26/98		P/INVESTMNT + INTRS 04.31250 %		371,001.03	506001.03
3/26/98		03/26/98 INVESTMENT ALLOCAT	406,001.03		100000.00
3/27/98		P/INVESTMNT + INTRS 04.18750 %		406,047.60	506047.60
3/27/98		03/27/98 INVESTMENT ALLOCAT	406,047.60		100000.00
3/30/98		WT FOR CR ACC 1020110267		2,002,000.00	2102000.00
3/30/98		DEPOSIT		22,000.00	2124000.00
3/30/98		FOR CREDIT ENCORE		35,000.00	2159000.00
3/30/98		P/INVESTMNT + INTRS 04.43750 %		406,195.69	2565195.69
3/30/98		STMT	10.00		2565185.69
3/30/98		03/30/98 INVESTMENT ALLOCAT	2,443,285.69		121900.00
3/31/98		P/INVESTMNT + INTRS 04.68750 %		2,443,599.46	2565489.46
3/31/98		03/31/98 INVESTMENT ALLOCAT	2,465,499.46		100000.00

**OPENING BALANCE** 99,980.00  
**TOTAL DEBITS** 13,410,104.50  
**TOTAL CREDITS** 13,410,124.50  
**ENDING BALANCE** 100,000.00  
**AVERAGE BALANCE** 99,998.00

UNLESS ALTERATIONS, FORGERIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 10 DAYS OF RECEIPT, WE SHALL CONSIDER THIS STATEMENT TO BE CORRECT.



1963



**INDUSTRIAL DE VENEZUELA**

MIAMI AGENCY

1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-5178 • TELEX 152785 BIVMIA

NAME & ADDRESS
BRITISH TRADE AND COMMERCE BANK EMMENS BUILDING, BAYFRONT ROSEAU COMMONWEALTH OF DOMINICA

ACCOUNT NO.	STATEMENT DATE	PAGE
062020001	4/30/98	1

OPENING BALANCE
100,000.00

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
				15,000.00	15,000.00
4/01/98		WT F/D CANADA TROST LG		2,465,799.20	2580799.20
4/01/98		P/INVESTMNT + INTRS 04.43750 %	2,480,799.20		100000.00
4/01/98		04/01/98 INVESTMENT ALLOCAT		2,481,092.30	2581092.30
4/02/98		P/INVESTMNT + INTRS 04.31250 %			2576092.30
4/02/98		WT F/D FRESH CREEK	5,000.00		2576072.30
4/02/98		WT FEE	20.00		2475072.30
4/02/98		WT F/D	101,000.00		2475062.30
4/02/98		WT FEE	10.00		2440062.30
4/02/98		WT F/D	35,000.00		2440052.30
4/02/98		WT FEE	10.00		100000.00
4/02/98		04/02/98 INVESTMENT ALLOCAT	2,340,052.30		506000.00
4/02/98		WT RECVD FOR CR-BEB ASSET MANA		406,000.00	2846320.76
4/03/98		P/INVESTMNT + INTRS 04.18750 %		2,340,320.76	2838936.00
4/03/98		WT F/D RODOLFO REQUENA	7,384.76		2828936.00
4/03/98		WT F/D BRITISH TRADE	10,000.00		2828916.00
4/03/98		WT FEE	20.00		100000.00
4/03/98		04/03/98 INVESTMENT ALLOCAT	2,728,916.00		734982.00
4/03/98		WT RECVD F/D INTL BUSINESS		634,982.00	3464837.23
4/06/98		P/INVESTMNT + INTRS 04.18750 %		2,729,855.23	3464827.23
4/06/98		FAX STMT	10.00		100000.00
4/06/98		04/06/98 INVESTMENT ALLOCAT	3,364,827.23		119985.00
4/06/98		WT RECVD FOR CR BUSINES CONSU		19,985.00	3485198.26
4/07/98		P/INVESTMNT + INTRS 04.18750 %		3,365,213.26	3482794.26
4/07/98		WT F/D PABLO URBANO TORRES	2,404.00		3482774.26
4/07/98		WT FEE	20.00		100000.00
4/07/98		04/07/98 INVESTMENT ALLOCAT	3,382,774.26		105000.00
4/07/98		WT RECVD FOR CR INTL BUSINESS		5,000.00	135000.00
4/08/98		WT RECVD FOR CR BRITISH TRADE		30,000.00	135000.00
4/08/98		P/INVESTMNT + INTRS 04.31250 %		3,383,173.93	3518173.93
4/08/98		CARRY OVER...			3,518,173.93

OPENING BALANCE	
TOTAL DEBITS	
TOTAL CREDITS	
ENDING BALANCE	
AVERAGE BALANCE	

UNLESS ALTERNATIONS, FORGORIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 10 DAYS OF RECEIPT, WE SHALL CONSIDER STATEMENT TO BE CORRECT.



DE VENEZUELA

MIAMI AGENCY

1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-5178 • TELEX 153705 BVVMA

NAME & ADDRESS
BRITISH TRADE AND COMMERCE BANK EMMENS BUILDING, BAYFRONT ROSEAU COMMONWEALTH OF DOMINICA

ACCOUNT NO.	STATEMENT DATE	PAGE
062020001	4/30/98	2

OPENING BALANCE
100,000.00

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
4/08/98		04/08/98 INVESTMENT ALLOCAT	3,418,173.93		100000.00
4/09/98		WT RECVD FOR CR INTL BUSSINESS		10,000.00	110000.00
4/09/98		WT RECVD FOR CR INTL BUSINESS		10,000.00	120000.00
4/09/98		P/INVESTMNT + INTRS 04.25000 %		3,418,571.93	3538571.93
4/09/98		TLX UNION DE CREDITO	10.00		3538561.93
4/09/98		WT F/O REPUBLIC PRODUCTS	13,456.00		3525105.93
4/09/98		WT FEE	10.00		3525095.93
4/09/98		04/09/98 INVESTMENT ALLOCAT.	3,425,095.93		100000.00
4/10/98		P/INVESTMNT + INTRS 04.25000 %		3,425,494.74	3525494.74
4/10/98		04/10/98 INVESTMENT ALLOCAT.	3,425,494.74		100000.00
4/13/98		W/T FFC INTL.BUSHS.CONSULTANTS		5,000.00	105000.00
4/13/98		W/T FFC INTL.BUSHS.CONSULTANTS		34,500.00	139500.00
4/13/98		P/INVESTMNT + INTRS 04.18750 %		3,426,673.72	3566173.72
4/13/98		STMT.FEE	10.00		3566163.72
4/13/98		W/T F/O P.ZHERNAKOV	20,000.00		3546163.72
4/13/98		W/T FEE	10.00		3546153.72
4/13/98		04/13/98 INVESTMENT ALLOCAT	3,446,153.72		100000.00
4/14/98		P/INVESTMNT + INTRS 04.18750 %		3,446,549.08	3546549.08
4/14/98		04/14/98 INVESTMENT ALLOCAT	3,446,549.08		100000.00
4/15/98		W/T RCVD.FFC INTL.BUSINESS CON		40,000.00	140000.00
4/15/98		W/T FD INTL BUSINESS CONSULTAN		25,000.00	165000.00
4/15/98		P/INVESTMNT + INTRS 04.37500 %		3,446,962.19	3611962.19
4/15/98		04/15/98 INVESTMENT ALLOCAT	3,511,962.19		100000.00
4/16/98		W/T RCVD.F/O A/C 1020110267		40,000.00	140000.00
4/16/98		W/T D.4/13 RETURN-NEED CUST AC		20,000.00	160000.00
4/16/98		P/INVESTMNT + INTRS 04.18750 %		3,512,365.10	3672365.10
4/16/98		04/16/98 INVESTMENT ALLOCAT	3,572,365.10		100000.00
4/17/98		W/T F/O INTL BUSINESS CONSULTA		5,000.00	105000.00
4/17/98		W/T B/O INTL BUSINESS CONSULTA		10,000.00	115000.00
		CARRY OVER...			115,000.00

OPENING BALANCE	
TOTAL DEBITS	
TOTAL CREDITS	
ENDING BALANCE	
AVERAGE BALANCE	

UNLESS ALTERATIONS, FORGERIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 10 DAYS OF RECEIPT, WE SHALL CONSIDER THIS STATEMENT TO BE CORRECT.

1965



1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-5170 • TELEX 153785 BRVMA

**NAME & ADDRESS**  
 BRITISH TRADE AND COMMERCE BANK  
 EMMENS BUILDING, BAYFRONT  
 ROSEAU  
 COMMONWEALTH OF DOMINICA

**ACCOUNT NO.** 062020001  
**STATEMENT DATE** 4/30/98  
**PAGE** 3

**OPENING BALANCE**  
 100,000.00

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
4/17/98		P/INVESTMT + INTR 04.16750 %		3,572,774.29	3686784.69
4/17/98		W/T NW BK F/O INTL.GEOTEL	990.25		3686774.69
4/17/98		W/T FEE	10.00		3686774.69
4/17/98		W/T RE-TRNSM.F/O P.ZHERNAK	20,000.00		3666764.69
4/17/98		W/T RE-TRANSMIT FEE	10.00		3666764.69
4/17/98		04/17/98 INVESTMENT ALLOCAT	3,566,764.69		100000.00
4/17/98		W/T D/O G.SCHMOT INFO-SEEK#101		2,500,000.00	2600000.00
4/20/98		W/T F/O INFO SEEK (I.F.S.)		10,000.00	2610000.00
4/20/98		W/T F/O INTL BUSINESS CONSULTA		26,000.00	2636000.00
4/20/98		P/INVESTMT + INTR 04.25000 %		3,568,010.61	6204010.61
4/20/98		STMT.FEE	10.00		6204000.61
4/20/98		04/20/98 INVESTMENT ALLOCAT	6,104,000.61		100000.00
4/21/98		W/T RCVD.FFC INTL.BUSINSS.CONS		30,000.00	130000.00
4/21/98		W/T RCVD.FFC INTL.BUSINSS.CONS		10,000.00	140000.00
4/21/98		RETURN WT 4/17 F/O P.ZHERNAKOV		20,000.00	160000.00
4/21/98		W/T RCVD.FFC INTL.BUSINSS.CONS		10,000.00	170000.00
4/21/98		W/T F/O INTL BUSINESS CONSULTA		25,000.00	195000.00
4/21/98		W/T F/O FIRST QUEST LMTD		10,000.00	215000.00
4/21/98		W/T F/O INTL BUSINESS CONSULTA		10,000.00	225000.00
4/21/98		P/INVESTMT + INTR 04.12500 %		6,104,690.44	6329690.44
4/21/98		YOUR REP. 042098/LI F/O FEE	10,000.00		6319690.44
4/21/98		W/T FEE	20.00		6319670.44
4/21/98		04/21/98 INVESTMENT ALLOCAT	6,219,670.44		100000.00
4/22/98		W/T RCVD.FFC AURORA INVSTMTS.		15,000.00	115000.00
4/22/98		P/INVESTMT + INTR 04.31250 %		6,220,405.29	6335405.29
4/22/98		W/T NATIONS BK F/O REPUBLIC	1,815.00		6333590.29
4/22/98		W/T FEE	10.00		6333580.29
4/22/98		W/T CITIBK.F/O P.ZHERNAKOV	20,000.00		6313580.29
4/22/98		W/T FEE	10.00		6313570.29
		CARRY OVER...			6,313,570.29

**OPENING BALANCE** \_\_\_\_\_  
**TOTAL DEBITS** \_\_\_\_\_  
**TOTAL CREDITS** \_\_\_\_\_  
**ENDING BALANCE** \_\_\_\_\_  
**AVERAGE BALANCE** \_\_\_\_\_

UNLESS ALTERNATIONS, FORGENESS, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 90 DAYS OF RECEIPT, WE SHALL CONSIDER THIS STATEMENT TO BE CORRECT.

1966



**INDUSTRIAL  
DE VENEZUELA**

MIAMI AGENCY

1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-5178 • TELEX 153785 BIVMIA

NAME & ADDRESS
BRITISH TRADE AND COMMERCE BANK EMMENS BUILDING, BAYFRONT ROSEAU COMMONWEALTH OF DOMINICA

ACCOUNT NO.	STATEMENT DATE	PAGE
062020001	4/30/98	4

OPENING BALANCE
100,000.00

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
4/22/98		04/22/98 INVESTMENT ALLOCAT	6,213,570.29		100000.00
4/23/98		WT 8/0		31,850.00	131850.00
4/23/98		WT 8/0		6,850.00	138700.00
4/23/98		P/INVESTMNT + INTRS 04.18750 %		6,214,283.14	635293.14
4/23/98		04/23/98 INVESTMENT ALLOCAT	6,252,983.14		10000.00
4/24/98		P/INVESTMNT + INTRS 04.12500 %		6,253,689.81	6353689.81
4/24/98		04/24/98 INVESTMENT ALLOCAT	6,253,689.81		100000.00
4/27/98		P/INVESTMNT + INTRS 04.25000 %		6,253,874.31	6355874.31
4/27/98		WT F/O BRITISH TRADE	22,000.00		6333874.31
4/27/98		WT FEE	20.00		6333854.31
4/27/98		WT F/O RODOLFO REQUENA	6,000.00		6327854.31
4/27/98		WT FEE	10.00		6327844.31
4/27/98		WT F/O LAVERN ERSpan	6,835.56		6321008.81
4/27/98		WT FEE	10.00		6320998.81
4/27/98		WT F/O SWIFT SC	7,736.85		6313261.96
4/27/98		WT FEE	10.00		6313251.96
4/27/98		WT F/O THOMPSON FIN	395.00		6312856.96
4/27/98		WT FEE	10.00		6312846.96
4/27/98		WT F/O ROYAL BANK OF SCOTLA	30,000.00		6282846.96
4/27/98		WT FEE	20.00		6282826.96
4/27/98		04/27/98 INVESTMENT ALLOCAT	6,182,826.96		100000.00
4/28/98		WT RECVD FOR CR GJS DEVELOPM		500,000.00	400000.00
4/28/98		P/INVESTMNT + INTRS 04.18750 %		6,183,536.29	6783536.29
4/28/98		STMT	10.00		6783526.29
4/28/98		WT F/O TEMPLIER CAISSE SA	63,000.00		6720526.29
4/28/98		WT FEE	20.00		6720506.29
4/28/98		WT F/O BRITISH TRADE	15,000.00		6705506.29
4/28/98		WT FEE	20.00		6705486.29
4/28/98		WT F/O REPUBLIC PRODUCTS	65,000.00		6640486.29
4/28/98		CARRY OVER...			6,640,486.29

OPENING BALANCE	
TOTAL DEBITS	
TOTAL CREDITS	
ENDING BALANCE	
AVERAGE BALANCE	

UNLESS ALTERATIONS, FORGERIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 90 DAYS OF RECEIPT, WE SHALL CONSIDER THIS STATEMENT TO BE CORRECT.



**INDUSTRIAL DE VENEZUELA**

MIAMI AGENCY

1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-5178 • TELEX 153785 BIVMIA

NAME & ADDRESS
BRITISH TRADE AND COMMERCE BANK EMMENS BUILDING, BAYFRONT ROSEAU COMMONWEALTH OF DOMINICA

ACCOUNT NO.	STATEMENT DATE	PAGE
062020001	4/30/98	5

OPENING BALANCE
100,000.00

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
4/28/98		WT FEE	10.00		6640476.29
4/28/98		WT F/O RODOLFO REQUENA	6,000.00		6634476.29
4/28/98		WT FEE	10.00		6634466.29
4/28/98		04/28/98 INVESTMENT ALLOCAT	6,534,466.29		100000.00
4/29/98		WT B/O		11,000.00	111000.00
4/29/98		WT RCVD FOR CR GJSJ DEVELOPMEN		10,500.00	121500.00
4/29/98		P/INVESTMNT + INTR 04-18750 %		6,535,215.96	6656715.96
4/29/98		WT F/O MARY C BRAZIE	5,000.00		6651715.96
4/29/98		WT FEE	10.00		6651705.96
4/29/98		04/29/98 INVESTMENT ALLOCAT	6,551,705.96		100000.00
4/30/98		WT RCVD FOR CR VAE VISTA LTD		26,850.00	126850.00
4/30/98		P/INVESTMNT + INTR 04-31250 %		6,552,480.04	6679330.04
4/30/98		04/30/98 INVESTMENT ALLOCAT	6,579,330.04		100000.00

THE GRAMOS A NUESTRA CLIENTELA QUE PARTIR DEL  
18/5/98 ESTAREMOS EN EL PISO 9 DE LA TORRE SUR DE  
NUESTRO EDIFICIO, DISCULPEN CUALQUIER INCONVENIENTE

OPENING BALANCE	100,000.00
TOTAL DEBITS	99,476,549.27
TOTAL CREDITS	99,476,549.27
ENDING BALANCE	100,000.00
AVERAGE BALANCE	100,000.00

UNLESS ALTERATIONS, FORGONES, ERRORS OR OTHER DISCREPANCIES ARE  
REPORTED TO US WITHIN 90 DAYS OF RECEIPT, WE SHALL CONSIDER  
STATEMENT TO BE CORRECT.

1968



**INDUSTROAL  
DE VENEZUELA**

MIAMI AGENCY

1101 BRICKELL AVENUE • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-5178 • TELEX 153785 BIVMIA

NAME & ADDRESS
BRITISH TRADE AND COMMERCE BANK ERWERS BUILDING, BAYFRONT ROSEAU COMMONWEALTH OF DOMINICA

ACCOUNT NO.	STATEMENT DATE	PAGE
06202001	5/29/98	1

OPENING BALANCE
100,000.00

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
5/01/98		WT F/O		1,500.00	114490.00
5/01/98		P/INVESTMT + INTRS 04.12500 %		6,580,073.59	6694563.59
5/01/98		05/01/98 INVESTMENT ALLOCAT	6,594,563.59		100000.00
5/04/98		NT RECVD FOR CR ROYAL WERBUNG		199,980.00	299980.00
5/04/98		P/INVESTMT + INTRS 04.25800 %		6,596,867.17	6896847.17
5/04/98		STMT	10.00		6896837.17
5/04/98		WT F/O SWIFT S.C.	1000.00		6875837.17
5/04/98		WT FEE	10.00		6875827.17
5/04/98		WT F/O INTERNAL	10.00		6874788.61
5/04/98		WT FEE	10.00		6874738.61
5/04/98		WT F/O EVERSA	2,315.00		6861925.61
5/04/98		WT FEE	10.00		6861915.61
5/04/98		WT F/O NELS	1000.00		6811915.61
5/04/98		WT FEE	10.00		6811905.61
5/04/98		05/04/98 INVESTMENT ALLOCAT	711,265.14		100000.00
5/05/98		WT RECVD FOR CR INTL BUSINESS		10,000.00	110000.00
5/05/98		WT RECVD FOR CR INTL BUSINESS		10,050.00	211050.00
5/05/98		P/INVESTMT + INTRS 04.12500 %		6,712,654.14	6924514.14
5/05/98		05/05/98 INVESTMENT ALLOCAT	10,000.00		100000.00
5/06/98		WT RECVD FOR CR BAY		100,000.00	200000.00
5/06/98		WT RECVD FOR CR INTL BUSINESS		25,000.00	225000.00
5/06/98		WT RECVD FOR CR INTL BUSINESS		49,982.00	274982.00
5/06/98		P/INVESTMT + INTRS 04.12500 %		6,825,285.40	7100267.40
5/06/98		WT F/O PABLO USANO TORRES	1,439.39		7098828.01
5/06/98		WT F/O BRITISH TRADE	15,000.00		7083828.01
5/06/98		WT FEE	20.00		7083808.01
5/06/98		WT F/O LAVERN ERSPAN	1,695.25		7082112.76
5/06/98		WT FEE	10.00		7082102.76
		CARRY OVER....:			7,082,102.76

OPENING BALANCE	
TOTAL DEBITS	
TOTAL CREDITS	
ENDING BALANCE	
AVERAGE BALANCE	

UNLESS ALTERATIONS, CORRIGENDAS, ENDORSE OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 10 DAYS OF RECEIPT, WE SHALL CONSIDER THIS STATEMENT TO BE CORRECT.

1969



**INDUSTRIAL  
DE VENEZUELA**

MIAMI AGENCY

1101 BRICKELL AVENUE • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-5178 • TELEX 150785 BVVMA

NAME & ADDRESS
BRITISH TRADE AND COMMERCE BANK EMMENS BUILDING, BAYFRONT ROSEAU COMMONWEALTH OF DOMINICA

ACCOUNT NO.	STATEMENT DATE	PAGE
062020001	5/29/98	2

OPENING BALANCE
100,000.00

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
5/05/98		WT FEE			100000.00
5/05/98		05/05/98 INVESTMENT ALLOCAT	6,982,082.78		110000.00
5/07/98		WT RECVD FOR CR FIRST HORIZONS		10,000.00	7092859.89
5/07/98		P/INVESTMT + INTR 04.06250 X		6,982,859.89	100000.00
5/07/98		05/07/98 INVESTMENT ALLOCAT	6,992,859.89		110000.00
5/08/98		WT RECVD FOR CR INT BUSINESS		10,000.00	110000.00
5/08/98		P/INVESTMT + INTR 04.80000		6,993,826.23	110000.00
5/08/98		05/08/98 INVESTMENT ALLOCAT	6,993,826.23		110000.00
5/11/98		P/INVESTMT + INTR 04.80000		7,006,036.72	110000.00
5/11/98		WT FEE			7104010.72
5/11/98		WT F/D TUCKER			7104000.72
5/11/98		WT FEE			7074000.72
5/11/98		WT F/D LAVER SPAN			7073990.72
5/11/98		WT FEE			7008990.72
5/11/98		WT F/D REPUBLIC PRODUCTS			7008990.72
5/11/98		WT FEE			695813.72
5/11/98		WT F/D RODOLFO PERAZA			695803.72
5/11/98		WT FEE			6989793.72
5/11/98		05/11/98 INVESTMENT ALLOCAT	10,000.00		100000.00
5/12/98		WT RECVD FOR CR INT BUSINESS		10,000.00	110000.00
5/12/98		P/INVESTMT + INTR 04.81250		6,890,607.73	136850.00
5/12/98		WT F/D TEMPLIER CAISSE			7029457.75
5/12/98		WT FEE			6974361.75
5/12/98		WT F/D			6876331.75
5/12/98		WT FEE			6776331.75
5/12/98		WT F/D			6776321.75
5/12/98		WT FEE			100000.00
5/12/98		05/12/98 INVESTMENT ALLOCAT	6,676,321.75		100000.00
		CARRY OVER...			100,000.00

OPENING BALANCE	
TOTAL DEBITS	
TOTAL CREDITS	
ENDING BALANCE	
AVERAGE BALANCE	

UNLESS ALTERATIONS, FORGERIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 40 DAYS OF RECEIPT, WE SHALL CONSIDER THIS STATEMENT TO BE CORRECT.

1970



**INDUSTRIAL DE VENEZUELA**

MIAMI AGENCY

1101 BRICKELL AVENUE • MIAMI, FLORIDA 33131 • (305) 374-5360 • FAX (305) 374-5178 • TELEX 153785 BIVMIA

NAME & ADDRESS
BRITISH TRADE AND COMMERCE BANK EMMENS BUILDING, BAYFRONT ROSEAU COMMONWEALTH OF DOMINICA

ACCOUNT NO.	STATEMENT DATE	PAGE
062020001	5/29/98	3

OPENING BALANCE
100,000.00

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
5/13/98		W/T RECVD FOR CR INTL BUS CONS		70,000.00	195,000.00
5/13/98		WT RECVD FOR CR INTL BUS CONSU		10,000.00	205,000.00
5/13/98		P/INVESTMNT + INTR 04.31250 %		6,677,110.56	688,110.56
5/13/98		05/13/98 INVESTMENT ALLOCAT	6,782,110.56		100,000.00
5/14/98		WT RECVD FOR CR INTL BUS CONVE		200,000.00	300,000.00
5/14/98		WT RECVD FOR CR INTL BUS CONVE		10,000.00	310,000.00
5/14/98		P/INVESTMNT + INTR 04.31250 %		6,782,911.87	709,291.87
5/14/98		05/14/98 INVESTMENT ALLOCAT	11.87		100,000.00
5/14/98		P/INVESTMNT + INTR 04.31250 %		6,793,738.03	709,378.03
5/15/98		05/15/98 INVESTMENT ALLOCAT			100,000.00
5/15/98		WT RECVD FOR CR INTL BUS CONVE		10,500.00	119,500.00
5/18/98		WT RECVD FOR CR INTL BUS CONVE		10,500.00	120,000.00
5/18/98		WT RECVD FOR CR INTL BUS CONVE		20,000.00	140,000.00
5/18/98		WT RECVD FOR CR INTL BUS CONVE		10,500.00	150,000.00
5/18/98		WT RECVD FOR CR INTL BUS CONVE		25,000.00	175,000.00
5/18/98		P/INVESTMNT + INTR 04.31250 %		8,996,252.95	717,252.95
5/18/98		WT FEE		10.00	697,222.95
5/18/98		WT FEE		10.00	697,222.95
5/18/98		WT FEE		10.00	697,222.95
5/18/98		WT FEE		10.00	697,222.95
5/18/98		WT FEE		10.00	697,222.95
5/18/98		05/18/98 INVESTMENT ALLOCAT			100,000.00
5/19/98		WT RECVD FOR CR INTL BUS CONVE		1,000,000.00	1,100,000.00
5/19/98		WT RECVD FOR CR INTL BUS CONVE		20,000.00	1,120,000.00
5/19/98		P/INVESTMNT + INTR 04.31250 %		6,823,039.00	794,309.00
5/19/98		STMT		10.00	794,329.00
5/19/98		05/19/98 INVESTMENT ALLOCAT	7,843,029.00		100,000.00
5/20/98		WT RECVD FOR CR HANDOVER LTD		26,850.00	126,850.00
5/20/98		WT RECVD FOR CR HANDOVER LTD		450,000.00	576,850.00
5/20/98		CARRY OVER...			576,850.00

OPENING BALANCE	
TOTAL DEBITS	
TOTAL CREDITS	
ENDING BALANCE	
AVERAGE BALANCE	

UNLESS ALTERATIONS, FORGERIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 90 DAYS OF RECEIPT, WE SHALL CONSIDER THIS STATEMENT TO BE CORRECT.



1971

**BV INDUSTRIAL DE VENEZUELA**

MIAMI AGENCY  
 1101 BRICKELL AVENUE • MIAMI, FLORIDA 33131 • (305) 374-5000 • FAX (305) 374-5178 • TELEX 153785 BIVMA

**NAME & ADDRESS**  
 BRITISH TRADE AND COMMERCE BANK  
 CHMENS BUILDING, BAYFRONT  
 ROSEAU  
 COMMONWEALTH OF DOMINICA

**ACCOUNT NO.** 062020001  
**STATEMENT DATE** 5/29/98

**OPENING BALANCE**  
 100,000.00

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
5/20/98		P/INVESTMT + INTR. 04.25000 %	8,320,805.65		100000.0
5/20/98		05/20/98 INVESTMENT ALLOCAT		8,321,774.51	8421774.5
5/21/98		P/INVESTMT + INTR. 04.25000 %	2,250.00		8419524.5
5/21/98		WT F/O DNA FINANCE	10.00		8419514.5
5/21/98		WT FEE			100000.0
5/21/98		05/21/98 INVESTMENT ALLOCAT	8,319,514.51		5100000.0
5/22/98		WT RET FROM BK OF NYC 11/7/74		5,000,000.00	13420468.9
5/22/98		P/INVESTMT + INTR. 04.25000 %	8,320,468.99		8420468.9
5/22/98		WT F/O BRITISH TRADE	10.00		8420458.9
5/22/98		WT FEE			100000.0
5/22/98		05/22/98 INVESTMENT ALLOCAT	8,319,514.51		110000.0
5/26/98		WT RECVD FOR BUSINESS		10,000.00	110000.0
5/26/98		WT B/O		25,000.00	135000.0
5/26/98		WT RECVD FOR HAN...		150,000.00	285000.0
5/26/98		P/INVESTMT + INTR. 04.25000 %	8,324,391.24		8609391.2
5/26/98		WT F/O BRITISH TRADE	20,000.00		8589391.2
5/26/98		WT FEE			8589371.2
5/26/98		WT F/O RODOLFO REYES			8579371.2
5/26/98		WT FEE			8579361.2
5/26/98		WT F/O			8579351.2
5/26/98		WT F/O			100000.0
5/26/98		05/26/98 INVESTMENT ALLOCAT	8,480,367.66		8580367.6
5/27/98		P/INVESTMT + INTR. 04.25000 %	5,000,000.00		3580367.6
5/27/98		WT F/O CORRESPOND SERVICES	10.00		3560367.6
5/27/98		WT FEE			3475134.4
5/27/98		WT F/O TENPLIER	105,223.14		3475114.4
5/27/98		WT FEE	20.00		3471393.4
5/27/98		WT F/O LORVERN ERSPAN	3,721.03		3471383.4
5/27/98		WT FEE	10.00		3467770.7
5/27/98		WT F/O REPUBLIC PROD.	3,612.70		
5/27/98		CARRY OVER...			3,467,770.7

**OPENING BALANCE** \_\_\_\_\_  
**TOTAL DEBITS** \_\_\_\_\_  
**TOTAL CREDITS** \_\_\_\_\_  
**ENDING BALANCE** \_\_\_\_\_  
**AVERAGE BALANCE** \_\_\_\_\_

UNLESS ALTERATIONS, FORGERIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 90 DAYS OF RECEIPT, WE SHALL CONSIDER THIS STATEMENT TO BE CORRECT.

1972



**INDUSTRIAL DE VENEZUELA**

MIAMI AGENCY

1101 BRICKELL AVENUE • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-5178 • TELEX 153785 EIVMVA

**NAME & ADDRESS**  
 BRITISH TRADE AND COMMERCE BANK  
 EXHENS BUILDING, BAYFRONT  
 ROSEAU  
 COMMONWEALTH OF DOMINICA

**ACCOUNT NO.** 062020001  
**STATEMENT DATE** 5/29/98  
**PAGE**

**OPENING BALANCE**  
 100,000.00

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
5/21/98		WT FEE	30,000.00		3437760.77
5/27/98		WT FEE	10.00		3437750.77
5/27/98		05/27/98 INVESTMENT ALLOCAT	3,337,750.73		100000.00
5/27/98		WT RECVD FOR CR INTL BUSINESS		10,000.00	110000.00
5/28/98		WT RECVD FOR CR INTL BUSINESS		30,000.00	140000.00
5/28/98		WT RECVD FOR CR INTL BUSINESS		230,000.00	360000.00
5/28/98		WT RECVD FOR CR INTL BUSINESS		1,138,150.80	3698150.80
5/28/98		PZ INVESTMENT STRATS	100.00		3498150.80
5/28/98		WT FEO STRATEGIC	10.00		3498140.80
5/28/98		WT FEE			100000.00
5/28/98		05/28/98 INVE		3,398,559.74	3498559.74
5/29/98		PZ INVESTMENT			

**OPENING BALANCE** 100,000.00  
**TOTAL DEBITS** 141,381,184.1  
**TOTAL CREDITS** 144,779,743.0  
**ENDING BALANCE** 3,498,559.7  
**AVERAGE BALANCE** 217,191.7

UNLESS ALTERNATIONS, FORGIVEN, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 10 DAYS OF RECEIPT, WE SHALL CONSIDER THIS STATEMENT TO BE CORRECT.

1973



MIAMI AGENCY

1101 BRICKELL AVENUE • MIAMI, FLORIDA 33131 • (305) 374-5050 • FAX (305) 374-5178 • TELEX 153785 BIVMIA

NAME & ADDRESS
BRITISH TRADE AND COMMERCE BANK EMMENS BUILDING, BAYFRONT ROUSSEAU COMMONWEALTH OF DOMINICA

ACCOUNT NO.	STATEMENT DATE	PAGE
062020001	6/30/98	1

OPENING BALANCE
3,498,559.74

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
6/09/98		BALANCE TO CLOSE ACCT	3,498,559.74		

OPENING BALANCE	3,498,559.74
TOTAL DEBITS	3,498,559.74
TOTAL CREDITS	.00
ENDING BALANCE	.00
AVERAGE BALANCE	655,979.91

UNLESS ALTERATIONS, FORGERIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 10 DAYS OF RECEIPT, WE SHALL CONSIDER STATEMENT TO BE CORRECT.

No. 7

My Response to Report  
Congressional Subpanel  
0044

BRITISH TRADE AND COMMERCE BANK  
EMMENS BUILDING, BAYFRONT  
ROSEAU  
COMMONWEALTH OF DOMINICA

9/02/98  
LO /062020001  
DBA/USD

VAL/DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
4/19/98	BALANCE FROM LAST STATEMENT**:			100,000.00
4/20/98	STMT.FEE	10.00		89,990.00
4/20/98	M/T B/D G.SCHMIDT INFO-SEC#101		2500,000.00	2590,990.00
4/20/98	M/T B/D G.SCHMIDT INFO-SEC#101		10,000.00	2600,990.00
4/20/98	M/T F/D INTL BUSINESS CONSULTA		26,000.00	2575,990.00
4/20/98	P/INVESTMT + INTR 04.25000 %		3568,010.61	6204,000.61
4/20/98	04/20/98 INVESTMENT ALLOCATION	6104,000.61		100,000.00
4/21/98	M/T RCVD.FFC INTL.BUSINESS.CONS		10,000.00	110,000.00
4/21/98	M/T RCVD.FFC INTL.BUSINESS.CONS		20,000.00	130,000.00
4/21/98	RETURN M/T 4.1 F/D P.ZHERNAKOV		10,000.00	140,000.00
4/21/98	M/T RCVD.FFC INTL.BUSINESS.CONS		10,000.00	150,000.00
4/21/98	YOUR REF. 042098/LI F/D PETER	10,000.00		140,000.00
4/21/98	M/T F/D INTL BUSINESS CONSULTA		20,000.00	160,000.00
4/21/98	M/T F/D FIRST QUEST CONSULTA		20,000.00	180,000.00
4/21/98	M/T FEE INTL BUSINESS CONSULTA		10,000.00	200,000.00
4/21/98	M/T FEE INTL BUSINESS CONSULTA	20.00		215,000.00
4/21/98	P/INVESTMT + INTR 04.12500 %		6104,690.44	631,670.44
4/21/98	04/21/98 INVESTMENT ALLOCATION	6219,670.44		100,000.00
4/22/98	M/T NATTONSBK F/D REPUBLIC PRD	1,815.00		98,185.00
4/22/98	M/T FEE LDK.F/D P.ZHERNAKOV	20,000.00		78,185.00
4/22/98	M/T FEE	10.00		78,175.00
4/22/98	M/T RCVD.FFC AURORA INVSTMTS.		15,000.00	93,175.00
4/22/98	04/22/98 INVESTMENT ALLOCATION	6213,570.29		63,605.00
4/22/98	INTR 04.31250 %		31,850.00	105,455.00
4/23/98	M/T B/D		6,850.00	112,305.00
4/23/98	P/INVESTMT + INTR 04.18750 %		6,850.00	119,155.00
4/23/98	04/23/98 INVESTMENT ALLOCATION	6252,983.14		136,170.00
4/24/98	P/INVESTMT + INTR 04.12500 %		6253,689.01	655,693.14
4/24/98	04/24/98 INVESTMENT ALLOCATION	6253,689.01		100,000.00
4/27/98	M/T FEE BRITISH TRADE	22,000.00		78,000.00
4/27/98	M/T FEE	20.00		77,980.00
4/27/98	M/T F/D RODOLFO REQUENA	5,000.00		71,980.00

CARRY OVER....

9/02/98  
 LC /062020001  
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BRITISH TRADE AND COMMERCE BANK  
 EMMENS BUILDING, BAYFRONT  
 ROSEAU  
 COMMONWEALTH OF DOMINICA

VAL/DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
	BROUGHT FORWARD...			71,980.00
4/21/98	MT FEE	10.00		71,970.00
4/21/98	MT F/O LAVERN ERSPAN	6,835.50		65,134.50
4/21/98	MT FEE	10.00		65,124.50
4/21/98	MT F/O SWIFT SC	7,736.85		57,387.65
4/21/98	MT FEE	10.00		57,377.65
4/21/98	MT F/O THOMPSON FIN	395.00		56,982.65
4/21/98	MT FEE	10.00		56,972.65
4/21/98	MT F/O ROYAL BANK OF SCOTLAND	30,000.00		26,972.65
4/21/98	MT FEE	20.00		26,952.65
4/21/98	P/INVESTMNT + INTR5 04.25000 %	6,255.874.31		6282,826.96
4/21/98	04/27/98 INVESTMENT ALLOCATION	6182,826.96		100,000.00
4/28/98	STMT	10.00		89,990.00
4/28/98	MT RECVD FOR CR GJS DEVELOPH	63,000.00	500,000.00	53,990.00
4/28/98	MT F/O TEMPLIER CAISSE SA	20.00		53,970.00
4/28/98	MT FEE BRITISH TRADE	15,000.00		521,970.00
4/28/98	MT FEE REPUBLIC PRODUCTS	65,000.00		521,950.00
4/28/98	MT FEE	10.00		456,950.00
4/28/98	MT F/O RODOLFO QUERNA	61,000.00		456,940.00
4/28/98	MT FEE	18.00		450,940.00
4/28/98	P/INVESTMNT + INTR5 04.18750 %	6,634,466.29		450,930.00
4/28/98	04/28/98 INVESTMENT ALLOCATION	6534,466.29		100,000.00
4/29/98	MT B/O	5,000.00	11,000.00	111,000.00
4/29/98	MT F/O MARY C BRAZIE	10.00		106,000.00
4/29/98	MT FEE	10.00		105,990.00
4/29/98	MT RECVD FOR CR GJSJ DEVELOPH		10,500.00	116,490.00
4/29/98	P/INVESTMNT + INTR5 04.18750 %	6,551,705.96		6651,705.96
4/29/98	04/29/98 INVESTMENT ALLOCATION	6551,705.96		100,000.00
4/30/98	MT RECVD FOR CR VAL VISTA LTD		26,850.00	126,850.00
4/30/98	P/INVESTMNT + INTR5 04.31250 %	6,552,480.04		6679,330.04
4/30/98	04/30/98 INVESTMENT ALLOCATION	6579,330.04		100,000.00
5/01/98	MT B/O		12,990.00	112,990.00

CARRY OVER...

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BRITISH TRADE AND COMMERCE BANK  
 EMENS BUILDING, BAYFRONT  
 ROSEAU  
 COMMONWEALTH OF DOMINICA

9/02/98  
 LO /062020001  
 00A/USD

VAL/DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
	BROUGHT FORWARD...			112,990.00
5/01/98	WT 0/0			114,490.00
5/01/98	P/INVESTMT + INTRS 04.12500 %		1,500.00	6694,563.59
5/01/98	05/01/98 INVESTMENT ALLOCATION	6594,563.59		100,000.00
5/04/98	WT RECVD FOR CR ROYAL WERBUNG		199,980.00	299,980.00
5/04/98	STMT	10.00		299,970.00
5/04/98	WT F/O SWIFT S.C.	21,000.00		278,970.00
5/04/98	WT FEE	10.00		278,960.00
5/04/98	WT F/O INTERNAT GEOTEL	1,078.56		277,881.44
5/04/98	WT FEE	10.00		277,871.44
5/04/98	WT F/O EVERSALSA PLUMBING	12,813.00		265,058.44
5/04/98	WT FEE	10.00		265,048.44
5/04/98	WT F/O NELSON BROS	50,000.00		215,048.44
5/04/98	WT FEE	10.00		215,038.44
5/04/98	P/INVESTMT + INTRS 04.25000 %		6596,867.17	6811,905.61
5/04/98	05/04/98 INVESTMENT ALLOCATION	6711,905.61		100,000.00
5/05/98	WT RECVD FOR CR INT BUSS CONS		10,000.00	110,000.00
5/05/98	WT RECVD FOR CR		101,850.00	211,850.00
5/05/98	P/INVESTMT + INTRS 04.12500 %		6712,664.14	6924,514.14
5/05/98	05/05/98 INVESTMENT ALLOCATION	6824,514.14		100,000.00
5/06/98	WT RECVD FOR CR BAYFRONT LTD		100,000.00	200,000.00
5/06/98	WT RECVD FOR CR INTL BUSS CONS		25,000.00	225,000.00
5/06/98	WT RECVD FRD CR INTL BUSSINES		49,982.00	274,982.00
5/06/98	WT F/O PABLO URBANO TORRES			274,982.00
5/06/98	WT FEE	1,439.39		280,421.39
5/06/98	WT F/O BRITISH TRADE	15,000.00		265,421.39
5/06/98	WT FEE	20.00		265,401.39
5/06/98	WT F/O LAVERN ERSPAN	1,695.23		263,706.16
5/06/98	WT FEE	10.00		263,696.16
5/06/98	P/INVESTMT + INTRS 04.12500 %		6825,285.40	7082,082.76
5/06/98	05/06/98 INVESTMENT ALLOCATION	6982,082.76		100,000.00
5/07/98	WT RECVD FOR CR FIRST HORIZONS		10,000.00	110,000.00
5/07/98	P/INVESTMT + INTRS 04.06250 %		6982,859.89	7092,859.89
5/07/98	05/07/98 INVESTMENT ALLOCATION	6992,859.89		100,000.00
	CARRY OVER...			100,000.00

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BRITISH TRADE AND COMMERCE BANK  
 EMENS BUILDING, BAYFRONT  
 ROSEAU  
 COMMONWEALTH OF DOMINICA

9/02/98  
 LO 7062020001  
 UDA/USD

VAL/DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
	BROUGHT FORWARD....			100,000.00
5/08/98	WT RECVD FOR CR INTL BUSINESS		10,000.00	110,000.00
5/08/98	P/INVESTMT + INTR 04.00000 %		6993,626.23	7103,626.23
5/11/98	WT F/O INVESTMENT ALLOCATION	7003,626.23		100,000.00
5/11/98	WT F/O REPUBLIC PRODUCTS	2,026.00		97,974.00
5/11/98	WT FEE	10.00		97,964.00
5/11/98	WT F/O TUCKER LUMBER	30,000.00		67,964.00
5/11/98	WT FEE	10.00		67,954.00
5/11/98	WT F/O LAVERN ERSPAN/ MAVIS	55,000.00		2,954.00
5/11/98	WT FEE	10.00		2,944.00
5/11/98	WT F/O REPUBLIC PRODUCTS	13,167.00		10,223.0000
5/11/98	WT FEE	10.00		10,233.0000
5/11/98	WT F/O RODDLFO REQUENA	6,000.00		16,233.0000
5/11/98	WT FEE	10.00		16,243.0000
5/11/98	P/INVESTMT + INTR 04.18750 %		7006,036.72	6989,793.72
5/11/98	05/11/98 INVESTMENT ALLOCATION	6889,793.72		100,000.00
5/12/98	WT RECVD FOR CR INTL BUSINESS		10,000.00	110,000.00
5/12/98	WT F/O TEMPLIER CAISSE	51,096.00		58,904.00
5/12/98	WT FEE	20.00		58,884.00
5/12/98	STMT			58,874.00
5/12/98	WT RECVD FOR CR SUMHERSET LTD		26,850.00	85,724.00
5/12/98	WT F/O	10.00		85,714.00
5/12/98	WT FEE	10.00		114,206.0000
5/12/98	P/INVESTMT + INTR 04.31250 %		6890,607.75	6776,321.75
5/12/98	05/12/98 INVESTMENT ALLOCATION	6676,321.75		100,000.00
5/13/98	WT RECVD FOR CR INTL BUS CONS		25,000.00	125,000.00
5/13/98	WT F/O		70,000.00	195,000.00
5/13/98	WT RECVD FOR CR INTL BUS CONS		10,000.00	205,000.00
5/13/98	P/INVESTMT + INTR 04.31250 %		6677,110.56	6882,110.56
5/13/98	05/13/98 INVESTMENT ALLOCATION	6782,110.56		100,000.00
5/14/98	WT RECVD FOR CR INTL BUSINESS		200,000.00	300,000.00
5/14/98	WT F/O		10,000.00	310,000.00
5/14/98	P/INVESTMT + INTR 04.31250 %		6782,911.87	7092,911.87
5/14/98	05/14/98 INVESTMENT ALLOCATION	6992,911.87		100,000.00
	CARRY OVER....			100,000.00

BRITISH TRADE AND COMMERCE BANK  
 EHMENS BUILDING, BAYFRONT  
 ROSEAU  
 COMMONWEALTH OF DOMINICA

9/02/98  
 LD /062020001  
 DDA/USD

VAL/DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
	BROUGHT FORWARD...:			
5/15/98	P/INVESTMENT + INTR 04.31250 X		6993,738.00	100,000.00
5/18/98	05/18/98 INVESTMENT ALLOCATION	6993,738.00		7093,738.08
5/18/98	WT F/D	200,000.00		100,000.00
5/18/98	WT FEE	10.00		100,010.0000
5/18/98	WT REC'D FOR CR BLAKE ENTERPRIS		10,500.00	89,510.0000
5/18/98	WT FOR CR INTERNAT BUSIN CONS		10,000.00	79,510.0000
5/18/98	WT REC'D FOR CR INT BUS CONS		20,000.00	59,510.0000
5/18/98	WT F/D PAVEL B ZHERNAKOV	50,000.00		109,510.0000
5/18/98	WT FEE	10.00		109,520.0000
5/18/98	WT REV'D FOR CR GLOBALVETS CA		10,500.00	99,020.0000
5/18/98	WT FOR CR INTL BUSIN CONSULTAN		25,000.00	74,020.0000
5/18/98	P/INVESTMENT + INTR 04.37500 X		6996,252.95	6922,232.95
5/18/98	05/18/98 INVESTMENT ALLOCATION	6822,232.95		100,000.00
5/18/98	WT REC'D FOR CR BLAKE ENTERP	10.00		1099,990.00
5/18/98	WT REC'D FOR CR INTL BUS		20,000.00	1119,990.00
5/18/98	WT INVESTMENT ALLOCATION		774,029.00	1893,019.00
5/18/98	05/18/98 INVESTMENT ALLOCATION	6823,039.00		126,080.00
5/20/98	WT REC'D FOR CR		26,850.00	126,080.00
5/20/98	WT REC'D FOR CR HANDWER LTD		450,000.00	576,080.00
5/20/98	P/INVESTMENT + INTR 04.31250 X		7843,955.65	8420,805.65
5/20/98	05/20/98 INVESTMENT ALLOCATION	8320,805.65		100,000.00
5/21/98	WT F/D ONA FINANCE	2,250.00		97,750.00
5/21/98	WT FEE	10.00		97,740.00
5/21/98	P/INVESTMENT + INTR 04.25000 X		8321,774.51	8419,514.51
5/21/98	05/21/98 INVESTMENT ALLOCATION	8319,514.51		100,000.00
5/22/98	WT F/D BRITISH TRADE	5000,000.00		4960,000.0000
5/22/98	WT FEE	10.00		4960,010.0000
5/22/98	WT RET FROM BK OF NYC U/T/A		5000,000.00	99,990.00
5/22/98	P/INVESTMENT + INTR 04.18750 X		8320,468.97	8420,458.97
5/22/98	05/22/98 INVESTMENT ALLOCATION	8320,468.97		100,000.00
5/26/98	WT REC'D FOR CR INTL BUSINESS		10,000.00	110,000.00
5/26/98	WT REC'D FOR CR INTL BUSINESS		25,000.00	135,000.00
	CARRY OVER...:			
				135,000.00



BRITISH TRADE AND COMMERCE BANK  
 EMHENS BUILDING, BAYFRONT  
 ROSEAU  
 COMMONWEALTH OF DOMINICA

9/02/98  
 LO /062020001  
 00A/USD


VAL/DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
	BROUGHT FORWARD...			135,000.00
5/26/98	WT RECVD FOR CR HANVOER LTD	20,000.00	150,000.00	285,000.00
5/26/98	WT F/O BRITISH TRADE	26.00		265,000.00
5/26/98	WT F/D RODOLFO REQUENA	10,000.00		264,980.00
5/26/98	WT FEE	10.00		254,980.00
5/26/98	STMT	10.00		254,970.00
5/26/98	P/INVESTMT + INTRS 04.31250 %	8479,351.24	8324,391.24	8579,351.24
5/26/98	05/26/98 INVESTMENT ALLOCATION			100,000.00
5/26/98	WT FEE CORRESPOND SERVICES CRN	5000,000.00		4900,000.00
5/27/98	WT F/O TEMPLER	105,231.04		4900,919.00
5/27/98	WT FEE	26.00		5001,583.14
5/27/98	WT F/O LORVERN ERSPAN	3,721.03		5008,974.17
5/27/98	WT FEE	10.00		5008,984.17
5/27/98	WT F/O REPUBLIC PROD	3,612.70		5012,596.87
5/27/98	WT FEE	10.00		5012,606.87
5/27/98	WT F/O	30,000.00		5042,606.87
5/27/98	P/INVESTMT + INTRS 04.31500 %	10.00	8480,367.60	5042,616.87
5/27/98	05/27/98 INVESTMENT ALLOCATION			3437,750.73
5/28/98	WT F/O STRATEGIC INV	200,000.00		100,000.00
5/28/98	WT FEE	10.00		100,000.00
5/28/98	WT RECVD FOR CR INTL BUSINESS		10,000.00	90,010.00
5/28/98	WT RECVD FOR CR INTL BUSINESS		20,000.00	150,010.00
5/28/98	P/INVESTMT + INTRS 04.31500 %		3330,150.80	3498,140.00
5/28/98	05/28/98 INVESTMENT ALLOCATION			100,000.00
5/29/98	P/INVESTMT + INTRS 04.50000 %	3398,140.80	3398,559.74	3498,559.74
6/03/98	BALANCE TO CLOSE ACCT	3498,559.74		.00

TOTAL DR'S: 115 CR'S: 79 202030,979.75 201930,979.75

1980

Rec: F6AZPD1 16:45:33 05/26/1998 Funds Transfers : Verify  
Message V2.50.30  
File: FLTRANJ Record: 2 New Status: TQ Appl Sequ #: 000002  
Scheduled for Transmission

#### FT F #### FT OUTGOING #### URC: FT0002 ####  
1520) IMAD: 19980526 F6QCA11C 000002  
3100) Sender: 066010801 BANCO IND DE VENEZ (2000) Amount: \$10,000.00  
3400) Receiver: 066010814 BCO VENEZUELA INTL (3600) Bus Function Code: CTR  
1510) Type Code: 1000  
3000) Originator: D62020001  
BRITISH TRADE AND COMMERCE BANK  
ROSEAU DOMINICA  
D127277606  
2200) Beneficiary: RODOLFO REQUENA  
002  
320) Sender Ref: 002  
#####



2#### FT FROM #### FT INCOMING #####NORMAL MSG/ACCTS ENTRY####  
 Sender: 026002374 BARCLAYS PLC (2000) Amount: \$2,002,000.00  
 Receiver: 066010801 BCO IND VENEZUELA (3600) Bus Function Code: CTR  
 Type Code: 1000  
 Originator: INTER TRADE AND COMMERCE LTD  
 Beneficiary: A/C102-0110267  
 Ref for BNF: OBC 913  
 Beneficiary's FI: 062020001 BRITISH TRADE AND COMMERCE BANK  
 IMAD: 19980927B1QFC11A001787  
 Sender Ref: 001825  
 Timestamp: 02271553FT01  
 QMAD: 19980927F69CA11C000000303271553FT01  
 #####

*3.60*  
*MT 999*  
*21 10.90*

INMT 999 - Dec 1998  
 ser: INDSUSIMAXXX BRITISH TRADE AND COMMERCE BANK  
 ser: BTCBDMDMXXX ROSKAU DM  
 workData  
 priority: Normal

: transaction reference no.  
 BIV033096237  
 : related references  
 WRE RECVD

: narrative  
 WE HAVE CREDITED YOUR ACCT 62020001  
 //USD2002,000.00 VALUE MARCH 30, 1998  
 //FOR WIRE TRANSFER RECVD FROM BARCLAYS PLC BY ORD  
 //DER OF INTER TRADE AND COMMERCE LTD  
 //FOR CREDIT TO YOUR ACCOUNT NO 62020001  
 //FOR FURTHER CREDIT TO ACCT NO 102-0110267 UNDER  
 //REFERENCE OBC 913  
 //WE SENT A SERVICE MESSAGE TO BARCLAYS  
 //PLC REQUESTING THE BENEFICIARY NAME  
 //IF YOU HAVE ANY QUESTIONS PLS CONTACT  
 //OUR OFFICE

*A*

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FRB: Press Release -- Temporary Ce...rial de Venezuela -- May 20, 1998 [www.federalreserve.gov/boarddocs/press/enforcement/1998/19](http://www.federalreserve.gov/boarddocs/press/enforcement/1998/19)

Federal Reserve Release



## Press Release

*Release Date: May 20, 1998*

For immediate release

The Federal Reserve Board announced today the issuance of a Temporary Cease and Desist Order against Banco Industrial de Venezuela, Caracas, Venezuela, to address serious deficiencies in the bank's anti-money laundering program.

The Board's order is identical to the ones issued on May 18 against four Mexican banks and one Spanish bank, and results from the extensive undercover "sting" operation conducted by the U.S. Departments of Justice and Treasury.

In connection with the undercover operation, a Banco Industrial de Venezuela official has been charged with violations of U.S. criminal money laundering statutes, and she was arrested on May 19. This arrest was done in conjunction with the arrests of several Mexican bankers over the weekend.

The Board's Temporary Cease and Desist Order requires Banco Industrial de Venezuela, among other things, to implement new anti-money laundering policies and procedures designed to correct the deficiencies in its current program.

Federal Reserve examiners will continue to monitor the activities of the bank in the United States to ensure full compliance with all applicable money laundering-related laws and regulations.

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[Home](#) | [Enforcement action press releases](#)

**Last update: May 20, 1998, 4:00 PM**

UNITED STATES OF AMERICA  
 BEFORE THE  
 BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
 WASHINGTON, D.C.

_____ )	
Written Agreement By and Among )	
)	
BANCO INDUSTRIAL DE VENEZUELA )	
Caracas, Venezuela )	
)	Docket No. 98-019-B-FB
BANCO INDUSTRIAL DE VENEZUELA )	98-019-B-FA
Miami Agency )	
Miami, Florida )	
)	
and )	
)	
FEDERAL RESERVE BANK OF ATLANTA )	
Atlanta, Georgia )	
_____ )	

WHEREAS, in recognition of the common goal of the Federal Reserve Bank of Atlanta (the "Reserve Bank") and Banco Industrial de Venezuela, Caracas, Venezuela ("Banco Industrial") and its Miami Agency (the "Agency") to ensure compliance by the Agency with all applicable laws, rules and regulations and to continue the enhancements and improvements already undertaken by the Agency, the Reserve Bank, Banco Industrial on its own behalf and on behalf of the Agency, have mutually agreed to enter into this Written Agreement (the "Agreement");

WHEREAS, as the result of the identification of deficiencies, the Banco Industrial and the Agency have taken and are taking steps: (1) to enhance and improve the Banco Industrial's and the Agency's anti-money laundering policies and procedures and customer due diligence practices; and (2) to ensure full compliance with all applicable anti-money laundering laws and regulations, including, but not limited to, the Currency and Foreign Transactions Reporting Act (31 U.S.C. 5311 *et seq.*) and the accompanying regulations issued by the U.S. Department of the Treasury (31 C.F.R. 103.11 *et seq.*) (collectively referred to as the Bank Secrecy Act (the "BSA")), this Agreement is being entered into to make a record of the measures necessary to ensure continued full compliance with all applicable anti-money laundering laws and regulations and to obtain a formal commitment to their full implementation from the management of the Banco Industrial and the Agency; and

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WHEREAS, on October 4, 2000, the board of directors of Banco Industrial, at a duly constituted meeting, adopted a resolution:

(1) authorizing and directing Fernando Alvarez to enter into this Agreement on behalf of Banco Industrial and the Agency and consenting to compliance by the board of directors of Banco Industrial, and Banco Industrial's institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1813(u) and 1818(b)(4)), with each and every provision of this Agreement; and

(2) waiving any and all rights that Banco Industrial may have pursuant to 12 U.S.C. 1818: to a hearing for the purpose of taking evidence on any matters set forth in this Agreement; to judicial review of this Agreement; and to challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of this Agreement or any provision hereof.

NOW THEREFORE, the Reserve Bank and Banco Industrial and the Agency agree as follows:

1. (a) Banco Industrial, the Agency and any institution-affiliated party thereof, shall not, directly or indirectly, violate the BSA or any rules or regulations issued pursuant thereto;
- (b) For the purposes of this Agreement, the term "violate" shall include any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling or aiding or abetting a violation; and
- (c) To ensure that Banco Industrial and the Agency shall not violate any of the provisions of the BSA, or rules or regulations issued pursuant thereto, within 60 days of this Agreement, Banco Industrial and the Agency shall submit to the Reserve Bank an acceptable written plan designed, to the extent that such activities are performed at the Agencies:
  - (1) to ensure continued compliance with the recordkeeping and reporting requirements for currency transactions of over \$10,000 (31 C.F.R. 103.22);
  - (2) to ensure continued compliance with the identification requirements related to the recordkeeping and reporting requirements for currency transactions of over \$10,000 (31 C.F.R. 103.28);

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- (3) to ensure continued compliance with the exemption procedures (31 C.F.R.103.22);
- (4) to ensure continued compliance with the recordkeeping requirements for the purchase of bank checks and drafts, cashier's checks, money orders and traveler's checks (31 C.F.R. 103.29); and
- (5) to ensure continued compliance with the requirements related to the nature of records to be maintained and the retention period of such records (31 C.F.R. 103.38).

2. Within 60 days of this Agreement, Banco Industrial and the Agency shall submit to the Reserve Bank an acceptable enhanced customer due diligence program. The program shall be designed to reasonably ensure the identification and timely, accurate and complete reporting of known or suspected criminal activity against or involving the Agency to law enforcement and supervisory authorities as required by the suspicious activity reporting provisions of Regulation H (12 C.F.R. 208.62 and 208.63) and Regulation K (12 C.F.R. 211.24) of the Board of Governors of the Federal Reserve System (the "Board of Governors"). The enhanced customer due diligence program shall provide:

- (a) For a risk focused assessment of the customer base of the Agency to:
  - (1) identify the categories of customers whose transactions do not require monitoring because of the routine and usual nature of their banking activities; and
  - (2) determine the appropriate level of enhanced due diligence necessary for those categories of customers that Banco Industrial and the Agency have reason to believe pose a heightened risk of illicit activities at or through the Agency.
- (b) For those customers whose transactions require enhanced due diligence, procedures to:
  - (1) determine the appropriate documentation necessary to confirm the identity and business activities of the customer;
  - (2) understand the normal and expected transactions of the customer; and

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- (3) report suspicious activities in compliance with existing reporting requirements set forth in the regulations of the Board of Governors.
- (c) Appropriate procedures to reasonably ensure that all new offerings by or through the Agencies involving the receipt or transfer of funds comply with applicable laws and regulations related to anti-money laundering compliance and suspicious activity reporting.

3. Within 60 days of this Agreement, Banco Industrial and the Agency shall submit to the Reserve Bank an internal compliance program, designed to, among other things, ensure and maintain compliance by the Agency with the BSA and related rules and regulations. The program, at a minimum, shall:

- (a) provide the means to detect and monitor all currency and other transactions occurring at the Agency to ensure that such transactions are not being conducted for illegitimate purposes and that there is full compliance with all laws and regulations applicable to such transactions;
- (b) provide effective training to all appropriate personnel at Banco Industrial and the Agency in all aspects of regulatory and internal policies and procedures related to the BSA and the identification and reporting of suspicious transactions and to update the training on a regular basis to ensure that all personnel have the most current and up to date information; and
- (c) provide for independent testing of compliance with all applicable rules and regulations related to the BSA and the reporting of suspicious transactions.

4. Banco Industrial and the Agency shall continue to ensure that the BSA compliance program at the Agency is managed by a qualified officer, acceptable to the Reserve Bank, who shall have responsibility for all BSA compliance and related matters, including, without limitation, the identification and timely, accurate and complete reporting to law enforcement and supervisory authorities of unusual or suspicious activity or known or suspected criminal activity perpetrated against or involving the Agency.

5. The written plans and programs required by paragraphs 1, 2, and 3, hereof, shall be submitted to the Reserve Bank for review and approval. Acceptable plans and programs shall be submitted within the time periods set forth in this Agreement. Banco Industrial and the Agency shall adopt the approved plans and programs within 15 days of approval by the Reserve Bank and then shall fully comply with them. During the term of this Agreement, the approved plans and programs shall not be amended or rescinded without the prior written approval of the Reserve Bank.



6. Within 15 days after the end of each calendar quarter (September 30, December 31, March 31 and June 30) following the date of this Agreement, Banco Industrial and the Agency shall furnish a written progress report detailing the form and manner of all actions taken to secure compliance with this Agreement, and the results thereof.

7. All communications regarding this Agreement shall be sent to:

- (a) Ms. Suzanna J. Costello  
Vice President  
Federal Reserve Bank of Atlanta  
104 Marietta Street, N.W.  
Atlanta, Georgia 30303
- (b) Ildefonso Ferrer  
General Manager, Miami Agency  
Banco Industrial de Venezuela  
1101 Brickell Avenue, Suite 9005  
Miami, Florida 33131
- (c) Jorge Gamboa  
Executive Vice President  
Banco Industrial de Venezuela  
Tercera Avenida, Las Delicias de Sabana Grande  
Cruce con la Avenida Francisco Solano  
Torre Financiera, Parroquia El Recreo  
Caracas, Venezuela

8. The provisions of this Agreement shall be binding on Banco Industrial, the Agency and each of their institution-affiliated parties in their capacities as such, and their successors and assigns.

9. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended by the Reserve Bank.

10. Notwithstanding any provision of this Agreement to the contrary, the Reserve Bank may, in its sole discretion, grant written extensions of time to Banco Industrial and the Agency to comply with any provision of this Agreement.

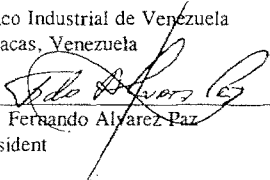
11. The provisions of this Agreement shall not bar, estop or otherwise prevent the Board of Governors or any federal or state agency or department from taking any other action affecting Banco Industrial, the Agency or any of their current or former institution-affiliated parties.

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12. This Agreement is a "written agreement" for the purposes of section 8 of the FDIC Act (12 U.S.C. 1818).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of this 12<sup>th</sup> day of December, 2000.

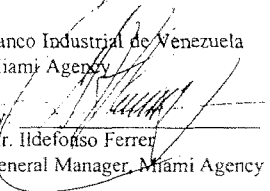
Banco Industrial de Venezuela  
Caracas, Venezuela

By:   
Mr. Fernando Alvarez Paz  
President

Federal Reserve Bank of Atlanta

By:   
Ms. Suzanna J. Costello  
Vice President

Banco Industrial de Venezuela  
Miami Agency

By:   
Mr. Hedefonso Ferrer  
General Manager, Miami Agency

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Senate Permanent Subcommittee  
On Investigations  
EXHIBIT # 57g

**Exhibit 57g.**

**Security Bank documents**

1990

**BTCB MONTHLY ACCOUNT ACTIVITY  
AT SECURITY BANK N.A.**

E-Z Checking- 01 and Supernow Account-02<sup>1</sup>

MONTH	OPENING BALANCE	DEPOSITS	WITHDRAWALS	CLOSING BALANCE
June 1998	\$0	\$7,531,481	\$2,843,531	\$4,702,514
July 1998	\$4,702,514	\$1,959,222	\$4,311,023	\$2,349,448
August 1998	\$2,349,448	\$2,706,444	\$4,076,552	\$983,035
September 1998	\$983,035	\$3,503,107	\$ 1,362,231	\$3,128,526
October 1998	\$50,000	\$9,104,555	\$11,525,055 <sup>2</sup>	\$199,781
November 1998	\$199,781	\$2,471,456	\$1,142,509	\$1,513,716
December 1998	\$1,513,716	\$1,256,985	\$2,436,698	\$334,430
January 1999	\$334,430	\$932,660	\$1,075,860	\$139,939
February 1999	\$139,939	\$3,927,591	\$3,346,225	\$722,161
March 1999	\$722,161	\$740,980	\$1,914,233	\$41,262
April 1999	\$41,262	\$1,776,821	\$698,192	\$1,119,728
May 1999	\$1,119,728	\$543,072	\$0	\$1,726,521
June 1999	\$1,726,521	\$1,346,212	\$2,603,353 <sup>3</sup>	\$447,978
July 1999	\$447,978	\$943,969	\$885,209	\$485,338
August 1999	\$485,338	\$1,276,015	\$1,497,505	\$275,793
September 1999	\$275,793	\$1,591,406	\$1,764,662	\$100,866
October 1999	\$100,866	\$1,233,542	\$718,733	\$617,388
November 1999	\$617,388	\$1,175,632	\$1,326,191	\$236,179
December 1999	\$236,179	\$2,285,069	\$1,907,943	\$387,808

<sup>1</sup>Records were subpoenaed from June 1998 to March 2000. The account remained open until July 2000.

<sup>2</sup> Includes \$6 million withdrawal from Supernow Account-02.

<sup>3</sup> Includes \$1 million withdrawal from Supernow Account-02.

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MONTH	OPENING BALANCE	DEPOSITS	WITHDRAWALS	CLOSING BALANCE
January 2000	\$387,808	\$1,546,739	\$1,460,796	\$464,204
February 2000	\$464,204	\$1,679,586	\$2,187,400 <sup>4</sup>	\$103,244
March 2000	\$103,244	\$1,333,168	\$1,439,092	\$4,944
<b>TOTAL:</b>		\$50,865,712	\$49,310,114	

Prepared by U.S. Senate Permanent Subcommittee on Investigations, November 2000.

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<sup>4</sup> Includes \$200,000 withdrawal from Supernow Account-02.



1993

07/29/98 13:32 FAX 3059716071 SECURITY BANK NA 002  
JUN-08 98 04:29P BTKC Bank/Trust (809) 448-6477 P.O.Z



**British Trade & Commerce Bank**  
*Licensed for Full Trust Business*

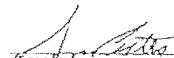
Emilia Bldg., Dame Eugenie Charles Blvd, Baytown,  
Rooseau Commonwealth of Dominica,  
PO Box 2642, Phone: (767) 448-6410 Fax: 448-6177  
E-mail: btcbank@windon.dm - SWIFT: BTCSDD33

SAMPLE SIGNATURES OF BANK OFFICERS  
ACCOUNTS ARE OPERATED WITH ANY TWO OF THE THREE

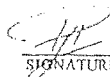
MR. RODOLFO REQUENA  
PRESIDENT

  
SIGNATURE

MR. GEORGE BETTS  
VICE PRESIDENT  
FINANCIAL CONTROLLER

  
SIGNATURE

MR. HERRY ROYER  
SECRETARY/DIRECTOR

  
SIGNATURE

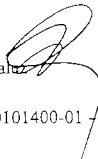
1994

98 14:41 FAX 3059716071

SECURITY BANK NA

002

## MEMO

To: File  
From: Fernando Gonzalez   
Subject: Acct. No. 04-00101400-01 - British Trade and Commerce Bank.  
Date: June 10, 1998

The account of the reference was opened on June 8, 1998 at the request of Mr. Rodolfo Requena president of British Trade and Commerce Bank.

Mr Requena was introduced to Mr. Felix Rodriguez, SVP and Head of our International Department and to the writer by Mr. Steve Weil, stockholder of First Equity Corporation of Florida, an investment banker business that recently moved to the same building where we are situated. I had visited First Equity Corporation of Florida some days before to offer the services of our bank.

Mr. Requena explained that British Trade and Commerce Bank is a customer of First Equity Corporation of Florida and that his group would become the major stockholder of this company as they were negotiating the purchase of the controlling participation that the government of Jamaica presently holds. He expressed that it was a very convenient for them to have the account with a bank in the same building and across the hall from First Equity Corporation of Florida.

Mr. Requena requested information about our bank, its size and services and then explained that British Trade and Commerce Bank was an offshore bank in Dominica, West Indies, that provides international banking, trust, and financial services, as explained in the brochure and copies of licenses that he provided. He added that the bank directors are from Venezuela, the Caribbean and the United States, and that most its capital was from the United States while most of his customers from Canada and other parts of the world.

British Trade and Commerce Bank, Mr, Requena expressed, maintained checking accounts with Banque Francaise Commerciale in Guyana but their main account, which they were closing, was with Banco Industrial de Venezuela, Miami Agency. According to Mr. Requena, they had taken the decision to close their account with BIV because the bad publicity that this bank was receiving as they were being investigated by the authorities as a result of laundering money charges against one of its principal officers

Mr. Felix Rodriguez explained that besides the letter of recommendation that were provided, our bank would make its own inquires about this account and Mr. Requena agreed.



1995

14:41 FAX 3059716071

SECURITY BANK NA

003

The initial deposit was made with a cashier's check from Banco Industrial de Venezuela in the amount of \$3,498,559.74.

1996

Jun-02-98 11:59A BT&C Bank/Trust

(809) 448-6477

P.03



**British Trade & Commerce Bank.**  
*Licensed for Full Trust Business.*

Emens Bldg., Dame Eugenia Charles Blvd, Bayfront,  
Roseau Commonwealth of Dominica  
P.O. Box 2042 Phone: (767) 448-6410 Fax: 448-6477  
E-mail: btcbank@cwdbm.dm - SWIFT: BTCBDMDM

THE FOLLOWING IS TO BE CONSIDERED PRIVATE AND CONFIDENTIAL TO THE RECIPIENT. ANY UNAUTHORIZED USE WILL BE PROSECUTED TO THE FULLEST EXTENT OF THE LAW.

SHAREHOLDERS OF BRITISH TRADE & COMMERCE BANK	SHARES
BRITISH TRADE & COMMERCE BANK BANCORP TRUST REPRESENTED BY MR. RODOLFO REQUENA, TRUSTEE BENEFICIAL INTERESTS ARE HELD BY MR. JOHN LONG	15,000
MR. RODOLFO REQUENA	3,000
BAILLET INTERNATIONAL LTD. BENEFICIAL INTERESTS HELD BY DR. DANA BAILEY AND MR. SCOTT BRETT	3,000
BAYFRONT INVESTMENT TRUST BENEFICIAL OWNER MR. PABLO URBANO	750
MR. DIRAN SARKISSIAN	750
MR. HERRY ROYER	750
MR. CLARENCE BUTLER	750
TREASURY SHARES HELD FOR OFFICER AND EMPLOYEE PROFIT SHARING	6,000
TOTAL SHARES AUTHORIZED AND OUTSTANDING	30,000

1997

BRITISH TRADE AND COMMERCIAL BANK  
Balance Sheet (U.S. Dollars)  
December 31, 1997

ASSETS

CASH AND DUE FROM BANKS	\$	6,230,253.80
ACCOUNTS RECEIVABLE	\$	10,000,000.00
GOVERNMENT SECURITIES HELD	\$	202,500,000.00
BANK PREMISES AND EQUIPMENT	\$	287,266.91
PREPAID EXPENSES AND OTHER ASSETS	\$	<u>667,913.59</u>
TOTAL ASSETS	\$	<u>219,685,434.30</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

DEMAND DEPOSITS	\$	1,210,128.15
CERTIFICATES OF DEPOSIT	\$	2,900,000.00
GOVERNMENT SECURITIES	\$	<u>200,000,000.00</u>
TOTAL	\$	204,110,128.15
ACCRUED EXPENSES AND OTHER LIABILITIES	\$	29,833.65
LONG-TERM LIABILITIES	\$	239,301.85

STOCKHOLDERS' EQUITY

CAPITAL STOCK	\$	3,000,000.00
ADDITIONAL PAID IN CAPITAL	\$	2,429,868.89
RETAINED EARNINGS	\$	<u>9,876,301.76</u>
TOTAL	\$	<u>15,306,170.65</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	<u>219,685,434.30</u>

APPROVED BY:  
GEORGE E. BETTS, VICE PRESIDENT, FINANCIAL COMPTROLLER

1998

14:41 FAX 3059716071

SECURITY BANK NA

004



June 17, 1998

Mrs. Joyce Rabess  
Banque Francaise Commerciale  
P.O.B 166  
Roseau, Dominica  
West Indies

Dear Mrs. Rabess

Mr. Rodolfo Requena, president of British Trade and Commerce Bank in Dominica, West Indies, has given us your bank as reference to establish a banking relationship with us.

Any information you could provide us about British Trade and Commerce Bank, your credit experience with them, average balances and how their account was handled, would be most helpful.

Your information, of course, will be treated with the strict confidence.

We will appreciate hearing from you at your earliest convenience. Thank you very much for your cooperation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Fernando Gonzalez", is written over a circular scribble.

Fernando Gonzalez  
Branch Manager - Brickell Branch

MAIN OFFICE  
1490 SOUTH STATE ROAD SEVEN

QUAY OFFICE  
1515 S.E. 17th STREET, #117

SPRINGTREE PLAZA OFFICE  
3801 NORTH UNIVERSITY DR., #202

BRICKELL OFFICE  
444 BRICKELL AVENUE

1999

Jun-02-98 11:58A BT&C Bank/Trust

(809) 448-6477

P.02



**Banque Française Commerciale**  
Antilles Guyane

AGENCE:  
Roseau  
DOMINIQUE  
P.O. B. 166  
Tel.: 84940  
Fax: 85335

The Manager  
British Trade & Commerce Bank Ltd  
P.O. Box 2042  
Roseau  
Dominica

21<sup>st</sup> May 1998

Dear Sir,

We confirm that the above-mentioned concern established accounts with this bank on 21<sup>st</sup> July 1997.

The concern maintains a Foreign Currency Account and a Local Currency Account.  
Accounts have been maintained in a satisfactory manner.

Yours faithfully

A handwritten signature in blue ink is written over a rectangular bank stamp. The stamp contains the text: 'BANQUE FRANÇAISE COMMERCIALE', 'ANTILLES GUYANE', 'ROSEAU', and 'DOMINICA'.

Mrs. Joyce Rabess  
ASSISTANT MANAGER

2000

/98 14:41 FAX 3059716071

SECURITY BANK NA

006



June 17, 1998

Ms. Lorena Ortiz  
Banco Industrial de Venezuela - Miami Agency  
1101 Brickell Avenue, Suite 500  
Miami, FL 33131

Dear Ms. Ortiz:

Mr. Rodolfo Requena, president of British Trade and Commerce Bank in Dominica, West Indies, has given us your bank as reference to establish a banking relationship with us.

Any information you could provide us about British Trade and Commerce Bank, your credit experience with them, average balances and how their account was handled, would be most helpful.

Your information, of course, will be treated with the strict confidence.

We will appreciate hearing from you at your earliest convenience. Thank you very much for your cooperation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Fernando Gonzalez", is written over a circular stamp or seal.

Fernando Gonzalez  
Branch Manager - Brickell Branch

MAIN OFFICE  
1100 POLYMER DRIVE SEVEN

QUAY OFFICE  
1515 S.E. 17TH STREET #113

SPRINGTREE PLAZA OFFICE  
3801 NORTH UNIVERSITY DR #202

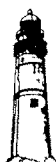
BRICKELL OFFICE  
444 BRICKELL AVENUE

2001

14:41 FAX 3059716071

SECURITY BANK NA

007



**Security  
Bank N.A.**

July 10th, 1998.

Ms. Lorena Ortiz  
Banco Industrial de Venezuela-Miami Agency  
1101 Brickell Avenue, Suite 500  
Miami, FL 33131

Dear Ms. Ortiz:

Mr. Rodolfo Requena, president of British Trade and Commerce Bank in Dominica, West Indies, has given us your bank as reference to establish a banking relationship with us.

Any information you could provide us about British Trade and Commerce Bank, your credit experience with them, average balances and how their account was handled, would be most helpful.

Your information, of course, will be treated with the strict confidence.

We will appreciate hearing from you at your earliest convenience. Thank you very much for your cooperation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Fernando Gonzalez", is written over a circular scribble.

Fernando Gonzalez - Branch Manager  
Brickell Branch  
444 Brickell Avenue  
Miami, FL 33131

SECOND REQUEST

MAIN OFFICE  
1450 SOUTH STATE ROAD SEVEN

QUAY OFFICE  
1515 S.E. 17TH STREET, #117  
FORT LAUDERDALE, FL 33316

SPRINGTREE PLAZA OFFICE  
3901 NORTH UNIVERSITY DR., #202  
SUNRISE, FL 33351

BRICKELL OFFICE  
444 BRICKELL AVENUE  
MIAMI, FLORIDA 33131

2002

01m-04-98 01:26P BT&C Bank/Trust

(809) 448-6477 P.02



**BANCO  
INDUSTRIAL  
DE VENEZUELA**

**MIAMI AGENCY**

1101 BRICKELL AVENUE, SUITE 500  
MIAMI, FLORIDA 33131 U.S.A.  
TELEPHONE: (305) 374-5060  
TELEX: MCI 691 2058 BIV-MIA  
FAX: (305) 374-5178  
CABLE: "BANOUSTRAL"

TO WHOM IT MAY CONCERN

As per request of our client British Trade & Commerce Bank, we hereby confirm that they have been a client of ours since October 20, 1997 and maintain an active checking account.

Currently, their account presents a balance in excess of medium six figures.

If you need further information please contact Mrs. Lorena Ortiz at (305)374 5060 ext. 17.

Sincerely,

Dra. Esperanza de Saad  
EVP & General Manager  
BIV Miami



2003

Jun-02-98 11:59A BT&C Bank/Trust

(809) 448-6477

P.05



FEDEINDUSTRIA

CARACAS, 07 DE MARZO DE 1997

The Manager,  
International Business Unit,  
Ministry for Finance, Industry & Planning,  
Government Of The Commonwealth of Dominicana.

Dear Sir:

I, Henry Gomez Alberti, in my character of President of Fedeindustria ( Venezuelan Small and Medium Industries Federation) hereby certify, that Rodolfo Requena has been member of this Federation since 1986.

Mr. Requena has been appointed in several positions showing in all of them a high degree of responsibility, honesty and Professional Capacity.

Mr Requena has occupied the following positions:

President of Capmi Miranda. (Industrial Chamber of Miranda State)	1986-1988
	1988-1990
Treasurer of Fedeindustria	1988-1990
Vice President of Fedeindustria	1990-1992
Director in Fonctei (Industrial Credit Fund)	1989-1991
Director in Corpoindustria (Financial Corporation for Industries)	1995-actual

Hoping this communication will assist you.

Best Regards

Henry Gomez Alberti  
President.

EDIFICIO CENTRAL FEDEINDUSTRIA NIVEL MEZANINA, OFICINA 20M.09, PARQUE CENTRAL, CARACAS  
TELÉFONO: 576.3470, FAX: 578.2253.

2004

Jun-02-98 11:59A BT&C Bank/Trust

(809) 448-6477

P.04

EMBAJADA DE VENEZUELA  
EN DOMINICA

Nº 6.3.1/141

Roseau, April 11, 1997

GULF UNION BANK  
THE BAHAMAS

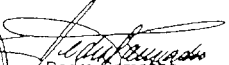
ATT: THE MANAGING DIRECTOR


I would like to introduce MR. RODOLFO REQUENA, Venezuelan, Engineer, MBA Specialty in Finance and Marketing, with important experience in private and public corporations bound to commercial and financial sectors.

At present, Mr. Requena is President of the Global Employees Benefit Services, C.A. in Venezuela, Director of the Corporation for the Development of Small and Medium Industries of Venezuela, and Chairman of the British Trade and Commerce Bank which headquarters is located in the Commonwealth of Dominica.

I am in a position to confirm that Mr. Rodolfo Requena is a person of a high human quality, who possesses great managerial capacity in the financial and banking fields. Likewise, I have to point out that Mr. Requena has an excellent record as a very respectful individual, with a congenial personality.

Sincerely,

  
Pedro Camacho  
AMBADOR OF VENEZUELA  
TO THE COMMONWEALTH OF DOMINICA



2005

Jun-02-98 11:59A BT&C Bank/Trust

(809) 448-6477

P.06

COURTESY TRANSLATION

**CORPOINDUSTRIA**

Corporation for the Development of the Small and Medium Size Industry

Maracay, March 5<sup>th</sup>, 1997

Excellency  
DR. PEDRO CAMACHO  
AMBASSADOR OF VENEZUELA IN  
THE ISLAND OF DOMINICA

Distinguished Ambassador:

Received cordial greetings. It is our more sincere wish success during your tenure in that country.

I will allow myself according to our telephone conversation last week, to introduce to you Eng. Rodolfo Requena, Director of this Corporation on behalf of "Fedeindustria" (Venezuelan Federation of Industries), as a person with high managerial capacity, banking and financial studies, and without negative Judicial and Administrative records in Venezuela.

This reference is due to the interest shown by the Eng. Requena to participate in banking and finance business in the Dominica Island

On thanking your attention on this matter.

Sincerely,

Your Friend,

**AMAURI JOSE GARCIA DEFFENDINI**  
President

2006

Jun-02-98 12:00P BT&C Bank/Trust

(809) 448-6477

P.07



STATE OF WASHINGTON

BOARD OF ACCOUNTANCY

210 East Union, Suite A, Mail Stop 43110 • P.O. Box 9131 • Olympia, Washington 98507-9131  
(360) 753-2585 • FAX (360) 664-9190

August 15, 1997

George E. Betts  
PO Box 2042  
Roseau, Commonwealth of Dominica  
WEST INDIES

SUBJECT: Confirmation of CPA Certificate

This is to confirm that George E. Betts has passed all parts of the AICPA Uniform Certified Public Accountant Examination and is the holder of Washington Certified Public Accountant certificate #02293 dated August 29, 1963. The certificate currently is on inactive status, but is in good standing and valid through June 30, 1999.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tim R. Hoefler".

Tim R. Hoefler  
Certification Specialist

2007

Jun-02-98 12:00P BT&C Bank/Trust

(809) 448-6477

P.08

LYDIA JUSTICE EDWARDS  
STATE TREASURER  
208 334-3200



STATE OF IDAHO  
OFFICE OF THE STATE TREASURER  
ROOM 102 STATEHOUSE  
BOISE, IDAHO 83720

March 26, 1997

To Whom It May Concern:

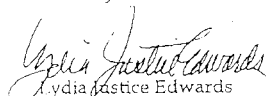
George Betts has been a friend for more than 15 years. I can recommend him highly, with no hesitation.

As well as being a talented, intelligent and professional C.P.A., George has a track record as a partner in a major accounting firm known for high ethical standards. His integrity is unquestioned and his reputation in the community is first-rate.

As a friend, he wears well – he is enjoyable, dependable and a source of sound advice.

George would bring talent and credibility to any organization wise enough to enlist his help. I believe he would be a valuable asset and a welcome member of your team.

Sincerely,

  
Lydia Justice Edwards

*Celebrate*  
**IDAHO**  
CENTENNIAL 1900

2008

Jun-02-98 12:00P BT&C Bank/Trust

(809) 448-6477

P. 09



**ROSEAU CO-OPERATIVE SOCIETY UNION LTD.**

31-35 QUEEN MARY STREET, P.O. BOX 175  
ROSEAU, DOMINICA, WEST INDIES  
Telephone No: 80944-82129/82191 Fax No: 80944-82491

November 26, 1997

To whom it may concern

I write in confirmation of the good standing and character of Mr. Henry Royer of Castle Comfort, Commonwealth of Dominica.

I have known Mr. Royer for over twenty-five years and can vouch for his honesty, forthrightness and general good name.

He has proven to be a respectable, honorable and highly industrious individual with a sound reputation in all his dealings.

I hold no reservations in recommending Mr. Royer.

A handwritten signature in black ink, appearing to read 'Victor Lewis', written over a horizontal line.

Victor Lewis  
Manager  
Finance and Administration

2009

Jun-02-98 12:00P BT&C Bank/Trust

(809) 448-6477

P.10



OFFICE OF THE PRIME MINISTER  
GOVERNMENT INFORMATION SERVICE

Telephone: 82401 Ext. 222  
Fax : 448 -- 7608  
Telegrams: External, Dominica.  
Telex : 8613 EKT. DO  
Reference: P.

GOVERNMENT HEADQUARTERS  
KENNEDY AVENUE  
ROSEAU  
COMMONWEALTH OF DOMINICA  
WEST INDIES

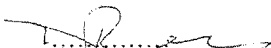
March 11, 1997.

TO WHOM IT MAY CONCERN

Mr Herry Royer has been employed with the Government Information Service for the past eleven (11) years. He was under my direct supervision for the past two (2) years.

Mr. Royer performed his duties with a high level of maturity, a strong mind and good character, he displayed a good working relationship with his fellow workers.

Sincerely,

  
DAVIDSON BRUNEY  
CHIEF INFORMATION OFFICER





2011



## Memorandum

TO: Tim Kenney, P.A.

DATE: July 27, 1998

FROM: Joseph H. Magley *JHM*

SUBJECT: **British Trade & Commerce Bank a/k/a British Bank Trade & Commerce**

As you have requested contact was made to the OCC and FDIC concerning the above captioned.

- 1) On July 24, 1998, the writer spoke to Mr. Bill Kerr, Enforcement and Compliance Division of the OCC (202-874-4800). According to Mr. Kerr the only information provided was that the entity was an off-shore bank and that it was not licensed to do banking business in the U.S. He did state that there were some concerns about British Trade in that there was a possibility that the company had lodged the Granada Guarantees for safekeeping. The Granada Guarantees was a financing scheme where the perpetrators would issue a bogus guarantee in the name of Granada for financing. Because of this factor he felt the Bank should be cautious. Other than that there were no prohibitions for doing business with this company.
- 2) On July 24, 1998, the writer spoke to Eugene Seitz (202-898-6793) from the FDIC. He stated that they kept no records of all off-shore banks and that any information they might receive would come from the OCC. He advised that they be contacted.

It must also be noted that the Secret Service Agent who originated the subpoena, Mr. Larry Koperna, stated to the writer on July 24, 1998, that they had run the British Trade through an agency to see if there was derogatory information and according to him there was no adverse information.

In the event you need additional information or clarification please call.

cc: Manuel Fernandez  
Eduardo Barranco  
J. Luis Domenech  
Felix Rodriguez

2012

Timothy H. Kenney, P.C.

Attorney at Law

P.O. Box 708

189 Bradley Place

Palin Beach, Florida 33480-0708

Telephone

(561) 833-8773

Fax # (561) 833-0543

August 27, 1998

Dean A. Eichelberger, Esq.  
Assistant United States Attorney  
1441 Main Street, Suite 500  
Columbia, SC 29201

Re: Subpoena to Testify Before Grand Jury  
Joe Magley, Security Bank

Dear Mr. Eichelberger:

Back in June I spoke with Marvin Caughman concerning the Subpoena that was served on Security Bank and whether or not Security Bank should discontinue doing any further business with British Trade and Commerce Bank. Mr. Caughman indicated that he was not aware of any reason why we should cease doing business with British Trade and Commerce Bank and suggested that we might check with the OCC or the FDIC to determine whether or not there have been any alerts issued by either of the agencies. My client checked with the OCC and the FDIC and has advised there are no "alerts" on file.

Security Bank will cooperate with the Secret Service and the U. S. Attorney's office concerning this matter. My client wishes to make sure that they abide by all the laws. If there comes a time that your office feels that information should be given to us concerning British Trade and Commerce Bank that indicates that we should not do business with British Trade and Commerce Bank, it would be appreciated if you would so advise.


Very truly yours,

  
TIMOTHY H. KENNEY

THK:cpw

2013

MEMORANDUM

SUBJECT: British Trade & Commerce Bank  
FROM: Fernando Gonzalez   
TO: File  
DATE: October 21, 1998


---

I received yesterday by fax the enclosed copy of a certificate of deposit made by British Trade & Commerce Bank for \$6,000,000.00 in the name of The Northfield Trust and dated October 20, 1998 to mature on October 21, 1999 and according to its text "to be paid by the issuing bank or at the counters of Security Bank, N.A., Miami." The document was sent by George Betts, Vice President of BTCB, who called immediately after, to request our approval of the document.

I explained to Mr. Betts that we could not honor that certificate and that our name must not appear on it. He asked me then to confirm with my main office because he believed that I was wrong. I faxed the copy of the certificate to Mr. Eduardo Barranco and Mr. Luis Domenech and both agreed that our name must not appear on the document as we were not going to take any responsibility and had nothing to do with that transaction.

I called back Mr. Betts and told him not to issue the certificate.

2014

  
**BTCB**

SERIES NUMBER CD1 CERTIFICATE NUMBER 98274


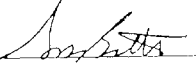

**BRITISH TRADE & COMMERCE BANK**  
 Emens Building, Dame Eugenia Charles Blvd., Bayfront  
 Roseau, Commonwealth of Dominica  
 P.O. Box 2042, Phone (767) 448-6410. SWIFT: BTCDMDM

**CERTIFICATE OF TIME DEPOSIT**

Issue Date: Oct 20, 1998 Maturity Date: Oct 21, 1999


THIS CERTIFICATE that \*\*\*\*\*THE NORTHFIELD TRUST \*\*\*\*\*  
 Has deposited with this bank the sum of \*\*\* United State Dollars Six million  
 with 00/100 \*\*\*\*\* US \$ : 6,000,000.00  
 This deposit shall bear interest at the rate of SEVEN Per cent (7.0%) per  
 Annum for a period of 12 (Twelve) months and One (1) day from issue date and  
 subject to the conditions stated herein:

Deposits made in any form shall not be considered good until the same have been cleared.  
 The deposit covered by this certificate will be paid by the issuing Bank or at the counters  
 of Security Bank NA, Miami, Florida and only upon presentation of the original  
 certificate duly endorsed by the depositor.  
 If the deposit is not withdrawn on the maturity date, the deposit shall be treated as a  
 regular savings account and shall earn interest as such from the date of maturity up to the  
 date of actual withdrawal.  
 It is understood and agreed that the deposit covered by this certificate shall be subject to  
 the prescribed rules and regulations, particularly on rate of pre-termination.  
 Assignment or pledge of the time deposit shall not be binding on the bank unless made  
 with the Bank's prior consent in writing.  
 Prompt notice in writing should be given to the Bank if this certificate is lost, stolen or  
 destroyed. In which case, the Bank may at it's option, cause a substitute to be issued to  
 such depositor on such terms of indemnity or otherwise as the Bank may deem proper and  
 the original certificate shall thereafter be void.



  
 VICE-PRESIDENT PRESIDENT

2015


**MEMORANDUM**

SUBJECT: British Trade & Commerce Bank  
FROM: Fernando Gonzalez   
TO: File  
DATE: November 5, 1998

---

Mr. George Betts, Vice President of British Trade & Commerce bank called today and asked me to read the enclosed draft of a time certificate of deposit and the enclosed document which states that Security Bank, N.A. would pay at its counters the certificate upon presentation. Both papers were faxed to us a few minutes later.

After reading both documents I called Mr. Betts and explained to him that our bank will not make any commitment like that one, as we had discussed before.

  
**BT&C**

SERIES NUMBER CD1 CERTIFICATE NUMBER XXXXX

**BRITISH TRADE & COMMERCE BANK**  
 Emens Building, Dame Ragnolds Charles Blvd., Bayfront  
 Roseau, Commonwealth of Dominica  
 P.O. Box 2042, Phone (767) 448-6410. SWIFT: BT&CDMDM

**CERTIFICATE OF TIME DEPOSIT**

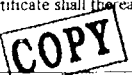

Issue Date: October 10, 1998 <sup>11/4/98</sup> Maturity Date: October 10, 1999 <sup>11/4/98</sup>

~~THIS CERTIFICATE~~ that HELLER SECURITIES

Has deposited with this bank the sum of TWENTY MILLION UNITED STATES  
 DOLLARS US \$20,000,000

This deposit shall bear interest at the rate of 10% 7/8 Per cent (10%) per  
 Annum for a period of 365 days from issue date and subject to the  
 conditions stated herein:

1. Deposits made in any form shall not be considered good until the same have been cleared.
2. The deposit covered by this certificate will be paid by the issuing Bank and only upon presentation of the original certificate duly endorsed by the depositor.
3. If the deposit is not withdrawn on the maturity date, the deposit shall be treated as a regular savings account and shall earn interest as such from the date of maturity up to the date of actual withdrawal.
4. It is understood and agreed that the deposit covered by this certificate shall be subject to the prescribed rules and regulations, particularly on rate of pre-termination.
5. Assignment or pledge of the time deposit shall not be binding on the bank unless made with the Bank's prior consent in writing.
6. Prompt notice in writing should be given to the Bank if this certificate is lost, stolen or destroyed. In which case, the Bank may at it's option, cause a substitute to be issued to such depositor on such terms of indemnity or otherwise as the Bank may deem proper and the original certificate shall thereafter be void.

AUTHORIZED SIGNATURE \_\_\_\_\_ AUTHORIZED SIGNATURE \_\_\_\_\_

2+231  #00000  US\$ XXXXXXXXXX  JL

2017



**British Trade & Commerce Bank**  
*International Bankers* *Licensed for Full Trust Business*

Emens Bldg., Dame Eugenia Charles Blvd. on the Bayfront  
Roseau, Commonwealth of Dominica  
Phone: (767) 448-6410 Fax: (767) 448-6477  
e-mail: [btcbank@cwdom.dm](mailto:btcbank@cwdom.dm) - SWIFT: BTCBDMDM

November 4<sup>th</sup>, 1998

TO WHOM IT MAY CONCERN:

RE: Certificate of Deposit No. 28898 Issued by British Trade & Commerce Bank  
In the Amount of \$20,000,000.00 USD showing HELLER SECURITIES, INC. as the  
Beneficiary.

We hereby jointly confirm that the above Certificate of Deposit is payable upon presentation at our  
counter as the Issuing Bank, or upon three (3) banking days advance notice to either to us as the  
Issuing Bank or Security Bank, N.A., 444 Brickell Avenue, Suite P-1, Miami, FL 33131, same shall  
be payable at the counter of our US correspondent bank, Security Bank, N.A., Miami, FL.

Issued on behalf of:  
BRITISH TRADE & COMMERCE BANK

Issued on behalf of:  
SECURITY BANK, N.A.

By: \_\_\_\_\_  
Dr. Rodolfo Requena  
President

By: \_\_\_\_\_  
Fernando, Gonzalez  
Branch Manager

2018

**ENDORSEMENT**

For value received, the undersigned does hereby sell, assign and transfer  
To \_\_\_\_\_ This Certificate  
of Time Deposit for US \$

The undersigned does hereby irrevocably constitute and appoint **British Trade  
& Commerce Bank** as attorney to transfer the above Certificate of Time  
Deposit, on the books of the above company, with full power of substitution.

Date:

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

Passport No.

For and on behalf of : \_\_\_\_\_

The Above Transfer was received and acknowledged this \_\_\_\_\_ day of

Furthermore we certify that the above mentioned signature  
belongs to: \_\_\_\_\_ authorized representative  
of: \_\_\_\_\_

according the recorded in our files.

For and on behalf of **British Trade & Commerce Bank**

\_\_\_\_\_


Date:





2019

MEMORANDUM

SUBJECT: British Trade & Commerce Bank  
FROM: Fernando Gonzalez   
TO: File  
DATE: December 10, 1998

---

I received this afternoon the enclosed letter and certificate of deposit faxed by Banco Solidario de Costa Rica and addressed to our teller Luis Ramos, who had also received a call from that bank announcing the letter.

When the signer of the letter, Gerardo Chaverri Fuentes called this morning I explained to him that our only relationship BTCB is a checking account that the maintain with us. That the answer to their inquires was that we did not accept any responsibility and that the document had no validity for us.

Mr. Chavarri Fuentes thank us for the information provided.

2020

FAX : BANCO SOLIDARISTA

PHONE NO. : 506 222 657

DEC. 10 1998 04:20PM '98



## BANCO SOLIDARIO de Costa Rica

*antigua Banca Solidarista Costarricense*

December 10, 1998

Mr. Luis Ramos  
Security Bank N.A.  
Miami, Fla  
U.S.A.

Dear Sir:

Our client, BSC Internacional S.A., is in the midst of a negotiation with Passenger Express Aviation, Inc. for the purchase of a US\$ 20,000,000 Certificate of Time Deposit from BRITISH TRADE AND COMMERCE BANK (BTCB) of the Commonwealth of Dominica.

The verbiage of the Certificate of Time Deposit (which has been given to us as an example), that our client is interested in is exactly the same to the one we are sending with this letter. Said verbiage names your bank as an alternate counter for payment.

In doing our due diligence on this transaction we have not been able to find the BRITISH TRADE AND COMMERCE BANK of the Commonwealth of Dominica, in the usual directories and therefore can not proceed without further information about the bank.


We would greatly appreciate any information you may have regarding the bank, or how we might go about verifying the validity of the Certificate of Time Deposit being offered.

Thanking you in advance for your assistance.

Yours truly,

Gerardo Chaverri Fuentes,  
International Dept. Manager  
Banco Solidario de Costa Rica S.A.

cc:file

  
 SERIES NUMBER 000      CERTIFICATE NUMBER 100

**BRITISH TRADE & COMMERCE BANK**  
Maritime Building, Deane Street, London E.C.3, England  
 Telephone: 01-47534111  
 P. O. Box 2045, Phasa (T97) 644-6410, NEWPORT, SYDNEY 2154


**CERTIFICATE OF TIME DEPOSIT**  
 Issue Date: Oct 20, 1990      Maturity Date: Oct 21, 1994

CRED CARRIER: Bank      \*\*\*\*\*

Has deposited with the bank the sum of \*\*\*\*\*  
\*\*\*\*\*      US \$ : 4,000,000.00

This deposit shall bear interest at the rate of SEVEN Percent (7.0%) per  
 Annum for a period of 12 (Twelve) months and One (1) day from issue date and  
 subject to the conditions stated herein.

Deposits made in any form shall not be considered good until the same have been cleared.  
 The deposit covered by this certificate will be paid by the issuing Bank or at the counters  
 of Security Bank NA, Miami, Florida and only upon presentation of the original  
 certificate duly endorsed by the depositor.  
 If the deposit is not withdrawn on the maturity date, the deposit shall be treated as a  
 regular savings account and shall earn interest as such from the date of maturity up to the  
 date of actual withdrawal.  
 It is understood and agreed that the deposit covered by this certificate shall be subject to  
 the prescribed rules and regulations, particularly on rate of pre-termination.  
 Assignment or pledge of the time deposit shall not be binding on the bank unless made  
 with the Bank's prior consent in writing.  
 Prompt notice in writing should be given to the Bank if this certificate is lost, stolen or  
 destroyed. In which case, the Bank may at its option, cause a substitute to be issued to  
 such depositor on such terms of indemnity or otherwise as the Bank may deem proper and  
 the original certificate shall thereafter be void.

        
 VICE PRESIDENT      PRESIDENT

2022

ACTRADE CAPITAL 1 954 351 7978 08/20 '99 14:30 No.893 01/04



6700 N. Andrews Avenue  
Suite 101  
Fort Lauderdale, FL 33309

Tel: 954-351-7780  
Fax: 954-351-7978  
Website: www.actrade.com

FACSIMILE TRANSMITTAL SHEET

TO: Fernando Gonsales	FROM: Jeffrey Spanier
COMPANY: Security Bank	DATE: August 20, 1999
FAX NUMBER: 305-374-1228	TOTAL PAGES (Including Cover) 4
TELEPHONE NUMBER: 305-374-3722	IF TRANSMISSION IS INCOMPLETE, PLEASE CALL

NOTES/COMMENTS

Please review and call back as soon as possible.

Actrade Capital  
Fort Lauderdale, Fl.  
Attn: Geffrey Spanier

8-20-99  
→

Answering your fax inquire regarding a/c I/F/O Actrade Capital Issued by British Trade and Commerce Bank I/A/O US \$1,000,000.00 We has not and will not confirm this letter of credit, the name of Security Bank, N. has been used without our authorization and we do not have or accept any liability on this matter.

SECURITY BANK, N.A.  
244 BRICKELL AVE.  
MIAMI, FL 33131

SECURITY BANK, N.A.  
244 BRICKELL AVE.  
MIAMI, FL 33131

2023

ACTRADE CAPITAL 1 954 351 7978 08/20 '99 14:30 NO.895 02/04



**British Trade & Commerce Bank.**  
*Licensed for Full Trust Business.*

Emanc Bldg., Dame Eugenia Charles Blvd. Bayfront,  
Roseau Commonwealth of Dominica,  
PO Box 2042, Phone: (767) 448-8410 Fax: 448-8477  
E-mail: bctbank@bcwcom.dm - SWIFT: BTCBDMOM

**STANDBY LETTER OF CREDIT**

**\$1,000,000.00 ( ONE MILLION UNITED STATES DOLLARS )**

LETTER OF CREDIT NUMBER: 990819  
CREDIT AMOUNT: USD\$ 1,000,000  
DATE OF ISSUE: AUGUST 19, 1999  
DATE OF MATURITY: FEBRUARY 20, 2000  
BENEFICIARY: ACTRADE CAPITAL

GENTLEMEN:

UPON REQUEST AND FOR ACCOUNT OF EZRA MICKLEWHITE AND IN CONSIDERATION OF YOUR GRANTING BANKING FACILITY OF WHATEVER NATURE (HEREINAFTER REFERRED TO AS "THE FACILITY" TO EZRA MICKLEWHITE (HEREINAFTER REFERRED TO AS "THE BORROWER"). WE HEREBY ISSUE OUR IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER 990819 DATED AUGUST 19, 1999 IN FAVOR OF YOURSELF UP TO AN AGGREGATE AMOUNT OF USD \$1,000,000 (ONE MILLION UNITED STATES DOLLARS) PAYABLE AT OUR COUNTER AGAINST YOUR "AUTHENTICATED TELE-TRANSMISSIONS" REFERRED TO THIS CREDIT. CERTIFYING THAT THE BORROWER HAS FAILED TO REIMBURSE YOU IN DUE COURSE, WHETHER FOR PRINCIPAL, INTEREST, OR OTHERWISE IN RESPECT OF THE FACILITY.

THIS LETTER OF CREDIT IS VALID FROM THE DATE HEREOF AND EXPIRES AT OUR COUNTERS ON FEBRUARY 20, 2000.

ALL PAYMENTS UNDER THIS LETTER OF CREDIT SHALL BE MADE FREE AND CLEAR OF ANY DEDUCTION OR WITHHOLDING WHATSOEVER AND SHALL BE PAID IN THE CURRENCY SPECIFIED ABOVE.

AMOUNTS PAYABLE UNDER THIS LETTER OF CREDIT SHALL BE PAYABLE ON FIRST DEMAND, (RESPECTIVE OF THE VALIDITY AND LEGAL EFFECTS OF THE FACILITY OR ANY DISPUTE THEREIN BETWEEN YOURSELF AND THE BORROWER, OR OTHERWISE.

**SPECIAL INSTRUCTIONS:**

- 1) NO INCOMPLETE OR DOCUMENTS WITH DISCREPANCIES WILL BE ACCEPTED
- 2) THIS LETTER OF CREDIT IS TRANSFERABLE UPON NOTIFYING THE ISSUING BANK AND THE PAYMENT OF ANY TRANSFER FEE.
- 3) ALL BANKING CHARGES UNDER THIS LETTER OF CREDIT EXCEPT OURS, IF ANY, ARE FOR THE ACCOUNT OF THE BORROWER.

**REIMBURSEMENT INSTRUCTIONS:**

- 1) BY TELEGRAPHIC/SWIFT WIRE TRANSFER AS PER YOUR INSTRUCTIONS.
- 2) THIS LETTER OF CREDIT IS SUBJECT TO THE UCC AND PRIOR DOCUMENTARY CREDITS (REVISION 1993) ICC PUBLICATION NO. 500.
- 3) THIS "HARD COPY" IS AN OPERATIVE INSTRUMENT. NO CONFIRMATION WILL FOLLOW.

  
GEORGE E. BETTS  
EXECUTIVE VICE PRESIDENT



  
HERBY ROVER  
SECRETARY/DIRECTOR

2024

ACTRADE CAPITAL

1 954 351 7978

08/20 '99 14:31 NO.893 03/04

The following are our letter of credit requirements:

Applicant: Ezra Mickelwhite

Beneficiary: Actrade Capital, Inc.  
200 Cottonball Lane  
Vantage Court South  
Somerset, NJ 08873

1. Irrevocable and transferable letter of credit
2. Advising and Negotiating Bank:  
Banco Portugues Do Atlantico  
New York Branch
3. Confirm and Paying Bank:  
Security Bank  
Miami, Florida
4. For Account of (Applicant):  
Ezra Mickelwhite
5. In Favor of (Beneficiary):  
Actrade Capital Inc.  
200 Cottonball Lane  
Vantage Court South  
Somerset, NJ 08873
6. Amount: \$1,000,000
7. Date of Issue: \_\_\_\_\_
8. Presentation for negotiation on or before: \_\_\_\_\_ (Expiry date)
9. Partial presentation is allowed.
10. Available by Sight drafts drawn on the Paying Bank.
11. Covering: Trade Acceptance Drafts signed by Ezra Mickelwhite
12. Drafts must be accompanied by the following documents:
  - a. Original Trade Acceptance Drafts signed by Ezra Mickelwhite.
  - b. A Letter signed by Actrade Capital, Inc. ("Actrade") stating that: "A default in an obligation of Ezra Mickelwhite to Actrade Capital Inc. has occurred."

No

08/18 '99 11:53 NO.961 02/05

ACTRADE CAPITAL INC. 15288849

2025

ACTRADE CAPITAL 1 954 351 7978 08/20 '99 14:32 NO.893 04/04

13. Additional instructions:  
All bank charges are for the account of the Applicant.  
14. Documents must be presented to Negotiating Bank within the validity of this Letter of Credit.

EXCEPT AS FAR AS OTHERWISE STATED, THIS IRREVOCABLE LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICES FOR DOCUMENTARY CREDIT (1993 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION #500.

\_\_\_\_\_  
BANK

By: \_\_\_\_\_  
AUTHORIZED SIGNATURE

\_\_\_\_\_  
PRINT NAME AND TITLE

ACTRADE CAPITAL INC. 752888479 08/18 '99 11:53 NO.961 05/03

2026

May 16 00 03:21p Rodd R. Buell, P. A. (305) 448 0994 p.2

**RODD R. BUELL**  
ATTORNEY AT LAW  
A PROFESSIONAL ASSOCIATION

MIRACLE PLAZA BUILDING  
2355 SALZEDO STREET, SUITE 202  
CORAL GABLES, FLORIDA 33134-5035

TELEPHONE (305) 443-1997  
TELEPHONE (305) 448-1991  
FACSIMILE (305) 448-0994  
E-MAIL: BUELLLAW@AOL.COM

May 16, 2000

British Trade & Commerce Bank  
Emens Bldg., Dame Eugenia Charles Blvd. Bayfront.  
P.O. Box 2042  
Roseau Commonwealth of Dominica  
Attn: George Betts, Executive Vice President

Re: British Trade & Commerce - Account # 0400101400-01  
*Via fax and regular mail*

Dear Sir:

Please be advised that I represent Security Bank, N.A. wherein British Trade & Commerce Bank has maintained a checking account(s).


It has come to our attention that the name of Security Bank, N.A. has appeared in certain casino gambling web sites. Very specifically, these web sites direct a potential gambling customer to wire funds to Security Bank, N.A., for beneficiary British Trade & Commerce Bank, account number 0400101400-01.

Security Bank, N.A. objects to the use of its name in these web page solicitations, and demands that its name be removed forthwith from all such casino gambling web sites.

Be further advised that the British Trade & Commerce checking account number 0400101400-01 and any other accounts shall be closed and terminated within thirty days of this communication. Please contact Security Bank directly to arrange an orderly closure of this account(s).

PLEASE GOVERN YOURSELVES ACCORDINGLY.

Very truly yours,



Rodd R. Buell, P.A.

RRB/br



2027

Senate Permanent Subcommittee  
On Investigations  
EXHIBIT # 57h

**Exhibit 57h.**

**First Union National Bank documents**

2028

**BTCB MONTHLY CAP ACCOUNT ACTIVITY  
AT FIRST UNION  
SEPTEMBER 1998 - FEBRUARY 2000**

MONTH	OPENING BALANCE	DEPOSITS <sup>1</sup>	WITHDRAWALS <sup>2</sup>	CLOSING BALANCE
September 1998	\$0	\$10,000	\$0	\$9,912
October 1998	\$9,912	\$0	\$0	\$9,941
November 1998	\$9,941	\$190,000	\$0	\$200,185
December 1998	\$200,185	\$52,041	\$0	\$252,862
January 1999	\$252,862	\$109,441	\$175,000	\$187,804
February 1999	\$187,804	\$278,980	\$0	\$467,449
March 1999	\$467,449	\$9,500	\$462,000	\$15,941
April 1999	\$15,941	\$6,250,445	\$3,929,780	\$2,336,908
May 1999	\$2,336,908	\$40,000	\$1,755,818	\$617,476
June 1999	\$617,476	\$3,131,007	\$1,665,228	\$2,070,975
July 1999	\$2,070,975	\$94,055	\$2,162,187	\$3,502
August 1999	\$3,502	\$2,367,820	\$732,900	\$1,642,611
September 1999	\$1,642,611	\$226,263	\$1,837,721	\$32,068
October 1999	\$32,068	\$1,363,509	\$806,375	\$589,525
November 1999	\$589,525	\$289,243	\$804,275	\$74,951
December 1999	\$74,951	\$3,986,184	\$3,051,363	\$1,011,538
January 2000	\$1,011,538	\$2,655	\$1,014,175	\$211
February 2000	\$211	\$56	\$229	\$0
<b>TOTAL:</b>		<b>\$18,401,199</b>	<b>\$18,397,051</b>	

Prepared by U.S. Senate Permanent Subcommittee on Investigations, November 2000.

<sup>1</sup> Does not include interest/dividend payments.

<sup>2</sup> Does not include wire transfer or annual fees.

**BTCB RELATED ACCOUNTS  
AT FIRST UNION**

ACCOUNT HOLDER	TYPE OF ACCOUNT	ACCOUNT NUMBER	ACCOUNT STATUS	REMARKS
British Trade & Commerce Bank	CAP	998-387-1373	Open 9/17/98 - 2/4/00	Never used
	BRK	17624265	Open 9/17/98 - 2/4/00	
Banque Francaise Commerciale	DDA - corporate	209-000-140-8334	Open 5/15/96 - now	Key account
	IIDA	200-009-067-1052	Open 8/28/98 - 5/17/99	
	IIDA	200-009-060-0120	Open 5/14/99 - now	
FEC Financial Holdings Inc.	DDA - corporate	202-000-072-6184	Open 11/12/98 - 6/30/00	
BTC Financial Services Inc.	DDA - corporate	200-000-282-1162	Open 11/2/99 - now	
Robert F. Garner Attorney At Law	DDA - corporate	202-000-035-7100	Open 1/30/98 - now	
Global/Vector Medical Technologies Inc.	DDA - corporate	209-000-294-6659	Open 9/30/98-11/01/99	Key account
	CAP	998-324-6063	Open 1/6/99 - now	
	DDA - corporate	200-000-276-0469	Open 8/30/99 - now	
	DDA - corporate	200-000-276-0375	Open 9/8/99 - now	
	DDA - corporate	200-000-748-1837	Open 5/10/00 - now	
	BRK	24021271	Open now	
Money manager	4063000997	Open now	Possibly other accounts in First Union private bank	
Michael H. Salit, M.D.	DDA - individual	109-001-566-5656	Open 4/28/98 - now	
Signal Hill Media Group	DDA - corporate	200-000-677-7665	Open 6/30/00 - now	

Prepared by U.S. Senate Permanent Subcommittee on Investigations, Minority Staff, December 2000

FROM: FIRST UNION

FXR NO.: 784 374 6743  
10-23-98A09:14 RCVD

07-26/00 13:04 P.01



*Donna*

NEW COMMERCIAL CAP ACCOUNT APPLICATION

When it comes to service, everything matters.

Customer Information

Company/Trade Name and Legal Address	Org	Branch	Date	Visit Number
BRITISH TRADE & COMMERCE BAN ATTN RALPH HINES/GEORGE BETT C/O FIRST EQUITY GROUP OF FLA 8440 W BRICKELL AVE STE P-5 MIAMI FL 33121	003	87001	08/17/1998	038081734351
		Sold By		Marketed By
		ADL4437		

Primary Contact Data

Company Telephone Number  
*FORGION CORP. - EXHART*

Name Phone      Work Phone      Home Phone      Work Phone

3053780731      3053790731

Additional Contact Data

Electronic Mail and Phone Number	Referral Name
<i>By Request</i>	

Account Information

Product	CAP Account Number	Investment Option	Investment Plan
Funds	988871377		YREA
	CAP ACCOUNT		
Current Ending FUIR No.	Account Type	Statement Type	Brokerage Transfer
17624265	N	N	N

Agreements and TIN Certification

INVESTMENTS IN STOCKS, BONDS, MUTUAL FUNDS AND OTHER SECURITIES ARE NOT ENDORSED OR GUARANTEED BY FIRST UNION, AND NOT DEPOSITABLE OR OTHER OBLIGATIONS OF FIRST UNION, ARE NOT INSURED OR OTHERWISE PROTECTED BY THE FDIC OR ANY OTHER GOVERNMENT AGENCY, AND INVOLVE INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF PRINCIPAL.

By signing this Application, I acknowledge that I have read and understand the foregoing sharing of information. First Union Exchange Services, Inc. (FUES) is a registered broker-dealer, a member of the NASD and a subsidiary of First Union National Bank. Customer maintains any deposit or other account relationship, are authorized to share any Customer account information for each purpose as they, in their sole discretion, may deem necessary or appropriate.

I hereby certify that the information on this Application is true and correct and agree to notify First Union immediately if at any time any of such information should change. I have received and read the accompanying CAP ACCOUNT CUSTOMER AGREEMENT (the "Agreement") including the disclaimer incorporated by reference in the Agreement, and agree to be bound by the terms and conditions contained therein. The words "I" and "me" in used in this certification refer to the Account holder.

**TIN CERTIFICATION.** Under penalties of perjury, I certify that:

1. The number shown on this form is my correct Federal Identification Number (or am writing for a partner to be listed in 1099 form)

2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding, or (c) in the case of a partner, I am not subject to backup withholding, or (d) the IRS has notified me that I am no longer subject to backup withholding.

**TIN CERTIFICATION INSTRUCTIONS.** You must appear out front (2) above if you have been notified by the IRS that you are currently subject to backup withholding because of incorrect or missing or outdated tax return information.

**TYPE OF ACCOUNT**

Qualification (Supply copy of Corporate Resolution)

Not For Profit (Supply copy of Not For Profit Resolution)

Partnership (Supply copy of Partnership Agreement)

Trust (Supply (Supply copy of trust agreement or other trust instrument)

Other (Specify)

I am a First Union COA and IRA COA (include on my Commercial CAP Statement. (These do not count toward the opening balance requirement.)

Please send me the Commercial CAP Account statement to:

Other

I am interested in Options Trading. Please send the necessary forms.

**BROKERAGE INFORMATION**

Are you affiliated with a member firm of the National Association of Securities Dealers, Inc.?

Yes  No

**FINANCIAL INSTITUTION** (Please indicate your choice as to the status or withdrawal of your assets, address, and accurate address on trading operations.)

INVESTOR OR CONSULTANT, with my name, address and securities positions disclosed as my representative upon the account, through the company (FUIR) being held for me.

**First Union Brokerage Services, Inc. Use Only:**

Appropriate **ISR NOT ASSIGNED**

Date: 08/17/1998

Signature: *[Signature]*

THE AGREEMENT CONTAINS A PRE-EMPTIVE ASSIGNMENT CLAUSE ON THE LAST PAGE. BY SIGNING THIS APPLICATION, I ACKNOWLEDGE RECEIPT OF A COPY OF THE AGREEMENT CONTAINING SAID CLAUSE. THE INTERNAL WEBSITE SERVICE DOES NOT REQUIRE YOUR CONSENT TO ANY PROVISIONS OF THIS DOCUMENT OTHER THAN THE COOPERATION REQUIRED TO AVOID BACKUP WITHHOLDING.

Signature: <i>[Signature]</i>	Title: <i>Vice President, Finance</i>	Date: <i>8/17/98</i>
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When system is unavailable, manually complete form.

2031

**Johnson, Helene**  
**From:** Galan, Roberta  
**Sent:** Monday, August 07, 2000 4:23 PM  
**To:** Johnson, Helene; Rodriguez, John  
**Subject:** FW: British Trade

Roberta Galan  
International Trade Lending  
tel: (305) 789-1213  
fax: (305) 789-6930  
[roberta.galan@funb.com](mailto:roberta.galan@funb.com)

-----Original Message-----  
**From:** Galan, Roberta  
**Sent:** Wednesday, December 09, 1998 4:34 PM  
**To:** Brunner, Stephen  
**Cc:** Rodriguez, John  
**Subject:** British Trade

Have you ever heard of this bank? It is a customer of FUNB. They have \$200m invested in a CAP account that they would like to pledge to open up a letter of credit in favor of Mastercard. Initially they approached Howard Halle, who handles domestic customers, but when he heard that the bank is chartered in Dominica, and owned by Texans, he referred it to International. The same group that owns the bank is affiliated with a company called First Equity, a 50 year old stockbrokerage here in Miami. A Mr Ralph Hines is coming to see me tomorrow morning to see if we want to do business with them. I told him we would need to investigate the ownership in the interests of "Knowing our Customer". He is bringing information on the bank.

2032

**Galan, Roberta**

---

**From:** Galan, Roberta  
**Sent:** Friday, April 16, 1999 11:10 AM  
**To:** Kovacs, John (FUNMAIL); BRADY, TIM (FUNMAIL)  
**Subject:** FW: British Trade & Commerce, Dominica

-----Original Message-----

**From:** Galan, Roberta  
**Sent:** Friday, April 16, 1999 9:25 AM  
**To:** Brunner, Stephen  
**Cc:** Rodriguez, John; CARVALHO, SERGIO (FUNMAIL); Acosta, Christina; Torres, Arlene  
**Subject:** British Trade & Commerce, Dominica

I remember now who they are. Someone in Charlotte opened an Evergreen Investment account for this bank in September 1998. (You might get more info from the CAP account people.) The president visited Christina Acosta at the former Corestates office and wanted to deposit \$15MM with her. Later on he visited us here in the Financial Center. They also tried to start a relationship with Howard Halle, manager of our domestic corporate area in Miami, since it is alleged to be associated with an old-established Miami stock-brokerage firm called First Equity. John checked them out with his banking contacts, as did the Florida corporate area, and we declined to expand our relationship. However, technically they are correct, they are customers, I should like to know who their account officer is, maybe the accounts (they have 2), should be closed.

2033

**Johnson, Helene**

**From:** Galan, Roberta  
**Sent:** Monday, August 07, 2000 8:17 AM  
**To:** Johnson, Helene  
**Subject:** British Trade & Commerce

I cannot remember if we sent the package of information that they gave to us back to them. It contained copies of the paperwork from their incorporation in the Bahamas. I will ask Jose Obregon, who replaced me as the Country Officer for the Caribbean, if I gave it to him.

Roberta Galan  
International Trade Lending  
tel: (305) 789-1213  
fax: (305) 789-6930  
[roberta.galan@funb.com](mailto:roberta.galan@funb.com)

-----Original Message-----

**From:** Galan, Roberta  
**Sent:** Friday, April 23, 1999 2:15 PM  
**To:** Sheffield, Benita (NOTES)  
**Subject:** BCT

-----Original Message-----

**From:** Galan, Roberta  
**Sent:** Friday, April 23, 1999 2:13 PM  
**To:** 'BENITA.SHEFFIELD@firstunion.com'; CAPMARK -SBrunner \*; CAPMARK -amarin \*; CAPMARK -JRodrig \*; TAOFUN1 -A067797 \*; CAPMARK -rgalan \*; CAPMARK -cperez \*; "BENITA.SHEFFIELD"  
**Subject:** RE: could you please check this

Christina Acosta and I met them in person (separately). They wanted to use FUNB by placing a deposit with us to collateralize a standby letter of credit in favor of Mastercard. (They said they were going into the credit card business in the Caribbean.) John Rodriguez was able to check them out through banking connections. They gave us a big package of information which we still have. We do not know the source or movement of the funds in the CAP account, so we do not know if there is anything improper in the way that the existing FUNB account is managed, we just declined to expand the relationship based on information received.

-----Original Message-----

**From:** [BENITA.SHEFFIELD@firstunion.com](mailto:BENITA.SHEFFIELD@firstunion.com)  
[SMTP:BENITA.SHEFFIELD@firstunion.com]  
<<mailto:SMTP:BENITA.SHEFFIELD@firstunion.com>>  
**Sent:** Friday, April 23, 1999 1:34 PM  
**To:** CAPMARK -SBrunner \*; CAPMARK -amarin \*; CAPMARK -JRodrig \*; TAOFUN1 -A067797 \*; CAPMARK -rgalan \*; CAPMARK -cperez \*; "BENITA.SHEFFIELD"  
**Subject:** could you please check this

Date: Friday, 23 April 1999 1:33pm ET  
To: \*, CARLOS.PEREZ <A907261 >, ROBERTA.GALAN <A003017 >, TIM.BRADY <A067797 >.

2034

**Galan, Roberta**

**From:** Marin, Ariel  
**Sent:** Friday, April 16, 1999 11:15 AM  
**To:** Galan, Roberta; Perez, Carlos  
**Cc:** Brunner, Stephen  
**Subject:** RE: British Trade & Commerce Bank

I think this is the guy that said that called me from the airport about a week ago asking me to send him documents to open an account. I called S. Brunner and we refused to open it but I guess they got some else within the bank to open it.

Ariel J. Marin, S.V.P. and Managing Director  
Americas Group  
Tel (305) 789-6901  
Fax (305) 789-6930  
e-mail: [ariel.marin@capmark.funb.com](mailto:ariel.marin@capmark.funb.com)

-----Original Message-----

**From:** Galan, Roberta  
**Sent:** Friday, April 16, 1999 11:07 AM  
**To:** Kovacs, John (FUNMAIL); BRADY, TIM (FUNMAIL)  
**Cc:** Brunner, Stephen; Marin, Ariel  
**Subject:** British Trade & Commerce Bank

003 CAP 998387173. I am going to forward more e-mails to you so that you get the picture. This is just an alert. We are not happy about the way this bank, for which we (International Division and Florida Corporate Banking Group) refused to open an account, was able to open a CAP account by phone and is using First Union as a reference. This is basically a "Know Your Customer" issue.

-----Original Message-----

**From:** Torres, Arlene  
**Sent:** Friday, April 16, 1999 9:04 AM  
**To:** Roberta Galan  
**Subject:** FW: could you please check this bank

FYI

Arlene Torres  
International Division - Americas Group Miami  
P-305 789 4845 F-305 789 6930  
E-mail: [arlene.torres@funb.com](mailto:arlene.torres@funb.com)

-----Original Message-----

**From:** Perez, Carlos  
**Sent:** Friday, April 16, 1999 8:39 AM  
**To:** 'SERGIO.CARVALHO@firstunion.com'  
**Cc:** Torres, Arlene; Brunner, Stephen  
**Subject:** RE: could you please check this bank

Dominca!!

These Brazilian banks are DESPERATE...not even the Dominican Republic, but DOMINICA...wow....Wait until Brunner hears this one...

Dominica is about 20 sq. miles, with mountainous territory. Their business is banana exports...but no success due to on-going WTO Banana War. Getting killed by Ecuador, Costa Rica, Honduras...Very dirty offshore banking center.

Carlos A. Perez, SVP & Managing Director Americas Group  
Office: 305 789-6920 FAX 305 789-6930  
E-Mail: [Carlos.Perez@funb.com](mailto:Carlos.Perez@funb.com)

-----Original Message-----

**From:** SERGIO.CARVALHO@firstunion.com [SMTP:SERGIO.CARVALHO@firstunion.com] <<mailto:SERGIO.CARVALHO@firstunion.com>>  
**Sent:** Thursday, April 15, 1999 6:39 PM  
**To:** capmark-arentas (052)  
**Cc:** CAPMARK -cperez (052)  
**Subject:** could you please check this bank



2035

*SIDNEY S. COLLIE*  
*Counsel & Attorney-at-Law*  
*Notary Public*  
*Chambers*

Suite 205, Second Floor  
The Pat Paul Building, East Street, North  
P.O. Box N-9481, Nassau, New Providence  
The Bahamas

Telephone: (242) 326-3443  
(242) 326-3461  
(242) 326-3462  
Facsimile: (242) 326-3586  
E-Mail: scollie@banelnet.bs

SIDNEY S. COLLIE, B.Ed., M.Sc., M.B.A., J.P.

October 7, 1998

The Governor  
The Central Bank of The Bahamas  
Frederick Street  
P.O. Box N-4868  
Nassau, The Bahamas

**RE: Application by British Trade and Commerce Bank  
for a Commercial Banking License and to Purchase  
Gulf Union Bank**

Dear Governor:

**PROFILE AND INTRODUCTION**

We represent British Trade and Commerce Bank in connection with the captioned application.

We are submitting herewith your standard application form duly completed by the British Trade and Commerce Bank (BTCB).

We provide herewith for your information the background explanation.

- A. The Certificate of Incorporation
- B. The Articles of Association
- C. The Memorandum of Association

Annexed hereto as Appendix I.

On the 27<sup>th</sup> day of March, AD, 1997 BTCB was granted a license by the competent authority in The Commonwealth of Dominica (hereafter referred to as the said Commonwealth) to conduct Offshore banking and Trust business pursuant to the Offshore Banking Act 1996. BTCB is the

largest off-shore private bank currently operating in the said Commonwealth in terms of equity and assets. We produce herewith in Appendix II the most recent unaudited financial statements for the nine (9) months ending 30 June 1998.

In addition, BTCB has recently purchased First Equity Corporation of Florida, an investment banking firm established in 1968 and located at 444 Brickell Avenue, Suite P6, Miami, Florida, USA. First Equity Corporation of Florida is registered with the Securities and Exchange Commission and the Florida Division of Securities. It is also a member of the National Association of Securities Dealers, Inc. and the Securities Investor Protection Corporation. We annex hereto as Appendix III a promotional brochure on First Equity Corporation of Florida.

BTCB's principal objectives are stated in its Memorandum of Association, the main objective being:-

"To carry on, in the Commonwealth of Dominica and other countries, the business of banking, including off-shore banking in all its branches and to transact and do all matters and things incidental thereto or which may at any time hereafter, at any place where the company shall carry on business, be usual in connection with the business of banking or dealing in money or securities for the money including the business of bankers, investment banking, public and merchant banking and also but not limited to: (a) receiving deposits of money from the public;(b) making personal, mortgage, industrial and other loans to the public; (c) purchasing, selling, discounting or negotiating for the public on a regular basis notes, drafts, cheques, bills of exchange, acceptances or other evidence of indebtedness; (d) issuing letters of credit to the public and negotiating drafts drawn thereunder; (e) providing trust services for the public; (g) purchasing stock, debt obligations or other securities from and issuer or holder from which a public or private distribution can be made..."

BTCB intends to maintain a leadership position in the Caribbean banking industry by focusing on:

- The consolidation and expansion of its private banking activities, including its securities trading, asset management, and investment banking activities; expansion of its commercial banking activities, including retail and wholesale banking.
- The development of products and services, and the promotion of cross-selling opportunities between BTCB and its subsidiaries and customers.
- The continued modernization of its technological and physical infrastructure, as well as its business, operations, and procedures.

In addition, BTCB intends to pursue an opportunity offered by the Minister of Finance, Commonwealth of Dominica. The Minister has requested BTCB to indicate its interest in participating in the ownership of the government owned Agricultural and Industrial Development Bank (AIDB). BTCB intends to review this offer, and if feasible, acquire a minority ownership in AIDB, thus entering into development banking in the Caribbean.

#### OWNERSHIP

BTCB is beneficially owned by three institutional investors, two of which are incorporated in The Bahamas, and one of which is incorporated in the Commonwealth of Dominica; and four individual investors. Detail particulars on this ownership are provided in Appendix IV.

By way of a brief explanation, however, the institutional investors are the beneficial owners of 62.50% of the 30,000 authorized shares. The three institutional investors are:-

- British Trade and Commerce Bank Bancorp – a Bahamian corporation
- Bailey International Limited – a Bahamian corporation
- Bayfront Investment Trust – a Commonwealth of Dominica corporation

The individual investors are Dr. Rodolfo Requena, Mr. Diran Sarkissian, Mr. Herry Royer, and Mr. Clarence Butler. They are the beneficial owners of 17.5% of the issued share capital of the company. The remaining 20% of the shares of the company are unissued.

#### FINANCE

For the nine (9) months ending June 30, 1998, BTCB's total assets amounted to the sum of \$US448.4 million; total deposits, \$US73.5 million; and total stockholders' equity, US\$15.5 million. For the same period BTCB earned \$US9.3 million representing a return on assets of 2.1%.

#### ORGANIZATION AND MANAGEMENT

Proper conduct, control, and professionalism constitute the principal components of BTCB's organization and management. While BTCB's external auditors and its bank supervisors verify that the bank satisfies regulatory and operational standards, BTCB's executive management and directors are responsible for running the bank in a safe and sound manner.

BTCB is therefore organized to allow for the primacy of the Board of Directors assisted by a Board appointed Advisory Committee. The Organization Structure is attached hereto.

The existing and prospective members of BTCB's management, and BTCB's attorney are as follows:

- Dr. Rodolfo Requena Perez – President/Director – Chemical Engineer, MBA, Ph.D., (Canada), Magister in Business, (Japan). Specialist in finance and marketing, with considerable experience in both private and public corporations in the financial and commercial sectors. Served as Director and Acting President of the Industrial Credit Fund (FONCREI) and as a Director in Corpoindustria and Financial Leasing Company (ANFICO).

He held senior management positions with Consolidated Bank, American Express, Warner Lambert and American Can Company.

- Dr. Charles L. Brazie – Vice President/Managed Accounts – B.Sc. (ES), S.M., Ph.D., with more than 32 years experience as a management consultant, a strategic and financial planner, an operations research specialist, and an executive with full financial and operations responsibilities. His professional experience includes serving: as Chairman and CEO of successful companies in telecommunications. Group manager of a major government consulting company, Vice-President and Director of Quantitative Management Sciences for the largest International consulting company; National Director of Quantitative Management Services of Arthur Young & Company; and Special advisor/consultant to the Executive Office of the President of USA. He has extensive expertise in international finance and development, investment management, mergers and acquisitions, and financial planning and control.
- George E. Betts – Vice President/Financial Comptroller – CPA (USA) has extensive experience in all aspects of financial and operations management with proven successes in international business development resulting from twenty-two years experience with a Big Six accounting firm of Deloitte & Touche. Served as Partner In Charge of the office in Hong Kong and was responsible for the quality of service for all U.S. clients in the Far East. Opened offices for Deloitte & Touche in Korea, Macau and Shanghai (Peoples Republic of China). Has extensive experience in management of businesses, dealing with off shore transactions including letter of credit, foreign exchange and investments. Various other experience including U.S. Securities and Exchange filings and reporting, U.S. and international taxation and mergers, and acquisitions. Also spent six years as Executive Vice President and Chief Operating Officer of a U.S. public company operations in 15 countries.
- Oscar Rodriguez Gondelles – Business Representative in Venezuela – MBA, with 20 years managerial experience in banking and credit card institutions, and telecommunication companies. Has 12 years experience in strategic planning for large banks and telecommunication companies, including CANTV (Telecommunication Company), Credimatco (Credit Card Holding), Consolidated Bank, American Express, NCR, and the Royal Bank of Canada, Venezuela.
- John G. Long – Chairman of the Advisory Committee – JD, MBA, CPA (USA), with an extensive experience in banking originating with his family, which has been in banking for over 100 years. His family was the founders of the Farmers Exchange Bank in Oklahoma and co-owners of the First State Bank of McKinney in Dallas, Texas. He has held such positions as Senior Vice President, Chief Financial Officer and Trust Officer in such banks as Citibank, Liberty National Bank and Trust, and First State Bank of McKinney. He has also served as Senior Financial Analyst for projects in Central America for USAID (United States Agency for International Development); Special Attaché of the United States Justice Department based in Geneva with contacts with major Western European Banks. Serves as consultant to financial projects and to managing trust operations in the Bahamas.

- Louis B. Robinson, Prospective Management Staff – A financial and accounting executive with proven managerial skills capable of focusing on challenging situations to produce creative results. Unique blend of over 20 years experience in major financial institutions as well as State Government, combining, line staff and profit management responsibilities. Banking experiences include Chief Financial Officer/Comptroller with Banco Industrial de Venezuela; Comptroller/Compliance Officer with Banca Nazionale del Lavoro.
- Patricia Garraway-Ingles – Prospective Management Staff - She established Banque Francaise' operations in Dominica, and manages the Dominica operations of Banque Commerciale, a subsidiary of Credit Agricole, Paris, France.
- Dr. Wilbert O. Bascom – Member of the Advisory Committee - Ph.D., with strong background in commercial bank management, central bank operations and research, financial institutions regulation and supervision, and consulting on emerging markets institutions, practices and issues. He was a Senior Economist at the Bank of Guyana for four years; Chief Executive Officer of the Guyana National Cooperative Bank for eight years; Chief International Banking Regulator for the State of Florida for 14 years; and occasional management consultant for commercial banks in Jamaica and the Commonwealth of Dominica. He also consults with the Centrale Bank van Suriname on financial institutions' regulation and supervision. Dr. Bascom is a published author on bank management and supervision in developing financial markets and on other financial emerging financial market issues. He lectured on banking and international finance at the City of London College, Florida State University, and Florida International University. He holds licenses from the NASD and the MSRB and is a licensed securities principal.
- Michael E. Bruney – Counsel and Attorney-at-Law – L.L.B., Attorney at Law with 10 years experience as practicing attorney in the Commonwealth of Dominica. Has served as State Attorney, Registrar of the High Court, Registrar General and Provost Marshal. Has served for the last five years as barrister, solicitor and notary public in private practice dealing with all aspects of corporate law, contract law, land law and criminal law. Serves as registered agent under the International Business Companies Act.

Curriculum Vitae are provided for BTCB's management in Appendix V and resumes of the auditors are provided in Appendix VI.

#### **HOME COUNTRY REGULATION AND SUPERVISION**

BTCB is supervised by its home-country regulatory agency, the International Business Unit of the country's Ministry of Finance. The Minister of Finance has authorized BTCB to establish a presence in The Bahamas (See Appendix VII). In addition, the Minister of Finance has authorized the Eastern Caribbean Central Bank (ECCB) to supervise the activities of BTCB on a consolidated basis consistent with the Basle principles for the supervision of international banking organizations (See Appendix VIII).

The ECCB is therefore authorized to supervise BTCB through review of periodic reports, on-site inspections, and review of external auditors' reports. It is expected the ECCB will require BTCB to file periodic reports that address the soundness of its policies, procedures and practices, and its compliance with its home and host countries' laws and regulations. BTCB intends to comply with such requests by the ECCB. (See Appendix IX for the laws of the ECCB and the said Commonwealth governing BTCB's operations in the Commonwealth of Dominica.

The ECCB's supervisory procedures are generally directed to banking activities conducted in the Eastern Caribbean region. However, the ECCB will have access to information on BTCB's world operations through internal audit reports on its head office, foreign offices and subsidiaries, and through reports prepared by its external auditors.

#### **STRENGTH OF SUPPORT**

Determining whether BTCB has the resources to provide the necessary financial or managerial support to its Bahamas and other foreign operations depends to great extent upon its financial condition, operating record and general outlook. A good financial condition combined with capable management is generally sufficient to ensure that support. However, the ability of BTCB to provide any necessary financial support may be limited by weakness in its home country supervisory system, or a significant degree of transfer risk associated with its major operations.

The fact that BTCB is being regulated by two regulatory agencies; that it is located in a stable currency area, the Eastern Caribbean currency area, and that all its transactions are denominated in US dollars, remove such threats to its strength to support its foreign operations. In fact, BTCB has provided about \$2.3 million as net capital support to First Equity Corporation of Florida since acquiring this firm in June 1998. BTCB has also demonstrated its ability to provide technological support by upgrading the firm's computer system and making the firm Y2K ready.

#### **BTCB PRESENCE IN THE BAHAMAS**

It has come to the attention of the principals of BTCB that Gulf Union Bank, a fully licensed commercial bank in The Bahamas with operations in New Providence and Grand Bahamas for many years is currently under a Court ordered liquidation. The Principals understand that currently there are no serious applications to The Central Bank of The Bahamas for the purchase and subsequent reorganization and operation of Gulf Union Bank.

BTCB sees a tremendous opportunity to contribute to the growth and development of the Commonwealth of The Bahamas generally, and to the banking and financial sector in particular. Moreover, BTCB hopes to benefit from its presence in the Bahamas, which is regarded as a leading off-shore banking and financial centre internationally. By consolidating, and strengthening its Dominican, USA and Bahamian operations, BTCB hopes to become a major financial institution offering a full range of efficient and competitive banking, securities, and trust services to individual and institutional clients in The Bahamas, and other countries.

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Page 7 of 7

Sidney S. Collie to The Governor, The Central Bank of the Bahamas

October 7, 1998

Additionally, by offering to purchase the Gulf Union Bank, BTCB hopes to compensate all of the present depositors of Gulf Union Bank. A copy of BTCB's proposal to take over the ownership and operation of Gulf Union in Nassau and Freeport is provided in Appendix X.

If we can be of any further assistance to The Central Bank of The Bahamas, the undersigned and/or any of the persons mentioned in this application are immediately available at your convenience.

Yours sincerely,

SIDNEY S. COLLIE CHAMBERS

Sidney S. Collie

SSC/mtd

ENC:

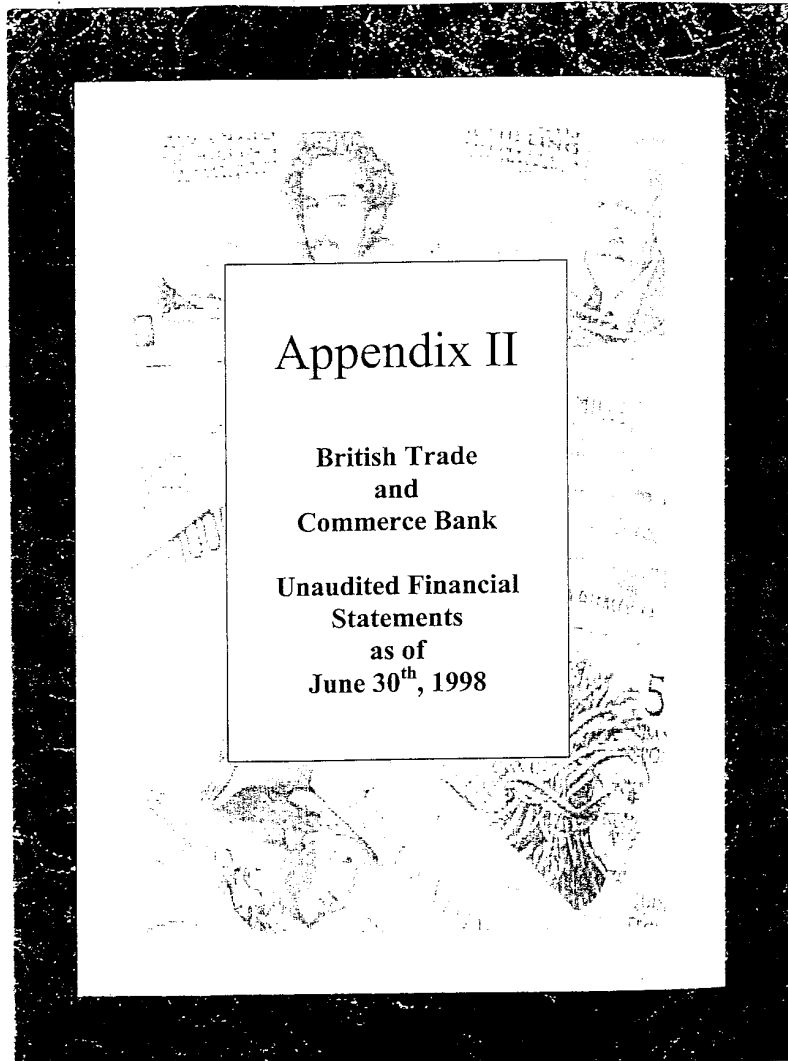

**British Trade & Commerce Bank.**
*Licensed for Full Trust Business.*

Emens Bldg., Dame Eugenia Charles Blvd. Bayfront,  
Roseau Commonwealth of Dominica.  
PO Box 2042, Phone: (767) 448-6410 Fax: 448-6477  
E-mail: btzbank@cwdom.dm - SWIFT: BTCBMDM

THE FOLLOWING IS TO BE CONSIDERED PRIVATE AND CONFIDENTIAL TO THE RECEIPT. ANY UNAUTHORIZED USE WILL BE PROSECUTED TO THE FULLEST EXTENT OF THE LAW.

SHAREHOLDERS OF BRITISH TRADE & COMMERCE BANK	SHARES
BRITISH TRADE & COMMERCE BANK BANCORP TRUST REPRESENTED BY MR. RODOLFO REQUENA, TRUSTEE BENEFICIAL INTERESTS ARE HELD BY MR. JOHN LONG	15,000
MR. RODOLFO REQUENA	3,000
BAILLET INTERNATIONAL LTD. BENEFICIAL INTERESTS HELD BY DR. DANA BAILEY AND MR. SCOTT BRETT	3,000
BAYFRONT INVESTMENT TRUST BENEFICIAL OWNER MR. PABLO URBANO	750
MR. DIRAN SARKISSIAN	750
MR. HERRY ROYER	750
MR. CLARENCE BUTLER	750
TREASURY SHARES HELD FOR OFFICER AND EMPLOYEE PROFIT SHARING	6,000
TOTAL SHARES AUTHORIZED AND OUTSTANDING	30,000





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BRITISH TRADE AND COMMERCE BANK LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED JUNE 30, 1998

MOREAU, WINSTON & CO  
Accountants

CONTENTS	PAGE
Auditors' note	1
Balance sheet	2
Income statement	3
Notes to the unaudited financial statements	4 - 7
Schedule of other operating expenses	8

\*\*\*\*\*

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**MOREAU, WINSTON & CO.**

CHARTERED CERTIFIED ACCOUNTANTS

P.O. Box 326/411 • 13 Hanover Street • Roseau • Commonwealth of Dominica  
Tel. (767) 448-2252/8800 • Fax. (767) 448-0489

AUDITORS' NOTE

August 21, 1998

The Directors  
British Trade and Commerce Bank Limited  
ROSEAU

Attached are financial statements of British Trade and Commerce Bank Limited for the nine months ended June 30, 1998.

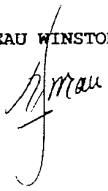
These statements belong to British Trade and Commerce Bank Limited management and were extracted from its records.

We did a select review of the statements and the underlying data, were shown schedules in support of the balances recorded, and obtained explanations to clarify all the select issues that were raised.

It was not within the terms of our engagement to carry out an audit, and consequently, no audit opinion is expressed.

The annual accounting terminal date of the company is September 30, 1998. It is expected that the mandatory audit will then be carried out.

for MOREAU WINSTON & CO



Gordon Moreau (M.Sc., CA)

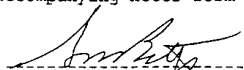
Austin Winston, (FCCA)

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BRITISH TRADE AND COMMERCE BANK LIMITED  
 BALANCE SHEET (IN US DOLLARS) (UNAUDITED)  
 AS AT JUNE 30, 1998

	NOTES	US\$
<b>ASSETS</b>		
Cash and due from banks	3	76,245,076
Loans debentures and other receivables		10,190,020
Securities held for investment and financing	4	401,116,760
Bank premises and equipment	5	362,190
Other assets	6	<u>528,732</u>
<b>TOTAL ASSETS</b>		<u><b>488,442,778</b></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Demand deposits		38,586,585
Certificates of deposit		34,950,000
Due for securities		<u>401,116,760</u>
Accrued expenses and other liabilities		474,653,345
Long-term liabilities	7	<u>41,836</u>
		<u>193,980</u>
<b>TOTAL LIABILITIES</b>		<u><b>474,889,161</b></u>
<b>STOCKHOLDERS' EQUITY</b>		
Capital stock		3,000,000
Additional paid in capital		2,429,869
Less: Treasury stock		( 1,100,000)
Retained earnings	8	<u>9,223,748</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>		<u><b>13,553,617</b></u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<u><b>488,442,778</b></u>

The accompanying notes form an integral part of these financial statements.

  
 APPROVED BY  
 GEORGE E. BETTS (C.P.A.)  
 VICE-PRESIDENT AND FINANCIAL CONTROLLER

## 2048

BRITISH TRADE AND COMMERCE BANK LIMITED  
 INCOME STATEMENT (IN US DOLLARS) (UNAUDITED)  
 FOR THE NINE MONTHS ENDED JUNE 30, 1998

	US\$
REVENUES FROM OPERATIONS (Note 8)	<u>10,184,348</u>
EXPENSES	
Salaries and related costs	395,966
Depreciation	64,199
Amortization	57,013
Rent of premises	36,027
Other operating costs	<u>317,395</u>
TOTAL EXPENSES	<u>870,600</u>
NET INCOME (Note 8)	9,313,748
RETAINED EARNINGS - At start of the period	<u>---</u>
	9,313,748
LESS: DIVIDEND PAID	<u>( 90,000)</u>
RETAINED EARNINGS - At end of the period (Note 8)	<u>9,223,748</u>

The accompanying notes form an integral part of these financial statements.

BRITISH TRADE AND COMMERCE BANK LIMITED  
 NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
 FOR THE NINE MONTHS ENDED JUNE 30, 1998

1. INCORPORATION AND NATURE OF BUSINESS

British Trade and Commerce Bank Limited, was incorporated on February 26, 1997 under the Companies Ordinance Chapter 318 of the Laws of the Commonwealth of Dominica.

The objects of the Company include, but are not limited to, the carrying on in Dominica and other countries of the business of banking, including off-shore banking.

The authorized share capital of the company is US\$3 million, divided into 30,000 shares of US\$ 100. each.

The Government of the Commonwealth of Dominica, issued to the Bank, a licence to conduct off-shore banking business dated March 27, 1997. These financial statements relate to business transacted in accordance with that licence.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Generally accepted accounting principles

The statements are drawn up on the accrual basis and on historical cost conventions, and are in compliance with generally accepted accounting principles.

(b) Depreciation

Depreciable assets are depreciated on the straight line basis at the following rates estimated to write them off over the period of their useful lives.

Motor vehicles	20%
Computer equipment	25%
Other office equipment, furniture & fittings	15%

(c) Amortization

Organization and Pre-operating expenses, and leasehold improvements are amortized on a straight line basis over a five-year period (at 20%).

BRITISH TRADE AND COMMERCE BANK LIMITED  
 NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
 FOR THE NINE MONTHS ENDED JUNE 30, 1998

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

## (d) Leasehold

The Bank signed a lease agreement for five years effective August 1, 1997, at an annual rent of EC\$ 129,600. The total rent payable over the five - year period was recorded in the financial statements as a debit to "Office Lease" account and a credit to "Office Lease Payable".

## 3. CASH AND DUE FROM BANKS

These comprised the following balances:

	US\$
Security Bank, USA	4,682,055
Barclays Bank, UK	4,200,000
First Equity Corporation, USA (FEC)	160,595
Banque Francaise Commerciale, Roseau	71,484
Suisse Security	10,009,998
Cash in hand and at other Dominica Banks	944
Jan Ward Trust	2,750,000
R. J. O'Brien	<u>2,000,000</u>
	23,875,076
Deposits due to be received	28,370,000
Certificates of deposits due to be received	<u>24,000,000</u>
	<u>76,245,076</u>



BRITISH TRADE AND COMMERCE BANK LIMITED  
 NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
 FOR THE NINE MONTHS ENDED JUNE 30, 1998

4. SECURITIES HELD FOR INVESTMENT AND FINANCING/DUE FOR SECURITIES

In the normal course of business the Bank acquires Government securities and other debt instruments for the purpose of arranging various credit lines and financing arrangements. These securities are acquired and held in a variety of methods. However, the ownership and right to manage these investments rests with the Bank.

At June 30, 1998, these investments consisted of the following:

	US\$
Government of Grenada Guarantees	130,000,000
Bolivian Municipal Bonds	76,116,760
Russian Government Guarantees	140,000,000
Other	<u>55,000,000</u>
	<u>401,116,760</u>

5. BANK PREMISES AND EQUIPMENT

These comprise:

	COST	DEPRECIATION	NET BOOK VALUE
	\$	\$	\$
Automobiles			12
Computer hardware			19
Computer software			24
Leasehold improvements			71
Furniture			34
Other equipment			34
Paintings			<u>36</u>
			<u>20</u>

*Government Guarantees*

*Bolivia ?*

*Russia ?*

*Grenada ?*

BRITISH TRADE AND COMMERCE BANK LIMITED  
 NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
 FOR THE NINE MONTHS ENDED JUNE 30, 1998

## 6. OTHER ASSETS

These comprise:

	US\$
Unexpired period of office lease (asset)	191,556
Staff advances	<u>14,100</u>
	<u>205,656</u>
Organization and pre-operating expenses	380,089
Less: Amortization	<u>57,013</u>
	<u>323,076</u>
	<u>528,732</u>

## 7. LONG-TERM LIABILITIES

These comprise:-

	US\$
Lease payable - Automobile	2,424
Office lease payable (see note 6)	<u>191,556</u>
	<u>193,980</u>

## 8. REVENUES

The Bank earns various fees and income through the direct participation in the proceeds of the financing of the instruments described in note 4 to the financial statements and/or investment and management of the principal from the proceeds of the financing. At June 30, 1998 management estimates that approximately \$ 10 million has been earned from various transactions in process, primarily the financing of bonds from the Government of Venezuela.

BRITISH TRADE AND COMMERCE BANK LIMITED  
 SCHEDULE OF OTHER OPERATING EXPENSES (UNAUDITED)  
 FOR THE NINE MONTHS ENDED JUNE 30, 1998

	US\$
Advertising and promotion	4,217
Audit	1,450
Bank charges and wire	351
Bank fees	2,308
Board of Directors	459
Brokerage fees	67
Client services	524
Computer operations	327
Credit card charges	5,000
Directors' fees	3,000
Domestic supplies	55
Donations and charities	556
Electricity	6,936
Employee allowances	1,387
Entertainment	3,946
Filing fees	3,673
Freight and transportation	1,245
Foreign exchange gain or loss	( 2 )
General and administration—	358
Government Licence fee	12,000
Import fees and taxes	122
Insurance	3,637
Interest expense	9
Interest expense - customers' account interest	39,652
Legal fees	14,000
Office equipment rental	882
Office expenses	5,554
Office supplies and expenses	3,884
Postage, air express	1,537
Registration and subscription fees	556
Repairs and maintenance	1,193
Security services	1,214
Swift charges	16,407
Telephone	43,555
Travel	136,060
Water and sewerage	245
Vehicle	1,031
	317,395

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John.Rodriguez <JRODRIG >, Ariel.Marin <AMARIN >,  
Stephen.Brunner <SBRUNNER >  
**From:** **BENITA.SHEFFIELD** <A054921@TAOFUN1 <mailto:A054921@TAOFUN1>>  
**Subject:** could you please check this

Hello, just a quick note to let you know that the BSA unit is doing some research on this relationship for me and I wanted to ask someone (any one of the addressees) to tell me who the most knowledgeable person is for this relationship. I think if we don't feel good about the client, we absolutely must close the account. After we talk to the person most knowledgeable and look at the research, we'll make a decision on filing a SAR. If I missed anyone that needs to know, please forward this email on to them. Thanks. -----( Forwarded letter 1 follows )-----

**Date:** Monday, 19 April 1999 9:54am  
**To:** TIM.BRADY  
**To:** BENITA.SHEFFIELD  
**From:** **Roberta.Galan**  
**Subject:** FW: could you please check this bank

-----Original Message-----

**From:** **Brunner, Stephen**  
**Sent:** Monday, April 19, 1999 9:19 AM  
**To:** Galan, Roberta  
**Cc:** Perez, Carlos; Marin, Ariel; Rodriguez, John  
**Subject:** FW: could you please check this bank

Thanks John. Roberta, I think that given the various locations from which this institutions is appearing, the poor checkings, and the appearance of questionable business practices, closing this CAP account would be a good idea. Can you proceed with the loss prevention people you spoke with on Friday?

Thanks  
Steve

-----Original Message-----

**From:** **Rodriguez, John**  
**Sent:** Monday, April 19, 1999 8:55 AM  
**To:** Brunner, Stephen  
**Cc:** Galan, Roberta; Perez, Carlos  
**Subject:** RE: could you please check this bank

Stephen, as you know we had had warned FUNB domestic branches last year about this bank, and Corporate Security was made aware. Roberta spoke them and they even forced a visit on us. They claim to be correspondents, but unfortunately their parent co has an account with us in one of the Florida branches. They gave us extensive materials and background. They did not check out with NationsBank, and we refused to open an account with them. It appears that they resurfaced in Dominica!! Volcano related relocation maybe. If you would like to take further action to curtail further activities at the commercial bank level, we can request a cease and desist order via Loss Prevention to the attention of Benita Sheffield. Thanks and Regards.

-----Original Message-----

**From:** **Brunner, Stephen**  
**Sent:** Friday, April 16, 1999 9:17 AM

2055

To: Perez, Carlos; 'SERGIO.CARVALHO@firstunion.com'  
Cc: Torres, Arlene; Galan, Roberta; Salardi, Silvia; Rodriguez, John; Acosta, Christina  
Subject: RE: could you please check this bank

Sergio, I would recommend that your customers avoid this bank. We had an instance several weeks ago when a corporate in Montreal called me inquiring about the bank because he was expecting to receive a \$30mm standby letter of credit from the same name, but in Antigua. We were listed as a reference in the same manner as you indicate below. This name seems very fishy.

-----Original Message-----

**From:** Perez, Carlos  
**Sent:** Friday, April 16, 1999 8:39 AM  
**To:** 'SERGIO.CARVALHO@firstunion.com'  
**Cc:** Torres, Arlene; Brunner, Stephen  
**Subject:** RE: could you please check this bank

Dominca!!

These Brazilian banks are DESPERATE...not even the Dominican Republic, but DOMINICA...wow.....Wait until Brunner hears this one...

Dominica is about 20 sq. miles, with mountainous territory. Their business is banana exports...but no success due to on-going WTO Banana War. Getting killed by Ecuador, Costa Rica, Honduras...Very dirty offshore banking center.

Carlos A. Perez, SVP & Managing Director Americas Group  
Office: 305 789-6920 FAX 305 789-6930  
E-Mail: [Carlos.Perez@funb.com](mailto:Carlos.Perez@funb.com) <<<mailto:Carlos.Perez@funb.com>>>

-----Original Message-----

**From:** [SERGIO.CARVALHO@firstunion.com](mailto:SERGIO.CARVALHO@firstunion.com)  
<<<mailto:SERGIO.CARVALHO@firstunion.com>>>  
[\[SMTP:SERGIO.CARVALHO@firstunion.com\]](mailto:SERGIO.CARVALHO@firstunion.com)  
<<[mailto:\[SMTP:SERGIO.CARVALHO@firstunion.com\]](mailto:SERGIO.CARVALHO@firstunion.com)>>  
<<[mailto:\[SMTP:SERGIO.CARVALHO@firstunion.com\]](mailto:SERGIO.CARVALHO@firstunion.com)>>  
<<[mailto:\[SMTP:SERGIO.CARVALHO@firstunion.com\]](mailto:SERGIO.CARVALHO@firstunion.com)>>  
**Sent:** Thursday, April 15, 1999 6:39 PM  
**To:** capmark -arentas (052)  
**Cc:** CAPMARK -cperez (052)  
**Subject:** could you please check this bank

**Date:** Thursday, 15 April 1999 6:36pm ET  
**To:** ARLENE.RENTAS <A914539 >  
**Cc:** CARLOS.PEREZ <A907261 >  
**From:** [SERGIO.CARVALHO@TAOFUN1](mailto:SERGIO.CARVALHO@TAOFUN1)  
<<<mailto:SERGIO.CARVALHO@TAOFUN1>>>  
**Subject:** could you please check this bank

One of our customers has been approached by a bank that informs to be ready to start extending credit to Brazilian banks. That ban (SWIFT BIC: BTCBDMk

2056

is:British Trade and Commerce Bank  
Commonwealth of Dominica  
As bank reference they told our customer they have acct with First Union National Bank  
Internationa (exactly this way)

Fi.

welcome.

2057

**Johnson, Helene**  
**From:** Torres, Arlene  
**Sent:** Monday, August 07, 2000 8:41 AM  
**To:** Johnson, Helene  
**Subject:** FW: Loss Prevention British Trade an

Arlene Torres  
International Americas Group  
FIRST UNION NATIONAL BANK, Miami  
Mail code: FL6079  
Tel: 305 789 4845  
Fax: 305 789 6930  
e-mail: [arlene.torres@FUNB.com](mailto:arlene.torres@FUNB.com)

-----Original Message-----

**From:** Rodriguez, John  
**Sent:** Monday, May 03, 1999 6:28 PM  
**To:** Marin, Ariel  
**Cc:** Brunner, Stephen; Galan, Roberta; Torres, Arlene  
**Subject:** FW: Loss Prevention British Trade an

FYI

-----Original Message-----

**From:** [BENITA.SHEFFIELD@firstunion.com](mailto:BENITA.SHEFFIELD@firstunion.com)  
**[SMTP:BENITA.SHEFFIELD@firstunion.com]**  
**Sent:** Monday, May 03, 1999 5:23 PM  
**To:** LNOTES -n089929 \*; LNOTES -n043932 \*  
**Cc:** CAPMARK -JRodrig \*  
**Subject:** Loss Prevention British Trade an

**Date:** Monday, 3 May 1999 5:22pm ET  
**To:** David.Drake, Allison.Satterwhite  
John.Rodriguez <JRODRIG >  
**From:** [BENITA.SHEFFIELD <A054921@TAOFUN1>](mailto:BENITA.SHEFFIELD<A054921@TAOFUN1>)  
**Subject:** Loss Prevention British Trade an

Hello folks. Am sending this to both in hopes that one of you can shake lose to help me out on it. We have a multitude of problems here:

- 1) International refused to open this acct originally for cause.
- 2) Customer established an acct via telephone thru CAP in Sept. of 98.
- 3) On 4/26/99, \$6MM rolled into the account, via wire, and half of that rolled out THE SAME DAY, via wire, and went all over the place(I have copies of the wires if you would like me to fax them to you)
- 4) Customer is indicating that they are a correspondent of First Union (they're not); we need a cease and desist letter and we also need to close this account. Can one of you give me a call at your earliest convenience? Tried to reach you today and missed. Thanks.

------( Forwarded letter 1 follows )-----

APCAP: A054921 DTN4532E Account Profile Cap Acct Inq BAAP003 05/03/99 12:30  
Org: 003 Serv: CAP Acct: 9983871373 C/W: State: FL Bank: 1

Short Name: BRITISH TRADE Avail Bal : 2,336,908.38  
Prod Desc : CAP ACCOUNT-COMMERCI Total Avail: 2,336,908.38  
Branch/SVC: 97001 C34 Stmt Opt: F Avail Mgn : 0.00  
Fee Freq : ANNUALLY Dir Dep: N/A Securities : 0.00  
Status : ACTIVE Close Bal : CALL CAP DEPT 374-4199  
Spec Group: CONFID-NONE NSF's Times OD :  
Serv Chrg : CHARGE This Month : 0 0  
Open Date : 09/18/1998 CAP : Open to Dr : 0 0 MMDA Part: N  
DL Active : 04/30/1999 SIP : NO Officer : 099997001 Pers OFR:  
DL Maint : 01/11/1999 Pub Pd: NSF/OD Chrg: CHRG CHRG Pers Trust: N  
Dormant : NO Ck Csh: YES OD Limit :  
Merger : NCust : NO Reg CC Qual: 0  
Restraint : NONE Ck Vendor: H EPA Incid : 0 Excess EFA:  
Stops : NO FVBR Client: NO Ck Dsp/Sort: S/K DATE  
Holds : NO Custodial: NO Stmt: Stmt Cycle : MONTHLY-01-30  
Inv Opt : EVERGREEN TREASURY Stmt Date : 03/31/1999  
Close Ovrd: YES Int Rate/APY: N/A N/A Sent Amount: 15,941.19

Command:  
F1=Help F3=Exit

*Johnathan Magallon*  
*374-7157*  
*Sold by AD 444 377*  
*in CAP*  
*Top Kamto*

Printed: [ ] Date: 5/3/99 # of pages: 3  
Fax Name: M7873  
To: Allison Sattin  
Fax: 704 374 3085  
From: [ ]  
Phone: [ ]



PRINT REQUEST FROM VT045/: AT 3-MAY-1999 15:34:20.93

INQUIRY FUNCTION		SNO DATE: / /	DN:990426-01789/
PHN CALLER: GARNER, ROBERT F		EXT:	
RFR	AMT	9,000,000.00 CURUSD	
ST:	VAL: / /	TYP:PTR MIP:	FNDS:5 CHG:08A GDA COMM 08LN
I D/2020000357100/		CDT D/003:0009983871375/	ADV PHN
PT: DPE	RTC:	DEPT:	RTC:
BERT F GARNER ATTORNEY AT LAW		BRITISH TRADE & COMMERCE BANK	
25 YANCEYVILLE STREET		C/O PEC FINANCIAL HOLDINGS INC	
SENBORO NC 27405		444 BRICKELL AVE STE P18	
SOCIAL INSTRUCTIONS		MIAMI, FL 33131	
X CUSTOMER		SPECIAL INSTRUCTIONS	
OR REF NUM		FAX WIRE TO 305 960 2120	
		ALT FAX NUMBER 767 448 6477	
		BNF / CH: 8K2	



May-04-99 13:22

From=FIRST UNION JAX

+

T-444 P.04/14 F-986

PRINT REQUEST FROM V10457: AT 3-MAY-1999 15:34:56.40

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INQUIRY FUNCTION          SNO DATE: / /          LKN:990428-02312
OPNR:CALLER: BETTS, GEORGE          EXI:
RPER          AMI          62,000.00 CURUSD
VAL: / /          (TYPE:R MTP:1000 FNDSES CHS:0BA LUY CORR CRMF)
-----
076009888/1873/          | CDT-A/          | ADV FEE
RICE          | DEPT: 000001680 RTC:
FISH TRADE & COMMERCE BANK | BANK OF AMERICA NEVADA
D FEE FINANCIAL HOLDINGS INC | LAS VEGAS, NV
BRICKELL AVE 5TH FLD
AMI: FL 33131          | BNF /710327276          | CH: BNF
SOCIAL INSTRUCTIONS          | FMSI-7 LIMITED PARTENERSHIP
PHONE NUMBER 767 448 6410
OR REF NUM          |
| CRIG TO BNF INFO:
| GLOBAL INVESTMENT NETWORK
-----

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May-04-89 13:23

From-FIRST UNION JAX

T-444 P 06/14 F-888

PRINT REQUEST FROM V10457: AT 3-MAY-1989 15:35:17.00

INQUIRY FUNCTION		SND DATE: / /		TAN:990425-001083	
CALLER: BEITS, GEORGE	EXT:	AMT: 100,000.00	CURUSD		
RTRM		VAL: / /	TYP:FIN	RTP:1600	FNDS: CHG:00A CUY CORR CHLN
ID:00009828/13737		CDY:A/			ALY FEU
RT: RICE		DEPT: 000001660	RTC:		
FISH TRADE & COMMERCE BANK					WELLS FARGO BANK
5 FCB FINANCIAL HOLDINGS INC					SAN FRANCISCO, CA
8 BRICKELL AVE STE F18					
AMT: PE 31331		SNF: /			CH: BAYD
SPECIAL INSTRUCTIONS					
PHONE NUMBER 767 448 6410					
OR REF NUM					
					ORIG TO SNF INFO:
					INTERNATIONAL BUSINESS CONSULTANTS

May-04-99 13:23

From: FIRST UNION BANK

T-444 P 07/14 2-086

PRINT REQUEST FROM VIDEOS: AT 3-MAY-1999 15:35:23.92

INQUIRY FUNCTION		SWD DATE: / /	TRN:990425 002564
PHNICALLER: BETTS, GEORGE		EXT:	
AMT	157,449.00	CURUSD	
VAL: / /	NYPIR MTR:1000 FND:8 CHS:08A CDY COMM UBLR		
FO/00099838/1373/	COT A/	ADV FEU	
RTIC	DEPT: 000001660	RTIC	
BRITISH TRADE & COMMERCE BANK	CITIBANK, NYC FW		
SEC FINANCIAL HOLDINGS INC	35 WALL STREET		
BRICKELL AVE STE P16	NEW YORK NY 10043		
MI, FL 33131	BNF /890110/010106	CH: BKXX	
SOCIAL INSTRUCTIONS	EUROPEAN BANK LIMITED		
PHONE NUMBER 767 448 6410			
REF NUM	ORIG TO BNF INFO:		
	KYOTO FARM ENPLIMENTS AUSTRALIA		
	PTY, LTD		

May-04-99 14:23 From: FIRST UNION JAX

T-444 P.08/14 F-986

PRINT REQUEST FROM VT0457: AT 3-MAY-1999 15:15:40.92

INQUIRY FUNCTION		SND DATE: / /	TRN:990426-022693
OPNM CALLER: BEETS, GEORGE		EXT: .....	
RPIC	AMT	170,000.00	CURUSD
ST: .....	VAL: / /	TYP: FIR MTP:1000	FNDS:S CHG:DBA CDY CUMN CSM
-----			
CD/0009938713/3/		CDT A/	ADV FED
ST: .....	XTC: .....	DEPT: 0000001660	RIC: .....
BRITISH TRADE & COMMERCE BANK		BANK OF NEW YORK, NYC	
3 FEE FINANCIAL HOLDINGS INC		48 WALL STREET	
3 BRICKELL AVE STE P16		NEW YORK NY 10015	
AMI, FL 33131		BNF	CH: 8870
SPECIAL INSTRUCTIONS		E- TRADE SECURITIES	
T PHONE NUMBER 767 448 6410		ORIG TO BNF INFO	
RDR REF NUM		FUTHER CREDIT TO	
-----			

May-04-98 13:24

From-FIRST UNION JAX

T-444 P 09/14 F-986

PRINT REQUEST FROM VI0457: AT 3-MAY-1999 15:55:44.42

S	INQUIRY FUNCTION	SND DATE: / /	TRN:990426-02255
OPPH CALLER: BETTY, GEORGE	EXT:		
PPTR	AMT	200,000.00	CURUSD
ST:	VAL:	/ /	1YP:TRK MIP:1000 FNU5:5 CHG:DBA CDY COMP CBLN
1 0/0009889871373/	CDT-A/		ADV FEU
00000000000000000000	DEPT:	0000001650	RTG:
BRITISH TRADE & COMMERCE BANK	PLBT:	NATIONAL BANK	
20 FSC FINANCIAL HOLDINGS INC	ALBANY, NY		
14 BRICKELL AVE STE P16	BNF		CHI: 8NYR
MIAMI, FL 33131			
SPECIAL INSTRUCTIONS			
ST PHONE NUMBER 757 448 8410	ORIG TO BNF INFO:		
FOR REF NUM	INTERNATIONAL BUSINESS CONSULTANTS		



05-01-99 13:24 From:FIRST UNION,AK T-444 P 10/14 P-885

PRINT REQUEST FROM VT0451: AT 3-MAY-1999 15:35:52.17

INQUIRY FUNCTION		END DATE: / /	TRN:990426-072897
FROM CALLER: DEYTS, GEORGE	RPT#		EXT#
AMT	200,000.00	CURUSD	
VAL: / /	TYPE:PIR	MTF:1000	FNDS:5
CHG:DBA		CUY	COMB
CDB		CA	
070009987137	CUY A/		AMV FED
RYC	DEPT: 000001060	RTG:	
FISH TRADE & COMMERCE BANK	SOUTH BANK, N.A., BIRMINGHAM		FW
FIS FINANCIAL HOLDINGS INC	1900 5TH AVENUE		
BRIDGELL AVE STE 116	BIRMINGHAM AL 35288		
MI, FL 33131	SNF /		UN: SA/7
SOCIAL INSTRUCTIONS			
PHONE NUMBER 207 448 8410			
OR REF NUM			
ORIG TO BNP INFO:		INTERNATIONAL BUSINESS CONSULTANTS	
		#2	

May-04-99 13:24

From-FIRST UNION JAX

T-444 P 11/14 F-388

PRINT REQUEST FROM V10457: AT 3-MAY-1999 13:38:18.17

INQUIRY FUNCTION		SND DATE: / /		TRN:990426-027000	
PHN CALLER: BEFFN, GEORGE					
RT#	AMT	CURUSD			
VAL: / /	TYP:TR MTF:1000 FNDS:5 CHG:DBA CDY:CONN CBL#				
ID:00098888/13/3/	CDT:A/		ADV FED		
RT: RTG:	DEPT: 000001660 RTG:				
BRITISH TRADE & COMMERCE BANK			SECURITY BANK NA		
FED FINANCIAL HOLDINGS INC			NORTH LAUDERDALE, FL		
BRIDGELL AVE STE P16					
AMI, FL 33131			BNF /04001J140001		
SPECIAL INSTRUCTIONS			BRITISH TRADE AND COMMERCE BANK		
PHONE NUMBER 787 449 6410					
OR REF NUM					

May-24-99 13:24 From=FIRST UNION JAX

T-444 P 12/14 F-686

PRINT REQUEST FROM Y10457 AT 3-MAY-1999 15:36:08.14

INQUIRY FUNCTION		SND DATE: / /		TRN:990426-026994
CALLER: BETTS, GEORGE	EXT:			
AMT: 1,000,000.00	CURSD			
VAL: / /	TYP:FIR MTP:1000 FNDS:5 CHG:D5A CUY CUMN DRIN			
-----				
0/0009588871372/	CDI A/			ADV PED
RTS: KFC:	DEPT: 0000001660	RTCI		
BRITISH TRADE & COMMERCE BANK	BANK OF NEW YORK, NYC			
FINANCIAL HOLDINGS INC	48 WALL STREET			
BRICKELL AVE STE P18	NEW YORK NY 10013			
MI, FL 33131	BNF			CHK BANK
SOCIAL INSTRUCTIONS	CSC-PAINWEBBER			
PHONE NUMBER 767 448 5410				
OR REF NUM				
-----				
	ORIG TO BNF INFO:			
	BENEFIC OF BRITISH TRADE AND			
	COMMERCE BANK ACCTR			



May-04-99 13:25 From-FIRST UNION JAX

T-444 P 14/14 F-886

PRINT REQUEST FROM V10457: AT 3-MAY-1999 15:34:31.77

INQUIRY FUNCTION		SNO DATE: / /	IRN:990426-023462
CALLER: SEYTS, GEORGE	AMT	22,000.00	CURUSD
RPIR	VAL: / /	TYP:PTR	MTP:1000 FNDS:5 CHG:0BA CDY:00N 6914
00/00099836713737	CDT-A		ADV:FEU
RT: RTC	DEPT: 0000001860	RTC:	
WISN TRADE & COMMERCE BANK	WASHINGTON TRUST BANK		
WFC FINANCIAL HOLDINGS INC	SPOKANE, WA		
1 BRICKELL AVE STE P16			
MI FL 33121	BNF 71001865854	CH:	BRVN
SPECIAL INSTRUCTIONS	BAILETT INTERNATIONAL		
PHONE NUMBER 767 448 6414			
DR REF NUM	ORIG TO BNF INFO:		
	AURORA INVESTMENTS		



May-05-99 09:57 From:FIRST UNION JAX

T-446 P.02/05 F-989

**BRITISH TRADE AND COMMERCE BANK**  
 Balance Sheet (U.S. Dollars)  
 December 31, 1998

**ASSETS**

CASH AND DUE FROM BANKS	\$	51,709,428
LOANS, DEBENTURES AND OTHER RECEIVABLES	\$	18,516,143
SECURITIES HELD FOR INVESTMENT AND FINANCING	\$	301,120,867
BANK PREMISES AND EQUIPMENT	\$	449,909
INVESTMENTS IN SUBSIDIARIES	\$	4,006,000
PREPAID EXPENSES AND OTHER ASSETS	\$	<u>589,378</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>376,481,806</u></b>

**LIABILITIES AND STOCKHOLDERS' EQUITY****LIABILITIES**

DEMAND DEPOSITS	\$	15,100,000
CERTIFICATES OF DEPOSIT	\$	18,125,700
LETTERS OF GUARANTEES	\$	23,280,000
DUE FOR SECURITIES	\$	<u>300,000,000</u>
<b>TOTAL</b>	<b>\$</b>	<b>396,505,859</b>
ACCRUED EXPENSES AND OTHER LIABILITIES	\$	7,706
UNREALIZED GAINS	\$	384,017
LONG-TERM LIABILITIES	\$	<u>180,679</u>

**STOCKHOLDERS' EQUITY**

CAPITAL STOCK	\$	3,000,000
LESS: TREASURY STOCK ACQUIRED	\$	(1,100,000)
ADDITIONAL PAID IN CAPITAL	\$	2,497,270
RETAINED EARNINGS	\$	15,161,069
LESS: DIVIDENDS PAID	\$	<u>(80,000)</u>
<b>TOTAL</b>	<b>\$</b>	<b><u>19,408,345</u></b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$</b>	<b><u>376,481,806</u></b>

APPROVED BY:  
 GEORGE E. BEITS, EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER



**British Trade and Commerce Bank**  
 (Income Statement (U.S. Dollars))  
 For the period ended December 31, 1998

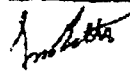
**INCOME**

TRUST FORMATION FEES	\$	80,000
IBC FORMATION FEES	\$	87,596
REALIZED GAINS ON SECURITIES	\$	120,457
SAFEKEEPING FEES	\$	100,000
INTEREST AND OTHER INCOME	\$	25,548
INVESTMENT TRANSACTION FEES	\$	<u>16,330,000</u>
<b>TOTAL INCOME</b>		<b>\$ 16,723,601</b>

**EXPENSES**

DIRECTORS' FEES	\$	11,000
GOVERNMENT LICENCE FEE	\$	12,000
SWIFT LICENCE AND USAGE	\$	17,903
INTEREST	\$	62,831
RENT AND UTILITIES	\$	73,728
LEGAL AND IBC REGISTERED AGENT FEES	\$	88,360
OFFICE OPERATING EXPENSE	\$	289,218
TRAVEL	\$	304,465
SALARIES AND RELATED COSTS	\$	<u>8707,977</u>
<b>TOTAL EXPENSES</b>		<b>\$ 1,882,532</b>
<b>NET INCOME</b>		<b>\$ 15,181,069</b>

APPROVED BY:  
 GEORGE E. BELTS, EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER





**British Trade & Commerce Bank**

Notes to the Financial Statements  
For the period ended December 31, 1998

**Revenue Recognition**

The Bank provides various services for its clients which are charged for on the basis of percentage fee for the success of the transaction. Therefore, the amount of income and the return on assets is higher than a normal commercial bank. These fees are recorded when earned and therefore cause fluctuations in earnings on a period to period comparison.

**4. CASH AND DUE FROM BANKS**

At December 31, 1998 the balances were comprised of the following:

Anglo-Irish Bank	\$ 50,049
Security Bank NA	\$ 355,537
First Union	\$ 807,210
US Bank	\$ 1,000,000
Union Bank of Switzerland	\$49,496,038
Total	\$51,709,428

**5. LOANS, DEBENTURES AND OTHER RECEIVABLES**

At December 31, 1998 the balance was composed of the following:

Employee expense advances	\$ 59,600
Fees receivable	\$ 112,500
Debentures receivable	\$ 585,030
Promissory Notes receivable	\$ 997,500
Fees Receivable	\$18,781,823
Total	\$19,516,143

The debentures and promissory notes are interest bearing at rates, which approximate 10% per annum. All payments are current and the balances are due within the next year.

**6. INVESTMENT SECURITIES**

The Bank has placed funds with First Equity Corporation of Florida, a majority owned subsidiary, for investment in United States municipal bonds and equity securities. The value of the investments is carried at market with unrealized gains recorded as a liability.

**7. BANK PREMISES AND EQUIPMENT**

The balance represents the cost to remodel the offices in Dominica, including office furniture and fixtures and computer equipment.

**First Union Trust & Commerce Bank**  
Notes to the Financial Statements  
For the period ended December 31, 1998

8. INVESTMENT IN AND ADVANCES TO SUBSIDIARIES

Represents the cost of acquisition and advances to First Equity Corporation of Florida, International Corporate Services S.A., General International Assurance Incorporated, InSiteCom Ltd., Global Investment Fund S.A., FEC Holdings Inc. and Swiss Atlantic Inc.

9. PREPAID EXPENSES AND OTHER ASSETS

Consists of Organization and pre-opening expenses and capitalized loans. See note 1.

10. CUSTOMER TERM DEPOSIT

In the normal course of business the Bank receives funds from customers to be used in specialized financing transactions with certain correspondent banks. Such funds are placed with the Bank for the purchase and sale of financial instruments at a profit which is returned to the owner of the funds. The Bank charges an investment transaction fee for this service based upon the amount of profit earned on the transaction.

At December 31, 1998 the Bank held \$39,400,000 of such funds and had earned an investment transaction fee of \$16,330,000 from the management of these funds and execution of such transactions during the year.

2077

**First Union Corporation**  
**Legal Division**

One First Union Center (0630)  
Charlotte, North Carolina 28288  
704 374-6611  
FAX: 704 374-3105

170 North Hogan Street (FL0585)  
Jacksonville, Florida 32202-0585  
904 361-2909  
FAX: 904 361-2914

**Reply to:** Charlotte Office

1339 Chestnut Street (PA4840)  
Philadelphia, Pennsylvania 19101  
215 973-3810  
FAX: 215 973-8576

200 Berkeley Street (MA9000)  
Boston, Massachusetts 02116  
617 210-3200  
FAX: 617 210-3468

**Direct Dial:**  
(704) 374-3239

May 13, 1999

Mr. Ralph Hines  
Mr. George Betts  
British Trade & Commerce Bank  
c/o FEC Financial Holdings, Inc.  
444 Brickell Ave., Suite P-16  
Miami, FL 33131

Dear Messrs. Hines & Betts:

Please be advised that First Union National Bank has become aware of British Trade & Commerce Bank's representations to third parties that it has a correspondent banking relationship with First Union. British Trade & Commerce has also used First Union's name as what appears to be a reference in written communication with third parties, and implied that First Union will somehow act in concert with British Trade & Commerce in a letter of credit arrangement.

You are directed to immediately cease and desist from such unauthorized use of First Union National Bank's name, and from any express or implied indication that you have a correspondent or any other sort of relationship with First Union other than as a depositor. All materials in which you state your balances with First Union should clearly indicate that you have nothing more than a deposit account with us, and that there is absolutely no further business connection between yourselves and First Union National Bank.

Your cooperation is expected and appreciated.

*also bcc'd  
Benita Sheffield*

Sincerely,  


Allison Satterwhite  
Vice President and  
Assistant General Counsel

2078

**Davitt, Yamile**

**From:** Davitt, Yamile  
**Sent:** Friday, August 27, 1999 3:49 PM  
**To:** INT'L-USA; INT'L-OPS; INT'L-FUBI; INT'L-O/SOFCR  
**Subject:** FW: BRITISH TRADE AND COMERCE BANK, Dominica

FYI - PLEASE READ BELOW. SELF-EXPLANATORY.

*Yamile Davitt  
International Division - Philadelphia  
Phone: (215) 973-4922  
Fax: (215) 786-7750  
MAIL CODE: PA4818  
E-mail: yamile.davitt@capmark.funb.com*

-----Original Message-----

**From:** Rodriguez, John  
**Sent:** Friday, August 27, 1999 3:38 PM  
**To:** Elizondo, Santiago, Chamorro, Amalia  
**Cc:** SHEFFIELD, BENITA (FUNMAIL); Davitt, Yamile; Thomsen, Chris; Brunner, Stephen; Pesantes, Angel; Marin, Ariel; Perez, Carlos; Galan, Roberta; Torres, Arlene  
**Subject:** RE: BRITISH TRADE AND COMERCE BANK, Dominica

They are not, but they continue to claim that they have a correspondent banking relationship with First Union. We have asked them to close an unauthorized CAP account that they opened last year. This is their only claim to a relationship with First Union. We have sent a legal advice to the bank's President, requesting that they stop promoting false facts, and to refrain from using First Union's name again. They are not a correspondent!

This false claim has surfaced various times around the bank, where they ask us for a reference. I will forward this information again to Benita Sheffield of our Loss Control Department in Florida, and Yamile Davitt in order broadcast this warning, and ensure that other folks in the International Department are advised. Thanks.

-----Original Message-----

**From:** Elizondo, Santiago  
**Sent:** Friday, August 27, 1999 3:18 PM  
**To:** Chamorro, Amalia  
**Subject:** DOMINICA BRITISH TRADE AND COMERCE BANK

Are they a correspondent bank, according to boston they mention fu as one of the corespondent banks.

2079

e-mail: [ariel.marin@capmark.funb.com](mailto:ariel.marin@capmark.funb.com)

-----Original Message-----

**From:** Perez, Carlos  
**Sent:** Monday, December 27, 1999 1:18 PM  
**To:** Torres, Arlene; Marin, Ariel  
**Cc:** Johnson, Helene; Rodriguez, John; Pesantes, Angel  
**Subject:** RE: British Trade & Commerce Bank

Helene,

Can you have this account closed?

---

Carlos A. Perez, SVP & Managing Director Americas Group  
Office: 305 789-6920 FAX 305 789-6930  
E-Mail: [Carlos.Perez@funb.com](mailto:Carlos.Perez@funb.com)

-----Original Message-----

**From:** Torres, Arlene  
**Sent:** Monday, December 27, 1999 12:25 PM  
**To:** Carlos Perez; Ariel Marin  
**Subject:** FW: British Trade & Commerce Bank

FYI

-----Original Message-----

**From:** Galan, Roberta  
**Sent:** Monday, December 27, 1999 12:24 PM  
**To:** Sheffield, Benita (NOTES)  
**Cc:** Rodriguez, John; Obregon, Jose; Salardi, Silvia;  
Ammons, Gary (FUNMAIL); Torres, Arlene  
**Subject:** British Trade & Commerce Bank

In spite of the cease and desist letter, which I think was sent out, this bank is still using the CAP a/c 9983871373, which they opened by telephone, unknown to us. Today they were attempting to transfer out \$1 million from a balance of \$733 thousand. We have refused to approve the overdraft and have put a debit restraint on the account. We attempted to call the customer but nobody picked up the phone. They have a funds transfer agreement with us apparently. Remember that our department refused to open an account for them.

Roberta Galan  
International Trade Lending  
Miami  
(305) 789-1213  
[roberta.galan@capmark.funb.com](mailto:roberta.galan@capmark.funb.com)

2080

**Johnson, Helene**  
**From:** Torres, Arlene  
**Sent:** Monday, August 07, 2000 8:42 AM  
**To:** Johnson, Helene  
**Subject:** FW: British Trade and Commerce, Dominica (CAP 9983871373)

**Importance:** High

**Message Flag:** Follow up  
**Flag Status:** Flagged

Arlene Torres  
International Americas Group  
FIRST UNION NATIONAL BANK, Miami  
Mail code: FL6079  
Tel: 305 789 4845  
Fax: 305 789 6930  
e-mail: [arlene.torres@FUNB.com](mailto:arlene.torres@FUNB.com)

-----Original Message-----

**From:** **Rodriguez, John**  
**Sent:** Tuesday, December 28, 1999 1:47 PM  
**To:** Brader, Ruth (Lotus Notes)  
**Cc:** Sheffield, Benita (NOTES); Johnson, Helene; Galan, Roberta; Torres, Arlene  
**Subject:** British Trade and Commerce, Dominica (CAP 9983871373)  
**Importance:** High

URGENT!! This account has significant wire and cash letter activity that is suspicious. We need to close account!

I just spoke to the Leonard Bedneau, Accounts Manager at BT&C and I requested for the bank to close the account at once. He requested for me to send a letter to the bank's President, Gorge Betts via fax at (767) 448-6477.

This account was opened by the CAP department without International's authorization, and without any compliance requirements. I have reported this problem to Loss Prevention for over one year. It has turned out to be a headache for the bank, as this entity boasts to be a correspondent of First Union National Bank. I to Mr. Betts personally and by telephone, that he was not authorized to open an account at First Union. Nevertheless, it surfaced in the CAP department.

Action: I need a letter as soon as possible (Word document) via Outlook for me to sign immediately and send to Mr. Betts, with a copy to Mr. Bedneau.

I stopped a \$1MM transfer from going out yesterday, which would have overdrawn the account by approx. \$.7MM. I will appreciate a quick response.

Thanks!!  
My phone is (305) 789-6911

2081

**First Union National Bank**

FL6079  
Americas Group  
200 South Biscayne Boulevard, 12th Floor  
Miami, Florida 33131  
305 789-6900  
Fax 305 789-6930



December 29, 1999

Via Facsimile: (767) 448-6477

Mr. George Betts, President  
British Trade & Commerce Bank  
Roseau, Dominica

Dear Mr. Betts:

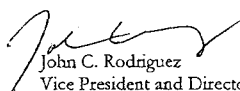
Please be advised that First Union National Bank has become aware of a CAP account number 9983871373 in the name of British Trade & Commerce Bank, Dominica. It is our policy to work with and maintain accounts with foreign banking institutions that meet our internal compliance criteria, as well as fit our line of business of correspondent banking. Upon the review of your account, we have ascertained that the account does not meet our business profile requirements.

You are hereby advised that your above referenced account will be closed in thirty (30) days, or January 28, 2000. However, we will only permit you to transact funds transfers and deposits for the next 10 business days, or until January 12, 2000. This notification should provide you with ample time to make other banking arrangements.

Checks presented for payment during the interim period will be paid up to the amount of collected funds available in your account. Checks presented after the closed date will be returned "account closed". We will not process any deposits or funds transfers after January 12, 2000. Any collected funds remaining in your account after January 28, 2000 will be forwarded to you in the form of an official check at the address of record.

Should you have any questions call me at the number shown below.

Sincerely,

  
John C. Rodriguez  
Vice President and Director  
Americas Group  
Central America and Caribbean Region  
(305) 789-6911

cc: Benita Sheffield

**Rodriguez, John**

**From:** Rodriguez, John  
**Sent:** Friday, December 31, 1999 8:06 AM  
**To:** Thomsen, Chris  
**Cc:** Torres, Arlene; Perez, Carlos; Marin, Ariel  
**Subject:** FW: British Trade and Commerce Bank, Dominica (CAP 9983871373)

FYI

-----Original Message-----

**From:** **Johnson, Helene**  
**Sent:** Thursday, December 30, 1999 5:11 PM  
**To:** Messmer, Terry  
**Cc:** Rodriguez, John  
**Subject:** RE: British Trade and Commerce Bank, Dominica (CAP 9983871373)

Terry, I agree. Fortunately the corporation has recently established an anti money laundering steering committee, which I sit on along with Corporate Risk Management and compliance representatives from other areas of the bank. There is a heightened level of awareness among the participants of the committee; the challenge is carrying that forward through the rest of the bank.

-----Original Message-----

**From:** **Messmer, Terry**  
**Sent:** Tuesday, December 28, 1999 6:43 PM  
**To:** Johnson, Helene  
**Cc:** Rodriguez, John  
**Subject:** FW: British Trade and Commerce Bank, Dominica (CAP 9983871373)  
**Importance:** High

Helene, I encountered a troubling situation with our CAP account department several weeks ago. (I may have mentioned it to you at the time.) Bottom line, it was pretty clear to me that the "customer" was engaged in the sort of international fraud schemes you always hear about, and for you and me, lucky souls, sometimes get personally involved with. Sounds to me like we need to broaden the emphasis of KYC policies and significance throughout other areas of the bank that are not directly in International Correspondent Banking. Terry

-----Original Message-----

**From:** Rodriguez, John  
**Sent:** Tuesday, December 28, 1999 2:01 PM  
**To:** Thomsen, Chris  
**Cc:** Messmer, Terry; Begley, Leonard  
**Subject:** FW: British Trade and Commerce Bank, Dominica (CAP 9983871373)  
**Importance:** High

Just want you to be aware.

-----Original Message-----

**From:** **Rodriguez, John**  
**Sent:** Tuesday, December 28, 1999 1:47 PM  
**To:** Brader, Ruth (Lotus Notes)  
**Cc:** Sheffield, Benita (NOTES); Johnson, Helene; Galan, Roberta; Torres, Arlene  
**Subject:** British Trade and Commerce, Dominica (CAP 9983871373)  
**Importance:** High



2083

JAN 13 '00 14:01 FR FIRST UNION BANK

215 9732154 TO 913057896930

P.01/02



*No Relationship*

Global Trade Services  
1339 Chestnut Street- PA4816  
Philadelphia, PA 19101

**FAX TRANSMITTAL**

TO: John Rodriguez

---

COMPANY: First Union

---

FAX: 305-789-6930

---

TOTAL PAGES: 2 (INCLUDING COVER PAGE)

---

FROM: Kathy McGrath

---

TELEPHONE#: 215-973-1859

---

FAX#: 215-973-2154

---

DATE: January 13, 2000

---

RE: British Trade & Commerce Bank

Thank you and regards.

---

**SALAZAR INTERNATIONAL**

23800 Commerce Park Road \* Cleveland, Ohio 44122, USA  
TELEPHONE (216) 464-2420 \* FAX (216) 464-9084  
E-Mail: [salazar20@aol.com](mailto:salazar20@aol.com) Web Site: [www.salazarinternational.com](http://www.salazarinternational.com)

TO: KATHY MCGRATH  
1<sup>ST</sup> UNION

FROM: HAROLD MENDES

DATE: 13 JANUARY, 2000

NUMBER OF PAGES INCLUDING COVER PAGE: 1

RE: BRITISH TRADE & COMMERCE

Per our conversation yesterday, please advise if your bank is able to confirm a letter of credit proposed for 180 days for an amount totaling \$30,000.

Following is the information regarding the bank:

*BRITISH TRADE & COMMERCE BANK  
LICENSED FOR FULL TRUST BUSINESS  
EMENS BLDG., DAME EUGENIA CHARLES BLVD. BAYFRONT  
ROSEAU COMMONWEALTH OF DOMINICA  
PHONE: (767) 448-6410  
FAX: (767) 448-6477  
SWIFT: BTCBMDM*

Our bank is the Huntington National Bank in Cleveland.

We look forward to hearing from you.

Best Regards....Harold Mendes

2085

**First Union National Bank**  
FL6079  
Americas Group  
200 South Biscayne Boulevard, 12th Floor  
Miami, Florida 33131  
305 789-6900  
Fax 305 789-6930

**FIRST  
UNION®**

February 7, 2000

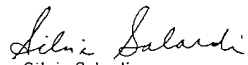
Mr. George Betts, President  
British Trade & Commerce Bank  
C/o FEC Financial Holdings, Inc.  
444 Brickell Ave., Suite P-16  
Miami, Florida 33131

Dear Mr. Betts,

Please be advised your account 9983871373 has been closed. We are forwarding the balance remaining to you as indicated on the letter from John C. Rodriguez on December 29, 1999.

Should you have any questions call me at the number shown below.

Sincerely,

  
Silvia Salardi  
International Account Officer  
305 789 4857

INTERNATIONAL DIVISION  
200 SOUTH BISCAYNE BLVD., 12<sup>TH</sup> FLOOR  
MIAMI, FLORIDA 33131  
TELEPHONE NO.: 305-789-8975  
FAX NO.: 305-789-8918



# Fax

**To:** BENITA SHEFFIELD, HELENE JOHNSON  
**From:** JOSE POMAREDA, VICE PRESIDENT  
INTERNATIONAL OPERATIONS  
CUSTOMER SERVICE DEPARTMENT

**Fax:** 954-784-5854 216-973-5340 **Pages:** 3 , including this cover letter

**Phone:** **Date:** 05/03/00

**Re:** BRITISH TRADE AND COMMERCE BANK **CC:**

Urgent  For Review  Please Comment  Please Reply  Please Recycle

**• Comments:**

FURTHER TO MY E-MAIL OF TODAY ENCLOSED PLEASE FIND THE SWIFT COMMUNICATION RECEIVED FROM THE CAPTIONED BANK.  
PLEASE CALL ME IF YOU NEED ADDITIONAL INFORMATION.  
TKS./JP.

SENT BY: INTL CUSTOMER SUPT; 5-3-0 2:44PM; 305 789 8989 >> 215 973 5340; #2

\*\*\* INTEGRATED FUNDS TRANSFER SYSTEM \*\*\* 15-0721632 1 77 0520100  
 \*\* ADMINISTRATIVE MESSAGE \*\*  
 MSG DATE 000001 BANK SWI DEPT MIAM MSG NUM 000048  
 TRN \* PNB00000140527000A  
 RCVD FROM DEBIT NAME  
 ADDRESS AMOUNT 100

1111 01ENRPH03KANKK1056071504

1111 01RT\*BNDAK103700956

\*BRITISH TRADE AND COMMERCE BANK

\*ROSEAU, DOMINICA

999 07

70 TRANS REF NO 0000501/61

70 NARRATIVE: TO SWIFT DEPARTMENT, PLEASE ADVISE FIRST UNION  
 NATIONAL BANK JACKSONVILLE, FLORIDA AS FOLLOWS:  
 WE BRITISH TRADE AND COMMERCE BANK CONFIRM WITH  
 FULL RESPONSIBILITY THE AUTHENTICITY OF THE  
 ISSUANCE OF PROMISSORY NOTES NUMBERS: 1 - 10 WITH  
 A NOMINAL VALUE OF TEN MILLION DOLLARS EACH TO IN  
 TOTAL EQUALS 100 MILLION UNITED STATES DOLLARS IN  
 FAVOUR OF ST DAVID'S INVESTMENT TRUST AND BANK CO.,  
 LTD., THE VARIANTS OF THE INSTRUMENT ISSUED ARE AS  
 FOLLOWS:  
 PRINCIPAL AMOUNT : TEN MILLION USA DOLLARS  
 NUMBER : PN/BTCB/11  
 INTEREST COUPON : 10 PER CENT  
 ISSUE DATE : 19TH APRIL, 2000  
 MATURITY DATE : 20TH APRIL, 2003  
 PROMISSORY NOTE 1  
 GUARANTEED BY: BRITISH TRADE AND COMMERCE BANK  
 PRINCIPAL AMOUNT: TEN MILLION USA DOLLARS  
 NUMBER : PN/BTCB/11  
 INTEREST COUPON : 10 PER CENT  
 ISSUE DATE : 19TH APRIL, 2000

2088

TO YOUR CHECK ACCOUNT.

THIS IS A BANK OPERATIVE INSTRUMENT

SIGNED: RUDOLFO REQUENA, PRESIDENT

WITNESSED: GEORGE BETTS, EXECUTIVE VICE PRESIDENT

HE-06351671003E

000428118412577000

2089

NOV 10 '00 15:12 FR FIRST UNION BANK 215 973 5340 TO 917047154496 P.03

**Johnson, Helene**  
**From:** Johnson, Helene  
**Sent:** Thursday, May 04, 2000 12:08 PM  
**To:** INT'L-USA; INT'L-OPS; INT'L-FUBI; INT'L-O/SOFCR  
**Cc:** Davis, Jeri (Lotus Notes)  
**Subject:** British Trade and Commerce Bank

Please be advised that, **under no circumstances**, is business to be conducted with British Trade and Commerce Bank without first contacting me. First Union discontinued its relationship with this customer effective January 28 of this year, however we still occasionally receive transaction requests from them.

If you have any questions regarding this please call me at 215 973 2160. Thank you.

2090

**Johnson, Helene**  
**From:** Beason, Brett [brett.beason1@firstunion.com]  
**Sent:** Thursday, May 04, 2000 1:37 PM  
**To:** Cloninger, Joyce; CAPMARK -HJOHNSON \*  
**Cc:** CAPMARK -RRAMKIS \*  
**Subject:** British Trade

Just an FYI.

I rec'd information from Olga Insanti regarding the 3 million dollar wire on 12/15.

It came from Harris Bank byo Bank of Montreal fbo 1000113816 (Free Trade Bureau).

Helene, I believe you have requested further info from Rene on many of the wires sent out between 12/15/99 and 1/31/00. You should have rec'd the faxed stmts from me.

Please let me know if you need me to fax again, otherwise I will wait to hear about the outgoing wires.

Thanks



British Trade and Commerce - Subpoena

by e. Clominger legal

Eddechin wanted \$24 million but with  
Canadian bank and was required to  
put up 3 million in collateral which is  
held with a law firm →  
Funds were wired from law firm to  
BTC and are now gone -

2092



May 8, 2000

Mr. George Betts, President  
British Trade and Commerce Bank  
c/o FEC Financial Holdings, Inc.  
444 Brickell Avenue, Suite P-16  
Miami, Florida 33131

On December 29, 1999 we communicated our intent to close CAP account number 9983871373 in the name of British Trade and Commerce Bank, Dominica. Accordingly, this account was closed effective January 12, 2000.

Since then we have become aware of a Brokerage account (number 17624265), in the name of British Trade and Commerce bank, Dominica. We have also received two unauthenticated SWIFT messages from British Trade and Commerce Bank dated May 1, 2000 confirming the issuance of ten promissory notes in the amount of ten million dollars each, in favor of St. David's Investment Trust and Bank, Ltd.

Please be advised that it is our policy to work and maintain accounts only with foreign banking institutions that meet our internal compliance criteria and that fit our line of business criteria. Upon review of your account, other requests, and the information First Union has at its disposal, the Bank has ascertained that your company does not fit our requirements.

You are hereby advised that, effective immediately, your above referenced account has been closed.

Please refrain from attempting to use this account and from sending First Union National Bank or any subsidiaries thereof transaction related information or requests in the future. Any requests will not be honored and any attempt to use First Union's services or its name will invite First Union to consider other remedies it may have.

Your cooperation is expected and appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Helene T. Johnson", written over a horizontal line.

Helene T. Johnson  
Vice President and  
Senior International Compliance Officer

cc: Jeri Davis  
John Rodriguez  
Benita Sheffield

2093

**Johnson, Helene**  
To: benita.scheffield  
Subject: British Trade and Commerce Bank

Benita,

Please place British Trade and Commerce Bank, Dominica on the "hotlist". We do not want them to be able to open an account within First Union. I'm not sure what details you need from me to accomplish this so if you require more information please call me at 215 973 2160.

Thanks

*Sent May 11, 2000*

2094

**Johnson, Helene**

**From:** Walsh, Sherry [sherry.walsh@firstunion.com]  
**Sent:** Monday, July 10, 2000 2:01 PM  
**To:** McGinley, Brian  
**Cc:** CAPMARK -HJOHNSON \*; Merrell, Carol  
**Subject:** Early Warning-Use to monitor for account refused by Internat

Brian, You provided the timely news, in our May AML Committee meeting, that Early Warning is now scanning commercial accounts. International wants to start providing names to be added to the Hot File list. I anticipate the AML Team will also want to add names to the list.

Who should I work through to set up this process? We already have one name "British Trade & Commerce Bank".

Thanks.

2095

**Rodriguez, John**

**From:** Johnson, Helene  
**Sent:** Tuesday, July 18, 2000 9:04 AM  
**To:** Rodriguez, John  
**Subject:** RE: British Trade & Commerce Bank, Dominica

You're quite welcome. I'll send you a copy of the letter for your files. thanks

-----Original Message-----

**From:** **Rodriguez, John**  
**Sent:** Tuesday, July 18, 2000 8:58 AM  
**To:** Johnson, Helene  
**Cc:** Torres, Arlene; Perez, Carlos A. (Intl Miami); Marin, Ariel; Pesantes, Angel; Salardi, Silvia  
**Subject:** RE: British Trade & Commerce Bank, Dominica

Thank you Helene...Much appreciated!

-----Original Message-----

**From:** **Johnson, Helene**  
**Sent:** Monday, July 17, 2000 5:36 PM  
**To:** Rodriguez, John  
**Subject:** RE: British Trade & Commerce Bank, Dominica

It's never to late! Here's the deal-they are in the 199/2000 directory and do list us as their correspondent. That was issued mid last year and at that time they did still have the account relationship with the financial centers. Polk's is now going through the update process and has informed us that they will honor our written request to remove our name from BTC's entry if BTC includes us.

I'll draft it and pass it to Eileen Mijlin who handles the Polk relationship. We can be just as persistent (if not more so) then they are!

-----Original Message-----

**From:** **Rodriguez, John**  
**Sent:** Monday, July 17, 2000 10:46 AM  
**To:** Johnson, Helene  
**Subject:** RE: British Trade & Commerce Bank, Dominica

Too late ...it is already in the Polks directory!! We are one of their correspondents listed...unbelievable.

-----Original Message-----

**From:** **Johnson, Helene**  
**Sent:** Monday, July 17, 2000 9:18 AM  
**To:** Rodriguez, John  
**Subject:** RE: British Trade & Commerce Bank, Dominica

Not again. John, can you do me a favor and fully translate the attached or provide me with a summary? It may be worth doing another cease and desist if for no other reason than to establish a trail in event there's ever an issue with this bank. It's obvious they never actually listen to us.

2096

-----Original Message-----

**From:** Rodriguez, John  
**Sent:** Monday, July 17, 2000 8:50 AM  
**To:** Johnson, Helene  
**Subject:** FW: British Trade & Commerce Bank, Dominica

...they are still at it%. They still falsely promote that they have a relationship with FUNB. Helene, this is frustrating. I told my customer to stay away!!

Later

-----Original Message-----

**From:** Manrique Castro Poveda [SMTP:IMCEAEX-  
O=GRUPO+20CUSCATLAN OU=BFA CN=RECIPIENTS\_CN  
=MCASTRO@cuscatlancr.com]  
**Sent:** Friday, July 14, 2000 4:05 PM  
**To:** john.rodriquez@funb.com  
**Subject:** SOLICITUD DE REFERENCIA

Sr. Rodriguez

Sirva la presente para saludarlo y consultarle referencias sobre el British Trade & Commerce Bank en Dominica ya que es de nuestro conocimiento que el First Union mantiene corresponsalia con dicho banco, todo lo anterior debido a que un cliente nos ofrece un stand by letter of credit de ese banco, del cual no tenemos referencia alguna.

Agradeciendo su colaboracion y poniéndome a sus ordenes,

Attentamente,

Manrique Castro  
Ejecutivo de Cuenta  
Banco Cuscatlán de Costa  
Rica, S.A.

2097

**First Union National Bank**  
PA4618  
International Division  
P.O. Box 13866  
Philadelphia, Pennsylvania 19101-3866  
215 973-2778

**FIRST  
UNION**

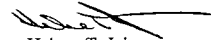
July 21, 2000

Sara Faze  
Thomson Financial Publishing  
1380 Rogers Mill Lane,  
Cummings, GA 30041

Dear Ms. Faze

Please be advised that British Trade and Commerce Bank, Dominica no longer has a correspondent relationship with First Union National Bank. We'd like to request that you remove our name from their correspondent list in the Polk's directory and all other relevant publications during the next issuance.

If you have any questions regarding this matter, please feel free to contact me at 215-973-2160.  
Thank you.

  
Helene T. Johnson  
Vice President

Attachments

cc: Eileen Mijlin  
John Rodriguez

ALI SABIEH — Cont'd INTERNATIONAL - 452 DJIB

DJIBOUTI

CAPITAL: Djibouti
POPULATION: 578,300
LAND AREA: 23,201 Sq.Km. (8,956 Sq.Mi.)
MAP LOCATION: RS
GEOGRAPHIC REGION: Africa
CURRENCY: Djiboutian Franc, French Franc, U.S. Dollar
COUNTRY DIALING CODE 253
PRINCIPAL LANGUAGE(S): French, Arabic, Somali, Afar
BANKING HOURS: 7:30-11:30, Sun-Thurs Closed on Fri & Sat.
HOLIDAYS: Christmas Day, December 25, 1999; New Year's Day, January 1, 2000; Eid Al Fitr (2 days), January 4, 2000; Ash-E-Ashra (2 days), March 17, 2000; Labor Day, May 1, 2000; Independence Day, June 27, 2000
ALI SABIEH
Banque pour le Commerce et l'Industrie - Mer Rouge
Branch of Djibouti
All Sabieh Rue de la Gare
Tel: (253) 438066

Banque de Développement de Djibouti
Agence de l'ancien Georges Clemenceau et de la rue Pierre Corneille, PO Box 520
Tel: (253) 28 33 91
Fax: (253) 35 50 22
Telex: 5117
Major Shareholders
State (50.2%)
Sociétés Para-étatiques (29.7%)
Other (20.1%)
Officers
Pres: M Luc Aden
Current financial figures not reported
Banque de Djibouti et du Moyen-Orient BA
Commercial Bank
Place Lagarde, PO Box 2112
Tel: (253) 35 32 91
Fax: (253) 35 68 28
BIC: BMDJ DJ DJ
Telex: 5442
Major Shareholders
Mocba (54.8%)
Local (45%)
Current financial figures not reported
Banque Industrielle Mer Rouge
Et. 1808
1671 Lagarde, PO Box 88
Tel: (253) 35 30 16
Fax: (253) 38 18 38
BIC: IMRD DJ DJ
Telex: 5879 INDOUMER DJ
CABLE: INDOUMER DJ
Major Shareholders
Credit Agricole Indosuez, Paris, France
Officers
Pres: Patrick Barniers, CEO
Correspondents
Hong Kong: Citicorp Indosuez (HK)

London: Midland Bk (GBP)
New York City: Bankers Tr Co (USD)
Paris: Citigroup Indosuez (FRF, EUR)
Singapore: Citigroup Indosuez (SGD)
Tokyo: Citicorp Indosuez (JPY)
Unconsolidated Financial Figures (in Thousands USD)
12/31/99
Total Assets 19,242,180
Total Deposits 15,579,059
Capital & Res 2,500,722
Net Income 200,469
Asset Rank: 2/3 Country
Banque Nationale de Djibouti
Central Bank, Est. 1964
Place de St-Jean, PO Box 2118
Tel: (253) 26 27 81
Fax: (253) 26 88 28
E-mail: bn@ndjibouti.dj
BIC: BNND DJ DJ
Telex: 5438 DJ
Major Shareholders
State (100%)
Officers
Pres: M Houmed Abou, Dr Sloues & Fir Fir
Correspondents
New York City: Fed Res Bk of New York (USD)
New York City: French American Bk Corp (USD)
Paris: Banque de France (FRF, EUR)
Current financial figures not reported
Banque pour le Commerce et l'Industrie - Mer Rouge
Commercial Bank
Pl Lagarde: BP 2172
Tel: (253) 350587
Fax: (253) 384280
SWIFT: BMDJ DJ DJ
Telex: 5475 DJ, 5651 DJ
CABLE: NACIDOM/DJIBOUTI
Number of Employees: 218
Asset Rank: 1/2 Country

Major Shareholders
Banque Nationale de Paris, Paris, France (Incorporated in France) (33%)
Yemen Bank for Reconstruction and Devel, Sana'a, Yemen (18%)
Officers
Pres: Mohamed Aden, Pres Gen Dr
Int. Banking Issues: Citibank
Correspondents
Brussels: Banque Nationale de Paris (BEF, LL)
London: Bk of Montreal de Paris (BEF)
Tokyo: Banque Nationale de Paris (JTY)
Zurich: Banque Nationale de Paris (CHF)
City Branches: 4
Other Domestic Offices: 2
Unconsolidated Financial Figures
12/31/99
Total Assets 36,129,041
Total Deposits 23,887,302
Capital & Res 5,325,054
Net Income 508,460
Asset Rank: 1/2 Country
Commercial and Savings Bank of S. Branch of: Moqasheh, Somalia
PO Box 2004
Tel: 5474-FS
Commercial Bank of Ethiopia
Branch of: Addis Ababa, Ethiopia
P.O. Box 181
Tel: (253) 35 31 02, 35 31 07
Fax: (253) 35 87 77
Mgt: Abouche Alemu

Albania Bank (Djibouti)
Av. Pierre Corneille, PO Box 2607
Tel: (253) 380044
Fax: (253) 380638
Financial Figures (in Thousands USD)
12/31/99
Total Assets 4,711,431
Total Deposits 3,834,420
Capital & Res 861,808
Net Income 56,471
Asset Rank: 3/3 Country

Banque Industrielle Mer Rouge
Et. 1808
1671 Lagarde, PO Box 88
Tel: (253) 35 30 16
Fax: (253) 38 18 38
BIC: IMRD DJ DJ
Telex: 5879 INDOUMER DJ
CABLE: INDOUMER DJ
Major Shareholders
Credit Agricole Indosuez, Paris, France
Officers
Pres: Patrick Barniers, CEO
Correspondents
Hong Kong: Citicorp Indosuez (HK)

London: Midland Bk (GBP)
New York City: Bankers Tr Co (USD)
Paris: Citigroup Indosuez (FRF, EUR)
Singapore: Citigroup Indosuez (SGD)
Tokyo: Citicorp Indosuez (JPY)
Unconsolidated Financial Figures (in Thousands USD)
12/31/99
Total Assets 19,242,180
Total Deposits 15,579,059
Capital & Res 2,500,722
Net Income 200,469
Asset Rank: 2/3 Country
Banque Nationale de Djibouti
Central Bank, Est. 1964
Place de St-Jean, PO Box 2118
Tel: (253) 26 27 81
Fax: (253) 26 88 28
E-mail: bn@ndjibouti.dj
BIC: BNND DJ DJ
Telex: 5438 DJ
Major Shareholders
State (100%)
Officers
Pres: M Houmed Abou, Dr Sloues & Fir Fir
Correspondents
New York City: Fed Res Bk of New York (USD)
New York City: French American Bk Corp (USD)
Paris: Banque de France (FRF, EUR)
Current financial figures not reported
Banque pour le Commerce et l'Industrie - Mer Rouge
Commercial Bank
Pl Lagarde: BP 2172
Tel: (253) 350587
Fax: (253) 384280
SWIFT: BMDJ DJ DJ
Telex: 5475 DJ, 5651 DJ
CABLE: NACIDOM/DJIBOUTI
Number of Employees: 218
Asset Rank: 1/2 Country

Major Shareholders
Banque Nationale de Paris, Paris, France (Incorporated in France) (33%)
Yemen Bank for Reconstruction and Devel, Sana'a, Yemen (18%)
Officers
Pres: Mohamed Aden, Pres Gen Dr
Int. Banking Issues: Citibank
Correspondents
Brussels: Banque Nationale de Paris (BEF, LL)
London: Bk of Montreal de Paris (BEF)
Tokyo: Banque Nationale de Paris (JTY)
Zurich: Banque Nationale de Paris (CHF)
City Branches: 4
Other Domestic Offices: 2
Unconsolidated Financial Figures
12/31/99
Total Assets 36,129,041
Total Deposits 23,887,302
Capital & Res 5,325,054
Net Income 508,460
Asset Rank: 1/2 Country
Commercial and Savings Bank of S. Branch of: Moqasheh, Somalia
PO Box 2004
Tel: 5474-FS
Commercial Bank of Ethiopia
Branch of: Addis Ababa, Ethiopia
P.O. Box 181
Tel: (253) 35 31 02, 35 31 07
Fax: (253) 35 87 77
Mgt: Abouche Alemu

DOMINICA

BARCLAYS
BARCLAYS BANK PLC
CAPITAL: Roseau
POPULATION: 83,200
LAND AREA: 751 Sq.Km. (290 Sq.Mi.)
MAP LOCATION: AB
GEOGRAPHIC REGION: Caribbean
CURRENCY: East Caribbean Dollar, U.S. Dollar
COUNTRY DIALING CODE 75
PRINCIPAL LANGUAGE(S): English, French
BANKING HOURS: 8:00-12:00, Mon-Thurs, 8:00-12:00 & 1:30-3:00, Fri. Closed on Sat.
HOLIDAYS: Independence Day, November 3, 1999; Community Day of Service, November 4, 1999; Christmas Day, December 25, 1999; Boxing Day, December 26, 1999; New Year's Day, January 1, 2000; Carnival (2 days), February 15, 2000; Good Friday, April 21, 2000; Easter Monday, April 24, 2000; May Day, May 1, 2000; Wha Monday, June 12, 2000; August Monday, August 7, 2000
PORTSMOUTH Pop. 4,146
Barclays Bank PLC
Agency of: London, United Kingdom
Agency to Roseau

DOMINICA
Old Street, P.O. Box 4, Roseau
Telephone: (767) 448-2571
Telex: 8618 BARCLADOM Telex: (767) 448-3471
Agency: Portsmouth
National Commercial Bank of Dominica
Branch of: Roseau
Bay St
Tel: (1-767) 445-5430
Fax: (1-767) 445-4481
ROSEAU Pop. 4,146
Banque Française Commerciale S.A.
Branch of: Paris, France
Queen Mary Street, PO BOX 184
Tel: (1-767) 448-0403/335-9019
Fax: (1-767) 448-0333
Telex: 0294-6420 NACIDEV DO
BARCLAYS BANK PLC
For complete details see ad on 2098 page
British Trade & Commerce Bank
Commercial Bank/Trust Company Est. 1917
Empire Bldg., Denis Eugene Charles Blvd, PO Box 2042
Tel: (1-767) 448-8410
Fax: (1-767) 448-4477
Internet: www.bcdcl.com
E-mail: info@bcdcl.com
SWIFT: BTCS DM DM
Number of Employees: 12
Hours: 9:00-17:00
Officers
Chm: Rodolfo Riccardi, Pres & Dir
Correspondents
Charlotte: First Union Natl Bk (USD)
Dubai: Anglo Irish Bk Corp (GBP, EUR, USD)
Miami: Security Bank, MA (USD)
Unconsolidated Financial Figures (in Thousands USD)
12/31/99
Total Assets 374,481
Total Deposits 51,708
Capital & Res 34,368
Net Income 18,161
Asset Rank: 1/2 Country
National Commercial Bank of Dominica
Commercial Bank
64 Waterfront St, PO BOX 271
Tel: (1-767) 448-4472/273
Fax: (1-767) 448-8282
SWIFT: NCBDA DM DM
Telex: 0294-6420 NACIDEV DO
Bancomercio SA — changed title to Intercontinental SA due to a merger with Banco Intercontinental SA, of Santo Domingo, Dominican Republic, effective October, 1997.
BANCO PERAVIA Pop. 36,705
Banco del Comercio Dominicano, S.A. — changed title to Bancomercio S.A. effective September, 1995.
Banco Intercontinental S.A.
Branch of: Santo Domingo
Banc Pto. Barro y Nra Señora de Regla
Tel: (1-809) 527-4026
Banco Popular Dominicano, C. Por A.
Branch of: Santo Domingo
Banc. Cde. Marcano Gomez yno Duarte
Tel: (1-809) 522-3699
Bancomercio S.A. — changed title to Banco Intercontinental S.A. due to a merger with Banco Intercontinental SA, of Santo Domingo, Dominican Republic, effective October, 1997.
Banca Giennacini & Fiduciario Dominicano, S.A.
Branch of: Santo Domingo
Calle Jaime Moya, 26
Tel: (1-809) 524-4480
Fax: (1-809) 524-4473
Banco Popular Dominicano, C. Por A.
Branch of: Santo Domingo
Paseo Barro, 18 yno Jaime Moya
Tel: (1-809) 524-5150
Bancomercio S.A. — changed title to Banco Intercontinental SA due to a merger with Banco Intercontinental SA, of Santo Domingo, Dominican Republic, effective October, 1997.
BONAO Pop. 44,485
Scotiabank-The Bank of Nova Scotia
Branch of: Toronto, Canada
Banco Duarte #163
Telex: 31605-022
CITIFUT Pop. 16,638
Banco del Comercio Dominicano, S.A. —

National Commercial Bank of Dominica
Branch of: Roseau
Bay St
Tel: (1-767) 445-5430
Fax: (1-767) 445-4481
ROSEAU Pop. 4,146
Banque Française Commerciale S.A.
Branch of: Paris, France
Queen Mary Street, PO BOX 184
Tel: (1-767) 448-0403/335-9019
Fax: (1-767) 448-0333
Telex: 0294-6420 NACIDEV DO
BARCLAYS BANK PLC
For complete details see ad on 2098 page
British Trade & Commerce Bank
Commercial Bank/Trust Company Est. 1917
Empire Bldg., Denis Eugene Charles Blvd, PO Box 2042
Tel: (1-767) 448-8410
Fax: (1-767) 448-4477
Internet: www.bcdcl.com
E-mail: info@bcdcl.com
SWIFT: BTCS DM DM
Number of Employees: 12
Hours: 9:00-17:00
Officers
Chm: Rodolfo Riccardi, Pres & Dir
Correspondents
Charlotte: First Union Natl Bk (USD)
Dubai: Anglo Irish Bk Corp (GBP, EUR, USD)
Miami: Security Bank, MA (USD)
Unconsolidated Financial Figures (in Thousands USD)
12/31/99
Total Assets 374,481
Total Deposits 51,708
Capital & Res 34,368
Net Income 18,161
Asset Rank: 1/2 Country
National Commercial Bank of Dominica
Commercial Bank
64 Waterfront St, PO BOX 271
Tel: (1-767) 448-4472/273
Fax: (1-767) 448-8282
SWIFT: NCBDA DM DM
Telex: 0294-6420 NACIDEV DO

DOMINICA
Old Street, P.O. Box 4, Roseau
Telephone: (767) 448-2571
Telex: 8618 BARCLADOM Telex: (767) 448-3471
Agency: Portsmouth
National Commercial Bank of Dominica
Branch of: Roseau
Bay St
Tel: (1-767) 445-5430
Fax: (1-767) 445-4481
ROSEAU Pop. 4,146
Banque Française Commerciale S.A.
Branch of: Paris, France
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For complete details see ad on 2098 page
British Trade & Commerce Bank
Commercial Bank/Trust Company Est. 1917
Empire Bldg., Denis Eugene Charles Blvd, PO Box 2042
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Number of Employees: 12
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Chm: Rodolfo Riccardi, Pres & Dir
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Charlotte: First Union Natl Bk (USD)
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National Commercial Bank of Dominica
Commercial Bank
64 Waterfront St, PO BOX 271
Tel: (1-767) 448-4472/273
Fax: (1-767) 448-8282
SWIFT: NCBDA DM DM
Telex: 0294-6420 NACIDEV DO

DOMINICAN REPUBLIC

CAPITAL: Santo Domingo
POPULATION: 8,098,000
LAND AREA: 48,443 Sq.Km. (18,704 Sq.Mi.)
MAP LOCATION: LA
GEOGRAPHIC REGION: Caribbean
CURRENCY: Dominican Republic Peso, U.S. Dollar
COUNTRY DIALING CODE 809
PRINCIPAL LANGUAGE(S): Spanish, English
BANKING HOURS: 8:30-15:00, Mon-Fri. Closed on Sat.
HOLIDAYS: Christmas Day, December 25, 1999; New Year's Day, January 1, 2000; Epiphany, January 6, 2000; Feast of Our Lady of Luperon, January 21, 2000; Duarte's Day, January 28, 2000; Independence Day, February 27, 2000; Good Friday, April 21, 2000; Labor Day, May 1, 2000; Corpus Christi, June 22, 2000; Resurrection of the Resucado, August 16, 2000; Feast of Our Lady of Mercy, September 24, 2000
ASSOCIATIONS:
Asociación de Bancos Comerciales de la

Banco Popular Dominicano, C. Por A.
Branch of: Santo Domingo
Av. Duarte esq. 19 de Marzo
Tel: (1-809) 521-5400
Bancomercio SA — changed title to Banco Intercontinental SA due to a merger with Banco Intercontinental SA, of Santo Domingo, Dominican Republic, effective October, 1997.
BANCO PERAVIA Pop. 36,705
Banco del Comercio Dominicano, S.A. — changed title to Bancomercio S.A. effective September, 1995.
Banco Intercontinental S.A.
Branch of: Santo Domingo
Banc Pto. Barro y Nra Señora de Regla
Tel: (1-809) 527-4026
Banco Popular Dominicano, C. Por A.
Branch of: Santo Domingo
Banc. Cde. Marcano Gomez yno Duarte
Tel: (1-809) 522-3699
Bancomercio S.A. — changed title to Banco Intercontinental S.A. due to a merger with Banco Intercontinental SA, of Santo Domingo, Dominican Republic, effective October, 1997.

Banco Giennacini & Fiduciario Dominicano, S.A.
Branch of: Santo Domingo
Calle Jaime Moya, 26
Tel: (1-809) 524-4480
Fax: (1-809) 524-4473
Banco Popular Dominicano, C. Por A.
Branch of: Santo Domingo
Paseo Barro, 18 yno Jaime Moya
Tel: (1-809) 524-5150
Bancomercio S.A. — changed title to Banco Intercontinental SA due to a merger with Banco Intercontinental SA, of Santo Domingo, Dominican Republic, effective October, 1997.
BONAO Pop. 44,485
Scotiabank-The Bank of Nova Scotia
Branch of: Toronto, Canada
Banco Duarte #163
Telex: 31605-022
CITIFUT Pop. 16,638
Banco del Comercio Dominicano, S.A. —

Bancomercio SA — changed title to Intercontinental SA due to a merger with Banco Intercontinental SA, of Santo Domingo, Dominican Republic, effective October, 1997.
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Banco del Comercio Dominicano, S.A. — changed title to Bancomercio S.A. effective September, 1995.
Banco Intercontinental S.A.
Branch of: Santo Domingo
Banc Pto. Barro y Nra Señora de Regla
Tel: (1-809) 527-4026
Banco Popular Dominicano, C. Por A.
Branch of: Santo Domingo
Banc. Cde. Marcano Gomez yno Duarte
Tel: (1-809) 522-3699
Bancomercio S.A. — changed title to Banco Intercontinental S.A. due to a merger with Banco Intercontinental SA, of Santo Domingo, Dominican Republic, effective October, 1997.
BONAO Pop. 44,485
Scotiabank-The Bank of Nova Scotia
Branch of: Toronto, Canada
Banco Duarte #163
Telex: 31605-022
CITIFUT Pop. 16,638
Banco del Comercio Dominicano, S.A. —



2099

Senate Permanent Subcommittee  
On Investigations  
EXHIBIT # 57i

**Exhibit 57i.**

**Koop fraud documents**

**BRITISH TRADE AND COMMERCE BANK (BTCB)  
TRANSACTIONS RELATED TO KOOP FRAUD  
April 1998- October 1998**

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**BANCO INDUSTRIAL DE VENEZUELA (Miami Office)  
(U.S. CORRESPONDENT BANK FOR BTCB)**

DATE	AMOUNT CREDITED OR (DEBITED)	DESCRIPTION OF TRANSACTION
4/20/98	\$2,500,000	Wire transfer from G. Schmidt to "Info-Seek"
4/20/98	\$10,000	Wire transfer to "Info Seek (I.F.S.)"
5/20/98	\$450,000	Wire transfer from J. Cabe to "Hanover Ltd."
5/26/98	\$150,000	Wire transfer from J. Cabe to "Hanover B Ltd."
6/5/98	(\$3,110,000)	BIV closed BTCB's correspondent account and provided BTCB with a \$3.4 million check representing all funds in the account, including the Koop-related deposits.
<b>SUBTOTAL</b>	<b>\$3,110,000 (\$3,110,000)</b>	

**SECURITY BANK N.A. (Miami Office)**  
**(U.S. CORRESPONDENT BANK FOR BTCB)**

DATE	AMOUNT CREDITED OR (DEBITED)	DESCRIPTION OF TRANSACTION
6/8/98	N/A	Koop-related deposits transferred from BTCB's closed account at BIY
6/16/98	(\$610,375)	Wire 10521 to Butterfield & Butterfield Ref ARTX
6/16/98	(\$114,000)	Wire 10519 to W. Allen & Co.
6/19/98	(\$200,000)	Wire 10545 to S. Bernstein & Co. Ref Info-Seek, Winston
6/25/98	(\$200,000)	Wire 10576 to ARTX
6/29/98	(\$18,300)	Wire 10606 to Robinson Silverman Pearce
7/16/98	\$500,000	Wire 3789 from J. Cabe to Hanover B Ltd.
7/17/98	(\$150,000)	Wire 107452 to Infinity Communications Ref Hanover (B) Ltd.
7/21/98	(\$100,000)	Wire 107478 to Infinity Communications Ref Hanover (B) Ltd.
7/20/98	(\$5,000)	Wire 107457 to King Oil Co. Ltd.
7/20/98	(\$50,000)	Wire 107458 to Closing of Tulsa
7/21/98	(\$294,000)	BTCB cashier's check issued to Bergen County, New Jersey
7/28/98	(\$1,000,000)	Wire 10739 to CPA [Christian Patriot Association] Services Ref Info-Seek-Bill Koop

DATE	AMOUNT CREDITED OR (DEBITED)	DESCRIPTION OF TRANSACTION
8/10/98	(\$74,666)	Wire 70851 to [Individual's name in Subcommittee Files]
8/28/98	\$200,000	Wire 4145 from [Individuals' names in Subcommittee Files] to Hanover B Ltd.
9/8/98	(\$150,000)	Wire 7372 to CPA [Christian Patriot Association] Services Ref Hanover B Ltd.
10/6/98	(\$50,015)	Wire 7590 to William H. Koop & Associates
<b>SUBTOTAL</b>	<b>\$700,000*</b>	<b>(\$3,016,356)</b>

\* \$700,000 does not include \$3,110,000 in Koop-related deposits transferred from closed BTCB account at BIV.

**SUMMARY**

Total British Trade and Commerce Bank transactions related to Koop fraud at two banks (4/98 - 10/98):

Banco Industrial de Venezuela.....	\$3,110,000
Security Bank.....	\$ 700,000*
	(\$3,016,356)
<b>GRAND TOTAL.....</b>	<b>\$3,810,000</b>
	<b>(\$3,016,356)</b>

**British Trade & Commerce Bank.**

*licensed for Full Trust Business*  
 PO Box 2042, Emerys Bldg., Bayfront  
 Roseau, Commonwealth of Dominica  
 Phone: (767) 448-6410 Fax: (767) 448-6477  
 www.btcb.com. E-mail: btcbank@btcb.com.dm  
 SWIFT: BTBDMMDM

## ACCOUNT STATEMENT

Owner: Info-Seek Asset Management S.A. From: 1/1/1998 To: 12/9/1998  
 Account Number: 101-011089-0 Previous Balance: 0.00

Date	Type	Description	Debits	Credits	Balance
4/20/1998	DP	Initial Deposit - William Koop		10,000.00 (1)	10,000.00
4/30/1998	DN	IBC Fee \$1500; Trust Fee \$4000	5,500.00		4,500.00
4/22/1998	DP	Gleason H. Schmidt		2,500,000.00 (2)	2,503,500.00
5/20/1998	DN	Transferred to Hancock B \$1500 to pay for IBC	1,500.00		2,502,000.00
6/2/1998	WD	Wells Fargo Bank CA	312,000.00 (3)		2,190,000.00
6/2/1998	DN	Wire Fee	125.00		2,189,875.00
6/11/1998	DP	William Koop		100,000.00 (4)	2,290,875.00
6/16/1998	WD	Wells Fargo Bank CA	610,375.00 (5)		1,680,500.00
6/16/1998	DN	Wire Fee	140.00		1,680,360.00
6/16/1998	WD	Natwest Bank London	114,000.00 (6)		1,566,360.00
6/16/1998	DN	Wire Fee	160.00		1,566,200.00
6/19/1998	WD	Wells Fargo Bank	200,000.00 (7)		1,366,200.00
6/19/1998	DN	Wire Fee	140.00		1,366,060.00
6/24/1998	WD	Lloyds Bank London	200,000.00 (8)		1,166,060.00
6/24/1998	DN	Wire Fee	160.00		1,165,900.00
6/24/1998	WD	Citibank NY - Robin, Silverman Pearce Aronson & Ben	18,300.00 (9)		1,147,600.00
6/29/1998	DN	Wire Fee	140.00		1,147,460.00
6/29/1998	WD	Citibank Rego NY - Gracie Interiors	11,500.00 (10)		1,135,960.00
6/29/1998	DN	Wire fee	140.00		1,135,820.00
7/15/1998	DN	Authorized by Bill Koop: Transfer To Cadogan Asset	1,500.00 (11)		1,134,320.00
7/16/1998	DN	Transfer to Cadogan Asset Mgt Ltd - \$5000 Min. Bal	5,000.00 (12)		1,129,320.00
7/24/1998	WD	Bank Of America - CPA Services	1,000,000.00 (13)		129,320.00
7/24/1998	DN	Wire fees	140.00		129,180.00
8/6/1998	WD	Barclays Bank (BAH) - Casser & Co. - [REDACTED]	30,000.00 (14)		99,180.00
8/6/1998	DN	Wire Fee	160.00		99,020.00
8/10/1998	WD	Regions Bank - [REDACTED] Special a/c	74,666.50 (15)		24,353.50
8/10/1998	DN	Wire Fee	140.00		24,213.50
10/1/1998	DN	Authorized by Bill Koop - transfer to Atlantic Marine	6,500.00 (16)		17,713.50
10/1/1998	DN	Authorized by Bill Koop - transfer to Starfire Asset M	6,500.00 (16)		11,213.50
		<b>Total:</b>	<b>2,598,786.50</b>	<b>2,610,000.00</b>	

Redacted Information  
 in Subcommittee Files


**British Trade & Commerce Bank.**
*licensed for Full Trust Business.*

PO Box 2042, Emens Bldg., Bayfront.

Roseau, Commonwealth of Dominica.

Phone: (767) 448-6410 Fax: (767) 448-6477

www.btc.com, E-mail: btcbank@cwdoms.com

SWIFT: BTCBMDM

**ACCOUNT STATEMENT**

 Owner: Hanover B Ltd  
 Account Number: 101-011079-2

 From: 1/1/1998 To: 12/9/1998  
 Previous Balance: 0.00

Date	Type	Description	Debits	Credits	Balance
3/20/1998	DP	Initial Deposit - [REDACTED]		450,000.00	450,000.00
3/21/1998	DP	Transferred from info- seek to set-up IBC		1,500.00	451,500.00
3/21/1998	DN	IBC Fee	1,500.00		450,000.00
3/26/1998	DP	Deposit From John Williams Cabre		150,000.00	600,000.00
3/29/1998	WD	Sundfin Trust	93,300.00		506,700.00
3/29/1998	DN	Wire fee	125.00		506,575.00
3/29/1998	WD	[REDACTED]	66,000.00		440,575.00
3/29/1998	DN	Wire Fee	125.00		440,450.00
3/29/1998	WD	[REDACTED]	38,750.00		401,700.00
3/29/1998	DN	Wire fee	125.00		401,575.00
3/29/1998	WD	[REDACTED]	33,500.00		368,075.00
3/29/1998	DN	Wire fee	125.00		367,950.00
3/29/1998	WD	D.T.B. Trust	118,000.00		249,950.00
3/29/1998	DN	Wire fee	125.00		249,825.00
6/9/1998	WD	Comarco	99,162.00		150,663.00
6/9/1998	DN	Wire fee Int'l	160.00		150,503.00
6/10/1998	WD	Conrad Int'l Bank	20,000.00		130,503.00
6/10/1998	DN	Wire Fee Int'l	160.00		130,343.00
6/24/1998	DP	[REDACTED]		19,990.00	150,333.00
6/24/1998	DN	To cancel deposit dd 6/24/98 incorrectly charged	19,990.00		130,343.00
7/16/1998	WD	First Mountain Bank - Infinity Communications	150,000.00		-19,657.00
7/16/1998	DN	Wire Fee	140.00		-19,797.00
7/16/1998	DP	John William Cabre		499,990.00	480,193.00
7/17/1998	WD	Bank of Oklahoma - Closings of Tulsa Inc	50,000.00		430,193.00
7/17/1998	DN	Wire Fee	140.00		430,053.00
7/17/1998	WD	Bank of Oklahoma - KingsOil Co. Ltd	5,000.00		425,053.00
7/17/1998	DN	Wire fee	140.00		424,913.00
7/21/1998	WD	First Mountain Bank - Infinity Communication	100,000.00		324,913.00
7/21/1998	DN	Wire Fees	140.00		324,773.00
7/21/1998	WD	Certified Cheque - County of Bergen, NJ - Bill Koop	294,000.00		30,773.00
8/4/1998	DN	Transfer of funds to L.J.H.S.T. Ltd for IBC Incorporat	6,500.00		24,273.00
8/28/1998	DP	#4145 [REDACTED]		199,990.00	224,263.00
9/1/1998	WD	Barclays Bank (BAH) - Consolidated O'seas Ltd	60,000.00		164,263.00
9/1/1998	DN	Wire Fee	140.00		164,123.00
9/8/1998	WD	Bank of America - CPA Services	150,000.00		14,123.00
9/8/1998	DN	Wire Fee	140.00		13,983.00
9/14/1998	DP	#4286 [REDACTED]		49,990.00	63,973.00
10/6/1998	WD	United Bank of Mississippi, St. Louis - William Koop &	50,000.00		13,973.00
10/6/1998	DN	Wire Fee	140.00		13,833.00
<b>Total:</b>			1,357,627.00	1,371,460.00	


**British Trade & Commerce Bank.**
*licensed for Full Trust Business.*

PO Box 2042, Emery Bldg., Bayfront.

Roseau, Commonwealth of Dominica.

Phone: (767) 448-6410 Fax: (767) 448-6477

www.btcb.com, E-mail: btcbank@cwdoan.dm

SWIFT: BTCBMDM

**ACCOUNT STATEMENT**

 Owner: Cadogan Asset Management Ltd.  
 Account Number: 101-011117-3

 From: 1/1/1998 To: 12/9/1998  
 Previous Balance: 0.00

Date	Type	Description	Debits	Credits	Balance
7/15/1998	CN	Transfer from Info - Seek : IBC funds authorised by B		1,500.00	1,500.00
7/15/1998	DN	IBC Fee	1,500.00		0.00
7/16/1998	CN	Transfer from Info-Seek Asset Mgt \$5000 Minimum I		5,000.00	5,000.00
<b>Total:</b>			1,500.00	6,500.00	

Dec-10-98 11:18am From: ANSELL ZARO GRIMM AARON +9221205 T-062 P.29/30 F-946  
 Sent By: SHUMATE & DONATO LLP; 338 272 0078; Dec-10-98 10:52AM; Page 2/1/au  
 Dec-10-98 09:05A BT&C Bank/Trust (767) 448-6477 P.28



**British Trade & Commerce Bank.**  
*Licensed for Full Trust Business.*  
 PO Box 2042, Entous Bldg, Bayfront,  
 Nassau, Commonwealth of Dominica.  
 Phone: (767) 448-6410 Fax: (767) 448-6477  
 www.btcb.com, E-mail: btcbank@btcb.com.dm  
 SWIFT: BTCBDM34

**ACCOUNT STATEMENT**

Owner: Atlantic Marine Bancorp, Ltd      From: 1/1/1998      To: 12/9/1998  
 Account Number: 101-011107-5      Previous Balance:      0.00

Date	Type	Description	Debits	Credits	Balance
10/ 1/1998	CN	Authorized transfer from Info-Secur Asset Management		6,500.00	6,500.00
10/ 1/1998	AAC	IBC Fee	1,500.00		5,000.00
Total:			1,500.00	6,500.00	



#### 02 #### FT PROD #### FT INCOMING #####NORMAL MSG/ACCTS ENTRY####  
 (2100) Sender: 033207766 FIRST UNION BRNVLE (2000) Amount: \$450,000.00  
 (3400) Receiver: 044010801 BCD IND VENEZUELA (3600) Bus Function Code: CTR  
 (4510) Type Code: 1000  
 (5000) Originator: D0004009095893  
 JOHNNY WILLIAM CABE  
 DBA HIS WAY FINANCIAL JRS MINISTR  
 1050 BRANCH ROAD  
 YORK, SC 29745  
 (6000) ORS to BNF Info: FOR HISWAY PROJECT  
 (4200) Beneficiary: D10101116 S  
 HANOVER LIMITED  
 (4100) Beneficiary's FI: D062029001  
 BRITISH TRADE AND COMMERCE BANK  
 (6310) BNF's FI Adv Info: PHN  
 (1520) IMAD: 19980520E36FAA2C000071  
 (3320) Sender Ref: 980520004921  
 (1110) Timestamp: 05201004FT01  
 (1120) OMAD: 19980520F6QCA11C00000105201004FT01

*07.60 ✓*

*7  
B10052098334  
MT 100*

100) Sender: 053207766 F )T UNION GRNVLE (2000) Amt: \$150,000.00  
 400) Receiver: 066010801 eCD IND VENEZUELA (3600) Bus Function Code: CTR  
 510) Type Code: 1000  
 000) Originator: D0004009095892  
 JOHNNY WILLIAM CABE  
 DBA HIS WAY FINANCIAL JRS MINISTR ✓  
 1080 BRANCH ROAD  
 YORK, SC 29745  
 000) ORG to BNF Info: FOR HIS WAY PROJECT  
 200) Beneficiary: D101011168  
 HANOVER B LIMITED  
 100) Beneficiary's FI: D062020001  
 BRITISH TRADE AND COMMERCE  
 520) IMAD: 19980522E3QFAA2C000211  
 320) Sender Ref: 980522019719  
 110) Timestamp: 05221548FT01  
 120) QMAD: 19980522F6QCA11C00000405221548FT01  
 #####

*h.60*

*MT-100*

Statistics for session 2:

Number of Host Application messages processed: 2  
 Number of Host Service (DFS, ...) messages processed: 0  
 Number of Acknowledgement messages processed: 0  
 Total Incoming queue count processed: 2

DLINK Incoming Processor (FLIP) ended normally.

\*\*\*\*\* 15:49) User:F6MCGD1 - TIMED OUT (15 minutes)

User: F6MCGD1 15:59:43 05/22/1998 Host Communications Established  
 Session V2.50.30  
 SIGNED OFF

*OK*  
*OK*  
*W*

**PRIVATE AND CONFIDENTIAL  
FAX TRANSMISSION FROM THE DESK OF:**  
*William H. Koop*

11

TO: *George Potts* FROM: *Bess Koop*  
COMPANY: \_\_\_\_\_ DATE: \_\_\_\_\_  
FAX NUMBER: *767-448-6477* TOTAL PAGES INC. COVER: \_\_\_\_\_  
PHONE NUMBER: \_\_\_\_\_ CC: \_\_\_\_\_  
RE: DOCUMENTS REQUESTED YOUR REF. # \_\_\_\_\_  
URGENT FOR REVIEW COMMENTS PLEASE REPLY RECYCLE

NOTES/COMMENTS:

*Dear George,  
This is the second passport  
copy for Cadogan Asset Mgmt Ltd.  
Please take funds from my  
account for IBC.  
Thanks, Bess*

**INTERNATIONAL FINANCIAL SOLUTIONS, LTD.**

17 STANLEY GARDENS, LONDON, ENGLAND UNITED KINGDOM  
700 FRANKLIN AVENUE, SUITE 500 FRANKLIN LAKES, NEW JERSEY 07417 UNITED STATES OF AMERICA  
PHONE: (201) 847-6764-85 FAX: (201) 847-9287  
CHAMBERS GOMEZ BLDG HIGH STREET, ST. JOHN'S, ANTIGUA

*Funds of \$6500 transferred  
(201-011 847-0) from WFO Sec 20k Cheat - 15/7/98 Bess*

2110

Dec-10-98 09:03A BT&C Bank/Trust (767) 448-6477 P.24

*W. H. Koop*  
*George G. G...*

PRIVATE AND CONFIDENTIAL FAX TRANSMISSION  
FROM THE DESK OF:

William H. Koop

(15)

FACSIMILE TRANSMITTAL SHEET

TO: *LEONARD BEDNEAU* FROM: *BILL KOOP*  
 COMPANY: *BT&CB* DATE: *10/1/98*  
 FAX NUMBER: *767-448-6477* TOTAL PAGES (INCLUDING COVER): *(2)*  
 PHONE NUMBER: CC:

*CONFIDENTIAL*

RE: Documents Requested YOUR REFERENCE NUMBER:

URGENT  FOR REVIEW  COMMENTS  PLEASE REPLY  RECYCLE

NOTES/COMMENTS:

*Dear Leonard,*  
 Please Take 6,500 USD from  
 Dubs, Bank Asset Management S.A. (# 101-011087-0)  
 for funds to open AMB account BIBC  
 and add Winston Allen as an organizer  
 with William H. Koop

NOTE: Please call if this information does not reach you in its entirety.

*(Winston Allen Passport attached)* *Regards*  
*Bill Koop*  
 799 FRANKLIN AVENUE, SUITE 500  
 FRANKLIN LAKES, NEW JERSEY 07417  
 PHONE: (201) 847-8784 FAX: (201) 847-8287  
 EMAIL: hi\_yield@cybernet.net

2111

Dec-10-98 08:57A BT&C Bank/Trust (767) 448-6477 P.08  
FROM : PHONE NO. : Jun. 02 1998 08:21AM P1

**PRIVATE AND CONFIDENTIAL**  
**FAX TRANSMISSION FROM THE DESK OF:**  
*William H. Koop*

(4)

TO: GEORGE BETTS FROM: BILL KOOP  
COMPANY: \_\_\_\_\_ DATE: 6/2/98  
FAX NUMBER: 767-448-6477 TOTAL PAGES INC. COVER: \_\_\_\_\_  
PHONE NUMBER: \_\_\_\_\_ CC: \_\_\_\_\_  
RE: DOCUMENTS REQUESTED YOUR REF. #  
URGENT FOR REVIEW COMMENTS PLEASE REPLY RECYCLE

**NOTES/COMMENTS:**

*Dear George,*  
*Please wire \$312,000. from Info-Sect*  
*Account # 101-001065-8 To:*

WELLS FARGO BANK  
FEDERAL ROUTING #121000248  
464 CALIFORNIA STREET  
SAN FRANCISCO, CA. 94104  
ACCOUNT NAME: BUTTERFIELD & BUTTERFIELD  
ACCOUNT # [REDACTED]  
REF: ARTX 21326  
INTERNATIONAL FINANCIAL SOLUTIONS, LTD. *Wickiell Koop*

17 STANLEY GARDENS, LONDON, ENGLAND UNITED KINGDOM  
709 FRANKLIN AVENUE, SUITE 500 FRANKLIN LAKES, NEW JERSEY 07417 UNITED STATES OF AMERICA  
CHAMBERS GOMEZ BLDG HIGH STREET, ST. JOHN'S, ANTIGUA

PHONE: (201) 847-9784 FAX: (201) 847-928720

*George, Please send confirmation ASAP.*  
*To Fax # (201) 847-9287*  
*Thank You!*

Redacted Information  
in Subcommittee Files

FROM: (767) 448-6477 P.O. BOX 15 1998 02:20PM P1

\$12.5

PRIVATE AND CONFIDENTIAL  
FAX TRANSMISSION FROM THE DESK OF:  
William H. Koop

TO: GEORGE BETTS FROM: BILL KOOP  
COMPANY: \_\_\_\_\_ DATE: \_\_\_\_\_  
FAX NUMBER: 767-448-6477 TOTAL PAGES INC. COVER: \_\_\_\_\_  
PHONE NUMBER: \_\_\_\_\_ CC: \_\_\_\_\_  
RE: DOCUMENTS REQUESTED YOUR REF. # \_\_\_\_\_  
URGENT FOR REVIEW COMMENTS PLEASE REPLY RECYCLE

NOTES / COMMENTS: (6) \$114,000, ATTACHED (A)  
(6) \$610,375, ATTACHED (B)  
From Acct # 001065-8

Dear George,  
Please send Two Wire Transfers  
as early in the A.M. as possible  
Value date & Confirmation to:  
Fax # 201-847-9287  
Expect wire for \$1,081,425 Tomorrow.  
Thank You,  
Bill

INTERNATIONAL FINANCIAL SOLUTIONS, LTD.

17 STANLEY GARDENS, LONDON, ENGLAND UNITED KINGDOM  
700 FRANKLIN AVENUE, SUITE 500 FRANKLIN LAKES, NEW JERSEY 07417 UNITED STATES OF AMERICA  
CHAMBERS DOMEZ BLDG HIGH STREET, ST. JOHN'S, ANTIGUA  
PHONE: (201) 847-9704-05 FAX: (201) 847-9287

2113

Dec-10-98 08:58A BT&C Bank/Trust (767) 448-6477 P.11  
PHONE NO. : Jun. 15 1998 02:21PM P2

BANK CO-ORDINATES

(A)

(6)

Bank: NATWEST BANK PLC  
18 Cromwell Place  
London SW7 2LB

Sort Code: 51-50-00 Redacted Information  
in Subcommittee Files

Account No: [REDACTED]

Account Name: W. ALLEN & CO.

Amount: US\$14,000 (One Hundred Fourteen Thousand)

2114

Dec-10-98 08:58A BT&C Bank/Trust

(767) 448-6477

P.10

ADT :

PHONE NO. :

Jun. 15 1998 02:21PM P3

Bank Coordinates (B)

(S)

AMOUNT: \$610,375.00 USD

WELLS FARGO BANK

FEDERAL ROUTING # 121000248

464 CALIFORNIA STREET,

SAN FRANCISCO, CA. 94104

ACCOUNT NAME: BUTTERFIELD & BUTTERFIELD

ACCOUNT #

[REDACTED]

REF: ARTX 213260

Redacted Information  
in Subcommittee Files



2115

Dec-10-98 08:58A BT&C Bank/Trust (767) 448-6477 P.12  
FROM : PHONE NO. : Jun. 19 1998 06:48PM P1

**PRIVATE AND CONFIDENTIAL  
FAX TRANSMISSION FROM THE DESK OF:**

*William H. Koop*

TO: GEORGE BETTS FROM: BILL KOOP  
COMPANY: \_\_\_\_\_ DATE: 6/19/98  
FAX NUMBER: 767-448-6477 TOTAL PAGES INC. COVER: (2)  
PHONE NUMBER: \_\_\_\_\_ CC: \_\_\_\_\_  
RE: DOCUMENTS REQUESTED YOUR REF. # \_\_\_\_\_  
URGENT FOR REVIEW COMMENTS PLEASE REPLY RECYCLE

**NOTES / COMMENTS:**

*Dear George*

*Please send \$200,000. USD from my  
account to the attached instructions.*

*Value date & confirmation if at all  
possible. Please send as early today  
as you can.*

*Many thanks & regards,*

*Bill*

**INTERNATIONAL FINANCIAL SOLUTIONS, LTD.**

17 STANLEY GARDENS,  
LONDON, ENGLAND  
UNITED KINGDOM

796 FRANKLIN AVENUE, SUITE 500  
FRANKLIN LAKES, NEW JERSEY 07417  
UNITED STATES OF AMERICA  
PHONE: (201) 647-6764-65 FAX: (201) 647-6867

CHAMBERS GOMEZ BLDG  
HIGH STREET,  
ST. JOHN'S, ANTIGUA

2116

Dec-10-98 08:58A BT&C Bank/Trust  
FROM :

PHONE NO. :

(767) 448-6477

P. 13

Jun. 19 1998 06:49PM P2

PLEASE TRANSFER FUNDS TO:

Wells Fargo Bank  
1560 Van Ness Avenue Branch  
San Francisco, CA 94108

Branch No: AU0307  
Routing No: 121-000-248

Account No:   
For the account of: S. Bernstein & Co

Redacted Information  
in Subcommittee Files

①

Bill DETAILS FOR WINSTON  
TRANSFER

\$200,000.00

A- 601  
B- 79  
C- 76  
D- 82  
E- 139  
K-7- 86  
71063

2117

Dec-10-98 08:59A BT&C Bank/Trust  
FROM: P.O. NO. :

(767) 448-6477 P. 14  
Jun. 24 1998 05:57AM P1

**PRIVATE AND CONFIDENTIAL  
FAX TRANSMISSION FROM THE DESK OF:**

*William H. Koop*

⑧

TO: GEORGE BETTS FROM: BILL KOOP  
COMPANY: \_\_\_\_\_ DATE: \_\_\_\_\_  
FAX NUMBER: 767-448-6477 TOTAL PAGES INC. COVER: (2)  
PHONE NUMBER: \_\_\_\_\_ CC: \_\_\_\_\_  
RE: DOCUMENTS REQUESTED YOUR REF. # \_\_\_\_\_  
URGENT FOR REVIEW COMMENTS PLEASE REPLY RECYCLE

**NOTES / COMMENTS:**

*Dear George,*

*Please wire \$100,000.00 to the  
attached wire co-ordinates ASAP.*

*Please have confirmation sent*

*to Jay # (201) 847-9287*

*William H. Koop*

*Thanks & Regards,*

*Bico*

INTERNATIONAL FINANCIAL SOLUTIONS, LTD.

17 STANLEY GARDENS,  
LONDON, ENGLAND  
UNITED KINGDOM

760 FRANKLIN AVENUE, SUITE 500  
FRANKLIN LAKES, NEW JERSEY 07417  
UNITED STATES OF AMERICA  
PHONE: (201) 847-9287 FAX: (201) 847-9287

CHAMBERS GOMEZ BLDG  
HIGH STREET,  
ST. JOHN'S, ANTIGUA

2118

Dec-10-98 08:59A BT&C Bank/Trust  
FROM : PHONE NO. :

(767) 448-6477 P.15  
Jun. 24 1998 05:57AM P2

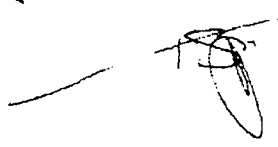
⑧  
DEAR BILL,  
PLEASE FIND THE DETAILS BELOW  
AS WE DISCUSSED.

LLOYDS BANK  
Park Lane Branch  
84 Park Lane, London W1Y 4BX

Sort Code: 30-96-48  
Account No.: [REDACTED]  
Account Name: ARTX LTD.

Redacted Information  
in Subcommittee Files

AS ALWAYS THANKS, THANKS THANKS.



Dec-10-98 08:59A BT&C Bank/Trust (767) 448-6477 P.16  
PAGE NO. Jun. 29 1998 06:06PM PA

**W.ALLEN & Co.**

Suite 254, 38 Old Brompton Road  
South Kensington, London SW7 3DL  
Tel: 0171-591-0169 Fax: 0171-231-3434

**BY FAX: 01-231-3434**

29<sup>th</sup> June 1998

ATTENTION BILL KOOP

Dear Bill,

Please let me thank you very much indeed for your assistance. I am sure you will not regret it.

Here are the co-ordinates to which the funds are to be transferred to. I really do appreciate your help in this matter.

1) Wire to: Citibank N.A. 153 East 53<sup>rd</sup> Street N.Y. N.Y 10043

ABA#: 021 000 049

Credit to Account of: Robinson Silverman Peretz Aronson & Berman LLP  
Attorney Trust Account *Quinn N.Y.* *21<sup>st</sup> St.*

Account Number: [REDACTED]

REF: Unit 38H in Citylights 9

Amount: US\$ 18,300.00 (Eighteen thousand Three Hundred)

2)

Citibank N.A. 95-12 85<sup>th</sup> Road  
Roosevelt Park N.Y. 11374

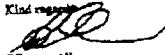
Redacted Information  
in Subcommittee Files

Route #: 021-000-089

Credit Account: Gracie Interiors *Astoria Blvd*

Account #: [REDACTED]  
Amount: US\$ 11,500.00 (Eleven Thousand five Hundred)  
Ref: Unit 38H. 10

Kind regards

  
Winston Allen

2120

Dec-10-98 09:00A BT&C Bank/Trust  
Trans. No. :

(767) 448-6477 P.18  
Jul. 24 1998 08:26AM P1

**PRIVATE AND CONFIDENTIAL**  
**FAX TRANSMISSION FROM THE DESK OF:**  
*William H. Koop*

(2)

TO: *Leonard Paduan* FROM: *Bill Koop*

COMPANY: *BT&CB* DATE: *7/24/98*

FAX NUMBER: *767-448-6477* TOTAL PAGES INC. COVER:

PHONE NUMBER: CC:

RE: DOCUMENTS REQUESTED YOUR REF. #

URGENT FOR REVIEW COMMENTS PLEASE REPLY RECYCLE

NOTES / COMMENTS:

*Dear Leonard,*  
*Please transfer 1,000,000.00 USD*  
*To the following Co-ordinator.*  
*from Info-Seek Ac# 101-011089-0*  
*Please wire today & send confirmation.*  
*Per William H. Koop* *Thanks & Regards*  
*Bill*

INTERNATIONAL FINANCIAL SOLUTIONS, LTD.

17 STANLEY GARDENS,  
LONDON, ENGLAND  
UNITED KINGDOM

799 FRANKLIN AVENUE, SUITE 600  
FRANKLIN LAKES, NEW JERSEY 07417  
UNITED STATES OF AMERICA

CHAMBERS GOMEZ BLDG  
HIGH STREET,  
ST. JOHN'S, ANTIGUA

PHONE: (201) 847-4764 FAX: (201) 847-88720

*1-201-448-848-8640*

Dec-10-98 09:00A BT&C Bank/Trust (767) 448-6477 P.19  
FROM : PHONE NO. : Jul. 24 1998 08:27AM P2  
JUN-2 1 03:26 PM J.J. SERVICES-88 8348642903 P.02

*INCOMING*

(12)

WIRE TRANSFER INFORMATION

CPA SERVICES 503 666 8614 FAX. too.  
P O Box 506  
Seaside, Oregon 97058

Bank of America Acct # [REDACTED]

BENEFICIARY NAME & ADDRESS:

C P A SERVICES

P O Box 506  
Seaside, Oregon 97058

Redacted Information  
in Subcommittee Files

BENEFICIARY ACCOUNT #:

BANK NAME & ADDRESS:

BANK OF AMERICA  
200 S Towell Blvd  
Seaside, Oregon 97058

BRANCH OF BANK (Optional) 503 661 4764

AMERICAN BANKERS ASSOCIATION ROUTING NUMBER: 322070380

AMOUNT: *(1,000,000.00) One Million Dollars (USD)*

Any other details like Future Credit To, or Attention someone:

*AGH-855-095*

PRIVATE AND CONFIDENTIAL  
FAX TRANSMISSION FROM THE DESK OF: (13)  
William H. Koop

TO: Leonard FROM: Bill Koop  
COMPANY: DATE: 2/5/98  
FAX NUMBER: 767-448-6477 TOTAL PAGES INC. COVER:  
PHONE NUMBER: CG:  
RE: DOCUMENTS REQUESTED YOUR REF. #

URGENT FOR REVIEW COMMENTS PLEASE REPLY RECYCLE

NOTES / COMMENTS: Per-William H. Koop  
Dear Leonard (Urgent to go Today)  
Please wire 30,000.00 USD to the  
attached wire Transfer instructions  
from Imp. Sec. Account # 101-011065-8  
Please send confirmation to me  
at Fax # 201-847-9287 immediately upon  
sending

INTERNATIONAL FINANCIAL SOLUTIONS, LTD. Thanks! Bill

17 STANLEY GARDENS, LONDON, ENGLAND UNITED KINGDOM  
798 FRANKLIN AVENUE, SUITE 500 FRANKLIN LAKES, NEW JERSEY 07417 UNITED STATES OF AMERICA  
CHAMBERS GOMEZ BLDG HIGH STREET, ST. JOHNS, ANTIGUA



Dec-10-98 09:01A BT&C Bank/Trust (767) 448-8477 P. 21  
PHONE NO. : Aug. 05 1998 18:05Am P2  
FROM : [REDACTED] PHONE NO. : [REDACTED] Aug. 05 1998 11:46Am P1

**Memo: Alternate Fax and Wire Instructions**

13

To: Mr. William Koop  
From: [REDACTED]  
Subject: August 4, 1998 payment  
Date: July 31, 1998  
CC: Caesar and Company, [REDACTED]

Dear Bill:

In an effort to assist you in the successful fulfillment of our contract, I am forwarding you in this memo an alternate fax number, in case you should experience any problems faxing to me a copy of the wire transfer for both the \$50K by noon Tuesday, August 4, 1998, and for the balance by August 27, 1998. I will do this since you have stated a problem faxing me at [REDACTED] on occasion in the past. The alternate fax number will be that of A. Keizer, and upon your having any problems faxing me at the (713) [REDACTED] number, please fax the wire to the alternate number at (713) [REDACTED]. If for any reason you cannot fax to either the (813) [REDACTED] or the alternate of (713) [REDACTED] then as a third (3<sup>rd</sup>) choice, fax the wire directly to Caesar and Company in the Bahamas at (242) [REDACTED].

Additionally, I will restate the wire instructions for these transfers to Caesar and Company Counsel and Attorneys-at-Law trust account are as follows: By wire transfer of US\$

DC. Caesar's Bank PLC  
75 Wall Street  
New York, N.Y. 10265  
ABA # 026 002 574  
  
FOR CREDIT: Barmley's Bank PLC  
Bay Street Branch  
Nassau, Bahamas  
Swift Code: BARCO833  
  
FOR FURTHER CREDIT TO: Caesar and Co.  
Account No. [REDACTED]  
Benefit of [REDACTED]  
Invoice No. [REDACTED]

A 601  
B 99  
C 9  
B 82  
E 187 30000  
F 99  
41 1077

I am looking forward to these successful transactions, and upon their completion, future endeavors.

[REDACTED]

2124

Dec-10-98 09:02A BT&C Bank/Trust (767) 448-6477 P.22  
PHONE NO. : Aug. 27, 1998 02:57PM P.

**PRIVATE AND CONFIDENTIAL  
FAX TRANSMISSION FROM THE DESK OF:**

*William H. Koop*

(14)

TO: *Leonard Barbaut* FROM: *Bice Koop*  
COMPANY: *BT & CB* DATE: *7/7/98*  
FAX NUMBER: *767-448-6477* TOTAL PAGES INC. COVER: \_\_\_\_\_

PHONE NUMBER: \_\_\_\_\_ CC: \_\_\_\_\_

RE: DOCUMENTS REQUESTED YOUR REF # \_\_\_\_\_

URGENT FOR REVIEW COMMENTS PLEASE REPLY RECYCLE

NOTES / COMMENTS:

*Per William H. Koop*  
*Dear Leonard,*  
*Please send 74,666.<sup>50</sup> USD to the*  
*attached wire instructions from*  
*Infocent Account #*  
*Please send confirmation to me*  
*A.S.A.P. to Jay # 201-847-9287* *Regards*

**INTERNATIONAL FINANCIAL SOLUTIONS, LTD.**

17 STANLEY GARDENS, LONDON, ENGLAND UNITED KINGDOM  
799 FRANKLIN AVENUE, SUITE 500 FRANKLIN LAKES, NEW JERSEY 07417 UNITED STATES OF AMERICA  
CHAMBERS GOMEZ BLDG HIGH STREET, ST. JOHN'S, ANTIGUA

PHONE: (201) 847-9784 FAX: (201) 847-826720

⑭

Regions Bank  
ABA# 062005690

Account #

[Redacted]  
[Redacted] Special Account  
[Redacted]  
[Redacted]

Redacted Information  
in Subcommittee Files

Special Account

Birmingham, Ala. 35216

2126

Doc: 10-98 09:03A BT&C Bank/Trust (767) 448-6477 P. 25  
FROM: PHONE NO.: Oct. 01 1998 11:25AM P3

INFO-SEEK

PRIVATE AND CONFIDENTIAL FAX TRANSMISSION  
FROM THE DESK OF:

(16)

William H. Koop

FACSIMILE TRANSMITTAL SHEET	
TO: <u>LEONARD BEDENEAU</u>	FROM: <u>Bill Koop</u>
COMPANY: <u>BT &amp; CB</u>	DATE: <u>10/1/98</u>
FAX NUMBER: <u>767-448-6477</u>	TOTAL PAGES (INCLUDING COVER): <u>(1)</u>
PHONE NUMBER:	CC:
RE: Documents Requested	YOUR REFERENCE NUMBER:

URGENT  FOR REVIEW  COMMENTS  PLEASE REPLY  RECYCLE

NOTES/COMMENTS:

Dear Leonard,

Please send papers necessary for a new ISC called Starfire Asset Management SA.

Organizers to be William H. Koop & Roger Garrett

NOTE: Please call if this information does not reach you in its entirety  
 6500.00 USD to be taken from the bank  
 Asset Management SA (per # 101-011289-0)

700 FRANKLIN AVENUE, SUITE 500  
 FRANKLIN LAKES, NEW JERSEY 07417  
 PHONE: (201) 847-9764 FAX: (201) 847-9287  
 EMAIL: hl\_yield@cybermax.net

101-011289-6

2127

SEP-19-2000 12:46

P. 14/17

**FACSIMILE COVER PAGE**

To : WILLIAM H. KOOP

From : DR. CHARLES L. BRAZIE

Sent : 4/22/98 at 17:13:26

Pages : 5 (including Cover)

Subject

Bill,

Hope your return trip was pleasant. I truly enjoyed our meeting and look forward to a mutually beneficial professional relationship.

Attached are items discussed

Best regards,

Chuck

SEP-19-2000 12:47

P.15/17  
PAGE 2 OF 2

**British Trade & Commerce Bank**  
Licensed for Full Trust Business

EMENS Bldg., Dame Elizabeth Charles Blvd., Bayfront  
P.O. Box 2042  
Roseau, Commonwealth of Dominica  
Tel.: (767) 448-6410 Fax: (767) 448-6477  
E-mail: [btcb@btcb.com.dm](mailto:btcb@btcb.com.dm)  
SWIFT: BTCB DM22

April 10, 1998

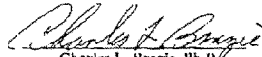
In order to protect assets properly, whether in BTCB or elsewhere you should consider setting-up a certain structure to assure privacy and avoid unnecessary reporting and taxation issues. There are no taxes on IBC or Trust income or capital gains in Dominica and the privacy laws are very tight. As discussed, the most attractive structure would be as illustrated on Attachment "A". The specifics are:

1. Immediately, establish an IBC in Dominica perhaps in same name as the one in which you have contractual identity and/or the funds could be received. This will allow an orderly and mostly invisible transition. This IBC will have an Account at BTCB in order to receive the proceeds of Programs and to disburse them as instructed. This IBC should be 100% owned by bearer shares to be held by the Business Trust. The fee for setting and filing the IBC is \$1,500, including Government filing and fees (in lieu of taxes) and routine Corporate Administration for the first year.
2. Immediately, establish a Business Trust (your choice of names) in Dominica. This trust will not hold any bank accounts nor hold any assets except the bearer shares of IBC. Any dividends from IBC will pass through Business Trust for immediate distribution in accord with the instructions that accompany the dividend. The fees for setting and filing such Trust are \$4,000, including Government fees and routine Trust Administration for the first year.
3. You should select an "Organizer" of the IBC and Business Trust, and should designate International Corporate Services Ltd (an IBC owned 100% by BTCB) as the Director-Designee for the IBC and as Trustee of the Business Trust. Any documents executed by ICS Ltd will first be provided for review by the Organizer, who will advise that "they see no reason why IBC should not execute such documents as provided to Organizer." ICS Ltd will not execute any documents without having received such review comments.
4. IBC's Accounts should be set-up with dual signatures required, including an officer of ICS Ltd and an officer of BTCB (usually myself as Vice President over all managed accounts)
5. One or more Asset Trusts (Your choice of structure, trustees, and such) should be established, filed and activated once proceeds from trading are disbursed by IBC. The fees for setting and filing such are \$4,000/each, including Government filing fees and routine Trust Administration for the first year

6. Any interface with U.S. activities would be with these Asset Trusts, or in certain desirable cases, with other IBCs you may wish to set-up under those Asset Trusts and all of assets pertaining to such interfaces would be funnethrough those Asset Trusts [e.g., such Trusts or their IBCs could purchase goods and services, hold international debit cards, reinvest assets, purchase and hold stocks or property, and such].
7. The IBC held under the Business Trust would be the entity that would enter into subsequent Trading Programs on a 50/50 cooperative venture with BTCB and would receive all resulting "Investor" proceeds for distribution. Such IBC would operate under a Cooperative Venture Agreement and written Special Transaction Instructions, which assure that the Principal held or applied under any Programs would be limited to Blocked Funds in that IBC's Account(s), or, secured by a top Western European Bank 106% Guarantee.
8. This structure provides: a) access to immediate programs without any significant burden on your resources; b) assurance that the subject assets and earnings are always under joint control of ICS Ltd and BTCB; c) accrual of substantial assets under the Asset Trusts with maximum flexibility on their utilization while maximizing the preservation of capital and earnings; and, all of the Privacy and fiscal advantages afforded by Dominican Law.
9. If you commence with another entity, any subsequent identity change is subject to penetration on the basis of "form over substance" claims.
10. The choice of structure is of course yours, however if any client entity is not domiciled in Dominica, our Board will not permit any Trading from the IBC Account in order to protect the bank and its clients against "cross-jurisdictional" exposure/penetration.
11. If this is desirable to you, I can have the necessary forms sent by the Bank based upon what can you submit to me.

We trust that this information satisfies your request and we look forward to a mutually beneficial professional relationship. I will be happy to discuss this further and can be reached at the coordinates listed below.

Sincerely,

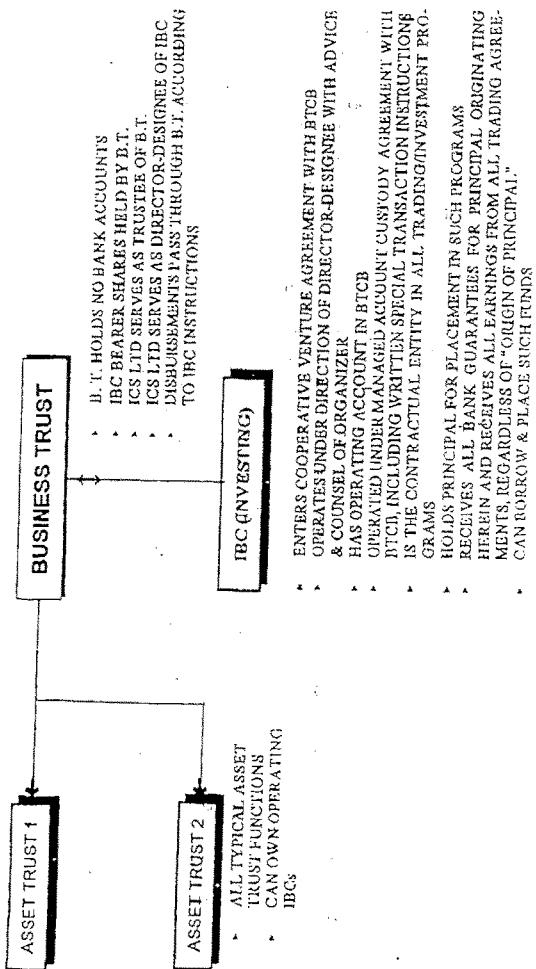


Charles L. Brazier, Ph.D.

Vice President - Managed Accounts

Phone: (703) 256-8483  
 Fax: (703) 256-1596  
 Cellular: (703) 304-8236

ATTACHMENT "A"





**DOCUMENTATION NEEDED TO OPEN ACCOUNT FOR TRADE PURPOSES:**

**A) PERSONAL INVESTOR:**

- 1) Letter of Intent
- 2) Authorization to verify bank account and balance.
- 3) Notarized copy of Passport
- 4) Client Evaluation form
- 5) If fee agreement or JV agreement is used, a copy is required

Note: Proof of Funds is not mandatory in that the client will need to open an account in bank as directed by program manager. However, in the interest of knowing your client, a proof of funds could certainly eliminate those who are not truly serious about doing this business.

**B) CORPORATE INVESTOR:**

- 1) Letter of Intent
- 2) Authorization to verify bank account and balance
- 3) Notarized copy of Passport of Signatory for Corporation
- 4) Client Evaluation form
- 5) If fee agreement or JV agreement is used, a copy is required
- 6) Copy of Certificate of Incorporation
- 7) Articles of Association/Incorporation
- 8) Memorandum of Association/Incorporation
- 9) Directors Resolution appointing Signatory for Corporation
- 10) Copy of Board Minutes confirming the appointment of Signatory

Note: Again, proof of funds is not mandatory however it is recommended.



**British Trade & Commerce Bank**  
 Licensed for full trust business

**ACCOUNT OPENING FORM**

VERY IMPORTANT: Indicate if the Beneficial Owner is a:

Person  Company  Trust

See additional requirements on reverse side

**1.- Name and Address of Account Holder**

Name of Account:		Title:	
Address:			
Phone: ( ) ( )		Fax: ( ) ( )	
E Mail Address		Type of business:	
Communications: Please indicate how do we communicate: <input type="checkbox"/> Fax <input type="checkbox"/> E-Mail <input type="checkbox"/> Mail <input type="checkbox"/> Phone			
REFERENCES			
Bank	Location	Account N°	Since

**2.- Specimen Signatures**

The position occupied by each signatory, i.e. Director, Secretary, etc., should be stated after each name

Name: \_\_\_\_\_ will sign \_\_\_\_\_

Name: \_\_\_\_\_ will sign \_\_\_\_\_

Name: \_\_\_\_\_ will sign \_\_\_\_\_

Name: \_\_\_\_\_ will sign \_\_\_\_\_

Name: \_\_\_\_\_ will sign \_\_\_\_\_

Type of signature:  One signature  Two signatures  Three signatures  All signatures

**3.- Account Details:**

Currency:  US \$  Sterling £  Can \$  Other: \_\_\_\_\_ Amount: \_\_\_\_\_

Opening Date: \_\_\_\_\_ Form of Deposit:  Cheque  Wire Transfer Bank: \_\_\_\_\_

Minimun Term:  90 Days  180 Days  \_\_\_\_\_ Days (only if the term is greater than 180 days)

Source of funds (sales, commissions, etc.): \_\_\_\_\_

4. References, Identification and Other

The following are required to open a Bank and / or Securities trading Account with **British Trade & Commerce Bank**.

**For All Accounts**

- 1) Two Bank references addressed to **BT&C**
- 2) Copy of Passport or Drivers License (with photo identification)
- 3) Bank Mandate and Specimen Signature (Signature card attached)
- 4) Custodian Account (attached and only required for Securities Trading Accounts)
- 5) Fax indemnity (if required)

**For Corporate Accounts the following are also required**

- 1) Copy of Articles and Memorandum of Incorporation
- 2) Copy of Certificate of Incorporation
- 3) Resolution Appointing Directors
- 4) Resolution Appointing **British Trade & Commerce Bank** as Bankers

OTHER SERVICES

Please indicate if you require further information about other services provided by **British Trade & Commerce Bank**

- 1) International Business Companies (IBC)  Yes  No
- 2) Trustee Services (include Assets Protection Trust)  Yes  No
- 3) Investment Management  Yes  No
- 4) Other: \_\_\_\_\_

DECLARATIONS

I / We certify that the information given above is true and correct, that the persons mentioned do exist and they are persons with integrity and respectability. Furthermore I / We authorize the Bank to conduct the proper verification of the above information if necessary.

BENEFICIAL OWNER: \_\_\_\_\_ BANK OFFICER: \_\_\_\_\_

Signature \_\_\_\_\_ Signature \_\_\_\_\_  
Date: \_\_\_\_\_ Date: \_\_\_\_\_

FOR BANK USE ONLY

Account Approved Number: \_\_\_\_\_ Date: \_\_\_\_\_

Account Declined Reason: \_\_\_\_\_

Application processed by: \_\_\_\_\_ Signature: \_\_\_\_\_



**British Trade & Commerce Bank**  
*Licensed for full trust business*

**INTERNATIONAL BUSINESS COMPANY (IBC) ORDER FORM**

**1.- Name, Authorized Capital and Activities of the Company**

a) Proposed Name (please indicate three options):

First Option: \_\_\_\_\_

Second Option: \_\_\_\_\_

Third Option: \_\_\_\_\_

**Note:** A Company name must end with the words: "Limited", "Corporation", "Societe Anonima", "Sociedad Anonima" or an abbreviation thereof. The use of the words "Finance", "Trust", "Bank", "Insurance", "Royal" or "Imperial" is not allowed.

Authorized Capital (US \$ 5,000 is the minimum recommended): \_\_\_\_\_

Par Value of Shares \_\_\_\_\_ each

Activities of the Company (purpose for which the Company is to be formed):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**2.- Ownership of the Company and other Required Services**

Capital of the Company will be divided among the following shareholders:

Name	Passport #	Address	(%)	Position

Other Services (Please indicate which of the following services will be required)

a) Directors (Financial Statements Required)  Yes  No

b) Banking (Bank Mandate and Signature Card Required)  Yes  No

c) Investment Management Accounts  Yes  No

d) Trustee Services  Yes  No

Other Services: \_\_\_\_\_

**3. Non Shareholders Directors**

Only in case that Directors are neither non Shareholders nor Directors Services by BTCB			
Name	Passport #	Address	Position

**4. Name and Address of Beneficial Owner**

Name:	Address:
Phone:	Fax:
How do we communicate?: <input type="checkbox"/> Fax <input type="checkbox"/> Phone <input type="checkbox"/> Mail <input type="checkbox"/> E-Mail E-Mail Address:	
Special Instructions:	

**6. Requirements**

The following documents must be sent with this application, without which the IBC will not be incorporated:

- 1) Bank References of each Shareholder and Director
- 2) Copy of Passport of each Shareholder and Director

*Note: When Directors Service is chosen no documentation for Directors is required.*

**DECLARATIONS**

I / We certify that the information given above is true and correct, that the persons mentioned do exist and they are persons with integrity and respectability. Furthermore I / We authorize the Bank to conduct the proper verification of the above information if necessary.

BENEFICIAL OWNER: \_\_\_\_\_ BTCB OFFICER: \_\_\_\_\_

Signature \_\_\_\_\_ Signature \_\_\_\_\_  
 Date: \_\_\_\_\_ Date: \_\_\_\_\_

**FOR BANK USE ONLY**

Application Approved Number: \_\_\_\_\_ Date: \_\_\_\_\_

Application Declined Reason: \_\_\_\_\_

Application processed by: \_\_\_\_\_ Signature: \_\_\_\_\_



**British Trade & Commerce Bank**  
*Licensed for full trust business*

**TRUST PROPOSAL FORM**

Please indicate if the Settlor or Principal is a  Person  IBC:

**1.- Name and Address of Settlor or Principal**

Name	
Full Address:	
Phone: ( ) ( )	Fax: ( )
E-Mail Address	Date of Birth / Date of Incorporation:
Communications: Please indicate how do we communicate: <input type="checkbox"/> Fax <input type="checkbox"/> E-Mail <input type="checkbox"/> Mail <input type="checkbox"/> Phone	
Purpose of the Trust:	

**2.- Beneficiaries of the Trust**

If more than one beneficiary please complete all details for each. For each beneficiary a copy of the passport and birth certificate is required. Otherwise this application will not be processed

BENEFICIARY # 1	Name:
	Full address
	Phone: ( ) ( )      Fax: ( )      E-Mail:
	Date of birth      Nationality      % of Participation:
BENEFICIARY # 2	Name:
	Full address
	Phone: ( ) ( )      Fax: ( )      E-Mail:
	Date of birth      Nationality      % of Participation:
BENEFICIARY # 3	Name:
	Full address
	Phone: ( ) ( )      Fax: ( )      E-Mail:
	Date of birth      Nationality      % of Participation:

3. Trust Details

Name of the Trust: _____		Date: _____
Type of Trust: <input type="checkbox"/> Asset Protection <input type="checkbox"/> Tax Planning <input type="checkbox"/> Provision of a foreign fund <input type="checkbox"/> Confidentiality		
Initial Funding: _____		Intended Funding: _____
<input type="checkbox"/> Cash _____		
<input type="checkbox"/> Securities _____		
<input type="checkbox"/> Real Estate _____		
Controlled Company Name: _____		Registered office in: _____

4. Special Instructions (Protector's Address, if applicable)


5. Requirements

The following documents must be addressed to **Bank of America**

- 1) Bank References of Settlor / Principal
- 2) Passport of Settlor of Settlor / Principal
- 3) Affidavit of Solvency (for Asset Protection Trusts Only)

DECLARATIONS

I / We certify that the information given above is true and correct, that the persons mentioned do exist and they are persons with integrity and respectability. Furthermore I / We authorize the Bank to conduct the proper verification of the above information if necessary.

SETTLOR / PRINCIPAL: \_\_\_\_\_ WITNESSED BY: \_\_\_\_\_

Signature \_\_\_\_\_ Date: \_\_\_\_\_

Signature \_\_\_\_\_ Date: \_\_\_\_\_

FOR BANK USE ONLY

Application Approved Number: \_\_\_\_\_ Date: \_\_\_\_\_

Application Declined Reason: \_\_\_\_\_

Application processed by: \_\_\_\_\_ Signature: \_\_\_\_\_

SEP-19-2000 12:45

P.08/17

*Bank of  
BTCB*

(Specimen)

(APPROPRIATE LETTERHEAD)

EXHIBIT "A"

## Letter of Intent

DATE :  
 TRANSACTION CODE :  
 TO : BRITISH TRADE & COMMERCE BANK,  
 ATTN: DR. CHARLES BRAZEE, V.P.

WE (ACTUAL CLIENT) HEREBY CONFIRM WITH FULL LEGAL AND CORPORATE RESPONSIBILITY, OUR COMMITMENT TO ENTER A HIGH YIELD LOAN SCENARIO COLLATERALIZED BY A TOP ASSET-RATED WESTERN EUROPEAN BANK INSTRUMENT, USING OUR GOOD, CLEAN AND LEGALLY EARNED UNITED STATES DOLLARS OF NON-CRIMINAL ORIGIN UNDER THE TERMS AND CONDITIONS LISTED BELOW.

COLLATERAL : MAJOR BANK INSTRUMENT OF OBLIGATION  
 INTEREST RATE : ( ) PERCENT ( )% MONTHLY INTEREST, PAYABLE IN ARREARS  
 TERM : ONE (1) YEAR AND ONE (1) DAY  
 MENU : TWENTY-FIVE (25) TOP ASSET-RATED WESTERN EUROPEAN BANKS  
 FACE AMOUNT : ONE HUNDRED PERCENT (100 %) OF LOAN PRINCIPAL  
 EXCHANGE MODE: SIMULTANEOUS DISBURSEMENT AGAINST DELIVERY OF COLLATERAL  
 PAYMENT MODE : LEDGER EXCHANGE WITHIN U.S. SECURITIES FIRM  
 LOAN PRINCIPAL : \_\_\_\_\_ MILLION UNITED STATES DOLLARS

THESE FUNDS ARE AVAILABLE FOR IMMEDIATE TRANSFER & EXCHANGE AS EVIDENCED BY THE ACCOMPANYING PROOF OF FUNDS LETTER ADDRESSED TO US FROM OUR BANK ON ITS OFFICIAL LETTERHEAD AND SIGNED BY OUR BANK OFFICER CONFIRMING OUR FINANCIAL CAPACITY TO EFFECT SUCH DEPOSITS FOR THIS LOAN SCENARIO, AND PROVIDING OUR DETAILED BANKING COORDINATES.

## PROCEDURES:

1. BRITISH TRADE & COMMERCE BANK ("BTCB") SHALL INTRODUCE US TO ITS AFFILIATED U.S. SECURITIES FIRM AND WE SHALL ESTABLISH AN INVESTMENT ACCOUNT, IN OUR NAME AND CONTROL, AT SUCH FIRM IN ORDER: A) TO RECEIVE AN EXECUTED LOAN AGREEMENT AND SPECIFIC INSTRUCTIONS (EXHIBIT "B"); B) TO RECEIVE THE DEPOSIT OF OUR FUNDS (THE LOAN "PRINCIPAL") BY ELECTRONIC WIRE TRANSFER; AND C) TO HAVE SUCH ACKNOWLEDGED BY SUCH FIRM.
2. UPON COMPLETION OF THIS, THE BTCB WILL CAUSE A MAJOR BANK INSTRUMENT ("GUARANTEE") TO BE ISSUED TO ITS ACCOUNT IN THAT U.S. SECURITIES FIRM IN THE JOINT NAMES OF THE INSTITUTION AND BTCB FROM ONE OF THE TOP RATED WESTERN EUROPEAN BANKS. THIS GUARANTEE SHALL BE ISSUED IN THE FACE AMOUNT OF ONE HUNDRED AND \_\_\_\_\_ PERCENT (100% - \_\_\_\_\_ %) OF THE AMOUNT OF SAID LOAN PRINCIPAL AND SHALL BEAR A TERM OF ONE (1) YEAR AND (1) DAY.
3. WITHIN THAT U.S. SECURITIES FIRM, BTCB WILL EXCHANGE THE INSTITUTION'S PRINCIPAL FOR SOLE ASSIGNMENT OF SUCH GUARANTEE AND THAT GUARANTEE WILL BE HELD IN THAT INVESTMENT ACCOUNT IN OUR NAME. SAID GUARANTEE SHALL NOT BE SUBJECT TO LIEN OR HYPOTHECATION OVER THE TERM.



(Specimen) Page 2

EXHIBIT "A"

- 4. INTEREST ON THE LOAN WILL ACCRUE FROM THE DATE OF ISSUANCE OF SAID GUARANTEE. THAT INTEREST WILL BE PAID AT A RATE OF \_\_\_\_\_ PERCENT OF THE LOAN PRINCIPAL MONTHLY, IN ARREARS, FOR THE ENVISIONED TERM OF TWELVE (12) MONTHS.
- 5. THE MONTHLY INTEREST WILL BE PAID THROUGHOUT THE TERM OF SAID GUARANTEE, SUBJECT TO REGULATORY CHARGES IF ANY.
- 6. IF, FOR ANY REASON, OUR FUNDS CANNOT BE CONTINUED IN THIS SCENARIO, SAID GUARANTEE WILL BE TRANSFERRED TO BTCS IN EXCHANGE FOR THE ORIGINAL PRINCIPAL AND THOSE FUNDS WILL BE RETURNED AT THE END OF THE THEN CURRENT PERIOD ALONG WITH THAT MONTHLY INTEREST PAYMENT.
- 7. AT THE END OF THE LOAN PERIOD, WE WILL BE PAID THE FACE VALUE OF SUCH GUARANTEE AND SAID GUARANTEE WILL BE RECALLED. THUS, WE WILL RECEIVE AN ENVISIONED ANNUAL RETURN OF \_\_\_\_\_ PERCENT (\_\_\_\_%), LESS MINIMAL BANKING FEES, AND THROUGHOUT THE LOAN PERIOD THE DEPOSITED FUNDS ARE GUARANTEED BY AN INSTRUMENT IN THE FACE AMOUNT ONE HUNDRED AND \_\_\_\_\_ PERCENT (1\_\_\_\_%) OF THE LOAN PRINCIPAL.

FOR AND ON BEHALF OF (INSTITUTION)  
BY:

\_\_\_\_\_  
(NAME AND TITLE OF SIGNATORY) DATE \_\_\_\_\_, 1998

(THIS DOCUMENT MUST BE NOTARIZED OR WITNESSED BY AN ATTORNEY.)



Licensed for Full Trust Business

EMENS Bldg., Dame Eugenia Charles Blvd., Bayfront  
P.O. Box 2042  
Roseau, Commonwealth of Dominica  
Tel.: (767) 448-6410 Fax: (767) 448-6437  
E-mail: Ncbank@btcb.dn  
SWIFT: BTCD DM DN

DATE : \_\_\_\_\_  
TO : INFO-SEEK Asset Management, S.A.  
EMENS BLDG., Dame Eugenia Charles Blvd., Bayfront  
Roseau, Commonwealth of Dominica  
RE : ACCOUNT NO.: 101-011089-0  
ACCOUNT NAME: INFO-SEEK Asset Management S.A.

Dear INFO-SEEK Asset Management S.A.:

We, British Trade & Commerce Bank, pursuant to your request, hereby confirm to you that you have on deposit the sum of Ten Million United States Dollars (US\$10,000,000) in the form of Cash deposited at British Trade & Commerce Bank as of today's date. Further, we confirm that these funds are available to you on first call and that your account is in good standing with this bank.

We, British Trade & Commerce Bank, also confirm these funds to be good, clean and cleared funds of non-criminal origin, and are free from any and all liens and encumbrances.

This bank is prepared to block these funds and issue appropriate documents, upon your written request. This Blocked Funds Account shall be, at all times, Non-Callable.

Sincerely,

By : [Name of Officer]  
Title : [Title of Officer]  
Date : [Date]  
Phone: [Phone Number]  
Fax : [Fax Number]

By : [Name of Officer]  
Title : [Title of Officer]  
Date : [Date]  
Phone: [Phone Number]  
Fax : [Fax Number]

BANK STAMP OR SEAL

**INFO-SEEK ASSET MANAGEMENT S.A.**

EMENS BLDG., Dame Eugenia Charles Blvd., Bayfront  
Roseau, Commonwealth of Dominica

Phone: (767) 448-6410

Fax: (767) 448-6477

LIMITED POWER OF ATTORNEY

The undersigned, INFO-SEEK Asset Management S.A., hereby appoints and directs Lewis P. Malouf, USA Passport No. [REDACTED] as our authorized representative and lawful Attorney-In-Fact by granting unto him this Power of Attorney to represent the undersigned in the full and free access to interface directly with the Investment Program and to secure and evaluate information and documentation on our behalf. However, this Limited Power of Attorney does not give Mr. Malouf the power to sign the Trading Agreement or access to any of our banking accounts.

I further grant to this Attorney-In-Fact full authority to act in our manner both proper and necessary to the exercise of the foregoing powers.

Effective Period: This Limited Power of Attorney shall become effective on this 23<sup>rd</sup> day of April 1998, and shall remain in effect for a one (1) year and one (1) week.

The original or photocopy of this authority shall serve to notify and confirm to whomever it may concern as to the power and authority granted unto Lewis P. Malouf as if being the Investor/client/owner of funds itself, with full access to the information and documentation, and shall be governed by the laws of the Commonwealth of Dominica.

IN WITNESS WHEREOF THE UNDERSIGNED, WITH FULL AUTHORITY, HAS EXECUTED THIS LIMITED POWER OF ATTORNEY ON THE DATE SET FORTH BELOW AT ROSEAU, COMMONWEALTH OF DOMINICA.

FOR AND ON BEHALF OF INFO-SEEK ASSET  
MANAGEMENT S.A. BY ITS DIRECTOR-DESIGNEE,  
INTERNATIONAL CORPORATE SERVICES LTD, BY:

\_\_\_\_\_  
Herry C. Royer  
Designee Director  
Passport #:

Redacted Information  
in Subcommittee Files

NOTARY

Phone: (767) 448-6410

Fax: (767) 448-6477

RESOLUTION OF THE BOARD OF DIRECTORS RELATING TO PRIVATE PLACEMENT OF FUNDS

In accordance with the Articles of Incorporation of \_\_\_\_\_, on the \_\_\_\_\_ 1998, International Corporate Services Ltd, its Sole Director-Designee, undertook the following corporate resolution, which is recorded as Reference A in Minutes of the Corporation Meeting Book:

"To utilize funds in the amount of at least \_\_\_\_\_ Million United States Dollars (US\$ \_\_\_\_\_ drawn on British Trade & Commerce Bank, EMENS Bldg., Roseau, Commonwealth of Dominica, and/or its correspondent Banco Industrial de Venezuela, 1101 Brickell Avenue, Suite 500, Miami, Florida 33131 and to allow Mr. Herry C. Royer, Secretary & Director, and/or Dr. Charles L. Brazie, Vice President, to negotiate the final details and, thereafter, execute and enter into Trading Agreements with Program Managers relating to the Private Placement of said funds into fully Bank Guaranteed Investment Programs. Additionally, Mr. Herry C. Royer, Secretary & Director, and/or Dr. Charles L. Brazie, Vice President, are empowered to open and manage bank accounts, to enter into fee agreements, to receive and distribute all profits from the programs, to enter into agreements as necessary, and to make selections as to which program or programs will best suit the investment of these funds.

The necessary authority and powers required to undertake these tasks and responsibilities are hereby granted by us to Mr. Herry C. Royer, Secretary & Director, and/or Dr. Charles L. Brazie, Vice President, as set forth above.

It is therefore resolved that the named persons shall have the authority so empowered by this resolution."

FOR AND ON BEHALF OF \_\_\_\_\_  
MANAGEMENT S.A. BY ITS DIRECTOR-DESIGNEE,  
INTERNATIONAL CORPORATE SERVICES, BY:

\_\_\_\_\_  
HERRY C. ROYER  
DIRECTOR

CORPORATE SEAL:

Date : \_\_\_\_\_

NOTARY:

2143

SEF-19-2000 12:10

P. 11/32

**INFO-SEEK ASSET MANAGEMENT S.A.**

EMENS BLDG., Dame Eugenia Charles Blvd., Bayfront  
Roseau, Commonwealth of Dominica

Phone: (767) 448-6410

Fax: (767) 448-6477

LETTER OF INTENT

DATE : \_\_\_\_\_  
TO : Program Manager  
RE : Private Placement Investment Program  
Transaction Code:

Dear Sir:

We, the undersigned, hereby confirm our full commitment and agreement to participate in an investment opportunity, subject to our acceptance of the terms, conditions and procedures that shall be outlined in the Private Placement Agreement.

Furthermore, we hereby warrant and represent that we have available for placement into the proposed investment, the sum of Ten Million United States Dollars (US\$ ) of clean clear, non-criminal origin, and herewith attach documentary evidence of same. We further confirm that we are the beneficial owners of these cash funds, that we have full signatory authority and control thereof, and that such funds are available for immediate placement at our sole discretion.

We confirm and acknowledge, with full responsibility, that neither your Company nor anyone acting on your behalf has solicited us, that the documents that we shall receive shall not be deemed to be a solicitation of funds in connection with an Investment Program, and, that we are approaching you voluntarily for the purpose of securing participation in a bona fide Bank Secured High Yield Private Placement Program.

We hereby request information from you covering the terms, conditions and procedures of a Secured Investment and look forward to commencing the transaction, upon our acceptance of the Agreement.

If necessary, we are prepared to move our funds to a mutually acceptable "AA" or better American or Western European Bank, where they will be blocked in our bank account.

2144

SEP-19-2000 12:10

P.12/30

Facsimile documents, when properly endorsed, are hereby declared to be treated as originals.  
and originals may be obtained upon request.

For and on behalf of [IBC NAME]

By:

---

Herry C. Royer  
Designee Director  
Passport #:

Attachment: Bank Proof of Funds Letter  
Corporate Resolution  
Limited Power of Attorney  
Laser Copy of Passport Photo Page

**COOPERATIVE VENTURE AGREEMENT NO. 070001**  
Transaction Code: TITAN-1

**THIS AGREEMENT** is entered into this twenty-second day of April, 1998, by and between: INFO-SEEK Asset Management S.A., having principle offices at the EMENS Building, Dame Eugenia Charles Boulevard, Bayfront, Roseau, Commonwealth of Dominica, W.I., as represented by International Corporate Services Ltd. (hereinafter "ICS Ltd"), its sole Director Designee:

Attention: Herry C. Royer, Director of International Corporate Services Ltd.  
Telephone: (767) 448-6410 Facsimile: (767) 448-6477

(hereinafter "Client" shall mean INFO-SEEK Asset Management S.A., its attorneys, affiliated companies, or designee, ICS Ltd).

AND

**BRITISH TRADE & COMMERCE BANK**, having principle offices at the EMENS Building, Dame Eugenia Charles Boulevard, Bayfront, Roseau, Commonwealth of Dominica, W.I.

Attention: Dr. Charles L. Brazie, Vice President - Managed Accounts  
Telephone: (767) 448-6410 Facsimile: (767) 448-6477

(hereinafter "BTCB" shall mean British Trade & Commerce Bank, its attorneys, affiliated companies, or designees/nominees, and "Parties" herein shall mean Client and BTCB).

**WITNESSETH THAT:**

**WHEREAS**, BTCB is a bank chartered and operating under the laws of the Commonwealth of Dominica and fully empowered to provide the accounts and conduct the activities envisioned herein; and

**WHEREAS**, BTCB has the legal capacity and authority to cause assets to be entered into certain established International Cash Management Scenarios involving Medium Term Notes ("MTN's") issued by Top Twenty-five (25) Asset-rated Western European Banks; and

**WHEREAS**, BTCB has correspondent relationships with major world banks; has agreed to enter into the Managed Account Custody Agreement hereinbelow with Client; has opened an Account in the name of Client for the transactions envisioned hereunder; and has the ability to effect participation in such Scenarios, with attractive yields emitting from such Scenarios; and,

**WHEREAS**, Client is an International Business Company that is organized and operated under the laws of the Commonwealth of Dominica; and

**WHEREAS**, Client will have on deposit at least Ten Million United States Dollars (US\$10,000,000) in its such Account that may be placed in such Scenarios, and warrants that such deposits are clean, clear and legally obtained funds of non-criminal origin; and

**WHEREAS**, BTCB and Client have determined to enter into a cooperative venture relationship in order to participate in such Scenarios in full accord with all applicable rules and regulations [including I.C.C. Publication 500/600]; and

**WHEREAS**, BTCB, and Client intend to finance projects or to place appropriate funds into approved project funding sources from the profits arising from this AGREEMENT; and

**WHEREAS**, BTCB and Client, by entering into this AGREEMENT, do not intend to create a taxable partnership/corporation/entity, but rather intend to create a vehicle of cooperative enterprise in which the Parties have agreed to participate; and

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WHEREAS, BTCB and Client, mutually desire to transact business with one another for the period specified in this AGREEMENT but not less than one (1) year; and

WHEREAS, this AGREEMENT, when signed, shall constitute that BTCB and Client, each, are fully responsible, ready, and able to fulfill their respective obligations and responsibilities hereunder.

NOW THEREFORE, in consideration of the foregoing, and the various covenants and undertaking herein, and for other good and valuable considerations, the value and the adequacy of which is acknowledged by each of the parties hereto upon execution of this AGREEMENT, BTCB and Client agree as set forth hereinbelow.

### 1. PURPOSE

- 1.1 The primary purpose of the Parties is to cause the funding of certain projects and programs with the net proceeds derived from participating in certain established International Cash Management Scenarios through financial mechanisms advantageous to the Parties and which comply with the rules and regulations from various jurisdictions and authorities that apply to such project financing. Significant proceeds from participating in such Scenarios, net of normal costs (scenario participation costs, service fees, Custodial and Transaction Fees and costs), shall be deposited into development trust/project funding accounts which shall be used to cause the funding of such worthwhile projects and programs.
- 1.2 Notwithstanding the foregoing, each of the Parties shall be paid Five (5.0) points from the proceeds of such Scenarios, as fees for services rendered. [Five (5.0) points are defined herein as Five Percent (5.0%) of such proceeds received from each trading cycle of such Scenarios.] These funds shall be owned exclusively by the paid party and the other party hereby waves any and all claim to such paid funds.
- 1.3 The remaining proceeds from participation in the Scenarios, as defined herein, shall be divided into two (2) parts upon their receipt. One (1) of these parts, which equals Fifty Percent (50%) of such remaining proceeds, shall be placed into Trust Accounts designated by BTCB and shall be used to fund projects/programs solely at the discretion of that Trust.
- 1.4 The remaining One (1) part, which equals the remaining Fifty Percent (50%) of such proceeds, shall be disbursed through a Business Trust and placed into Project Funding Accounts that shall fund qualified projects solely under the discretion of Client. The subject of this paragraph and that immediately preceding shall not be subject to any litigation or arbitration.

### 2. TRANSACTION SCENARIO

- 2.1 Client has established a Custody/Transaction Account at BTCB for these Transactions, under the "Managed Account Custody Agreement" as set forth in EXHIBIT "A" attached hereto and made a part hereof.
- 2.2 Client will cause the deposits into such Account the amount of at least Ten Million United States Dollars (US\$10,000,000). BTCB shall cause such funds to be placed into such Scenarios. Client may increase the amounts on deposit with advanced notice to BTCB. The total amount of such funds on deposit shall be deemed the Account Principal.

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- 2.3 BTCB shall place such Account Principal into such Scenarios and that participation shall be confirmed to the satisfaction of both Parties. The detailed activities to accomplish the intent of the paragraphs hereinabove are contained in the "Specific Transaction Instructions" set forth in EXHIBIT "B" attached hereto and made a part hereof.
- 2.4 The period of the AGREEMENT is for at least one (1) year, subject to BTCB's ability to place said assets in such Scenarios. If the ongoing distribution of proceeds, as defined hereunder, does not occur within forty (40) days of the initial placement of assets into such Scenarios or within ten (10) days of each subsequent month of participation in such Scenarios, Client may terminate this AGREEMENT without prejudice to itself and all such Principal assets and any such Client's proceeds, without additional set-off, reduction, or deduction, shall be distributed, immediately, to bank coordinates that will be provided by Client.
- 2.5 The proceeds from participating in such Scenarios for any given trading cycle shall be disbursed, as provided hereinabove, at the beginning of the next subsequent trading cycle.

### 3. DISPUTES

- 3.1 In the event of any dispute concerning any aspect of this AGREEMENT, including breach or alleged breach hereof, the Parties agree to have the matter arbitrated by a third party mutually agreed upon by the Parties. If the Parties cannot agree upon the arbitrator, the Parties agree to have the dispute arbitrated as fixed by the I.C.C. in accordance with the International Chamber of Commerce Rules of Conciliation and Arbitration (I.C.C. 447-2M, 1990 or latest revision in effect at the time of the dispute). The venue for such arbitration shall be the city of London and any such arbitration decision shall be final and binding on the Parties and may be enforced in any Court of Law having jurisdiction thereto.

### 4. CONFIDENTIALITY

- 4.1 The Parties agree: that any and all information disclosed, or to be disclosed, by any other party hereto, or by legal counsel or other associate; and, that any and all documents and procedures transmitted to each other for and in execution of this AGREEMENT are privileged and confidential and are to be accorded the highest secrecy. Accordingly, the I.C.C. rules and regulations pertaining to Non-Disclosure and Non-Circumvention shall be included herewith by reference hereto. Moreover, the Parties specifically:
- A) Acknowledge and undertake for themselves, their legal counsel, employees, associates, officers, directors, trustees, bankers and/or representatives to treat any and all such information as privileged and confidential and not to disclose to any third party, directly or indirectly, or to use any such information for any purpose other than for accomplishment of the objectives of the business undertaken herein without the express, written prior consent of the party supplying that such information.
- B) Acknowledge that any unauthorized dealing or disclosures or uses of any such information obtained for and in execution of the present AGREEMENT shall constitute a breach of confidence and shall form the basis of an action for damages by the injured party with a view to compensate the injured party to the extent any financial reward might have accrued but for the unauthorized dealing, misuse of information, or breach of confidence and contract.

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**5. GENERAL TERMS**

- 5.1 Each party, individually and separately, accepts liability for its own taxes, imposes, levies, duties, or other charges that may be applicable in the execution of its respective roles.
- 5.2 Each party recognizes the unique services rendered by their representatives and agree that each shall be responsible for the commissions and fees to which it has agreed in writing; and, that the party that has incurred any obligations shall indemnify and hold harmless the other party against any claim, demand, and/or expense, however arising.
- 5.3 This AGREEMENT is a full recourse, private, non-public agreement executed under the laws of the Commonwealth of Dominica, which be the jurisdiction governing the construction, interpretation, execution, validity, enforceability, performance, or any other matter in respect to this AGREEMENT, including breach or claim thereof.
- 5.4 Both parties acknowledge that they had adequate time and opportunity to consult with counsel of their choosing prior to execution hereof; that each fully understands the facts and has been fully informed as to any rights and obligations in connection therewith; and, that, having this knowledge or lack of knowledge by voluntary choice, each has executed this AGREEMENT freely and without reservation.
- 5.5 The Parties acknowledge and accept that the I.C.C. rules and regulations appertaining to Force Majeure shall be included herewith by reference hereto.
- 5.6 The AGREEMENT cannot be assigned, transferred or conveyed by either party without the expressed, written, prior consent of the other party.
- 5.7 No unauthorized communications by either party with any bank outside of these procedures is allowed without the prior written consent of the other party. Failure to observe this consideration will immediately cause this AGREEMENT to be deemed to have been breached.
- 5.8 Each party shall be solely responsible for its own, unique institutional costs, except as otherwise provided hereinabove.

**6. COMPLETE AGREEMENT AND CONFORMING DOCUMENTS**

- 6.1 This AGREEMENT reflects the complete understanding of the Parties on the matters hereto.
- 6.2 A facsimile copy of a fully executed original of this document will be deemed an original, binding and enforceable document until otherwise agreed to by the Parties.
- 6.3 This AGREEMENT shall remain in full force and effect until completion of the transactions envisioned hereinabove and shall be binding upon BTCB and Client and their heirs, successors and assigns, agents, principles; and all other parties associated with or involved in the transactions.
- 6.4 This AGREEMENT may consist of one or more counterparts, all of which upon execution shall constitute one and the same AGREEMENT. The Parties acknowledge that a hard copy of this

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AGREEMENT may be signed by each respective party at different places and different times. Both Parties have the right to require courier delivery of the original AGREEMENT.

- 6.5 Each addendum, change, or modification to this AGREEMENT must be made in writing and approved and executed by the Parties as a condition precedent to the implementation and effect of such addendum, change, or modification.
- 6.6 If any of the provisions of this AGREEMENT are, or become, invalid by virtue of applicable law(s) or fail enforceability, then this AGREEMENT shall remain in full force. The invalid and/or unenforceable provision(s) shall be replaced by provisions mutually agreed between the Parties within the spirit and intent of the original provision.
- 6.7 The Parties hereby confirm that each is fully empowered, legally qualified, and duly authorized to execute and deliver this AGREEMENT and to be bound by its terms and conditions. All statements and representations under this AGREEMENT are made with full legal and corporate responsibility.

IN WITNESS WHEREOF, the Parties declare herein that they have signed hereinbelow in full and bonafides, thereby entering into this contractual commitment as defined and provided under the terms, conditions, and provisions of this AGREEMENT on the dates last written herein below.

DATE: April 22, 1998

DATE: April 22, 1998

FOR AND ON BEHALF OF INFO-  
SEEK ASSET MANAGEMENT S.A.  
BY ITS DIRECTOR DESIGNEE,  
INTERNATIONAL CORPORATE  
SERVICES LTD, BY:

FOR AND ON BEHALF OF BRITISH  
TRADE & COMMERCE BANK  
BY:

HERRY C. ROYER  
DIRECTOR

CHARLES L. BRAZIE, Ph.D.  
VICE PRESIDENT

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EXHIBIT "A"

MANAGED ACCOUNT CUSTODY AGREEMENT

To: British Trade & Commerce Bank  
 EMENS Bldg. Dame Eugenia Charles Blvd., Bayfront  
 Roseau, Commonwealth of Dominica, W.I.

Gentlemen:

The undersigned hereby requests you to open and maintain a Custody Account in the name of the undersigned and to receive and hold therein as custodian, upon the following terms and conditions, cash and Investments (hereinafter defined).

- Transactions.** Subject to the provisions of this Agreement, you are authorized:
- (a) To receive all interest and dividends payable on Investments and to credit such interest and dividends to the account or accounts of the undersigned with you as are designated by an Authorized Person (hereinafter referred to as the "Cash Account");
  - (b) To credit all proceeds received from sales and redemptions of Investments to the Cash Account;
  - (c) To debit the Cash Account for the cost of acquiring Investments for the Custody Account;
  - (d) To present obligations (including coupons) for payment upon maturity, when called for redemption and when income payments are due;
  - (e) To exchange securities for other securities where the exchange is purely material;
  - (f) To sell fractional interests resulting from a stock split or dividend;
  - (g) To convert any currency received with respect to Investments in the Custody Account into another currency whenever it is practical or necessary to do so through customary banking channels. You shall incur no liability on account of any loss suffered or expense incurred as a result of such conversion, including without limitation losses arising from fluctuations in exchange rates affecting any such conversion;
  - (h) On instructions of an Authorized Person or as otherwise provided hereunder, to purchase and sell Investments for the account of the undersigned;
  - (i) To execute in the name of the undersigned, whenever you deem it appropriate, such ownership and other certificates as may be required to obtain payments with respect to, or to effect the sale, transfer or other disposition of Investments; and
  - (j) To enter into spot or forward transactions for the purchase and/or sale of currencies for the account of the undersigned in connection with or in anticipation of the purchase or sale of securities.

"Investments" means securities of every type and description in any currency including but not limited to stocks, warrants, puts, calls, forwards, futures, options on futures, bonds, debentures, notes, unit trusts, precious metals and other commodities, bank deposits, mortgages and other obligations, and any documents of title, certificates, receipts, and other instruments evidencing ownership, or representing rights to receive, purchase or subscribe to, any of the foregoing, or evidencing or representing any other rights or interests therein.

**Instructions.** You are authorized to accept and rely upon all written instructions which you believe in good faith are given by an Authorized Person. "Authorized Person" means the undersigned or other person or entity designated in a statement signed by the undersigned or (if the undersigned is a corporation) one or more officers, employees or agents of the undersigned authorized by a corporate resolution of the board of directors of the undersigned delivered to you or described as authorized in a certificate of the Secretary, Assistant Secretary, or Managing Director of the undersigned.

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You may also rely on instructions when bearing or purporting to bear the facsimile signature of any Authorized Person. In addition, you may rely on instructions received by telephone, telex, TWX, facsimile transmission, bank wire or other teleprocess acceptable to you which you believe in good faith to have been given by an Authorized Person or which are transmitted with proper testing or authentication pursuant to terms and conditions which you may specify. You may also rely on instructions transmitted electronically through a client data entry system or any similar instruction system acceptable to you. You shall incur no liability to the undersigned or otherwise as a result of any act or omission by you in accordance with instructions on which you are authorized to rely pursuant to the provisions of this paragraph unless your reliance is the result of your gross negligence or willful misconduct. You will incur no liability for the failure of any written confirmation to conform to the telephone instructions which you received or your failure to produce such confirmation at any subsequent time. Unless otherwise expressly provided, all authorizations and instructions shall continue in full force and effect until cancelled or superseded by subsequent authorizations or instructions received by your safekeeping account administrator.

The undersigned agrees that if you require test arrangements, authentication methods or other security devices to be used with respect to instructions which an Authorized Person may give, the undersigned shall safeguard any testkeys, identification codes or other security devices which you make available to any Authorized Person and agrees that the undersigned shall be responsible for any loss, liability or damage incurred by you or by the undersigned as a result of your acting in accordance with instructions from any unauthorized person using the proper security device. You may electronically record any instructions given by telephone, and any other telephone discussions with respect to the Custody Account or transactions pursuant to this Agreement.

**Registration.** Unless you receive contrary instructions from an Authorized Person, you are authorized to keep securities in your own vaults registered in the name of your nominee or nominees or where securities are eligible for deposit in a securities depository, including without limitation The Depository Trust Company or the Federal Reserve Bank of New York, you may utilize any of the services of any such depository and permit the registration of registered securities in the name of its nominee or nominees, and the undersigned agrees to hold you and the nominees harmless from any liability as holders of record. The undersigned will accept the return or delivery of securities of the same class and denomination as those deposited with you by the undersigned or otherwise received by you for the Custody Account, and you need not retain the particular certificates so deposited or received.

If any securities registered in the name of your nominee or held in a securities depository and registered in the name of the depository's nominee are called for partial redemption by the issuer of such securities, you are authorized to allot the called portion to the respective beneficial holders of the securities in any manner deemed to be fair and equitable by you in your sole discretion.

**Statements.** You will supply to the undersigned from time to time as mutually agreed upon a statement in respect to the Investments held by you or by a subcustodian and an advice or notification of any transfers of Investments to or from the Custody Account, indicating, as to Investments acquired for the undersigned, the identity of the entities having physical possession of such Investments. In the absence of the filing in writing with you by the undersigned of exceptions or objections to any such statement within sixty (60) days, the undersigned shall be deemed to have approved such statement, and you shall be released, relieved and discharged with respect to all matters and things set forth therein.

**Proxies, Redemptions and Securities Rights.** You will send to the undersigned such proxies (signed in blank, if issued in the name of your nominee or a nominee of a securities depository) and communications with respect to securities in the Custody Account as call for voting or relate to legal proceedings within a reasonable time after sufficient copies are received by you for forwarding to customers. In addition, you shall follow coupon payments, redemptions, exchanges or similar matters with respect to securities in the Custody Account and advise the undersigned of rights issued, tendered offers or other discretionary rights with respect to such securities, in each case, of which you receive notice from the issuer of the securities

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or as to which notice is published in publications routinely utilized by you for this purpose, subject to any terms and conditions as you may put into effect from time to time.

**Investments and Funds Held Abroad.** Investments in the Custody Account shall be held in such country or other jurisdiction as shall be specified from time to time in instructions from an Authorized Person which are acceptable to you, provided that such country or other jurisdiction shall be one in which a principal trading market for such Investments is located or in which such Investments are to be acquired, sold, transferred or presented for payment. Funds shall be credited to an account in such amounts and in the country or other jurisdiction as shall be specified from time to time in instructions from an Authorized Person which are acceptable to you, provided that such country or other jurisdiction shall be one in which such cash is a legal currency for the payment of public or private debts.

The undersigned authorizes you to hold cash and investments for the Custody Account in accounts which have been established by you with one of your branches or with one or more subcustodians. "Subcustodian" means a branch of another U.S. bank, a foreign bank acting as custodian or a foreign securities depository in which you participate. You shall select in your sole discretion the branch or subcustodian in the custody of which any Investment may be maintained or with which any funds may be deposited. Any entity so selected is authorized to hold such funds and investments in its account with any foreign securities depository in which it participates.

You shall not be liable for any loss resulting from the maintenance of any Investments in a foreign country, including, but not limited to, losses resulting from nationalization, expropriation, currency restrictions, acts of war or terrorism, insurrection, revolution, or acts of God.

**Overdrafts.** The amount by which any payment made by you on behalf of the undersigned pursuant to this Agreement exceeds the available funds in the currency in the Cash Account shall be deemed a loan from you to the undersigned. Such loan shall be payable on demand and, in your discretion, shall bear interest at the rate customarily charge by you or your subcustodian on similar loans. In no event shall you have any duty to make any payment if such payment will exceed the funds available in the Cash Account.

**Reimbursement.** If you choose to credit the Cash Account or the Custody Account on the payable date for interest, dividends or redemptions, the undersigned will return to you such amount or property credited promptly upon your oral or written notification that you have been unable to collect such amount or property in the ordinary course of transactions for the account of the undersigned. You shall have no duty to institute legal proceedings, file a claim or proof of claim in any insolvency proceeding or take any action beyond your ordinary collection procedures to collect such amounts or property.

**Crediting and Debiting Procedures.** With respect to any Investment held in or to be acquired for the Custody Account you may, in your discretion, cause the Cash Account to be credited on the contractual settlement date with the proceeds of any sale or exchange of any Investment from the Custody Account and to be debited on the contractual settlement date for the cost of any Investment purchased or acquired for the Custody Account. If a transaction with respect to which a credit or debit has been made fails to settle, you may reverse such credit or debit upon instructions of an Authorized Person. Alternatively, while you assume no affirmative duty to act in the absence of such instructions, you may reverse any such credit or debit if a transaction fails to settle within a period of time after the contractual settlement date which you in your sole discretion consider reasonable in the light of market conditions. If any Investments delivered pursuant hereto are returned by the recipient thereof, you may cause any such credits or debits to be reversed at any time. With respect to any transactions as to which you do not determine so to credit or debit the Cash Account, the proceeds from the sale or exchange of Investments will be credited and the cost of such Investments purchased or acquired will be debited to the Cash Account on the date such proceeds or Investment are received by you.

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Notwithstanding the preceding paragraph, settlement and payment for any Investment received for, and delivery of any Investment out of, the Custody Account may be effected in accordance with the customary or established trading or processing practices and procedures for such Investment in the jurisdiction or market in which the transaction occurs, including, without limitation, delivering such Investment to the purchaser thereof or dealer therefor (or to an agent for such purchaser or dealer) against a receipt with the expectation of receiving later payment for such Investment from such purchaser or dealer (or agent therefor).

With respect to all transactions for the Custody Account, including, without limitation, dividend and interest payments and sales and redemptions of any Investment, availability of funds credited to the Cash Account will be based on the type of funds used in the trade settlement or payment, including, but not limited to, same day availability for federal or same day funds and next business day availability for clearing house or next day funds.

**Security and Set-Off.** As security for any performance of my obligations under this Agreement, I grant a security interest in and pledge, transfer, and assign to you my right, title and interest in and to all cash, investments and other assets held by you or by any of your subsidiaries, affiliates or subcustodians (the "Collateral"). In addition, and without limiting the foregoing, I agree that you may set-off any and all of my obligations to you against any and all deposits of mine, whether general or special, with you or any of your subsidiaries, affiliates or subcustodians, wherever located and whether or not denominated in the same or different currencies. In the event that a debited deposit is maintained in a currency other than the currency of my obligation to you, such debit shall be made in the amount which, when converted to the currency of my obligation at your rate for purchasing such currency on the date of such debit, shall yield the amount then due and payable to you hereunder.

**Custodian Responsibility.** You will use the same care with respect to the performance of your duties under this Agreement as you use in respect to your own property similar to that held hereunder, but you need not maintain any insurance for the benefit of the undersigned. Except as may be provided otherwise herein, you are authorized to execute instructions given by or on behalf of the undersigned and take other actions pursuant to this Agreement in accordance with your customary processing practices for customers similar to the undersigned and, in accordance with such practices, you may retain agents, including subsidiaries or affiliates of yours, to perform certain of such functions, notwithstanding that such retention may result in a gain or profit to you or to any of your subsidiaries or affiliates. All collection and receipt of funds or Investments and all payment and delivery of funds or Investments under this Agreement shall be made by you as the agent of the undersigned, at the risk of the undersigned. You will be liable to the undersigned only to the extent of actual damages suffered by the undersigned determined on the basis of the market value of the property which is the subject of the loss at the date of discovery of such loss, suffered or incurred as a result of gross negligence or willful misconduct on your part.

You will be responsible for only those duties stated in this Agreement or expressly contained in instructions to perform the services described herein given to you pursuant to the provisions of this Agreement and accepted by you and, without limiting the foregoing, you shall have no duty or responsibility:

- (a) to supervise the Investment of, or make recommendations with respect to the purchase, retention or sale of, any Investment relating to the Custody Account;
- (b) with regard to the Investment in the Custody Account as to which default in the payment of principal or interest has occurred, to give notice of default, make demand for payment or take any other action with respect to such default;
- (c) for any act or omission, or for the solvency or notice to the undersigned of the solvency, of any subcustodian, securities depository broker or agent selected by you (in the absence of gross negligence or willful misconduct by you in such selection) or by the undersigned or any other person to effect any transaction for the Custody Account;
- (d) to evaluate, or report to the undersigned regarding, the financial condition of any party to which you deliver Investments or payment pursuant to this Agreement; or
- (e) for any loss occasioned by delay in the actual receipt of notice by you or any payment, redemption or other transaction in respect to which you are authorized to take some action pursuant to this Agreement.

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If the undersigned is a trust and provides you with a copy of its trust instrument, the undersigned understands and agrees that your review of such document is solely for the purpose of verifying the power of the trust to enter into and perform this Agreement and identifying the person(s) necessary to bind the trust, and that you assume no responsibility whatsoever for the proper administration of the trust.

**Conflicts of Interest.** The undersigned understands there is a potential conflict of interest between you and the undersigned in that you shall provide similar services to other clients and to your own accounts. Therefore, you or these other Accounts may compete for the same Investments. Further, the undersigned is aware that you and/or your clients may continually develop Investment strategies because of different financial positions or objectives, and such strategies could require Investments that are different from or opposite to those of the undersigned. However, in view of the fact that a large number of these Investments are available and in view of market liquidity, the undersigned accepts the effects of such activities.

**Responsible as Principal.** The undersigned will be responsible to you as principal for all obligations of the undersigned to you arising under or in connection with this Agreement, notwithstanding that the undersigned may be acting on behalf of other persons, and the undersigned warrants its authority to deposit in the Custody Account and Cash Account any Investments and funds which you or your agents receive therefor and to give instructions relative thereto. The undersigned further agrees that you shall not be subject to, nor shall your rights and obligations with respect to this Agreement and Custody Account be affected by any agreement between the undersigned and any such person, except as provided herein.

**Taxes.** You are authorized and directed to claim exemption from transfer taxes on all transfers and deliveries of Investments held for our Custody Account.

If the undersigned is not a United States person or entity, you are hereby advised that the proceed of any sale of a security to the issuer thereof in the context of a self-tender offer do not constitute dividends and you are hereby directed not to withhold taxes payable to the United States with respect to such proceeds. The undersigned hereby agrees to indemnify and hold you harmless from and against any and all damages, liabilities, costs, fees and expenses incurred by you as a result of not withholding such taxes.

You shall have no obligation to seek a refund of any taxes withheld against any dividend or interest paid on any Investment unless the undersigned provided you with all documents that you may reasonably require for that purpose.

**Fees, Indemnification.** The undersigned agrees to pay a monthly Custodial Fee. This monthly Fee shall equal One Fifth of One Percent (0.2%) of the combined average monthly balance(s) in the Custody Account(s) and the Cash Account(s) - (unless this combined balance is less than One Million USD (US\$1,000,000) in which case this monthly Fee shall equal One Third of One Percent (0.334%) of such balances). The undersigned also agrees to pay a Transaction Fee equal to One Half of One Percent (0.5%) of the Face Amount of any and all Investment(s) acquired/traded per tranche to provide for the cost of the activities envisioned in those Investment transactions. Notwithstanding these Fees, the undersigned agrees to pay you reasonable compensation for other services requested by the undersigned pursuant to this Agreement at the standard fee for such services of which you will notify the undersigned from time to time. The undersigned also agrees to hold you and your agents harmless from, and to indemnify and reimburse you and them for, all liability, loss and expense (including out-of-pocket and incidental expenses and legal fees) incurred by you or them in connection with the Custody Account or your acting under this Agreement, provided that you or they, as the case may be, have not acted with gross negligence or willful misconduct with respect to the events resulting in such liability, loss and expense.

**Termination.** This Agreement may be terminated at any time by either party effective upon receipt by the other party of written notice of such termination or upon such subsequent date specified in such written notice. Upon such termination, you

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will within a reasonable time return to the undersigned or to whom we direct any Investments or other property then held by you in the Custody Account.

**Notices.** Notices required hereunder shall be in writing, and delivered by mail, postage prepaid, to the following addresses (or to such other address as either party hereto may from time to time designate by notice duly given in accordance with this paragraph).

To the undersigned at: c/o ICS Ltd, EMENS BLDG., Dame Eugenia Charles Blvd., Bayfront, P.O. Box N2042, Roseau, Commonwealth of Dominica, W.I.

To you, to the attention of Dr. Charles L. Brazie at: British Trade & Commerce Bank, EMENS BLDG., Dame Eugenia Charles Blvd., Bayfront, P. O. Box 2042, Roseau, Commonwealth of Dominica, W.I.

**Governing Law, Successors and Assigns.** This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Dominica without giving effect to that Commonwealth's principles of conflicts of laws and will be binding on our and your respective successors and assigns.

**Source and Use of Funds.** The undersigned warrants and attests: 1) that all assets deposited in this Custody Account or any other Accounts with you are good, clean, cleared, and legally obtained from non-criminal origins; and, 2) that neither these assets nor the profits or emissions derived from the activities envisioned hereunder have been, or will be, used for any criminal or illegal purpose, and not limited to but including any activities involving dealing with controlled substances, drugs, arms, munitions, or armaments.

**Liability and Ownership.** As used herein, the term "undersigned" shall be deemed to include all signatories hereto, if more than one, in such event, the obligations, liabilities, representations and warranties of the undersigned shall be joint and several. If the undersigned consists of more than one person, the undersigned warrants and represents that the cash in the Cash Account and the assets in the Custody Account are owned jointly with right of survivorship.

**Arbitration.** Any controversy between you and the undersigned arising out of or relating to this Agreement, including breach or alleged breach, hereof, shall be resolved by arbitration by a third party mutually agreed upon by the you and the undersigned. In the event you and the undersigned cannot agree upon such an arbitrator, the matter shall be arbitrated as fixed by the I.C.C. in accordance with the International Chamber of Commerce Rules of Conciliation and Arbitration (I.C.C. 447-2M, 1990 or latest revision in effect at the time of the controversy). The venue for such arbitration shall be the city of London and any such arbitration decision shall be final and binding on all parties and may be enforced in any Court of Law having jurisdiction thereto.

**Disclosure.** The undersigned understands that certain regulations may require that you disclose to the issuer of a security upon request the name and address of the undersigned and other positions with respect to securities held in the Custody Account, unless the undersigned objects to such disclosure and notifies you accordingly.

**Prior Proposals.** This Agreement contains the complete agreement of the parties hereto with respect to the Custody Account (except as may be expressly provided to the contrary herein) and supersedes and replaces any previously made proposals, representations, warranties or agreements with respect thereto by either or both of the parties hereto, except that this Agreement does not modify any interest or rights in the assets in the Custody Account which was otherwise granted to you and does not supersede or replace any item that you may have provided to the undersigned describing your services with respect to securities with tender options. This Agreement shall become effective upon execution hereof by the undersigned and acceptance by you.

2156

SEP-15-2000 12:15

P.24/30

C.V. Agreement # : 070001

Transaction Code : TITAN-1

**Separability.** Any provisions of this Agreement which may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

**Accounts.** From time to time an Authorized Person may hereafter instruct you to open more than one Custody Account for the undersigned. Unless the undersigned and you otherwise agree, this Agreement will govern such accounts, in addition to the Custody Accounts which you are opening or currently maintain for the undersigned to which it is applicable.

**Special Terms.** The following additional terms and provisions, if any, are included in and constitute a part of this Agreement:

Notwithstanding any of the above, the SPECIFIC TRANSACTION INSTRUCTIONS, if any, executed by Holder and BTGB and attached hereto and constitute a part hereof for all intents and purposes.

EXECUTED AND SUBMITTED on this twenty-second day of April, 1998.

FOR AND ON BEHALF OF INFO-SEEK ASSET  
MANAGEMENT S.A. BY ITS DIRECTOR  
DESIGNEE, INTERNATIONAL CORPORATE  
SERVICES LTD, BY:

HERRY C. ROYER  
DIRECTOR

ACKNOWLEDGED AND ACCEPTED FOR  
AND ON BEHALF OF BRITISH TRADE &  
COMMERCE BANK BY:

CHARLES L. BRAZIE, Ph.D.  
V. P. - MANAGED ACCOUNTS

## VENTURE CAPITAL AGREEMENT

This Venture Capital Agreement (the "Agreement"), dated as of the 5th day of MAY 1993, is made and entered into between INTERNATIONAL FINANCIAL SOLUTIONS, S.A. (the "Facilitator"), and GUENN H. SCHMIDT (the "Grantor").

## RECITALS:

WHEREAS, the Facilitator has an agreement with a manager of a high yield asset management program (the "Manager"), which Manager directs the capital venture program described herein (the "Program"), and has the expertise and the contractual agreements in place to establish and manage the Program;

WHEREAS, the Grantor represents and warrants, with full corporate/individual and legal responsibility under the penalty of perjury, that the USD capital ("Capital") are clean, cleared funds of non-criminal origin, and are legally owned by or assigned for the participation in a specified high yield asset management program per the terms and conditions of this Agreement;

WHEREAS, the Grantor represents and warrants that it is a sophisticated Grantor having knowledge and experience in financial and business matters, and is fully capable to evaluate merits and risk with complete understanding and acceptance of this undertaking;

WHEREAS, the Grantor desires to contribute Capital to the Program and have the control of the Manager for use in the opportunity described in this Agreement;

WHEREAS, the Program involves the appointment of the Manager over the contributed Capital for the dedicated purpose of placing the Capital into the Program, whereupon the Capital will be used strictly for buying and selling bank instruments; and

WHEREAS, the Manager shall arrange with a fiduciary bank a trading account (the "Venture Account") for the purpose of receiving the Grantor's Capital in exchange for a bank guarantee from one of the world's top twenty largest banks for at least 100% of the capital amount upon verification in the Venture Account;

NOW THEREFORE, in consideration of the mutual promises, covenants and undertakings contained herein, and in exchange of Two Million Five Hundred USD (\$2,500,000) and for other good and valuable consideration, the Adequacy and receipt of which is hereby acknowledged, the parties hereto agree as follows:

## GENERAL TERMS:

1.1 TERM. The term of the contribution will be for 45 BANKING days, commencing with the date of execution of trade. The Facilitator shall notify the Grantor on the date of execution of trade via

16/18/1998 17:44 882938 RICHARD CLITT PAGE 05  
PHONE NO. 1 Jun 17 1998 05:12:41 PM



APPLICATION FOR  
OPENING OF A  
PERSONAL ACCOUNT

- Date \_\_\_\_\_
- I hereby request you to open an account or accounts in my/our name(s) and authorize you:
- (a) to honour cheques, bills of exchange and promissory notes expressed to be drawn upon or made payable with you whether my/our account or accounts is or are in credit or in debit or overdrawn (hereby or otherwise).
  - (b) to honour and act upon any instructions received from the account holder by way of Fax Transmission for the transfer of funds periodically from my/our account with this Bank to specific payees designated in any such Fax Transmission and to debit my/our account with whatever amount may be specified therein and pay same to the account of the particular payees specified therein.
  - (c) to honour any orders to withdraw any or all monies on any deposit or other account in my/our name or instructions to deliver or dispose of any securities boxes documents or property whatsoever held by you for my/our account.

provided any such cheques, bills of exchange, promissory notes, orders or instructions are signed as under:

*H. Schmidt*

(usual signature)

NAME IN FULL: HOWARD GLENN SCHMIDT

PRIVATE ADDRESS: [REDACTED]

OCCUPATION: INVENTOR

TELEPHONE (DAY): [REDACTED] (EVENINGS): SAME

NATIONALITY: U. S. A.

REFERENCES (1): [REDACTED]

ADDRESS: [REDACTED]

REFERENCES (2): [REDACTED]

ADDRESS: [REDACTED]

Photocopies of the relevant pages of the applicant's passport should be attached to this application

Redacted Information  
in Subcommittee Files

BANK INFORMATION AS IT WILL APPLY TO NEW ACCOUNT

ENTITY NAME TO APPEAR ON ACCOUNT HOWARD GLEN SCHMIDT

TYPE OF ENTITY INDIVIDUAL

MAILING ADDRESS FOR ENTITY [REDACTED]

CITY, STATE, ZIP CODE [REDACTED], CA 92067

PHONE NUMBER FOR ENTITY [REDACTED]

FAX NUMBER FOR ENTITY [REDACTED]

E-MAIL ADDRESS FOR ENTITY N/A

PERSON TO BE SIGNATORY (PRINT) HOWARD GLEN SCHMIDT

SIGNATURE [Handwritten Signature]

(OPTIONAL) ADDITIONAL SIGNATORY (PRINT) N/A

SIGNATURE IF ANY N/A

(OPTIONAL) ADDITIONAL SIGNATORY (PRINT) N/A

SIGNATURE IF ANY N/A

BANKING RESOLUTION MINUTE NUMBER \_\_\_\_\_

Redacted Information  
in Subcommittee Files

Dear

I need the following items to complete your protection package.

For your offshore Bank Account:

1.) A letter from your bank as follows:

To whom it may concern:

\_\_\_\_\_ is a customer in good standing since \_\_\_\_\_

Signed by bank official

2.) A photostatic copy of your passport and/or a copy of your drivers license. The passport page should be the page with your picture on it.

3.) Sign the Bank application and the Visa card application and send them back to me by fax @ (201) 847-9287

For your offshore Trust:

- 1.) Grantor H. F. SCHMIDT
- 2.) Trustee HOWARD GLENN SCHMIDT
- 3.) Protector HOWARD GLENN SCHMIDT
- 4.) Beneficiary (s) HOWARD GLENN SCHMIDT

5.) Sub-Trustee [REDACTED]

6.) Name of Your Trust SD UNIVERSAL (FIVE DEE)

For CPANOE Membership

1.) Sign application and return by fax along with other applications

If you have any questions, please call me @ (201) 847-9764

Very Truly Yours,  
William H. Kepp

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in Subcommittee Files

85/18/1998 17:44 5525385111 RICHARD CLIFF PAGE 05  
JUN 17 1998 09:54AM P5



MANDATE FOR ACCOUNT OF AN INCORPORATED COMPANY

Date 22 JUNE 1998

Dear Sirs, 4 D GLOBAL S.A. Limited

We request you to open an account or accounts in the name of the above mentioned Company and in pursuance of this request, we hand you herewith:

- (1) Certificate of Incorporation (with interests and terms)
- (2) Print of the Memorandum and Articles of Association of the Company (Amended up to date)
- (3) Certified copy of a Resolution of the Board of Directors (attached)
- (4) List of all specimen signatures, in duplicate, of the Directors and authorised officials.

Yours faithfully, B. Schmitt CEO Secretary

WE HEREBY CERTIFY that the following Resolution was duly passed by the Board of Directors of the Company at a meeting of the Board duly convened and held on the 19th of June 1998 and that such Resolution has been duly recorded in the Minute Book of the Company

RESOLUTION

- RESOLVED: (1) that an account or accounts be opened with The Hanover Bank Limited.
- (2) that the said Bank is hereby authorised
- (a) to honour cheques, bills of exchange and promissory notes expressed to be drawn, signed, accepted or made by or on behalf of the Company, drawn upon or made payable at the said Bank, whether the account or accounts of the Company is or are in credit or in debit or overdraft, thereby or otherwise
  - (b) to honour any order to withdraw any or all monies in any deposit or saving account or accounts of the Company with the said Bank or any of all securities documents or other property of the Company with the said Bank or any of all securities documents or other property of the Company from time to time in the possession of the said Bank
  - (c) to act on any instructions with regard to any such account or accounts (whether in credit or in debit or overdraft thereby) or any transactions of the Company provided that the same are signed by
- (3) that any cheque, bill of exchange, promissory note or other instrument shall be treated as duly received by the Company if the endorsement is signed for or on behalf of the Company by
- B. Schmitt
- (4) that any indemnity or counter-indemnity required by the said Bank from the Company in connection with the Company's business is effective if signed for or on behalf of the Company by
- B. Schmitt
- (5) that the said Bank be furnished with a list of the Directors, Secretary and authorised officials of the Company and be from time to time informed in writing under the hand of any Director of the Company of any change which may from time to time take place therein, and be entitled to act on any such notice.
- (6) that this Resolution be communicated to the said Bank and remain in force until received by the said Bank of notice in writing signed by any Director of the Company.
- (7) That the Bank do, and is hereby authorised to honour and act upon any instructions received from this Company by way of Fax Transmission for the transfer of funds periodically from this Company's account with the said Bank to the specific payees designated in any such Fax Transmission, and to debit our account with whatever amount may be specified therein and pay same to the amount of the particular payees specified therein.
- \* Insert "any one Director and the Secretary," or as the case may be.
- Chairman B. Schmitt Director B. Schmitt

16/18/1998 17:44 852856. RICHARD CLITT PAGE 89  
PAGE NO. JUN 17 1998 09:56AM PLO  
SEP-03-97 03:12P ETAC Bank/Trust (809) 448-0477 P.04

**1. Non Shareholders Directors**  
 ONLY in case that Directors are neither non Shareholders nor Directors Served by

Name	Passport #	Address	Passport #
N/A			

**2. Name and Address of Beneficial Owner**

Name: HOWARD ELWIN SCHMIDT  
 Address: [REDACTED]  
 Phone: [REDACTED] Fax: [REDACTED]  
 How do we communicate?  Post  Phone  Mail  E-Mail Address:  
 Special Instructions: MAIL ONLY NO FED-EX, UPS OR OTHER  
 NON POSTAL DELIVERIES

**3. Requirements**  
 The following documents must be sent with this application, without which the SEC will not be incorporated:  
 1) Bank References of each Shareholder and Director  
 2) Copy of Record of each Shareholder and Director  
 Note: When Directors Served is chosen no documentation for Directors is required

**DECLARATIONS**  
 I/We certify that the information given above is true and correct, that the persons mentioned do exist and that they persons with integrity and responsibility. Furthermore I/We authorize the Bank to conduct the proper verification of the above information if necessary.

PRINCIPAL OWNER: [Signature] DATE: 22 JUN 1998  
 OFFICER: [Signature] DATE: 22 JUN 1998

**FOR BANK USE ONLY**

Application Approved NUMBER: \_\_\_\_\_ Date: \_\_\_\_\_  
 Application Denied REASON: \_\_\_\_\_  
 Application processed by: \_\_\_\_\_ Signature: \_\_\_\_\_

Bill  
More  
THIS!

Redacted Information  
in Subcommittee Files



INTERNATIONAL BUSINESS COMPANY (IBC) ORDER FORM

1. Name, Authorized Capital and Address of the Company

a) Proposed Name (please indicate three options):  
 First Option: 4 D GLOBAL S.A. (Four DEE)  
 Second Option: 4 D GLOBE S.A.  
 Third Option: \_\_\_\_\_

b) Check a Company name and find out whether "Limited", "Corporation", "Private Company", "Company", "Society", "S.A." or any other name should be used in the words "Private", "Public", "Company", "Royal" or "Imperial" is not allowed.

Authorized Capital (US \$) (100 is the minimum amount): \_\_\_\_\_

Par Value of Shares \_\_\_\_\_ per \_\_\_\_\_

Activities of the Company (purpose for which the Company is to be formed):  
 \_\_\_\_\_  
 \_\_\_\_\_

Bill

2. Directors of the Company and other Required Services

Directors of the Company will be advised among the following characteristics:

Name	is Passport #	Address	(%)	Position
<u>H. G. SCHMIDT</u>	<u>N/A</u>	[Redacted]		<u>CEO</u>

Passport

Other Services (Please indicate which of the following services will be required):

a) Director (Physical Subscriptions Required)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b) Banking (Bank Mergers and Signature Care Required)	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
c) Investment Management Assistance	<input type="checkbox"/> Yes	<input type="checkbox"/> No
d) Trustee Services	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Other Services: \_\_\_\_\_

Bill

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## CLIENT EVALUATION FORM

Name: GLENN SCHMIDT  
Address: [REDACTED]  
Phone: [REDACTED]  
Fax: [REDACTED]

Law Firm: BROWN, RAYSMAN, MILLSTEIN, FELDER & STEINER  
Contact: HENRY SILBERBERG  
Address: 1830 CENTURY PARK E., STE 711, LOS ANGELES CA 90067  
Phone: 310-712-3000  
Fax: 310-712-3080

Bank Holding Funds: HOME SAVINGS OF AMERICA  
Branch: PALOMAR AIRPORT OFFICE  
Bank Officer: SHANNON J. BURTON  
Phone: 760-488-7791  
Fax: 760-931-9134  
Amount in Deposit: IN EXCESS OF [REDACTED] USD  
Account Signatory: GLENN SCHMIDT (SOLE SIGNATORY)  
Bank Statement: NOT PROVIDED  
Title of Funds: GLENN SCHMIDT  
Origin of Funds: BUSINESS PROFITS  
Subject to Loan Facility: NO  
Brokers Involved: RICHARD OLITT, FRANK CARPENTER

Redacted Information  
in Subcommittee Files

## NON-DISCLOSURE AND NON-CIRCUMVENTION AGREEMENT

This Agreement is made on the date first set forth below, by and between the below named Signatories who have set forth their signatures below their names, separately and individually.

Whereas, the Signatories hereto have come together in pursuing one or more business transactions, and have made introductions of third parties to each other in pursuit of such business transaction(s); and,

Whereas, each Signatory hereto agrees that the identity of, the relationship with, and the opportunity to do business with such third parties are valuable assets and property rights of the introducing Signatories; and,

Whereas, the Signatories hereto agree that the conduct of any business by any Signatory hereto with any third party introduced by any other signatory hereto, or the disclosure of the identities of any such introduced party, or the nature of the business sought or transacted, without permission, would be a violation of the rights of the introducing Signatory;

Now therefore, all the Signatories hereto agree as follows:

### 1.0 Definition of Property

Each Signatory hereto confirms that: knowledge of the identity of, possessing the relationship with, and having the opportunity to do business with any, banking, financial institution, corporation, or individual investor or person, or agent or representative of same, known to an introducing Signatory, are the property and valuable assets of the introducing Signatory, and shall remain so for the term of this Agreement.

### 2.0 Restricted Access

No Signatory hereto shall make any contact with, make any deal with, or otherwise enter into any transaction with any third party without the specific written consent of the introducing Signatory through whose efforts such third party was initially made known to the Signatory. This paragraph shall survive the termination of this Agreement and continue in perpetuity.

### 3.0 Non-Disclosure of Business

No Signatory hereto shall disclose the nature or details of the business or transactions sought or entered into by the Signatories hereto, to any third parties not involved in such business or transactions. Disclosure of business details is restricted to the close associates of each Signatory who have a "need to know" in order to assist or enable the Signatory's function in such business or transaction including but not limited to: secretaries, legal counsel, accountants, and bankers.

### 4.0 Other Bounds

Each Signatory shall use his best efforts to enforce compliance with this agreement and its restrictions by all his advisors, associates, and their respective related parties.

---

To: Program Provider and Trading/Depository Bank  
 From: Glenn Schmidt  
 Transaction No.: RO/GSC205  
 Regarding: Distribution of Fees To Consultant

---

I, Glenn Schmidt, hereby irrevocably, and unconditionally, direct you to pay RICHARD OLITT as my consultant, an amount equal to TWENTY PERCENT (20%) of the profit due to me from each transaction effected under the above referenced transaction number. Such payment shall be deducted from my portion of the profit derived from the above referenced transaction as and when each such profit shall be earned, and shall be distributed concurrently with each and every profit distribution made to my own account. Such payments shall be by cash, wire transfer, or as otherwise instructed by the recipient, free of bank fees or charges or withholdings of any nature, in United States dollars, to banking coordinate which will be provided directly to you by Richard Olitt under separate cover.

Should the Program Provider and/or his assign be unable to provide the transaction reference number/code for whatever contractual or legal reasons, I, Glenn Schmidt, will provide the necessary information to facilitate the depository bank's transfer of the stipulated portion of my profits to Richard Olitt's designated account. This document is my official authorization to the depository bank to execute the funds transfer as directed above.

This order is not divisible, transferable, and cannot be canceled or changed in text or form by me or by the Program Provider or his assign, trading bank, or any other financial entity or third party, and shall not be amended in any way without the written consent of Richard Olitt.

Should the transaction reference number/code be changed for whatever reason, this irrevocable Payment Direction will remain in full force and effect under the new transaction reference number/code during the entire duration of said transaction, or any other subsequent transaction as defined by this document.

Accepted and agreed on:  
 February 16, 1968

  
 Glenn Schmidt, individually

Accepted and Agreed on:  
 February 5, 1968

  
 Richard Olitt, individually

2167

PHONE NO. :

May. 27 1993 07:05AM F

**Exhibit 3**

**PRIVATE AND CONFIDENTIAL  
FAX TRANSMISSION FROM THE DESK OF:  
William H. Koop**

TO: RICHARD CLITT FROM: BILL KOOP  
 COMPANY: DATE: 5/27/98  
 FAX NUMBER: 562-938-8334 TOTAL PAGES INC. COVER:  
 PHONE NUMBER: CC:  
 RE: DOCUMENTS REQUESTED YOUR REF. #  
 URGENT FOR REVIEW COMMENTS PLEASE REPLY RECYCLE

NOTES / COMMENTS:

Dear Richard,  
 this fax notification is evidence of an  
 agreement for you to personally participate  
 in 10% of the overall contract between  
 International Financial Solutions, S.A. &  
 Glenn H. Schmidt as attached.

Sincerely,  
 Bill

**INTERNATIONAL FINANCIAL SOLUTIONS, LTD.**

17 STANLEY GARDENS. LONDON, ENGLAND UNITED KINGDOM	700 FRANKLIN AVENUE, SUITE 600 FRANKLIN LAKES, NEW JERSEY 07417 UNITED STATES OF AMERICA	CHAMBERS GOMEZ BLDG HIGH STREET, ST. JOHNS, ANTIGUA
--	--	---

PHONE: (201) 847-9784 FAX: (201) 847-928720

**EXHIBIT 0**



# International Financial Solutions

• International Investments  
• Offshore Trusts

• Offshore Bank Accounts  
• International Business Corporations

• Offshore Loans  
• Offshore Credit Cards

*August 12, 1998*

*By Certified Mail & by Telex  
212-732-6746*

*Jaroslawicz & Jaros, Law Offices  
150 Wisconsin Street,  
New York, New York 10038*

*Re: Glenn Schmidt,*

*Dear Mr. Jaroslawicz,*

*Further to our conversations on August 10th and August 12th  
respectively and per your instructions, IFS will return  
2.5 Million USD plus interest on or before August 20th, 1998  
This agreement takes precedent over any and all  
other agreements, verbal and/or written as pertain  
to this matter.*

*Per your directions, they will be sent to Glenn  
Schmidt per the co-ordinates given to me by  
Glenn Schmidt.*

*St. Johns, Antigua, West Indies*

*and  
799 Franklin Avenue, Suite 503, Franklin Lakes, NJ 07642  
Phone: (201) 847-9765 Fax: (201) 847-9287  
E-mail: hi\_yield@cybernex.net*

*Very truly yours,  
William H. Hoag  
Partner for I.F.S.*

ANSELL ZARO GRIMM & AARON

A PROFESSIONAL CORPORATION

COUNSELORS AT LAW  
1500 LAWRENCE AVENUE  
OCEAN, NEW JERSEY  
(732) 922-1000

TELECOPIER  
(732) 922-6161

MAILING ADDRESS  
CN 7807  
OCEAN, NEW JERSEY 07712

LEON ANSCHEWITZ (929-1986)  
MAX M. AARON (929-1993)

DAVID K. ANSELL  
FELLOW AMERICAN ACADEMY  
OF MATHEMATICAL LAWFERS  
RICHARD B. ANSELL  
CENTRO CIVIL TRIAL ATTORNEY  
JEROLD L. ZARO

J. B. NY. BAR

JAMES G. AARON

PETER B. CADAM

ROBERT I. ANSELL

MITCHELL J. ANSELL

SONIA L. MAIL

BRIAN E. ANSELL

OF COUNSEL

GORDON N. LUTTEN

STEVEN J. DOMKELTZ

MILTON M. ABRAHAMOFF

ALLISON ANSELL RYAN

N.J. & PA. BAR

STEPHANIE H. HODACH

N.J. & NY. BAR

EDWARD J. ANEARN

N.J. & PA. BAR

MICHAEL V. BENEDETTO

N.J. & PA. BAR

SUSAN M. KENNEDY

LAWRENCE H. SHAPIRO

N.J. NY. & PA. BAR

KRISTINE M. BERGMAN

N.J. & PA. BAR

MICHAEL S. SHEITELMAN

THOMAS J. HALL

N.J. NY. & PA. BAR

NEWARK OFFICE  
50 PARK PLACE  
NEWARK, NEW JERSEY 07102  
(973) 642-1801

Please fax to 732-922-1205

October 16, 1998

VIA TELEFAX and CERTIFIED MAIL

ROBERT J. TOLCHIN, ESQ.  
150 William St.  
New York, NY 10038

RE: BRITISH TRADE AND COMMERCE BANK adv. SCHMIDT  
C.A. No. 98-4305/WHW

Dear Mr. Tolchin:

As you know, this firm represents the British Trade and Commerce Bank which exists in the sovereign nation of Dominica. The Bank itself operates under the laws of Dominica, which have numerous privacy laws attached to same. Therefore, in answer to your statements that you had attempted to contact the Bank in Dominica and obtain information from them, please be advised that the sovereign laws of Dominica prohibit the divulging of any information concerning bank accounts. This should explain your inability to obtain documents from the named defendant.

Having said that, however, the fact that you have not been able to obtain documents from the Bank does not provide you with the unilateral ability or right, in our opinion and in the opinion of the client, to bring the Bank into a federal district court action accusing the Bank of RICO violations. It appears from the pleadings that you have filed that you have no direct or even indirect proof of any involvement of this defendant in any RICO scheme or that the defendant committed any predicate act to permit it to stand as a RICO defendant in this action.

EXHIBIT A

ROBERT J. TOLCHIN, ESQ.  
October 14, 1998  
Page 2

In our client's opinion, as well as ours, you have joined the defendant for the sole purpose of attempting to obtain documents from it, when you knew or should have known that the privacy laws of the sovereign nation of Dominica were involved. This action is totally improper and subject to sanctions under the district's Local Rules, Rule 11. Should you have wanted documents from the Bank, the client opines and we agree that the procedure would have been to obtain in your RICO case from the responsible party, the primary defendant, a waiver or an order of the court compelling the waiver, of any laws of Dominica so that you could obtain, therefore, the documents that you sought. Bringing the defendant Bank in for that purpose, based on the wording of your complaint is, in our opinion, sanctionable.

Pursuant to the Federal Rules of Civil Procedure, Rule 11(b), "Representations to Court", every pleading, written motion or other paper "(1) is not being presented for any improper purpose such as to harass or to cause unnecessary delay or needless increase in the cost of litigation; (2) the claims and defenses and other legal contentions therein are warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of the existing law or the establishment of new laws; (3) the allegations and the factual contentions have evidentiary support or if specifically so identified are likely to have evidentiary support after a reasonable opportunity to further investigate or discovery... (c) If, after notice and a reasonable opportunity to respond, the court determines that subdivision (b) has been violated, the court may subject to the conditions stated below impose an appropriate sanction upon the attorneys, law firms or parties that have violated subdivision (b) or are responsible for the violation."

Here, under the pleadings that you have presented, there is no claim of any predicate acts committed by this firm's client, the British Trade and Commerce Bank. There are no allegations that are in the complaint that factually have an evidential support. There is not one piece of paper, one statement of fact, that in any way connects the defendant Bank to the allegations your client and you have made against the primary defendant in this case.

Therefore, it is the position of our client that you are hereby put on notice that, a stipulation of dismissal with prejudice is requested immediately as to the Bank. Please be advised further that in the event that a later date, you feel that it is appropriate for you to take a dismissal, that will not alleviate at that point the Rule 11 sanctions being applied for. See Schering Corp. v. Vitarini Pharmaceuticals Inc., 889 F.2d 490, 496 (3<sup>rd</sup> Cir. 1989), reversed on other grounds, 124 F.R.D. 580 (D.N.J. 1989) ( Barry), where the Third Circuit indicated that a rule precluding sanctions in such circumstances when a voluntary dismissal is filed do not divest the District Court of jurisdiction to consider Rule 11 sanctions. This ruling would "emasculate Rule 11 in those cases where wily plaintiffs file baseless complaints, unnecessary-



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ROBERT J. TOLCHIN, ESQ.  
October 14, 1998  
Page 3

ily sapping the precious resources of their adversaries and the courts, only to insulate themselves by promptly filing a notice of dismissal."

Please, therefore, be advised that my client insists that a stipulation of dismissal be filed immediately to prevent any other actions being taken and to save the time and the costs of the defendant from having to file additional pleadings.

Please review and advise.

Very truly yours,



JAMES G. AARON  
A member of the firm

JGA/mk

c Rick F. Shumate, Esq.

ANSELL ZARO GRIMM & AARON  
1500 Lawrence Avenue, CN-787  
Ocean, NJ 07712  
(908) 922-1000

Attorneys for Defendants  
British Trade and Commerce Bank

GLENN H. SCHMIDT,  
  
Plaintiff,  
  
v.  
  
WILLIAM H. KOOP a/k/a BILL  
KOOP; WILLIAM H. KOOP &  
ASSOCIATES; INTERNATIONAL  
FINANCIAL SOLUTIONS, LTD.;  
INTERNATIONAL FINANCIAL  
SOLUTIONS, S.A.; BRITISH TRADE  
AND COMMERCE BANK; BANCO  
INDUSTRIAL DE VENEZUELA;  
HANOVER BANK, LTD.,  
  
Defendants.

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY  
  
Case No. 98-4305 (WHW)

Return Date:

DEFENDANT BRITISH TRADE AND COMMERCE BANK'S BRIEF IN SUPPORT OF  
MOTION TO DISMISS FOR LACK OF PERSONAL JURISDICTION AND FOR  
FAILURE TO STATE A CLAIM

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I. Introduction

The complaint submitted by plaintiff Schmidt and the cross-complaint against the British Trade and Commerce Bank submitted by defendant Koop each lack any factual basis for the District Court's assertion of personal jurisdiction over the British Trade and Commerce Bank. These same pleadings also fail to set forth any factual basis that neither supports, nor give rise to an inference of, any liability on the part of the British Trade and Commerce Bank in this case. For the reasons set forth below, the British Trade and Commerce Bank respectfully requests that the Court dismiss all claims brought against it by plaintiff Schmidt and defendant Koop.

II. Statement of Facts

The British Trade and Commerce Bank (hereinafter, "BTCB"), is organized under the laws of, is a domiciliary of, and its principal place of business is in the Commonwealth of Dominica, West Indies (Schmidt's Complaint ¶7).

On, or about September 17, 1998, the plaintiff, Glenn H. Schmidt, filed a complaint which named BTCB and other individuals and corporate entities as defendants.

On September 29, 1998, plaintiff Schmidt's complaint was received by the BTCB in Dominica via regular and registered mail.

In substance, Schmidt's complaint alleges that one of the defendants, William H. Koop, fraudulently induced Schmidt to commit \$2.5 million dollars to a bogus investment scheme, the details of

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which are set forth in the complaint.

On, or about, October 14, 1998, defendant Koop submitted an answer and cross-claim against the BTCB.

The extent of Schmidt's and Koop's claims against the BTCB are set forth below. The extensive details of the dispute between Schmidt and Koop are not germane to this motion and are therefore not detailed herein except where necessary to explain the claims against the BTCB.

a. Schmidt's Claims Against BTCB

In his first claim for relief, set forth in paragraphs 41 through 155 of his complaint, plaintiff Schmidt alleges what is characterized as a "substantive RICO" violation pursuant to 18 U.S.C. §1964(c). This claim is made only against defendant Koop. This claim is summarized below, with emphasis on those allegations that concern the BTCB.

Schmidt alleges that Koop fraudulently induced Schmidt to deposit \$2.5 million dollars into an account at the BTCB through a series of wire transfers that were initiated by Schmidt on April 20, 1998. (Schmidt's Complaint, ¶1-19).

The plaintiff annexed a document evincing this wire transfer as Exhibit A to his complaint.

Examination of this document reveals that Glenn H. Schmidt, of Rancho Santa Fe, California, sent \$2.5 million dollars to the Banco Industrial De Venezuela, located in Miami, Florida, and from there to the BTCB, located in Dominica, West Indies. Apparently, Schmidt

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wired these funds from an account he maintained at the Palomar Airport Office of Home Savings of America, located in Carlsbad, California. (see also, Letter of Good Standing from Home Savings of America, dated June 12, 1998, which is a part of Exhibit A annexed to defendant Koop's Answer and Cross-Complaint).

After this wire transfer, Schmidt did not receive the anticipated return on his investment and after repeated demands, the \$2.5 million dollars was not returned to Schmidt. (Schmidt's Complaint, ¶20 through ¶40).

In his first claim for relief, Schmidt alleges the existence of an enterprise as defined by 18 U.S.C. §1961(4), the activities of which enterprise were the conduct of a banking business and the recruitment and inducement of individuals to wire money to offshore accounts in order to steal such funds (Schmidt's Complaint, ¶42 and ¶43).

Schmidt further alleges that, "defendants Koop, William H. Koop & Associates, IFS Ltd., IFS, S.A., and upon information and belief Cruzen and possibly British Trade and Commerce Bank, Banco Industrial De Venezuela and Hanover Bank Ltd. were members of and/or employed by and/or associated in fact with the enterprise." Id., ¶44 [emphasis added].

Plaintiff Schmidt alleges that only defendant Koop conducted the affairs of the enterprise through "a pattern of racketeering activity." Id., ¶45.

In sum, there is no allegation that BTCB, engaged in a pattern of racketeering activity. The best that can be said of plaintiff

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Schmidt's allegations against the BTCB is that it was "possibly" a member, employee or associate of an enterprise.

Schmidt then alleges a total of nineteen predicate acts all of which are alleged to have been committed by defendant Koop. *Id.*, ¶46 through ¶153.

The only predicate act in which the BTCB is mentioned is as follows, "On or about April 20, 1998 the plaintiff transmitted a wire transfer of \$2,500,000 from his own bank account to a bank account under the control of the defendant Koop at the defendant British Trade and Commerce Bank at the Banco Industrial de Venezuela in Miami, Florida." (Schmidt's Complaint, ¶101).

Save for the allegation set forth in ¶101, the BTCB is not discussed in any other predicate acts, much less alleged to have engaged in any voluntary or affirmative act or conduct in any of predicate act.

Plaintiff Schmidt's next claim for relief, starting with ¶156 of his complaint, is brought against defendants Koop, William H. Koop & Associates, the BTCB and Hanover Bank. This claim is characterized as a "RICO conspiracy" in violation of 18 U.S.C. §1964(c).

As in the first claim for relief, plaintiff Schmidt re-alleges the existence of the same enterprise discussed earlier and once again that, "upon information and belief" the BTCB was "possibly ... a member of and/or employed by and /or associated in fact with the enterprise." (Schmidt's complaint, ¶163 through ¶165 [emphasis added]).

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In support of this claim, plaintiff Schmidt alleges that, "[u]pon information and belief" the BTCB along with the other defendants "each took steps to promote and further the unlawful activities of the enterprise." (*Id.* ¶167).

Judging from the context of the complaint, apparently the "steps" alleged to have been taken by the BTCB were that, the BTCB "acted as the recipient of the funds fraudulently obtained by Koop, and upon information and belief either knew or should have known that those funds were the proceeds of illegal transactions and unlawful activities." (*Id.* ¶169).

Schmidt's final claims against the BTCB relate to his general allegations that certain funds to which the plaintiff may be entitled may be contained in one of the BTCB's accounts and that the Court should issue orders either directing payment of those funds to court, or freezing those accounts. (*Id.* ¶193 through ¶201).

b. Koop's Claims Against BTCB

On, or about October 14, 1998, defendant Koop submitted an answer and cross-claimed against the BTCB. The allegations set forth in Koop's cross-claim are set forth below with emphasis on the allegations against the BTCB.

Koop alleges that on "May 5, 1998, the plaintiff entered into a Venture Capital Agreement with the defendants." (Koop's Complaint, p. 28, ¶1). Presumably, the BTCB is one of these defendants.

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Without any further mention of the BTCB, defendant Koop then demands indemnification and costs from the BTCB. (Id., at p. 29).

In the second count of Koop's cross-claim, Koop alleges that any breach of contract was the fault of the other defendants, not defendant Koop. (Id., p. 30, ¶1-¶3). Presumably, the contract to which defendant Koop refers is the Venture Capital Agreement mentioned above.

A five page document entitled, "Venture Capital Agreement," dated May 5, 1998, is annexed to Koop's complaint as a part of group of documents designated as Exhibit A. Examination of that document reveals that the BTCB was not a party to that agreement, that the BTCB was not a signatory to that agreement and that BTCB was not even mentioned in that agreement. Moreover, none of the other documents included in Exhibit A of Koop's complaint in any way evince an agreement between the BTCB and any other parties to this case.

For the reasons set forth below, the British Trade and Commerce moves for dismissal of all claims made by plaintiff Schmidt and defendant Koop for lack of personal jurisdiction and for failure to state a claim upon which relief can be granted.

### III. Motion to Dismiss for Lack of Personal Jurisdiction

#### a. Jurisdictional Statements

Rule 8(a)(1) requires that a pleading that sets forth a claim for relief shall contain a short and plain statement of the Court's jurisdiction. Schmidt's complaint bases jurisdiction upon the

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following:

- a. 28 U.S.C. 1331, Federal Question jurisdiction;
- b. 28 U.S.C. 1332, Diversity Jurisdiction;
- c. 28 U.S.C. 1367, Supplemental Jurisdiction;
- d. 18 U.S.C. 1964(a), which gives to the District Courts the power to prevent and restrain RICO violations by the issuance of appropriate civil orders.

Koop's Answer and Cross-Claim do not contain a jurisdictional statement.

b. Legal Standard

"Once a proper jurisdictional objection is raised, the plaintiff bears the burden of proving, by a preponderance of the evidence and with reasonable particularity, the facts necessary to establish the minimum contacts the Constitution requires."

Grand Entertainment Group, Ltd. v. Star Media Sales, Inc., et. al. 988 F.2d 476, 482 (3d Cir. 1993) (citing, Time Share Vacation Club v. Atlantic Resorts, Ltd. 735 F.2d 61, 63 (3d Cir. 1984) and Carteret Savings Bank v. Shushan, 954 F.2d 141, 146 (3d Cir. 1992); see also, Gehling v. St George's School of Medicine, Ltd., 773 F.2d 539 (3d Cir. 1985). "Courts reviewing a motion to dismiss a case for lack of in personam jurisdiction must accept all of the plaintiff's allegations as true and construe disputed facts in favor of the plaintiff." Id., Carteret, 954 F.2d at 142 n.1 (citing other authorities).

Rule 4(e) of the Federal Rules of Civil Procedure gives a federal district court personal jurisdiction over non-resident

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defendants to the extent permissible under the state law of the jurisdiction where the court sits. Id., Grand Entertainment, p. 481

New Jersey's Long Arm Statute, New Jersey Court Rule 4:4-4(c), "extends to the limits of the Fourteenth Amendment's Due Process protection," and the only constraint upon the Court's exercise of jurisdiction are "traditional notions of fair play and substantial justice" inherent in the Fourteenth Amendment. Carteret Savings Bank v. Shushan, 954 F.2d 141, 145 (3d Cir. 1992) (citing, International Shoe Co. v. Washington, 326 U.S. 310, 316; 66 S.Ct. 154, 158 (1945); and other authorities).

The analysis of whether a New Jersey court can maintain personal jurisdiction was set forth by the New Jersey Supreme Court in Lebell v. Everglades Marina, 115 N.J. 317 (1989). The first inquiry is whether the defendant has "minimum contacts" with the forum. Id., at 322. The minimum contacts inquiry varies depending on the nature of the case. On one hand, when a State exercises personal jurisdiction over a defendant in a suit not arising out of, or related to, the defendant's contacts with the forum, the State has been said to be exercising "general jurisdiction over the defendant." Id. (quoting, Helicopteros Nacionales de Colombia, S.A. v. Hall, 466 U.S. 408, 414 n.9; 104 S.Ct. 1868, 1872 n.9 (1984)). "General jurisdiction subjects the defendant to suit on virtually any claim, even if unrelated to the defendant's contact with the forum, but is unavailable unless the defendant's activities in the forum state can be characterized as "continuous and systematic" contacts. Id., at 323. On the other hand, in the case

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of "specific jurisdiction, the minimum contacts inquiry must focus on the relationship among the defendant, the forum and the litigation." *Id.* (quoting, *Shaffer v. Heitner*, 433 U.S. 186, 204; 97 S.Ct. 2569, 2579 (1977); and other authorities). In the specific jurisdiction context, "the minimum contacts requirement is satisfied so long as the contacts resulted from the defendant's purposeful conduct and not the unilateral activities of the plaintiff." *Id.* (citing, *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297-98; 100 S.Ct. 559, 567-68 (1980). "This "purposeful availment" requirement ensures that a defendant will not be haled into a jurisdiction solely as a result of "random," "fortuitous," or "attenuated" contacts." *Id.* (citing, *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 475; 105 S.Ct. 2174, 2183 (1985); and other authorities). "The question is whether "the defendant's conduct and connection with the forum State are such that he should reasonably anticipate being haled into court there." *Id.* at 324 (citing, *World-Wide Volkswagen*, *supra*, 444 U.S. at 297; 100 S.Ct. at 567). "The mere foreseeability of an event in another state is not a sufficient benchmark for exercising personal jurisdiction." *Id.* (citing, *Burger King*, *supra*, 471 U.S. at 474; 105 S.Ct. at 2183; and *World Wide Volkswagen*, *supra*, 444 U.S. at 295; 100 S.Ct. at 566).

In analyzing whether personal jurisdiction exists, "it is the defendant's and not the plaintiff's contacts with the forum that must be evaluated." *Dollar Savings Bank v. First Security Bank of Utah*, 746 F.2d 206, 214 (3d Cir. 1984) (citing, *Rush v. Savchuk*,

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444 U.S. 320, 100 S.Ct. 571 (1980).

In a RICO case, under certain circumstances, nationwide service of process is authorized. 18 U.S.C. 1965(b) and (d). Where authorized, "a federal district court's jurisdiction is coextensive with the boundaries of the United States, and due process requires only that the defendant in a federal suit have minimum contacts with the United States." American Trade Partners, L.P. v. A-1 International Importing Enterprises, Ltd., 755 F.Supp. 1292, 1302 (E.D.Pa. 1990) (citing, Soltex Polymer Corp. v. Fortex Industries, 590 F.Supp. 1453, 1458 (E.D.N.Y. 1984); aff'd 832 F.2d 1325 (2d Cir. 1987); and other authorities).

In RICO cases, there is an important distinction between national and international service of process. "The RICO statute authorizes nationwide service of process, . . . but not international service. For that the RICO plaintiff must rely on the long-arm statute of the state in which he files his suit." Stauffacher v. Bennett, 969 F.2d 455, 460-61 (7th Cir. 1992) [citations omitted]; cert.den. \_\_\_ U.S. \_\_\_, 113 S.Ct. 814 (199\_\_). Thus the analysis is whether the New Jersey long arm statute authorizes personal jurisdiction over the BTCS in this case.

Reading plaintiff Schmidt's and defendant Koop's complaints in their most favorable light, both parties have failed to establish the requisite "minimum contacts" with either the State of New Jersey, or, despite Stauffacher, the United States as a whole, so that this court can exercise personal jurisdiction over the defendant BTCS.

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C. Analysis

i) Minimum Contacts with the State  
of New Jersey Do Not Exist

Looking at Schmidt and Koop's allegations in the light most favorable to them, it is clear that since no general jurisdictional facts are pled, this is a specific jurisdiction case. See, Dollar Savings Bank v. First Security Bank of Utah, 746 F.2d 208, 212 (3d Cir. 1984). Thus, the issue is whether the BTCS engaged in such purposeful conduct that it could reasonably anticipate being subject to suit in New Jersey.

Neither plaintiff Schmidt, nor cross-complainant Koop, allege any facts that would even remotely establish that the BTCS engaged in any purposeful conduct through which it could reasonably anticipate being summoned by a New Jersey Court. Therefore, should not exist as a matter of New Jersey law.

ii) Minimum Contacts With the  
United States Do Not Exist

Plaintiff Schmidt does not allege personal jurisdiction pursuant to RICO (18 U.S.C. §1965(d)) in his complaint. Even if jurisdiction was alleged on this basis and the Court made the appropriate findings that are a prerequisite to the exercise of jurisdiction under §1965, and the Stauffacher decision was not applied, the plaintiff would have nonetheless failed to allege that the BTCS has sufficient contacts with the United States.

Plaintiff Schmidt alleges that the BTCS maintains a single bank account in Miami, Florida. According to the complaint, this

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account acted as a conduit through which funds were transferred to the BTCB's overseas accounts. (Schmidt's complaint, ¶101). No other contact with the United States is alleged. Cross-complainant Koop fails to allege any jurisdictional facts whatsoever that would establish the BTCB's contacts with either the United States, or the State of New Jersey.

According to the pleadings, the best that can be said with regard to the BTCB's contacts with any forum is the following, a California plaintiff caused a wire transfer to be made to an offshore bank account through the conduit of a third-party Florida bank.

The facts of this case are analogous to Dollar Savings Bank v. First Security Bank of Utah, 746 F.2d 208 (3d Cir. 1984). In Dollar Savings, a Utah bank borrowed money in a series of transactions with two Pennsylvania corporate entities. Id., at 209. The defendant Utah bank negotiated these loans by telephone with a New York law firm that represented the Pennsylvania corporate plaintiffs. The loan documents were executed outside of Pennsylvania. Id., at 210. The Utah bank thereafter made several payments on the loan via wire transfers to Pennsylvania before defaulting. Id. The Third Circuit held that minimum contacts with Pennsylvania were not established when a "non-resident bank does no more than borrow from and repay a loan to the forum bank by wire transfer." Id., at 209. Clearly, the defendant in Dollar Savings had more substantial contacts with the forum than the BTCB is alleged to have in this case. Contrast the BTCB's passive receipt

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of a wire transfer while outside the forum with the Utah bank's negotiations with the forum-resident Pennsylvania corporations and wiring of loan payments to the forum. In this case then, the Third Circuit's conclusions in Dollar Savings should apply with greater force and minimum contacts should not be found to exist.

As discussed above, the Seventh Circuit in Stauffacher analyzed the issue of personal jurisdiction and service of process pursuant to 18 U.S.C. §1965(b). Under facts similar to the present case, the Seventh Circuit observed that 18 U.S.C. §1965(b) "authorizes nationwide service of process, but not international service." Id., 969 F.2d at 460-61. For international service, "the RICO plaintiff must rely on the long-arm statute of the state in which he files his suit." Id. Thus, in the international setting, the analysis is whether the BTCEB is amenable to suit under the New Jersey long-arm statute (New Jersey Court Rule 4:4-4). As will be discussed below, it has been held that the maintenance of a single bank account in the forum does not establish minimum contacts under the New Jersey long-arm statute.

Returning to Stauffacher, in that case, Wisconsin plaintiffs alleged civil RICO violations emanating from a failed investment scheme against several Canadian plaintiffs, including a Canadian credit union. Id., at 457. Holding that minimum contacts were not established in regard to the Canadian credit union, the Court wrote that, "all the credit union actually did ... was to receive a deposit from an Wisconsinite. This created a contract, but a contract is not a "thick" enough relationship to establish presence

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[citations omitted]." Id at 458. The BTCE acted in the same manner as the Canadian credit union in Stauffacher, all it did was accept a deposit from an individual in the United States, in this case Schmidt. The Seventh Circuit posed a hypothetical which has particular relevance to this case.

We would not expect anyone to argue that if the First National bank of Chicago accepts a deposit from a man in Saudi Arabia, this thrusts the bank into the banking business in Saudi Arabia, thus exposing it to suit there by any resident of the kingdom for anything at all, whether or not the plaintiff is the depositor or his claim is related to the deposit. The bank's presence in Saudi Arabia would be so tenuous as to cross the line from permissible to impermissible legal fiction, generously as that line has been drawn in favor of extraterritorial jurisdiction. Yet that is the character of the plaintiffs' argument.

Id, at 458. Analogously, Schmidt argues that based on the simple fact that the BTCE accepted a deposit from an individual in the United States, it should be subject to the jurisdiction of the United States District Court in New Jersey. This argument should be rejected under the reasoning set forth by the Seventh Circuit.

As discussed above, the Seventh Circuit held in Stauffacher that international service of process under RICO is governed by the long-arm statute of the state in which the action is brought. The BTCE was served via regular and registered mail. Disregarding at this time Schmidt's failure to serve and file a Certification of Service and an Affidavit of Diligent Inquiry as required by New

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Jersey Court Rule 4:4.4, the only jurisdictional fact alleged is the existence of a bank account with a correspondent bank in Miami, Florida. As discussed above, Schmidt and Koop have failed to allege any facts that would demonstrate any purposeful conduct by the BTCB by which it could reasonably anticipate being subject to suit in New Jersey. See, Id, Lebell, 115 N.J. at 323-24.

Even if this case involved national service of process, rather than international service, and the analysis consequently shifted from contacts with the forum state to contacts with the United States as a whole, Schmidt's complaint would still have failed to establish personal jurisdiction over the BTCB. One Federal District Court Judge has held that the maintenance of a single bank account in the State of New Jersey does not constitute minimum contacts with New Jersey. Other Courts that have analyzed this issue in the context of nationwide contacts have found that maintenance of a single bank account within the United States does not constitute minimum contacts with the United States.

Judge Wolin of the United States District Court for the District of New Jersey found that a single New Jersey bank account does not constitute minimum contacts under New Jersey's long arm statute. Codos v. National Diagnostics Corp, 1988 WL 80878 (D.N.J.). In Codos, the New York corporate defendant's only New Jersey contact was a single bank account in New Jersey. Id, at \*1. As in the present case, the Codos defendant's account's "sole function was to be a conduit for the company's money." Id, at \*3. Judge Wolin concluded that a finding that minimum contacts based

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solely upon the defendant's maintenance of a bank account in New Jersey "would offend traditional notions of fair play and substantial justice." Id (citing, International Shoe, 326 U.S. at 320, 66 S.Ct. at 160). Despite the fact that Judge Wolin's decision was based upon an interpretation of New Jersey law, the same analysis applies under the Fifth Amendment's due process clause to the issue of contacts with the United States. As a result, viewing the pleadings in the most favorable light to the plaintiffs, the existence of a single Florida bank account does not establish sufficient contacts with New Jersey, and by analogy, the United States for the exercise of personal jurisdiction under 18 U.S.C. 1965(d).

Similarly, in United Trading Company, S.A. v. M.V. Sakura Reefer, et. al., 1996 WL 374154 (S.D.N.Y.), Judge Scheindlin, interpreting Rule 4(k)(2) of the Federal Rules of Civil Procedure held that the maintenance of a single bank account in New York and a single call by a ship at the port of Philadelphia did not constitute sufficient minimum contacts with the United States. Id, at \*5. The "sole function" of the bank account in the United Trading case was to automatically deposit monies into an overseas account. Id, at \*2. Thus, the United Trading account was used in the same fashion that the BTCE's Florida account was used in the instant case, according to Schmidt's complaint.

Other New York Federal District Courts have likewise held that the existence of a single bank account does not constitute "minimum contacts" with the United States. See, Canadian Group Underwriters

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Ins. Co. v. M/V "Arctic Trader, et. al., 1998 WL 730334 (S.D.N.Y.) (no contacts with the United States under Rule 4(k)(2) where defendant's bank account "was used only as a conduit into the defendant's account with a London bank")) and Masonite Corporation v. Hellenic Lines, Ltd., 412 F.Supp. 434, 438 (S.D.N.Y. 1976) ("minimum contacts" did not exist where defendant's only contact was a New York bank account in which monies deposited were immediately credited to defendant's London bank.).

d. Conclusion

The sole jurisdictional fact alleged by plaintiff Schmidt is the receipt of funds via a wire transfer through the conduit of a BTCB bank account maintained at a Florida correspondent bank. Cross-complainant Koop alleges no jurisdictional facts in support of its cross-complaint. Based on the foregoing, and viewing the pleadings in the light most favorable to the plaintiffs, there is no basis for the exercise of this Court's jurisdiction over the British Trade and Commerce Bank. Therefore, all counts of plaintiff Schmidt's complaint and defendant Koop's cross-complaint, as they relate to the British Trade and Commerce Bank should be dismissed pursuant to Rule 12(b)(2).

IV. Motion to Dismiss for Failure to State a Claim

a. Introduction

Neither plaintiff Schmidt, nor defendant Koop in his cross-complaint, State a Claim Upon which relief can be granted.

Defendant Koop's cross-complaint alleges no evidentiary facts in support of his allegations that a breach of contract has occurred. Plaintiff Schmidt fails to properly allege under which section of 18 U.S.C. §1962 he is proceeding, he fails to allege sufficient facts establishing that the BTCB committed fraudulent acts, he fails to allege sufficient facts establishing that the BTCB entered into a conspiracy with others and he fails to allege a sufficient pattern of racketeering activity under RICO.

b. Defendant Koop's Cross-Complaint

As discussed in Part II, above, defendant Koop essentially alleges, in conclusory fashion, that all of the defendants, including the BTCB, were a party to a "Venture Capital Agreement" that has been breached. Defendant Koop annexed a document entitled, "Venture Capital Agreement" to his pleadings. Nowhere in that document, or in any of the other documents annexed to his pleading, is the BTCB even mentioned. Defendant Koop does not allege any other facts that would even remotely tend to show that the BTCB was party to some other agreement with any of the other parties in this case. Beyond that, Koop does not allege any facts that would establish how the BTCB was responsible for the breach of any agreement that may have existed. Viewing the complaint in the light most favorable, and most generous, to Koop, all he has established is that an agreement existed. He does not establish what the terms of that agreement were, what the BTCB's duties were under that agreement, or how the BTCB may have caused a breach of

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that agreement. How can it be seriously contended that the allegations in Koop's complaint place the BTCB on notice of the charges against which it must defend? The absolute paucity of any evidentiary facts relating to the BTCB can lead to no other result but the dismissal of Koop's cross-complaints against the BTCB pursuant to Rule 12(b)(6).

c. Schmidt's Complaint Against the BTCB

i) Failure to Properly Allege  
Violation of 18 U.S.C. §1962

In a civil RICO case, the plaintiff must allege with particularity the specific subsections of 18 U.S.C. §1962 that the defendant is claimed to have violated. Lewis On Behalf of National Semiconductor Corp. v. Sporck, 612 F.Supp 1316 (N.D.Ca. 1985); Antilles Trading Co., S.A. v. Scientific-Atlanta, Inc., 117 F.R.D. 447 (N.D.Ga. 1986). Nowhere in Schmidt's complaint does it specifically state which section or sections of 18 U.S.C. §1962 the BTCB is alleged to have violated. In fact, 18 U.S.C. §1962 is not cited anywhere in the complaint. Without knowing precisely what prohibited activities the BTCB is accused of engaging in, it cannot adequately defend the claims made against it. On this basis alone, the Court should dismiss Schmidt's complaint for failure to properly allege a RICO violation.

ii) Failure to Adequately Plead  
Allegations of Fraud and  
Conspiracy

Despite Schmidt's failure to specify which sections of 18

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U.S.C. §1962 that he alleges the BTCB violated, and without waiving that argument, the complaint sounds in the nature of fraud and conspiracy. Even if the complaint survives the failure to sufficiently plead violations under §1962, it fails to adequately plead the elements of BTCB's fraudulent intent and that the BTCB knowingly entered into a conspiracy with the other defendants.

(1) Fraud

Federal Rule 9(b) provides that, "In all averments of fraud or mistake, the circumstances constituting fraud or mistake shall be stated with particularity. Malice, intent, knowledge, and other condition of mind of a person may be averred generally."

Schmidt makes no factual allegations setting forth any fraudulent conduct on the BTCB's part. Looking at his allegations in their most favorable light, the best that can be said is that, the BTCB was "possibly" a member of and/or employed by and/or associated in fact with an enterprise (Schmidt's complaint, ¶44); and that the BTCB "acted as the recipient of the funds fraudulently obtained by Koop, and upon information and belief either knew or should have known that those funds were the proceeds of illegal transactions and unlawful activities." (*Id.* ¶169).

While in some situations, it may be sufficient to plead that the defendant knew, or should have known, that certain funds were the proceeds of illegal conduct, the BTCB submits that the sufficiency of such pleadings depends upon the context of the case. Based on the complaint, there is nothing about the BTCB's

relationship with Koop, or any other defendant, that would have given the BTCB reasonable cause to examine the source of the funds. Schmidt cites no rule, or facts, that would have given a reasonable bank cause for concern or suspicion before accepting the \$2.5 million dollar wire transfer from Schmidt. The complaint alleges no acts, agreements, or communications between the BTCB and any of the parties to this case that would establish fraudulent intent. The complaint makes out a routine banking transaction. Perhaps if the facts showed that an individual deposited \$2.5 million dollars in cash contained in a large duffel bag, then it would be sufficient to allege in conclusory fashion, as Schmidt does, that the recipient bank should have known that the funds were the proceeds of illicit activity. But, under the facts alleged here, there is no showing that the BTCB was acting in any fashion other than the innocent recipient of a wire transfer to a duly established account maintained in the regular and ordinary course of its banking business. In this context, Schmidt's pleadings are insufficient.

Based upon the paucity of factual allegations in Schmidt's pleadings, the BTCB urges the Court to adopt the Second Circuit's holding in O'Brien v. National Property Analysts Partners, et. al., 936 F.2d 674 (2d Cir. 1991). In that case, the Court wrote,

The purpose of Rule 9(b) is threefold -- it is designed to provide a defendant with fair notice of a plaintiff's claim, to safeguard a defendant's reputation from "improvident charges of wrongdoing," and to protect a defendant against the institution of a strike suit [citations omitted]. Thus, although Rule 9(b) permits knowledge to be averred

generally, we have repeatedly required plaintiffs "to plead the factual basis which gives rise to a strong inference of fraudulent intent." [citations omitted]. Essentially, while Rule 9(b) permits scienter to be demonstrated by inference, this "must not be mistaken for license to base claims of fraud on speculation and conclusory allegations" [citation omitted]. An ample factual basis must be supplied to support the charges.

Id., at 676. The Second Circuit's observations are particularly appropriate in this case. Schmidt does not allege any particulars that would remotely establish, or even give rise to an inference, that the BTCB did anything other than innocently process a routine wire transfer that was sent to a duly established account it maintained. Taken as a whole, Schmidt's complaint does not even establish a cogent theory of liability on the part of the BTCB. It merely establishes that it received a deposit of funds, which is regular and ordinary course of its business. The argument that liability should be premised on the BTCB's failure to investigate the source of the \$2.5 million dollars in this case is absurd. Therefore, the complaint should be dismissed pursuant to Rule 12(b)(6).

#### (2) Conspiracy

It is axiomatic that the elements of conspiracy are an agreement to commit a crime, or engage in some wrongdoing, plus the commission of one overt act in furtherance of the conspiracy. Schmidt fails to properly allege the first element, the existence of an illicit agreement.

In the RICO setting, "to plead conspiracy adequately, a

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plaintiff must set forth allegations that address the period of the conspiracy, the object of the conspiracy, and the certain actions of the alleged conspirators taken to achieve that purpose [citations omitted]. Additional elements include agreement to commit predicate acts and knowledge that the acts were part of a pattern of racketeering activity [citation omitted]." Shearin v. E.F. Hutton Group, Inc., 885 F.2d 1162, 1166-67 (3d Cir. 1989). The plaintiff must "assert that each defendant [charged with RICO conspiracy] has by his words or actions ... objectively manifested an agreement to participate, directly or indirectly, in the affairs of an enterprise through the commission of two or more predicate crimes [citations omitted]. ... Conspiracies described in sweeping or general terms cannot serve as the basis for a cause of action and may be dismissed [citation omitted]." Moravian Development Corp. v. Dow Chemical Co. 651 F.Supp. 144, 148 (E.D.Pa. 1986). "Comprehensive knowledge is required: the complaint must contain allegations that the defendants knew of the pattern and its aim. A plaintiff must allege (1) agreement to commit the predicate acts of fraud, and (2) knowledge that those acts were part of a pattern of racketeering activity conducted in such a way as to violate §1962(a), (b), or (c). Odesser v. Continental Bank, 676 F.Supp 1305, 1312 (E.D.Pa. 1987) (citing, Seville Indus. Machinery v. Southmost Machinery, 742 F.2d 786, 792 n.8 (3d Cir. 1984) cert. den. 496 U.S. 1211, 105 S.Ct. 1179 (1985)). Nowhere in the complaint are facts alleged from which it could be shown, or even implied, that the BTCS had overall knowledge of the conspiracy's

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aims and had agreed that the alleged predicate acts of fraud be committed.

Admittedly, agreements forming a conspiracy are never written down, and are rarely stated explicitly. Usually, the illicit agreement is inferred from the acts of the conspirators. Viewing the allegations in the complaint in their most favorable light, Schmidt has only shown the existence of an agreement by the BTCS to establish a bank account that was controlled by Koop. There are no other facts from which the Court could infer that there was any additional agreements between the BTCS and any other party; that the BTCS agreed to engage in any illicit conduct; or that the BTCS knew, or should have known, that others were engaged in illicit activity. The few allegations concerning the BTCS's intent in the complaint are conclusory and amount to nothing more than sheer speculation and do not even give rise to an inference that all the elements required in a proper pleading under the case law are present. Thus, Schmidt has failed to adequately plead the elements required in a RICO conspiracy case, *i.e.*, an agreement to commit predicate acts and overall knowledge that the acts were part of a pattern of racketeering activity. The facts set forth in the complaint do not establish an objective manifestation of an agreement to participate in the affairs of an enterprise through the commission of predicate crimes. Such generalized allegations concerning an illicit agreement should be dismissed.

Based on the facts set forth in the complaint, the best that can be said of the BTCS's role in this case is that it provided

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banking services to Schmidt. Koop and their associates. Thus, this case is akin to University of Maryland v. Peat, Marwick, 996 F.2d 1534 (3d Cir. 1993), in which the Third Circuit affirmed the dismissal of a civil RICO claim under Rule 12(b) against an accounting firm holding that "merely performing financial services and attending board meetings do not show that [the defendant] was participating in the affairs of the enterprise." Id., at 1539. Therefore, based on the allegations in Schmidt's complaint, the Court should dismiss all claims against the BTCS pursuant to Rule 12(b)(6).

iii) Schmidt's Complaint Does Not Allege a Sufficient "Pattern of Racketeering Activity"

Schmidt's complaint alleges a series of predicate acts beginning on, or about, April 20, 1998, when Schmidt wired \$2.5 million dollars to Koop (Schmidt's complaint ¶19), and concluding on, or about, August 26, 1998 with a letter to Koop from Schmidt's attorney (Id., ¶149). Schmidt alleges that these acts establish a "pattern of racketeering activity" pursuant to 18 U.S.C. §1961(5). Notwithstanding the speculative and unsupported allegations that Koop has engaged in fraudulent conduct against others, the complaint merely establishes a closed-end scheme involving Schmidt, Koop, the BTCS, and possibly others, lasting no more than five months.

To establish a pattern of racketeering activity, "the plaintiff in a civil RICO case must show that the alleged predicate

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acts were both (1) related and (2) continuous. F/V Robins Nest, Inc. v. Atlantic Marine Diesel, Inc. et.al., 1994 WL 594592 \*7 (D.N.J.) (citing, H.J. Inc. v. Northwestern Bell Telephone Co., 492 U.S. 229, 239 (1989)). Continuity refers "either to a closed period of repeated conduct, or to past conduct that by its nature projects into the future with a threat of repetition." Id. (citing, id. at 241). "Thus, a short-term scheme threatening no future criminal activity will not suffice." Id. (citing, Kehr Packages, Inc. v. Fidelcor, Inc., 926 F.2d 1406, 1412 (3d Cir. 1991)). "In determining whether a close-ended scheme constitutes a pattern, duration is the sine qua non of continuity." Id. (citing, Hindes v. Castle, 937 F.2d 594, 611 (3d Cir. 1991)). The alleged racketeering activity must last for a "substantial period of time." Id. (citing, Hughes v. Consol-Pennsylvania Coal Co., 945 F.2d 594, 611 (3d Cir. 1991), cert. den. 112 S.Ct. 2300 (1992)). "The Third Circuit has never found adequate continuity where the alleged racketeering activity in a close-ended scheme occurred over a period of one year, or less." Id. (citing, United States v. Pelullo, 964 f.2D 193, 209 (3d Cir. 1992) (citing other cases)).

Schmidt's pleadings merely evince a scheme lasting but a few months. There is no evidence of a threat of continuing criminal conduct as alleged, especially as it applies to plaintiff Schmidt vis a vis defendant Koop. Despite the unsupported and generalized allegations that others may have been victimized by Koop, the plaintiff has no standing to assert claims on behalf of others who may have been victimized. "A defendant who violates §1962 is not

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liable for treble damages to everyone he might have injured by other conduct" See, id., Shearin, 885 F.2d at 1167 (quoting, Sedima, S.P.R.L. v. Imrex Co., 473 U.S. 479, 496-97; 105 S.Ct. at 3285). Due to the close-ended nature of this case, as alleged in the complaint, it does not qualify as a civil RICO case, but rather it is a garden-variety fraud case. The BTCB points out that the Third Circuit has warned that Rule 11 should deter plaintiffs from casting actions for the purpose of obtaining personal jurisdiction over non-resident defendants. Id., Carteret, 954 F.2d at 148 [citation omitted]. If this case was pled as a garden-variety fraud case, the plaintiff's legal basis for joining the BTCB obviously would have been weaker. The BTCB urges the Court to consider whether the instant RICO claims were brought for an improper purpose. Thus the RICO claims brought by plaintiff Schmidt should be dismissed.

d. Conclusion

In conclusion, for the reasons set forth above, the BTCB respectfully requests that, the Court dismiss all claims against the BTCB by Schmidt and Koop for failure to state a claim pursuant to Rule 12(b)(6).

WHEREFORE, the British Trade and Commerce Bank respectfully requests that this Court enter an Order granting the following relief:

- a. Dismissal of all claims by plaintiff Schmidt

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- against the BTCE for lack of personal jurisdictions pursuant to Rule 12(b)(2);
- b. Dismissal of all cross-claims by defendant Koop against the BTCE for lack of personal jurisdictions pursuant to Rule 12(b)(2);
  - c. Dismissal of all claims by plaintiff Schmidt against the BTCE for failure to state a claim pursuant to Rule 12(b)(6);
  - d. Dismissal of all cross-claims by defendant Koop against the BTCE for failure to state a claim pursuant to Rule 12(b)(6); and
  - e. Any other relief that the Court deems just and equitable.

Respectfully Submitted,

Ansell, Zaro, Grimm & Aaron  
Attorneys for the British Trade and  
Commerce Bank

By:   
THOMAS HALL, ESQ.

DATED: November 11, 1998

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November 9, 1998

BY FAX AND MAIL

James G. Aaron, Esq.  
Ansell Zaro Grimm & Aaron, P.C.  
CN 7807  
Ocean, New Jersey 07712  
Fax: (732) 922-1205

Re: *Glenn H. Schmidt v. William H. Koop a/k/a Bill Koop, et al.*  
Case number: 98-4305 (WHW)

Dear Mr. Aaron,

We have reviewed your letter of October 30, 1998 and the accompanying certification of Rudolfo Requena.

We note that Mr. Requena has carefully avoided stating that his statement is subject to the penalties for perjury of the United States of America as is required by 28 U.S.C. § 1746.

Mr. Requena's certification fails to provide any tangible information at all. For example, although it states that there was no account for the defendant Koop or International Financial Services, it fails to state who was the account holder of the account which is at issue in this action.

Your paeans to bank secrecy are without merit as, among other things, your client engaged in sufficient activity within the United States to subject it to United States laws.

Your client maintained an account at Banco Industrial de Venezuela, a bank with offices in the State of Florida, and a check was issued by Banco Industrial de Venezuela in Florida to your client in the amount of \$3,498,559.74 on June 5, 1998. This check was apparently sent through the United States mails and apparently included the

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James G. Aaron  
November 9, 1998  
page 2

\$2,500,000 of which the plaintiff was defrauded. By reason of this conduct, your client is clearly subject to the laws of the United States at least as concerns this account and this transaction.

As we have told you in the past, if your client was truly innocent and had no actual or constructive knowledge that its auspices were being used for purposes of fraud, we will consider discontinuing the case as against your client. However, the certification you have provided does not provide any real information and the conclusory statement of your client's officer is insufficient. The fact remains that the trail of the plaintiff's money so far ends at your client's door.

Very truly yours,

  
Robert J. Tolchin

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Please fax to 732-922-1205

November 10, 1998

VIA TELEFAX

ROBERT J. TOLCHIN, ESQ.  
150 William St.  
New York, NY 10038

RE: BRITISH TRADE AND COMMERCE BANK and SCHMIDT  
C.A. No. 98-4305/WHW

Dear Mr. Tolchin:

I have contacted the client with respect to your recent fax regarding the certification submitted to you. Please be advised that my client does take the secrecy laws of the Nation of Dominica very seriously. That being said, my client did not provide you with a certification to attempt to mislead you. The wiring instructions that you have provided to all parties indicate the name of the account that was used for the proceeds which were deposited in the British Trade & Commerce Bank. The name of the account is a non-party to this action.

My client also wishes to advise that you may obtain discovery of the issues that relate to the use of the proceeds in that account from the defendant loop by simply having discovery available to him. Please be advised that my client advises that statements of the activities in

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ROBERT J. TOLCHIN, ESQ.  
October 14, 1998  
Page 2

the account have been provided to Mr. Koop and therefore are available to you in that form of discovery.

Very truly yours,

JAMES G. HARON  
A member of the firm

JCA/mk

c Rick F. Shumate, Esq.  
Robert F. Garner, Esq.  
Thomas Hall, Esq.

**DICTATED BUT NOT READ**

DEC. -07' 98 (MON) 12:35

GALLO GEFNER FENSTER, PC

TEL: 201 489 5400

P. 002

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CERTIFIED CIVIL TRIAL ATTY \*  
 N.J. & N.Y. BAR \*  
 N.J. & P.A. BAR \*  
 N.J., N.Y. & FLA. BAR □  
 N.Y. BAR ONLY O

December 7, 1998

VIA FACSIMILE AND REGULAR MAIL

(212) 732-6746  
 Robert Tolchin, Esq.  
 150 William Street  
 19th Floor  
 New York, NY 10038

Re: Schmidt v. Koop, et al.

Dear Mr. Tolchin:

Enclosed please find a copy of an executed authorization signed by my client pursuant to Judge Pisano's Order. I am sending the original via overnight mail to James Aaron, Esq., attorney for BTCS.

Very truly yours,

GALLO GEFNER FENSTER, P.C.

By: Scott F. Diener  
 Scott F. Diener

SPD\cam  
 Enclosure

cc: -James Aaron, Esq. (Via Fax & Overnight Mail)  
 -Ralph C. Crozier, Esq. (Via Regular Mail)  
 -Marc S. Nurik, Esq. (Via Regular Mail)  
 -Ted Eric May, Esq. (Via Regular Mail)

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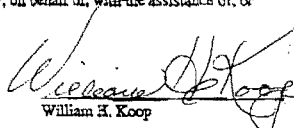
AUTHORIZATION

I, William H. Koop, the undersigned, hereby authorize the British Trade and Commerce Bank ("BTCB") to provide the documents listed below to Robert J. Tolchin, Esq. and the law firm of Jaroslawicz & Jaros, both located at 150 William Street, 19th floor, New York, New York 10038.

Documents to be provided:

1. For the BTCB account designated as (IFS) Info Seek Account no. 101011089-0, and for any BTCB account controlled by William H. Koop ("Koop") or with respect to which Koop is an authorized signatory, depositor, account holder, trustee or custodian, all statements; canceled checks (front and back); wire transfer records; records of deposits and withdrawals; signature cards; account agreements; documents reflecting the disposition of any money deposited therein.
2. All documents pertaining to the above account(s) provided to Koop or his attorneys.
3. Complete file with respect to Koop pertaining to the above account(s).
4. Documents reflecting any investigation or inquiry with respect to Koop or any moneys deposited with BTCB by, on behalf of, with the assistance of, or controlled by Koop.

Dated: December 7, 1998



William H. Koop

State of New Jersey }  
 County of Bergen } ss:

On this date, the 7<sup>th</sup> day of December, 1998, William H. Koop, to me known and known to me to be the person named herein, and executed the above instrument.



Notary Public.

SCOTT F. DIENER, ESQ.  
An Attorney-at-Law of New Jersey

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December 10, 1998

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Via Fax and Regular Mail

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New York, New York 10038

Jay Joseph Friedrich, Esq.  
Scott F. Diener, Esq.  
Gallo, Geffner, Fenster, P.C.  
Continental Plaza II  
411 Hackensack Avenue  
Hackensack, New Jersey 07601

Re: Schmidt v. Koop, et. al.

Dear Counsel:

Please find enclosed preliminary account information concerning the Info-Seek Account and three other accounts that Koop had at the BTCB: Hanover Bank, Cadogan Asset Management, Ltd., and Atlantic Marine Bancorp, Ltd.

While I anticipate receipt of additional information concerning these accounts, I thought it best that I forward this initial information to you as soon as possible.

Very Truly Yours,

*Thomas Hall*  
THOMAS HALL  
For the Firm

cc: James G. Aaron, Esq.  
Rick Shumate, Esq.



ORIGINAL

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UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY:

-----X  
GLENN H. SCHMIDT,

PLAINTIFF,

-against-

WILLIAM H. KOOP a/k/a BILL KOOP; WILLIAM H.  
KOOP & ASSOCIATES; INTERNATIONAL FINANCIAL  
SOLUTIONS LTD; INTERNATIONAL FINANCIAL  
SOLUTIONS, S.A.; BRITISH TRADE AND COMMERCE  
BANK; BANCO INDUSTRIAL DE VENEZUELA; HANOVER  
BANK, LTD.,

DEFENDANTS.

-----X

DATE: DECEMBER 10, 1998

TIME: 10:00 a.m.

EXAMINATION BEFORE TRIAL of the  
Defendant, WILLIAM H. KOOP, taken by the Plaintiff,  
pursuant to a Court Order, held at the Federal  
Court, 50 Walnut Street, Newark, New Jersey, before  
a Notary Public of the State of New Jersey.

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## 2 A P P E A R A N C E S:

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Attorneys for the Plaintiff  
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BY: ROBERT J. TOLCHIN, ESQ., of Counsel

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Attorneys for the Defendants  
WILLIAM H. KOOP and WILLIAM H. KOOP &  
ASSOCIATES  
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Hackensack, New Jersey 07601  
BY: JAY FRIEDRICH, ESQ.

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BY: NOT PRESENT

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RALPH C. CROZIER, LLC  
Attorney for the Defendant  
HANOVER BANK  
7 Wakely Street  
Seymour Connecticut 06483  
BY: NOT PRESENT

Also present: David Jaroslawicz, Esq.

\* \* \*



1 KOOP

2 Q. Did you inquire what happened to that  
3 money?

4 A. I am not privy to that.

5 Q. Did you inquire, sir, about what  
6 happened to this money, this \$1,325,000?

7 A. You have papers on it in your file.

8 Q. I'm asking you a direct question, sir.  
9 Did you inquire what became of the \$1,325,000?

10 A. I have not been paid the return on that  
11 yet.

12 Q. Sir, I am asking you a direct  
13 question. Did you ask anybody at any time what  
14 became of the \$1,325,000?

15 A. I have not.

16 Q. What date was the \$1,325,000 invested,  
17 as you say?

18 A. June 29th.

19 Q. From June 29th until today have you  
20 inquired what became of the \$1,325,000?

21 A. I have not because I just have no  
22 report on it.

23 Q. Did anybody ask you what happened to  
24 the \$1,325,000?

25 A. Only you.

1 KOOP

2 investment.

3 Q. It's your understanding that Mr. Olit

4 was the facilitator with respect to Mr. Schmidt?

5 A. That is correct.

6 Q. Would Mr. Olit receive anything for

7 being a facilitator?

8 A. Yes, he would.

9 Q. What would he receive?

10 A. Ten percent.

11 Q. Did Mr. Olit actually ever receive

12 anything from you with respect --

13 A. Yes, he did.

14 Q. What did he receive?

15 A. He received -- I'm not exactly sure if

16 it was \$5,000 or \$10,000 that he asked for because

17 he had no money.

18 Q. When was that?

19 A. I don't know.

20 Q. Did you give Mr. Olit \$5,000 or

21 \$10,000?

22 A. Yes, I did.

23 Q. Where did you get the money that you

24 gave to Mr. Olit?

25 A. Came out of my account.

1 KOOP

2 government, as I mentioned to you before, and I got

3 nothing but good reports.

4 Q. Do you know how long the British Trade

5 and Commerce Bank has been in business?

6 A. Approximately -- I'm -- if I'm not

7 mistaken, I do not know this for a fact, but I

8 believe two to two and a half years.

9 Q. Are you personally acquainted with any

10 of the officers, principals or employees of the

11 British Trade and Commerce Bank?

12 A. I know who a few of them are.

13 Q. You mean their names?

14 A. Yes.

15 Q. Have you ever met any of them?

16 A. I met Charles Brazy (phonetic) for

17 about 40 minutes.

18 Q. Where was that?

19 A. In Washington D.C.

20 Q. When was that?

21 A. Might have been the end of 1997 or the

22 beginning of 1998.

23 Q. Why did you meet Mr. Brazy?

24 A. It was actually just by accident. I

25 was with someone else and they knew him. That's

1 K O O P  
2 MR. FRIEDRICH: That's what he said  
3 before.  
4 MR. TOLCHIN: Mark this.  
5 (Whereupon, a one-page authorization  
6 was marked as Plaintiff's Exhibit 2 for  
7 identification by the Reporter.)  
8 Q. Sir, there's a document that's been  
9 marked as Exhibit 2 for identification. Can you  
10 tell us what this document is, this one-page  
11 document?  
12 A. What the document is?  
13 Q. Yes.  
14 A. Let me get my glasses. This is an  
15 authorization for a certain amount of money to be  
16 given to British Trade and Commerce Bank for  
17 investment. Originally it was stated as  
18 \$1,362,000. However, I changed it to \$1,325,000.  
19 Q. Sir, the very top of this document in  
20 big letters it says Global Investment Fund S.A.?  
21 A. That's part of British Trade.  
22 Q. Global Investment Fund is part of the  
23 British Trade and Commerce Bank?  
24 A. That's correct.  
25 Q. This telephone number here in the upper

1

KOOP

2 decision of where it's going takes place.

3 Q. When you got the paper or papers from  
4 Global that you referred to a moment ago, what did  
5 they say was being done with the \$1,325,000?

6 A. They don't tell you. They just tell  
7 you your return, and I don't even know what that  
8 return was at the moment.

9 Q. Was there a return?

10 A. Not yet, no.

11 Q. Do you know whether the balance on that  
12 Global account today is greater than or less than  
13 \$1,325,000?

14 A. I know it's greater.

15 Q. You mean the \$1,325,000?

16 A. I have reason to believe that to be  
17 true.

18 Q. What is your reason?

19 A. I just know. I've never seen anything,  
20 but I know a little bit of what different people  
21 have told me. Whether it's true for not, I really  
22 can't say.

23 Q. Who has told you what?

24 A. You'll have to ask the bank.

25 Q. I have to ask you because you're here



1 KOOB

2 being deposited.

3 A. But I don't know.

4 Q. Has anybody told you anything about  
5 what investment the Global account has made with  
6 the \$1,325,000 that you transferred into that  
7 account?

8 A. I have a letter to that effect and  
9 that's what we wrote down.

10 Q. Did that letter tell you what sort of  
11 investment would be made with the \$1,325,000?

12 A. Not at all. Tells you the return.

13 Q. What information was contained in that?

14 A. Just the return.

15 Q. Can you define the term "return"?

16 A. What your percentage would be on your  
17 money.

18 Q. Approximately when did you receive the  
19 letter showing what the return was on the Global  
20 account?

21 A. Approximately in September.

22 Q. September of 1998?

23 A. Yes. There was problems at the time in  
24 placing monies. It had an interim of -- is this  
25 June?

1 KOOP

2 Q. Yes.

3 A. Yeah, from June 12th to September, but

4 I don't know what date in September.

5 Q. What was the percentage return shown in

6 that letter?

7 A. I don't know.

8 Q. More or less than ten percent?

9 A. I can't tell you. I do not know.

10 Q. Do you know if it was more or less than

11 five percent?

12 A. I do not know.

13 Q. You received that return after you were

14 sued in this case; didn't you?

15 A. I have not received the return.

16 Q. You received the letter advising you of

17 what the return was after this suit was started?

18 A. What's the date of the suit?

19 Q. September 17th.

20 A. It's very close. I don't know.

21 MR. FRIEDRICH: It was when he was

22 served, not when it was started.

23 A. I was never served, by the way.

24 Q. You say you were never served, sir.

25 Did a process --

1 KOOP

2 Q. Did you ever transfer monies from the  
3 IFS account at British Trade and Commerce Bank to  
4 an account at Hanover Bank?

5 A. Yes, I did.

6 Q. Did you, by the way, have more than one  
7 account at Hanover Bank?

8 A. Just one account.

9 Q. That was in the name of IFS?

10 A. That is correct.

11 Q. Were you, William H. Koop, the only  
12 authorized signatory on that account?

13 A. I thought I was, but I found out later  
14 it was Terry Windgrove.

15 Q. Terry Windgrove had authority to  
16 transfer your money?

17 A. Yes. I didn't know that at the time.  
18 We don't know how it was done, but it's being  
19 investigated right now.

20 Q. Who told you that Terry Windgrove  
21 actually had authorization to transfer money out of  
22 the Hanover Bank account?

23 A. He did.

24 Q. Terry Windgrove told you that?

25 A. Yes.

1 KOOP

2 Q. When did he tell you that?

3 A. Maybe 60 days ago, because actually I  
4 thought that I had the only right to move funds,  
5 you know, in or out of that account, and I found  
6 out that there were no funds left in the account.

7 Q. Funds that you believe were your funds  
8 were transferred out of the Hanover Bank account?

9 A. That is correct.

10 Q. Approximately how much money did you  
11 lose?

12 A. I would say over \$3,000,000.

13 Q. Of your own personal money?

14 A. Yes.

15 Q. Did that \$3,000,000 belong to anyone  
16 else?

17 A. No.

18 Q. How long had your \$3,000,000 been in  
19 the Hanover Bank?

20 A. It went in payments, so I don't know.

21 Q. When did you open the account at  
22 Hanover Bank?

23 A. I would say in December of 1997.

24 Q. Why did you open an account at Hanover  
25 Bank?

1 K O O P

2 A. Well, I had met Terry Windgrove and

3 through Terry Windgrove -- he suggested that I open

4 an account there, and they were being go to pay us

5 a very nice interest rate, and so that's why I

6 opened the account there.

7 Q. What was the interest rate that you

8 expected to be paid?

9 A. About 20 percent.

10 Q. You consider 20 percent an extremely

11 favorable interest rate?

12 A. If money is sitting there, yes.

13 Q. You transferred money, your own

14 personal money into the Hanover Bank?

15 A. Yes, I did.

16 Q. Where did you transfer that money from?

17 A. Various places.

18 Q. Is that from someplace inside the

19 United States or someplace outside the United

20 States?

21 A. British Trade and Commerce Bank is one.

22 Q. You transferred money from the British

23 Trade and Commerce Bank to the Hanover Bank?

24 A. Yes.

25 Q. Which account?

1 KOOB

2 A. Some of it came out of this account  
3 that the money went into for Schmidt.

4 Q. The money that was in the Schmidt  
5 account, the IFS account, that was Schmidt's money  
6 for the most part; correct?

7 A. For the most part, yes.

8 Q. Would it be correct to say that at most  
9 \$110,000 of the money in that account came from  
10 someplace other than Schmidt?

11 A. We discussed that before and I said  
12 it's very possible. I don't know exactly.

13 Q. How much money did you transfer from  
14 the IFS account at British Trade and Commerce Bank  
15 to the account at Hanover Bank?

16 A. On three different occasions -- three,  
17 maybe four, I transferred 312,000, 600 and some odd  
18 thousand -- I think it's 685 or 675. 200,000 and  
19 200,000. I think there were four increments that  
20 were sent there because Windgrove was going to put  
21 them into the trades from the Hanover Bank. That's  
22 how this --

23 Q. It's your testimony that you  
24 transferred money out of the Info-see account  
25 which was for the most part Glenn Schmidt's money?

1 K O O P

2 A. Yes.

3 Q. You transferred it ultimately to the  
4 Hanover Bank?

5 A. And Windgrove --

6 Q. Windgrove was supposed to make the  
7 investments with that money?

8 A. That is absolutely correct.

9 Q. Prior to making this transfer or these  
10 transfers ultimately to the Hanover Bank did you do  
11 any investigation as to Mr. Windgrove's background?

12 A. I checked the Hanover Bank. Let me  
13 just explain. I checked out the Hanover Bank  
14 through Antigua and I got a good report. That was  
15 verbal from the commissioner. However, I was told  
16 at that time they moved it from Antigua to the Isle  
17 of Jersey. On occasions I had sent other monies to  
18 Terry Windgrove for investments, you know, to be  
19 returned, because he was doing currency trading,  
20 and in addition to that they were doing computer  
21 chips which was a very highly profitable  
22 situation. On these monies what he would do is  
23 give me a schedule of a return of maybe two times  
24 the money inside of a given period of time which  
25 was usually a very short period of time. It was





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UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

-----X  
GLENN H. SCHMIDT,

PLAINTIFF,

-against-

WILLIAM H. KOOP a/k/a BILL KOOP; WILLIAM H. KOOP  
& ASSOCIATES; INTERNATIONAL FINANCIAL SOLUTIONS  
LTD.; INTERNATIONAL FINANCIAL SOLUTIONS, S.A.;  
BRITISH TRADE and COMMERCE BANK; BANCO INDUSTRIAL  
DE VENEZUELA; HANOVER BANK, LTD.,

DEFENDANTS.

-----X

DATE: March 2, 1999

TIME: 11:06 a.m.

CONTINUED EXAMINATION BEFORE TRIAL of  
the Defendant, WILLIAM H. KOOP, taken by the  
Plaintiff, pursuant to a Court Order, held at the  
Newark Federal Courthouse, 50 Walnut Street,  
Newark, New Jersey 07102, before a Notary Public of  
the State of New Jersey.

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A P P E A R A N C E S :

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Attorneys for the Defendants  
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Hackensack, New Jersey 07601  
BY: STEPHEN A. GEFNER, ESQ.  
SCOTT DIENER, ESQ.

ALSO PRESENT:  
Videographer  
Joseph Kolsby, Wander Communications

\* \* \*

1 KOOP

2 Q. You told us that you had received this  
3 document on or about June 29, 1998; is that  
4 correct?

5 A. Yes.

6 Q. What did you do with this document when  
7 you received it?

8 A. What did I do what?

9 Q. What did you do with this document once  
10 you received it?

11 A. I sent a wire transfer to Winston  
12 Allen.

13 Q. Where did you get the money from for  
14 this wire transfer?

15 A. Well, as you can see, it came out of  
16 the British Trade and Commerce account.

17 Q. Is that the transaction on the account  
18 statement for the Info-seek account for June 24,  
19 1998?

20 A. Yes, it is.

21 Q. That is for 18,300?

22 A. I am looking.

23 Q. Let's be fair.

24 It is June 24, 1998 and June 29, 1998,  
25 the first one to Citibank in the amount of 18,300,

1 K O O P  
2 and the second one to Citibank in the amount of  
3 11,500.  
4 A. I see them.  
5 Q. Do you know what the 18,300 was for?  
6 A. It was a loan to Winston Allen.  
7 Q. But this money was not sent directly to  
8 Mr. Allen, was it?  
9 A. No. It was sent to -- as he  
10 requested -- one was to Gracey Interiors  
11 (phonetic), and the other was to --  
12 Q. -- Robinson, Silverman, Pearce, Aronsohn  
13 & Berman, L.L.P., attorney trust account?  
14 A. Yes.  
15 Q. Do you know what that money was used  
16 for, sir, that \$18,300?  
17 A. Well, I know that 18,300 was part of a  
18 payment for a piece of property, an apartment, if I  
19 am not mistaken.  
20 Q. That is the cooperative apartment?  
21 A. Yes.  
22 Q. Unit 38-H in a building called City  
23 Lights in Long Island City?  
24 A. That I don't know. If that's it,  
25 that's it.

1 K O O P

2 Q. Do you know what the connection was of  
3 the Robinson, Silverman firm to that apartment?

4 A. I assume they were the --

5 MR. GEFFNER: Don't assume. Tell us  
6 what you know.

7 A. I do not know. I see that it says  
8 "attorney trust account."

9 Q. Were you told that they were the  
10 closing attorneys?

11 A. No.

12 Q. Attorneys for the sponsor?

13 A. No. I was not told anything.

14 Q. What was the purpose of the \$11,500  
15 transfer to Gracey Interiors?

16 A. Once again, I do not know. I know that  
17 it was probably for the furnishings of the  
18 apartment itself.

19 Q. And that was an apartment for Winston  
20 Allen?

21 A. That is correct.

22 Q. The apartment is in the name of Winston  
23 Allen?

24 A. To my knowledge. I do not know that  
25 for a fact.

1 K O O P  
2 page 19 are CPA Services'?

3 A. Yes, sir.

4 Q. Do you know what CPA stands for?

5 A. Christian Patriot Association.

6 Q. Would you agree with me, sir, that page  
7 18 and page 19, taken together, are an instruction  
8 from you to the British Trade and Commerce Bank to  
9 transfer one million dollars from the Info-seeK  
10 account at British Trade and Commerce Bank to the  
11 Christian Patriot Association or CPA Services in  
12 Boring, Oregon?

13 A. Yes, I do.

14 Q. Why did you direct British Trade and  
15 Commerce Bank to transfer one million dollars to  
16 CPA Services?

17 A. I put it in an account and used that  
18 money to pay some people.

19 Q. What is the nature of the business  
20 conducted by CPA Services?

21 A. I really don't know. I know that they  
22 are some kind of a right-wing organization, but I  
23 have nothing to do with that.

24 Q. Has anyone ever told you that they  
25 provide banking services to people who don't want

1 K O O P  
2 records kept?  
3 A. No.  
4 Q. Why would you transfer the money to CPA  
5 Services rather than an ordinary bank, perhaps one  
6 here in New Jersey?  
7 A. Only because of the fact that they can  
8 distribute those monies without having -- and I  
9 don't have to have a staff to do so.  
10 Q. In other words, you send a million  
11 dollars to CPA Services, and then you tell them  
12 whom you want to send it on to, and they take care  
13 of it?  
14 A. That is correct.  
15 Q. What do they charge for that service?  
16 A. I am not sure if it is one percent or  
17 three quarters of one percent.  
18 Q. Do they keep records, to your  
19 knowledge, of whom they transfer the money to?  
20 A. I have no idea.  
21 Q. Do you receive a receipt when they  
22 transfer any money?  
23 A. I do not.  
24 Q. So, in other words, just to understand  
25 the transaction, you had British Trade and Commerce

1 KOOP

2 Bank send a million dollars to CPA Services?

3 A. Right.

4 Q. Sir, you directed British Trade and  
5 Commerce Bank to send one million dollars to CPA  
6 Services, you then told CPA Services what to do  
7 with the money, but you received no confirmation  
8 from CPA Services as to what they did with the  
9 money other than a balance statement?

10 A. Just a balance statement. They show  
11 each amount deducted, but it doesn't show who it is  
12 from.

13 Q. Or whom it is to?

14 A. No.

15 Q. So you will get a statement that says  
16 one million dollars, subtract our fee, \$10,000  
17 transferred to this one, \$5,000 to that one, \$3,000  
18 to this one, \$30,000 to that one, but it doesn't  
19 say whom it is going to? It just says minus  
20 \$30,000, minus \$60,000?

21 A. That is correct.

22 Q. Whom did you transfer the money to out  
23 of the CPA Services account?

24 A. I would not be able to tell you that.

25 Q. Can you account for even a single penny



1 KOOP

2 MR. GEFNER: Just answer it the right  
3 way.

4 Q. I just want you to tell the truth,  
5 sir.

6 Why did you repay other investors with  
7 money that had come from Glenn Schmidt?

8 A. Glenn Schmidt's money was invested, as  
9 I told you the last time during the last day of  
10 testimony, and Glenn Schmidt's money came from  
11 different sources and went to different sources.  
12 There was a sum of money which was given to British  
13 Trade and Commerce of over a million 300 and some-  
14 odd thousand dollars for an investment as part of  
15 his investment.

16 Q. Is that reflected on the account  
17 statement?

18 A. No, it is not.

19 Q. Why is that, sir?

20 A. That is just the way they do it.

21 Q. Would you agree with me, sir, that this  
22 account statement shows deposits in the amount of  
23 \$2,610,000, and it shows debits in the total of  
24 \$2,598,000?

25 A. I agree.

1 K O O P  
2 accurately reflected there?  
3 A. That is a bank charge. I would assume  
4 that they are correct.  
5 Q. As far as you know, they charge \$140 or  
6 \$160 for a wire transfer at British Trade and  
7 Commerce Bank?  
8 A. Most banks they do vary a little bit,  
9 but that is about right.  
10 Q. Turn ahead to page 26 of the packet.  
11 Have you ever seen this document  
12 before?  
13 A. No, I have not.  
14 MR. TOLCHIN: Just for the record, this  
15 is a document that says "Account statement for the  
16 account." It indicates "Owner, Hanover B, Ltd."  
17 Q. Did you choose the name Hanover B,  
18 Ltd.?  
19 A. Yes, I did -- I didn't, but  
20 Mr. Wingrove did.  
21 Q. Why did you call the account Hanover B,  
22 Ltd.?  
23 A. To correspond to Hanover Bank. In  
24 other words, it was -- the way it was set up was I  
25 had no -- nothing ever coming back from Hanover

1 KOOP

2 Q. Who is [REDACTED]

3 A. It is [REDACTED]

4 Q. Who is [REDACTED]

5 A. She is an investor.

6 Q. That is on the line of May 29, 1998.

7 Why did you send [REDACTED]

8 \$38,750?

9 A. She requested that. She needed it

10 badly, and we took it out of her account.

11 Q. How much had she invested?

12 A. I don't know.

13 Q. Come down to the bottom. There's a

14 transaction on July 21, 1998. The description is

15 "Certified Check, County of Bergen, New Jersey,

16 Bill Koop in the debit amount of \$294,000"?

17 A. That was a payment for the house.

18 Q. That was the money you used to buy the

19 house in Ho-Ho-Kus?

20 A. That is correct.

21 Q. Come up on 7/16/98. There is a payment

22 to First Mountain Bank, Infinity Communications.

23 That is in the amount of \$150,000.

24 Is that First Mountain Bank in Big Bear

25 Lake, California?

2238

Senate Permanent Subcommittee  
On Investigations  
EXHIBIT # 57j

Exhibit 57j.

**Cook fraud documents**

2239

THE ARIZONA REPUBLIC, December 12, 2000

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THE ARIZONA REPUBLIC

December 12, 2000 Tuesday, Final Chaser

**SECTION:** BUSINESS & MONEY; Pg. D5

**LENGTH:** 299 words

**HEADLINE:** FINANCIER ORDERED TO REPAY \$43 MILLION

**BYLINE:** Arizona Republic

**BODY:**

A federal district court in Dallas has issued a permanent injunction against **Benjamin Franklin Cook III**, an Arizona businessman, for violation of federal securities laws.

Cook was ordered to turn over nearly \$43 million earned through allegedly fraudulent investment schemes.

An investigation by the Arizona Corporation Commission's Securities Division helped lead to the injunction.

Cook was indicted recently by an Arizona grand jury and faces charges of racketeering, **fraud** and theft for taking millions of dollars from people across the country for an investment program.

The Arizona indictment alleges that Cook, through his company, Dannel Finance Ltd., collected about \$41 million from more than 300 investors under the guise that the money would be invested in European bank securities. Of that money, only \$625,000 was actually invested, and most of those funds were lost, the state says.

The investigating agencies allege that Cook used the money for personal expenses, including a luxury home, airplanes, real estate properties, jewelry, jet skis, expensive motorcycles and high-end vehicles, such as a Dodge Viper, a Cadillac and a late model BMW. Additionally, Cook donated about \$1.8 million to the Church of Scientology.

The Arizona Corporation Commission and state Attorney General's Office have seized nearly \$11 million of Cook's assets, which ultimately will be restored to the victims based on the amount of their investment.

Cook is jailed in Texas on federal civil contempt charges.

"This kind of teamwork between state agencies demonstrates clearly that the public interest is being served. Con artists will not get away with living in high style on money they've stolen from investors," Arizona Corporation Commissioner Jim Irvin said in a statement.

**LOAD-DATE:** December 29, 2000

5/15/01 4:58 PM

ARIZONA ATTORNEY GENERAL

Pres  
Opin  
Emp  
CLE

- Children
- Seniors
- Consumer
- Civil Rights
- Cybercrime
- Victims' Rights
- Law Enforcement

August 30, 2000

(Phoenix, AZ) - Attorney General Janet Napolitano today announced the indictment of Benjamin Franklin Cook, III, an Arizona businessman, on charges of racketeering, fraud and theft for taking millions of dollars from people across the country to be invested in a bogus investment program. The 37-count indictment reflects one of the biggest dollar fraud cases ever prosecuted by the Attorney General's Office and is the result of a long-term investigation into Cook's activities. The investigation was conducted by the Attorney General's Office, the U.S. Customs Service, the U.S. Securities and Exchange Commission, the Arizona Department of Public Safety and the Arizona Corporation Commission. Cook is currently in a Texas detention facility on federal contempt charges arising from a civil Securities and Exchange Commission proceeding.

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[Return to Home Page](#)

The indictment alleges that Cook, through his company, Dannel Finance Limited, collected some \$41 (m) million from more than 300 investors, under the guise that the money was going to be invested in a lucrative European Bank Trading Program. Of that money, only \$625,000 was invested in another type of program and most of those funds were lost. The investigating agencies contend that Cook used the money for personal expenses, including a luxury home, airplanes, real estate properties, high end vehicles, such as a Dodge Viper, a late model BMW Coupe, a Cadillac, expensive motorcycles and other vehicles, jewelry and Jet Skis. Additionally, Cook donated some \$1.8 (m) million to the Church of Scientology. The Attorney General's Office has also seized nearly \$11 (m) million of Cook's assets, which will ultimately be paid to the victims, depending on the amount of their investment.

"The indictment alleges the worst kind of fraud," said Napolitano. "In some instances, these victims put up their life savings in the hopes of making a little extra cash to make their retirement dollars go further."

"To a con artist, everyone is a potential target. Their sole

2241

Arizona Attorney General - Press Releases

[http://www.attorney\\_general.state.az.us/press\\_releases/aug/083000.html](http://www.attorney_general.state.az.us/press_releases/aug/083000.html)

purpose is to steal your money. This case has a clear lesson: When someone offers you a deal too good to be true, chances are, it is," said Customs Commissioner Raymond W. Kelly.

If convicted of the Arizona charges, Cook faces a sentence of up to hundreds of years in prison.

An indictment is a criminal charge only. All individuals are presumed innocent unless and until proven guilty.

1 PROSECUTING ATTORNEY:  
 2 SHERRY K. STEPHENS  
 State Bar No. 006458  
 3 Assistant Attorney General  
 1275 West Washington  
 Phoenix, AZ 85007  
 4 (602) 542-3881

5 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**  
 6 **IN AND FOR THE COUNTY OF MARICOPA**

8 STATE OF ARIZONA,  
 9 Plaintiff,

10 vs.

11 BENJAMIN FRANKLIN COOK,  
 12 Defendant.

No. CR 2000-013042  
 47 SGJ 104

**INDICTMENT**

CHARGING VIOLATIONS OF:

**COUNTS 1 through 12**  
**Fraudulent Schemes and Artifices**  
 A.R.S. § 13-2310  
 Class 2 felony

**COUNTS 13 through 36**  
**Theft**  
 A.R.S. §§ 13-1801, 1802(A)(1)(2)(3)  
 Class 2 felony

**COUNT 37**  
**Illegally Conducting an Enterprise**  
 A.R.S. §§ 13-2312  
 Class 3 felony

21 The Arizona State Grand Jury accuses BENJAMIN FRANKLIN COOK, charging that in or  
 22 from Maricopa County, Arizona:

23 **COUNT ONE**

24 On or about the dates listed below, the defendant BENJAMIN FRANKLIN COOK, pursuant  
 25 to a scheme or artifice to defraud, knowingly obtained a benefit in the amount stated below by means  
 26 of false or fraudulent pretenses, representations, promises or material omissions. Said conduct  
 27 occurred when the defendant fraudulently obtained funds from individuals by falsely representing that  
 28



1 their funds would be invested in European trading programs through Dannel Finance, Ltd. Investor  
 2 funds were grouped into platforms which were created by the defendant for the supposed purpose of  
 3 furthering the trading program activities. Defendant falsely represented that investor funds would not  
 4 be placed at risk and that investor funds would be secured by a bank guarantee, safe-keeping receipt  
 5 or certificate of deposit. Defendant falsely represented that the trading activities would generate profits  
 6 between two and five percent per month for the twelve month duration of the investment. Defendant  
 7 used the investor funds for other, unauthorized purposes.

Count	Dates	Investment Platform Name	Amount
1	01-01-98 to 05-01-98	CTP	\$3,603,000.
2	11-01-98 to 02-15-98	JV 1	\$3,023,000.
3	04-15-98 to 07-01-98	JV 2	\$3,222,000.
4	05-15-98 to 08-15-98	JV 3	\$3,435,000.
5	07-15-98 to 09-15-98	JV 4	\$3,275,000.
6	07-15-98 to 09-30-98	JV 5	\$3,128,000.
7	09-01-98 to 11-30-98	JV 6	\$3,064,000.
8	09-15-98 to 12-31-98	JV 7	\$3,262,000.
9	01-01-99 to 3-16-99	JV 8	\$2,018,000.
10	03-15-98 to 03-01-99	FPC	\$6,777,000.
11	09-01-98 to 02-15-99	Samuel 1	\$3,192,600.
12	12-01-98 to 03-16-99	Samuel 2	\$3,164,000.

20 All in violation of Arizona Revised Statutes §§ 13-2310 and 13-301-306.

22 **COUNTS 13 THROUGH 36**

23 On or about the dates given below, the defendant BENJAMIN FRANKLIN COOK without  
 24 lawful authority, knowingly: (1) controlled property of another with intent to deprive the owner of such  
 25 property; or (2) converted for an unauthorized term or use property of another, entrusted to the  
 26 defendant or placed in his possession for a limited, authorized term or use; or (3) obtained property  
 27

1 or services of another, by means of any material misrepresentation with intent to deprive them of such  
 2 property or services. Said conduct occurred when the defendant obtained the following amounts from  
 3 the following persons for the purpose of investment through Dennel Finance, Ltd.

Count	Date	Investor Name	Amount
13	4-28-98	Charles Macht	\$146,000.
14	4-24-98	Louis Macht	\$134,000.
15	1-15-99	Ernest I. D. & Christine Hudson	\$200,000.
16	12-23-98	Hubert C. Davis	\$190,000.
17	06-03-98	Suma & Padmakar Kulkarni	\$60,000.
18	05-28-98	Nijneh Mitri	\$250,000.
19	07-13-98	P. E. Jones	\$170,000.
20	07-28-98	Esther M. Ryan	\$100,000.
21	08-18-98	Johnston Family Ltd., PT	\$400,000.
22	08-21-98	The Michaelson Trust	\$100,000.
23	08-01-98	Bower Group Limited Partnership	\$165,000.
24	09-01-98	Dorothea Spencer Family Limited Partnership	\$250,000.
25	10-29-98	Alaska Financial Planning	\$100,000.
26	09-11-98	Paul E. Jones	\$80,000.
27	11-24-98	The Gadberry Family Trust	\$100,000.
28	12-18-98	BK Investments	\$100,000.
29	02-05-99	Phillip & Louanna Reynolds	\$140,000.
30	02-05-99	Balakrishnan Sridharan MDPC Restated Profit Sharing Plan	\$100,000.
31	08-13-98	Luis Coronado	\$300,000.
32	09-14-98	Melvin Salwasser	\$250,000.
33	10-09-98	Roger L. Czerwin	\$50,000.
34	11-04-98	Ray & Alice McEntire	\$65,000.
35	01-22-99	Dennis E. Konzal I.R.A.	\$147,000.
36	01-04-99	Roy A. Erwin	\$132,000.

All in violation of A.R.S. §§ 13-1801, 1802(A)(1)(2)(3), and 13-301 through 13-306.

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COUNT 37

Between approximately January 1, 1998 and April 1, 1999, the defendant BENJAMIN FRANKLIN COOK, was employed by or associated with an enterprise, Dannel Finance, Ltd. and conducted such enterprise's affairs through racketeering or participated directly or indirectly in the conduct of that enterprise knowing it was being conducted through racketeering. The racketeering offenses included theft and fraudulent schemes and artifices and are more particularly described in the other counts of this indictment.

All in violation of A.R.S. §§ 13-12312, 13-2301, and 13-301 through 13-306.

Pursuant to A.R.S. § 21-425, the State Grand Jurors find that the offenses described above were committed in Maricopa County, Arizona.

JANET NAPOLITANO  
Attorney General  
State of Arizona

SHERRY K. STEPHENS  
Assistant Attorney General

(A "True Bill")

Date 8-24-2000

FOREPERSON OF THE GRAND JURY

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**BRITISH TRADE AND COMMERCE BANK (BTCB)  
TRANSACTIONS RELATED TO COOK FRAUD  
April 1998- February 2000**

\*\*\*\*\*

**BANCO INDUSTRIAL DE VENEZUELA (Miami Office)  
(U.S. CORRESPONDENT BANK FOR BTCB)**

2246

DATE	AMOUNT CREDITED OR (DEBITED)	DESCRIPTION OF TRANSACTION
4/6/98	\$634,982	Wire transfer to Int[ernational] Business [Consultants Ltd.]
4/7/98	\$19,985	Wire transfer to [International] Business Consu[itants ltd.]
4/8/98	\$5,000	Wire transfer to Int[ernational] Business [Consultants Ltd.]
4/9/98	\$10,000	Wire transfer to Int[ernational] Business [Consultants Ltd.]
4/9/98	\$10,000	Wire transfer to Int[ernational] Business [Consultants Ltd.]
4/13/98	\$5,000	Wire transfer to Int[ernational] Bus[iness] Consultants [Ltd.]
4/13/98	\$34,500	Wire transfer to Int[ernational] Bus[iness] Consultants Ltd.
4/15/98	\$40,000	Wire transfer to Int[ernational] Business Con[sultants Ltd.]
4/15/98	\$25,000	Wire transfer to Int[ernational] Business Consultants [Ltd.]

DATE	AMOUNT CREDITED OR (DEBITED)	DESCRIPTION OF TRANSACTION
4/17/98	\$5,000	Wire transfer to Int[ernationa]l Business Consultants [Ltd.]
4/17/98	\$10,000	Wire transfer to Int[ernationa]l Business Consultants [Ltd.]
4/20/98	\$26,000	Wire transfer to Int[ernationa]l Business Consultants [Ltd.]
4/21/98	\$30,000	Wire transfer to Int[ernationa]l Business Consul[tants Ltd.]
4/21/98	\$10,000	Wire transfer to Int[ernationa]l Business Consul[tants Ltd.]
4/21/98	\$10,000	Wire transfer to Int[ernationa]l Business Consul[tants Ltd.]
4/21/98	\$25,000	Wire transfer to Int[ernationa]l Business Consul[tants Ltd.]
4/21/98	\$10,000	Wire transfer to Int[ernationa]l Business Consul[tants Ltd.]
5/5/98	\$10,000	Wire transfer to Int[ernationa]l Bus[iness] Cons[ultants Ltd.]
5/6/98	\$25,000	Wire transfer to Int[ernationa]l Bus[iness] Cons[ultants Ltd.]
5/6/98	\$49,982	Wire transfer to Int[ernationa]l Business [Consultants Ltd.]
5/8/98	\$10,000	Wire transfer to Int[ernationa]l Business [Consultants Ltd.]
5/12/98	\$10,000	Wire transfer to Int[ernationa]l Business [Consultants Ltd.]
5/13/98	\$70,000	Wire transfer to Int[ernationa]l Bus[iness] Cons[ultants Ltd.]
5/13/98	\$10,000	Wire transfer to Int[ernationa]l Bus[iness] Cons[ultants Ltd.]
5/14/98	\$10,000	Wire transfer to Int[ernationa]l Business [Consultants Ltd.]
5/18/98	\$10,000	Wire transfer to Internat[ional] Busin[ess] Cons[ultants Ltd.]

DATE	AMOUNT CREDITED OR (DEBITED)	DESCRIPTION OF TRANSACTION
5/18/98	\$20,000	Wire transfer to Int[ernational] Bus[iness] Cons[ultants Ltd.]
5/18/98	\$25,000	Wire transfer to Int[ernational] Busin[ess] Consulan[is Ltd.]
5/19/98	\$20,000	Wire transfer to Int[ernational] Bus[iness Consultants Ltd.]
5/26/98	\$10,000	Wire transfer to International Business Consultants Ltd.
5/26/98	\$25,000	Wire transfer [Individual's name in Subcommittee Files]/RF IBCL
5/28/98	\$10,000	Wire transfer to Int[ernational] Business [Consultants Ltd.]
5/28/98	\$30,000	Wire transfer to Int[ernational] Business [Consultants Ltd.]
5/28/98	\$220,000	Wire transfer to Int[ernational] Business [Consultants Ltd.]
<b>SUBTOTAL</b>	<b>\$1,475,449</b>	

SECURITY BANK N.A. (Miami Office)  
 (U.S. CORRESPONDENT BANK FOR BTCB)

DATE	AMOUNT CREDITED OR (DEBITED)	DESCRIPTION OF TRANSACTION
6/22/98	\$120,000	Wire 3589 to International Business Consultants Ltd.
7/15/98	\$100,317.61	Wire 3772 to International Business Cons[ultants] Ltd.
7/31/00	\$150,000	Wire 3903 to International Business Cons[ultants] Ltd.
8/3/98	\$100,000	Wire 3915 to International Business Consultants Ltd.
8/7/98	(\$89,800)	Wire 10830 to International Business Consultants Ltd.
8/12/98	\$9,994	Wire 3988 from Wayne Brown
8/18/98	\$16,390	Wire 4050 Dannel Finance Ltd.
8/19/98	\$19,985	Wire 4063 Maroni Ltd.
8/25/98	\$16,390	Wire 4100 Dannel Financia[.] Ltd.
9/10/98	(\$22,200)	Wire 7386 Inf[er]naitona[.] Business Cons[ultants] Ltd.[.]
9/11/98	\$100,000	Wire 4266 to International Business Consultants [Ltd.]
9/14/98	\$20,000	Wire 4285 from Wayne Brown
9/14/00	\$100,000	Wire 4294 to International Business Consultants Ltd.

DATE	AMOUNT CREDITED OR (DEBITED)	DESCRIPTION OF TRANSACTION
9/16/98	\$355,500	Wire 4312 to International Bus[iness] Cons[ultants] Ltd.
9/17/98	\$38,400	Wire 4317 Dannel Finance Ltd
9/28/98	(\$21,000)	Wire 7520 Wealth & Freedom Network, LLC
10/21/98	\$16,390	Wire 4504 Dannel Finance Ltd
10/21/98	\$31,590	Wire 4505 Dannel Finance Ltd
10/28/98	(\$21,500)	Wire 7758 FMGT-7 Limited Partnership
10/29/98	(\$200,000)	Wire 7764 International Business Consultants Ltd.
11/19/98	\$19,200	Wire 4617 Dannel Finance Ltd.
11/27/98	\$4,000	Wire 4665 Dannel Finance
12/8/98	(\$20,000)	Wire 6025 FMGT-7 Limited Partnership
12/17/98	\$2,960	Wire 4763 Dannel Finance
12/17/98	\$12,390	Wire 4764 Dannel Finance
12/17/98	\$19,200	Wire 4765 Dannel Finance
12/17/98	\$30,000	Wire 4771 Wealth & Freedom
12/23/98	(\$14,000)	Wire 6105 FMGT-7 Limited Partnership
12/24/98	\$128,566.38	Wire 4822 from Trans Global Investments to benefit Global Investments Network



DATE	AMOUNT CREDITED OR (DEBITED)	DESCRIPTION OF TRANSACTION
1/21/99	\$1,600	Wire 4976 Denmel Finance Ltd. Cons.
1/21/99	\$12,196.45	Wire 4974 Denmel Finance Ltd. Cons.
1/21/99	\$19,200	Wire 4975 Denmel Finance Ltd. Cons.
1/27/99	(\$10,000)	Wire 6301 to [Individuals' names in Subcommittee Files] Ref: International Business Consultants] Ltd.
1/27/99	(\$100,000)	Wire 6302 to [Individual's name in Subcommittee Files] /Paine Webber Ref: International Business Consultants] Ltd.
1/27/99	(\$50,000)	Wire 6303 to [Individuals' names in Subcommittee Files] Ref: International Business Consultants] Ltd.
1/27/99	(\$27,000)	Wire 6297 FMGT-7 Limited Part.
2/8/99	\$199,980	Wire 5079 to International Business Cons[ultants] Ltd.
2/11/99	(\$150,000)	Wire 6420 to Sunland Services Escrow Ref: Global Investment Network Ltd.
2/11/99	(\$242,340)	Wire 6410 to Sunland Services Escrow Ref: Global Investment Network Ltd.
2/16/99	\$1,600	Wire 6019 Denmel Finance Ltd
2/16/99	\$9,312.58	Wire 6011 Denmel Finance Ltd
2/16/99	\$19,200	Wire 6020 Denmel Finance Ltd
2/16/99	(\$32,952)	Wire 6451 Desert Ent[erprises]
2/22/99	(\$175,000)	Wire 6499 to SCB Holdings Escrow Ref: Global Investment Network Ltd.

DATE	AMOUNT CREDITED OR (DEBITED)	DESCRIPTION OF TRANSACTION
2/25/99	(\$36,000)	Wire 6517 FMGT-7 Limited Partnership
3/11/99	(\$8,200)	Wire 6642 FMGT-7 Limited Partnership
3/18/99	(\$20,000)	Wire 6701 FMGT-7 Limited
3/26/99	(\$25,000)	Wire 6758 FMGT-7 Limited Partners
4/6/99	\$199,980	Wire 6843 to International Business Consul[tants] Ltd.
4/26/99	\$30,000	Wire 6302 Transglobal Investments
6/23/99	(\$200,000)	OT906230002 to IBCL L.P. Ref: International Business Consultants Ltd.
6/29/99	(\$100,000)	OT906290002 to Premier Gold Fund Ltd. Ref: Int[ernationa]l Bus[iness] Consultants Ltd. #1
9/13/99	(\$200,000)	OT909130001 to Premier Gold Fund Ltd. Ref: International Business Consultants Ltd.
12/14/99	(\$140,000)	Wire 4853 to International Business Consultants Ltd. Partnership
12/16/99	(\$140,000)	Wire 01 to Int[ernationa]l Business Consul[tants] Ltd.]
12/17/99	\$140,000	Reversal of Wire 01 to Int[ernationa]l Business Consul[tants] Ltd.]
01/31/00	\$100,000	IN1280011 to International Bus[iness] Con[sultants] Ltd.
2/14/00	\$160,000	OT214005 to International Business Consultants Ltd. Partnership
<b>SUBTOTAL</b>	<b>\$2,304,342.02</b>	<b>(\$2,044,992)</b>

**FIRST UNION NATIONAL BANK  
(U.S. CORRESPONDENT BANK FOR BTCB)**

DATE	AMOUNT CREDITED OR (DEBITED)	DESCRIPTION OF TRANSACTION
4/26/99	(\$100,000)	Wire 023635 to [Individual's name in Subcommittee Files] Ref: International Business Consultants
4/26/99	(\$200,000)	Wire 023053 to [Individual's name in Subcommittee Files] Ref: International Business Consultants
4/26/99	(\$200,000)	Wire 022397 to [Individuals' names in Subcommittee Files] Ref: International Business Consultants #2
5/7/99	(\$900,000)	Wire 008779 to IBCL Limited Partnership
8/16/99	(\$182,900)	Wire 026330 to International Business Consultant Ltd. Partnership
8/31/99	(\$150,000)	Wire 014582 to Desert Enterprises Ltd. Ref: International Business Consultant Ltd.
9/15/99	(\$196,000)	Wire 017307 to International Business Consultants LP
10/6/99	(\$112,260)	Wire 015487 to International Business Consultant Ltd. Partnership
<b>SUBTOTAL</b>	<b>(\$2,041,160)</b>	

**SUMMARY**

Total British Trade and Commerce Bank transactions  
related to Cook fraud at three banks (4/98- 2/00):

Banco Industrial de Venezuela.....	\$1,475,449.00
Security Bank.....	\$2,304,342.02
First Union National Bank.....	(\$2,044,992)
	(\$2,041,160)
<u>GRAND TOTAL.....</u>	<u>\$3,779,791.02</u>
	<u>(\$4,086,152)</u>

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Session V2.50.30  
RESPONSE: DFS0581 S1 COMMAND COMPLETED  
HOST ID = F6AZPD1

Sample of wire transfers used for chart

\*\*\*\*\* 18:12> Host Disconnected

F6AZPD1 18:12:20 05/22/1998 Host Communications : Establish  
Session V2.50.30  
Fed-Line's Incoming Processor (FLIP) STARTING

FLIP 18:12:20 05/22/1998 FLIP PROCESSING ITEMS.  
Processing session 2

Outgoing message URC: FT0010, Queued on HOST 05/22/98 18:11:21

# 02 #### FT PROD #### FT INCOMING #####NORMAL MSG/ACCTG ENTRY####  
 00) Sender: 121100782 BANK OF THE WEST (2000) Amount: \$10,000.00  
 00) Receiver: 044010801 BCD IND VENEZUELA (3600) Bus Function Code: CTR  
 00) Type Code: 1000  
 00) Originator: \* [REDACTED]

00) Beneficiary: D101-011092-5  
 INTERNATIONAL BUSINESS  
 CONSULTANTS LIMITED POB 174 THE  
 VALLEY ANGUILLA BWI

00) Intermediary FI: BANCO INDUSTRIAL DE VENEZUELA  
 101 BRICKELL AVE STE 500  
 MIAMI FLORIDA

00) Beneficiary's FI: D062020001  
 BRITISH TRADE AND COMMERCE BK  
 EMENS BLDG DAME EUGENIA  
 CHARLES BLVD BAYFRONT ROSEAU  
 COMMONWEALTH OF DOMINICA

00) FI to FI Info: OUR REF:017 X 4560  
 00) IMAD: 199805221LFBK1C000192  
 00) Sender Ref: 19980522134618MC  
 00) Timestamp: 05221738FT01  
 00) OMAD: 19980522F6GCA11C00000705221738FT01  
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Redacted Information  
in Subcommittee Files

\*\*\*\* 02 \*\*\*\* FT PROD \*\*\*\* FT INCOMING \*\*\*\*NORMAL MSG/ACCTS ENTRY\*\*\*\*  
 (3100) Sender: 121000248 WELLS SF (2000) Amount: 4355,500.00  
 (3400) Receiver: 067018512 SECURITY N LAUDERD (3600) Bus Function Code: CTR  
 (1510) Type Code: 1000  
 (5000) Originator: [REDACTED]  
 (4000) DRG to BNF Info: BRITISH TRADE AND COMMERCE BANK ACC  
 T 0400.014000  
 (4200) Beneficiary: 0101010925  
 INTERNATIONAL BUS CONS LTD  
 (4100) Beneficiary's FI: SECURITY BANK NA FL  
 NORTH LAUDERDALE  
 (5200) INVD: 199809.64120414001382  
 (1110) Timestamp: 091612085701  
 (1120) ORGD: 199809.6466205110000006091612085701  
 \*\*\*\*\*

Redacted Information  
 in Subcommittee Files

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4/3/12

FIRST UNION NATIONAL BANK FL Fullscreen Run 7-MAY-1999 23:01 Page 18434  
 FULL TRANSACTION REPORT For 7-MAY-1999

<<< TRN: 990507-008779 >>>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\* ( Bank : 003 )

SXC:PHN CALLER ROYER, HENRY EXT: CRDR#  
 RFT# AMT:900,000.00 CUR:USD  
 TRST: VAL:// TYP:FTR/1000 FND:IS CHG:DE/A CD:Y CCM:W CBL:M

-----  
 DRT D/0009983871373/ CDT \*A/122234149 ADV:FED  
 BRITISH TRADE & COMMERCE BANK DEPT:0000001600  
 C/O FEC FINANCIAL HOLDINGS INC CITIZENS BUSINESS BANK  
 444 BRICKELL AVE STE 215 ONTARIO, CA  
 MIAMI, FL 33131  
 SPECIAL INSTRUCTIONS: BNF:/253051787 CHG: BK7N  
 ALT PHONE NUMBER 767 448 6410 IBCL LIMITED PARTNERSHIP

\*\*\*\* CREDIT PAYMENT MESSAGE TEXT \*\*\*\*

{1510} Type/Subtype Code:  
 Type Code: 10 (Transfer of funds)  
 Subtype Code: 00 (Regular transfer)

{1000} Amount: 900,000.00

{3100} Sending Bank:  
 ABA number: 063000021  
 Short name: FIRST UNION JAX  
 ABA lookup (REL): FIRST UNION OF FLORIDA  
 JACKSONVILLE, FL

{3320} Sender Reference: 990507098779

{3400} Receiving Bank:  
 ABA number: 122234149  
 Short name: CITZ BUS BK ONT  
 ABA lookup: Address not on file

{3600} Business Function Code: CTR (Customer transfer)

{4200} Beneficiary: D/253051787  
 IBCL LIMITED PARTNERSHIP

{5000} Originator: D/0009983871373  
 BRITISH TRADE & COMMERCE BANK  
 C/O FEC FINANCIAL HOLDINGS INC  
 444 BRICKELL AVE STE 215  
 MIAMI, FL 33131

\*\*\*\* MESSAGE TEXT \*\*\*\*

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

SECURITIES AND EXCHANGE	§	
COMMISSION,	§	
	§	
Plaintiff,	§	
	§	
vs.	§	CIVIL ACTION NO.
	§	3:99 CV 0571-R
	§	
BENJAMIN FRANKLIN COOK, individually	§	
and dba DENNEL FINANCE LIMITED,	§	
GERALD LEE PATE, ELLSWORTH	§	
WAYNE MCLAWS, and ALAN CLAGG,	§	
	§	
Defendants,	§	
	§	
and	§	
	§	
FPC-1 LIMITED PARTNERSHIP, SAMUEL	§	
LIMITED PARTNERSHIP, ALLIANCE	§	
INVESTMENT CORP., CORNERSTONE	§	
MANAGEMENT, LLC, INTERNATIONAL	§	
BUSINESS CONSULTANTS LIMITED,	§	
HIGHLANDER LIMITED PARTNERSHIP,	§	
and KELLY OLSEN,	§	
	§	
Defendants Solely for	§	
Purposes of Equitable Relief	§	

**PETITION NO. 66**  
**PETITION FOR APPROVAL OF THE SIXTH REPORT**  
**AND ACCOUNTING OF THE RECEIVER**

Lawrence J. Warfield, as the court appointed Receiver, submits the following Sixth Report and Accounting of Receiver.

**Previous Reports of the Receiver**

1. The Receiver filed his Preliminary Report and Recommendations of Receiver on April 15, 1999, his Second Report and Accounting on October 12, 1999, his Third Report and



Accounting on March 8, 2000, his Fourth Report and Accounting on June 22, 2000, and his Fifth Report and Accounting on September 15, 2000.

**Receivership Assets Defined**

2. On March 16, 1999, the Court entered its "Order Appointing Temporary Receiver," which appointed Lawrence J. Warfield as Receiver and ordered him to collect, receive and take exclusive custody and control and possession of certain assets of the Defendants and Relief Defendants in the SEC Action ("Receivership Order"). The Court subsequently expanded the Receivership and the property constituting Receivership Assets. Receivership Assets, as defined in the Receivership Order and as supplemented by this Court's Order Finding Contempt and For Sanctions entered May 18, 1999; Order Re: Petition No. 3 entered August 11, 1999; Amended Order Re: Petition No. 3 entered August 26, 1999; Order Finding Contempt And For Sanctions Against C. Kelly Olsen And Preliminary Injunction entered on May 1, 2000; Ex Parte Temporary Restraining Order, Order Freezing Assets, Repatriation Order, Order for Accounting, and Order to Show Cause entered on May 24, 2000; Order Extending Temporary Restraining Order entered on June 8, 2000; and Order Re: Petition No. 48, Order Clarifying Receivership Order entered on October 11, 2000, include the following:

- a. All assets of the Defendant Benjamin Franklin Cook;
- b. All assets of Dannel Finance, Ltd., an international business corporation formed under the laws of British Virgin Islands;
- c. All assets of Defendant Gerald Lee Pate;
- d. All assets of Defendant Ellsworth Wayne McLaws;
- e. All assets of Defendant Alan Wayne Clagg;
- f. All assets of Relief Defendants FPC-1 Limited Partnership, Samuel Limited Partnership, Alliance Investment Corp., Cornerstone Management, LLC, International Business Consultants Limited, and Highlander Limited Partnership;
- g. All assets derived from the fraudulent conduct alleged in the SEC Action;

- h. All assets owned by, controlled by, or held in the name of C. Kelly Olsen, Rebecca Olsen, Laurence, LLC, a Nevada limited liability company, ELN Management, Inc., a Nevada corporation, Warner Springs Limited Partnership, a Nevada limited partnership, or OT Management Limited Partnership, a Nevada limited partnership;
- i. All assets owned by, controlled by or held in the name of Robert H. Burr doing business as R.H. Burr & Company, Patricia Burr, Capital Management Partners, Ltd. doing business as Millenium Growth Fund, Managing Agents (Europe) Limited, Silver Search International Trust, Right Hand Investments Trust, RHB Management LLC, The Trinity Trust, or Trinity Project Management (St. Vincent) Ltd., and
- j. All property owned by, controlled by, or held in the name of any of the following: 1050 Holding Group, Inc.; Academy of Publishing, Inc. aka Academy Publishing; Ashley Imports Limited Partnership, aka Ashley Imports, Ltd.; Bona, Inc.; Branfort, LLC; Bridge Capital Investments, Inc.; Centurian Management Trust; Chasen Properties Limited Partnership; Clagg Family Trust; Clagg Insurance Services; Collateral Equity Corporation; The Connection Corp.; Teri Cook, aka Teri Leslie Webb; Copia, Inc.; Cybernet Connections LLC; Dunhil Financial, LLC; Globaltell, LLC, aka Global Tell Limited Liability Corp.; Golden Security Living Trust; Goldstar Investments, LLC; aka Gold Star Investments; Greenwood, Ltd.; Highlander Ranches; Highlander Management Trust; International Financial Consultants, Inc.; The Investment Note Exchange; KOBE, LLC; Lagniappe Corp.; Lagniappe Trust; Lancer Investment Limited Partnership, aka Lancer Investments, Ltd.; Magma Point, LLC; Dorothy Groves McLaws; Meritus, LLC; Monolith Management, Inc.; Moroni, LLC; Nevina Holdings, LLC; Performance Plus 240 LP; Protec

Corp.; Safe Guard Services, Inc.; Service Insurance Agency, Inc.; Signum Limited Partnership; Solidus, LLC; Tri-Venture Group, Inc; Valuable Business Trust; Westport, Inc.; or White Mountain Investments, Inc.

**Recovery of Receivership Assets**

3. In order to identify the existence and location of Receivership Assets the Receiver initially attempted to obtain this information from the defendants. With the exception of Gerald Pate, however, the defendants and relief defendants invoked their Fifth Amendment Privilege in refusing to provide all of the information requested by the SEC and the Receiver. Since the defendants are in most cases the only persons who know what they did with the investors funds, their refusal to cooperate with the Receiver has resulted and will continue to result in substantial and unnecessary delays and expenses.

4. Because of the defendants' refusal to cooperate, the Receiver has had to attempt to reconstruct the flow of funds from investors to their ultimate destination through subpoenaing and reviewing the records of banks and other institutions, and by deposing or interviewing persons associated with the defendants who have knowledge of the handling of investor's funds.

5. The Receiver has identified over 200 bank accounts through which the Defendants and their associates diverted investor's funds. To reconstruct the flow of investor funds the Receiver has issued subpoenas to over 100 banks and institutions for their records and to over 20 individuals. This is in addition to the 50 subpoenas issued by the Commission in this case. Subpoenas were issued from this district and 16 others.

6. In addition to refusing to cooperate with the Receiver, the defendants have persuaded their associates to refuse to cooperate with the Receiver. Not only have these associates refused to cooperate with the Receiver but they have also ignored subpoenas compelling them to give sworn testimony and, in some cases, have even gone so far as to file objections in an attempt to prevent the Receiver from obtaining records from banks that would identify where investor's funds have been diverted. The result of this concerted effort to hide the location of Receivership Assets has resulted in substantial and unnecessary delays and expenses.

7. By way of example, in December 2000, the Receiver issued a subpoena to First Union Bank for the records of Sterling Investments and William Wise. These records were sought in order to determine the source of approximately \$9,000.00 per month that has been transferred to Defendant Clagg and his wife *after* entry of the Receivership Order. The Receiver has reason to believe that tracing the source of these post-receivership transfers will disclose the location of Receivership Assets that have not been turned over to the Receiver in violation of this Court's orders. With the assistance of the Claggs and their legal counsel, counsel for William Wise has filed an objection to the Receiver's subpoena claiming an invasion of his right to privacy. In his objections Wise does not deny the Receiver's contention regarding the source of the funds being transferred to the Claggs, nor does he confirm Mary Clagg's claims that the funds are from her work in preparing living trusts. Mary Clagg has testified that she does not keep any records identifying the persons who she prepares trusts for, she does not keep copies of the trust documents, and she does not keep copies of invoices for the work performed. Mary Clagg had refused to disclose her personal bank records for months in the hopes of preventing the Receiver from discovering these transfers from William Wise and when asked the location or telephone number of the person responsible for making the transfers, she claimed not to have that information. Requests to her legal counsel to provide the information have been ignored.

8. During this reporting period, the Receiver continued his efforts to identify the source of monies paid to attorney George Neely in connection with his representation of Defendant Cook. Mr. Neely represented Mr. Cook for less than two months, and was requested by the Receiver to disclose the source of his retainer for such representation. Although attorneys who have represented other Defendants in this case have disclosed the source of their retainers, and turned over unearned retainers to the Receiver, Mr. Neely refused to cooperate with the Receiver and provide the information. As a result, the Receiver was forced to subpoena Mr. Neely to produce the records regarding the source of his retainer and any other documents regarding the location of Receivership Assets. After actively avoiding service of process for more than a month, Mr. Neely was finally served with a subpoena. In contempt of the subpoena,

Mr. Neely failed to produce the documents requested and did not serve an objection to any specific document request from the Receiver. Consequently, the Receiver was forced to file a Motion to Compel in the United States District Court for the Southern District of Texas, Southern Division. In response, the Court entered an order compelling Mr. Neely to turn over the documents to the Receiver and to compensate the Receiver for the attorneys fees incurred in filing the Motion to Compel. Mr. Neely and he failed to abide by the Court's Order. As a result, during the relevant period the Receiver filed a Motion for Contempt against Mr. Neely and requested that the Court issue an Order for Mr. Neely to show cause as to why he should not be held in contempt of court for refusing to abide by the Court's orders. Only after the Receiver filed the Motion for Contempt did Mr. Neely finally produce the requested document.

**Receivership Assets Recovered or Liquidated Since the Receiver's Last Report**

9. Since the Receiver's last report the Receiver has recovered the following:
  - a. The house formerly occupied by C. Kelly Olsen was sold on October 25, 2000 for \$915,000. After subtracting the amount needed to satisfy the secured debt, commissions, closing costs and other direct expenses, the Receiver received a net recovery of \$168,393.36.
  - b. The settlement with Defendant Pate closed during October 2000, resulting in a recovery of \$128,927.71, in addition to the amounts previously recovered from Defendant Pate.
  - c. The 1994 Dodge Truck, VIN #1B7FL26X7RS610982 was sold on October 13, 2000, for \$2,600, less auction fees of \$200, for a net recovery of \$2,400.
10. During the reporting period, the Receiver settled a significant portion of the Receiver's claims against the Church of Scientology to recover contributions made by Defendant Cook and his wife Teri Cook. After the entities that comprise the Church of Scientology had refused to comply with a written demand for turnover of Investor Funds that they had received, the Receivership Court authorized the Receiver to file suit against these entities to recover

Dennel Investor Funds. In December, 2000, the Church of Scientology Religious Trust ("CSRT") contacted the attorneys for the Receiver and indicated that rather than file an Answer to the Receiver's lawsuit, the CSRT was prepared to return all of the monies it had received from Benjamin Franklin Cook and Teri Cook. As a result, in the last week of December, 2000, the CSRT issued a cashier's check to the Receiver in the amount of \$1,215,000, and the Receiver dismissed CSRT from the Receiver's lawsuit. The Receiver is continuing pursuit of its lawsuit against other entities affiliated with the Church of Scientology that received Dennel investor funds. The Receiver's attorneys are in discussions with attorneys for these affiliated entities in an attempt to settle the remaining claims of the Receiver.

#### **Related Proceedings**

11. On August 30, 2000, the Arizona State Attorney General announced that the State Grand Jury had indicted defendant Benjamin Cook on 37 counts of fraud, racketeering and theft for his involvement in the Dennel Trading Program. The Receiver understands that the State is continuing to investigate the case and that other indictments may be forthcoming.

12. On November 22<sup>nd</sup> this Court entered its Order Re: Petition No. 50 authorizing the transfer of Defendant Cook from the federal detention center where he was being held for civil contempt of this Court's orders, to the State of Texas for extradition to the State of Arizona. Defendant Cook unsuccessfully fought extradition and he was extradited to Arizona in February 2001.

13. In the civil forfeiture proceeding, the Arizona Superior Court, on October 25, 2000, entered an order granting the Receiver's Motion for Summary Judgment and denied the claims filed by defendant various entities controlled by Defendant Cook. On January 4, 2001, the Arizona Superior Court entered an order granting another of the Receiver's Motion for Summary Judgment and denied the claims filed by Michael Patrick. The Receiver anticipates that in 2001 the Arizona Superior Court will release the funds affected by the granting of these motions and an earlier motion granted as to the claims filed by Wayne and Dorothy McLaws.

**Receivership Records**

14. The Dannel Document Depository continued to receive additional documents. As of the end of this reporting period, 148 boxes of documents had been contributed to the Depository.

**Receivership Administration**

15. The Receiver has prepared an accounting that reflects the cash receipts and expenditures by the Receiver for the period September 1, 2000 through December 31, 2000, which accounting is attached as Exhibit "A".

16. On October 10, 2000, the Court entered an Order granting Petition No. 46 establishing claims adjudication procedures for the receivership. In accordance with such procedures, the Receiver distributed to the investors the Court approved form for submission of claims and the Receiver published notice of such claim procedures in national publications. The Court set a deadline of December 29, 2000, for submission of claims to the Receiver.

WHEREFORE the Receiver respectfully requests that the Court approve the Receiver's Sixth Report and Accounting.

Respectfully submitted this \_\_\_\_ day of \_\_\_\_\_, 2001.

SCHEEF & STONE, L.L.P.

By: \_\_\_\_\_  
Kelly M. Crawford  
State Bar No. 05030700  
1400 Sherry Lane Place  
5956 Sherry Lane  
Dallas, Texas 75225  
Telephone: (214) 696-3450  
Telecopier: (214) 696-0377

ATTORNEYS FOR THE RECEIVER  
LAWRENCE J. WARFIELD

PO Box 2807 Apache Junction Arizona 85217  
 Bus: 602-871-8214  
 Fax: 602-871-8213

**IBCL**

# Memo

<b>To:</b> All Investors	<b>From:</b> Peter Shifman
<b>Fax:</b>	<b>Pages:</b> 2
<b>Phone:</b>	<b>Date:</b> 07/23/98
<b>Re:</b> Investment Program Update #4	<b>CC:</b>

Urgent     For Review     Please Comment     Please Reply     Please Recycle

**• Comments:**

This is the fourth Program Update. I have just returned from Roseau, Dominica where I have completed the appropriate paperwork to open the disbursement account for distributions. As I mentioned in the last update, all pooled funds are now invested. I have received a letter from Dr. Charles Brazie, Vice President of Managed Accounts of British Trade and Commerce Bank indicating that our funds have been allocated for participation. All funds are now allocated and have been contracted for. The balance of funds that have not been appropriated, are IBCLD funds. Please note that the Company mentioned on the letter head ( Global Investment Funds S.A.) is the Investment Company of British Trade and Commerce Bank. In the near future, this company will be forming an "Off Shore" Mutual Fund to attract the smaller investors.

The programs we have contracted for are "back end heavy". This means that a high percentage of the returns will be received towards the end of the contracts with low returns in the beginning of the contracts. The reason for this is that our contracts call for a minimum sixty-five percent (65%) reinvestment of returns at the end of each cycle. However, when all contracts terminate, the returns will be more than sufficient to ensure that all participants will receive their contracted yields and bonuses.

I am still awaiting the actual disbursement schedule for each program. Upon receipt, I will forward a copy to each one of you. Dr. Brazie has indicated that the first disbursement will now be sometime next week. Due to the nature of the contracts, it is difficult to pinpoint an actual date. However, once the first disbursement occurs, we will receive disbursements on a systematic basis. The date of the first payment will be the anniversary date for all future payments. For those investors who have requested their proceeds to be reinvested, you will be receiving your first statement in the beginning of August.



2267

July 20, 1998

As a side note, British Trade and Commerce Bank have completed their acquisition of First Equity Securities of Florida. First Equity has over 100 traders on staff. New Accounts for Qualified Funds will be available in the beginning of August including the normal Custodian Services. These funds can then be invested through conventional investments or through our Program. In addition, International Business Companies will be able to open trading accounts. I have requested a fee schedule for those of you who may be interested. Also, British Trade and Commerce Bank will soon be offering Master Cards for all account holders, including International Business Companies. Should you have any interest in this, please feel free to contact my office.

I wish to thank each one of you, again, for your patience and understanding during this start up period. Once disbursements start they will occur like clockwork. Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Pete Shifman", with a stylized flourish at the end.

Pete Shifman

PO Box 4797 Apache Junction Arizona 85278  
 Bus: 480-671-8214  
 Fax: 480-671-8213

**IBCLD**

# Memo

<b>To:</b> All Investors	<b>From:</b> Peter Shifman
<b>Fax:</b>	<b>Pages:</b> 3
<b>Phone:</b>	<b>Date:</b> 04/01/99
<b>Re:</b> Program Update	<b>CC:</b>

Urgent  
  For Review  
  Please Comment  
  Please Reply  
  Please Recycle

• **Comments:**

All of you are aware that statements and disbursements have not been issued since the beginning of December, 1998. This has been due to the lack of performance by the Bank that IBCLD is contracted with. After numerous conversations with the Bank, it is has become clear that the rules and procedures governing these investments have changed considerably since IBCLD first funded this program. According to the Bank, small contracts, such as ours, are now more difficult to complete.

In mid November 1998, small investment programs were closed for the holiday period. Large programs (\$500,000,000, and up) continued to be offered. In the third week of January, the smaller investment programs re-opened for 1999. According to the Bank, we immediately entered into a program. Disbursements from this program were to be initiated by the end of February. However, disbursements did not and have not taken place as of this time. Therefore, the Bank's Contract has been violated and funds have been unreserved.

Now we have been entered into a new contract that spans ten months. The Bank is confident that this contract will perform, with the first disbursement scheduled for the end of April.

I realize that this option is not satisfactory at this time, either to you or myself. Due to the delays, and the frustrations that we have all felt associated with those delays, I opened discussions with the Comptroller of the Bank to review options that may be available. Based on these conversations, I am able to offer these options to each individual investor. They are as follows:

April 1, 1999

- Continue our current contract and wait until the end of April to see if that contract performs.
- Request the return of your investment. This will be forwarded to you within thirty (30) days of our receipt of your request.
- Terminate the current contract and issue a new contract with the following terms:
  1. The investment contract will be for twelve (12) months.
  2. A Certificate of Deposit will be purchased through the Bank and its Florida-based Securities Firm for the total amount of the investment.
  3. A guaranteed rate of return of two percent (2%) per month, paid monthly will be paid to investors. No reinvestment opportunities will be available (this may change based on the value of the CD).
  4. The Certificate of Deposit will be used by the Bank for Investment Programs.
  5. Any gains from Investment Programs will be paid based on the Asset Management Agreement that IBCLD has with the Bank. All gains will be paid to IBCLD, minus any CD interest that has been already paid. IBCLD will then distribute gains to investors.
  6. All funds will be committed for a twelve (12) month period, based on the purchase of the Certificate of Deposit. The contract date will be the start date of the twelve (12) month CD.

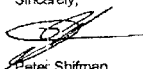
These are the options. I have included a form for you to complete, indicating which option you wish to choose. I would be pleased if you would **fax or mail this to us at your earliest possible convenience**. Please ensure that the form is completed in full to avoid any errors.

If you have any questions, I would be very appreciative if you would not call. We are not capable of handling a large volume of telephone calls at the same time. Please fax or mail us any questions you may have. We will respond to you as quickly as we can. Rest assured that we will do everything possible to ensure that you have the most updated information possible. You will be updated on a regular basis and / or if anything changes.

On behalf of IBCLD, I apologize that this opportunity did not go as planned. I am still very hopeful that the Bank can and will perform, and that, if you choose the CD option, we will at least be able to provide an attractive guaranteed rate of return for the contracted period.

We thank you for your patience and appreciate your understanding of this matter.

Sincerely,



Peter Shifman  
IBCLD Representative

2270

April 1, 1999

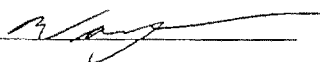
### PROGRAM OPTIONS

INVESTOR NAME Wayne Brown

DATE April 6 1999

I request that my investment be handled in the following manner:

- I am requesting the return of my investment.
- Please continue our current contract and wait until the end of April to see if that contract performs.
- Please terminate the current contract and issue a new contract with the following terms:
1. The Investment contract will be for twelve (12) months.
  2. A Certificate of Deposit will be purchased through the Bank and its Florida-based Securities Firm for the total amount of the investment.
  3. A guaranteed rate of return of two percent (2%) per month, paid monthly will be paid to investors. No reinvestment opportunities will be available (this may change based on the value of the CD).
  4. The Certificate of Deposit will be used by the Bank for Investment Programs.
  5. Any gains from Investment Programs will be paid based on the Asset Management Agreement that IBCLD has with the Bank. All gains will be paid to IBCLD, minus any CD interest that has been already paid. IBCLD will then distribute gains to investors.
  6. All funds will be committed for a twelve (12) month period, based on the purchase of a Certificate of Deposit. The contract date will be the start date of the twelve (12) month CD.

INVESTOR SIGNATURE 

Please fax to:  
602-671-8213

or mail to:  
IBCLD  
PO Box 4797  
Apache Junction, Arizona 85278

2271

PO Box 4707, Apache Junction, Arizona 85278  
(602) 671-8214 telephone  
(602) 671-8213 fax

**IBCL OF DOMINICA,  
LTD.**

# Fax

**To:** Wayne Brown **From:** Thomas H. Krepeika  
**Fax:** 519/679-0707 **Pages:** 1  
**Phone:** **Date:** 10/8/99  
**Re:** Update/Clarification **CC:**

Urgent  For Review  Please Comment  Please Reply  Please Recycle

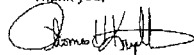
• **Comments:**

Dear Mr. Brown,

Just to clarify everyone's position regarding your invested \$30,000.00, the funds were transferred directly to the IBCL account. However, the funds were placed in that account under contract with Global Investments Network Ltd., leaving them outside of our control. In order to place them into the Certificate of Deposit Program, and realize further profits from the BTCB, we would have to enter a new JVA issued to you from this office.

I am expecting a call from Mr. Betts sometime in the next hour or so, and he and I will address your situation, as well as others, and figure out the best and most efficient means of handling your investment.

Thank you,



Thomas H. Krepeika



**British Trade & Commerce Bank**  
*Licensed for Full Trust Business*

Emers Bldg., Dame Eugenia Charles Blvd. Bayfront,  
 Roseau Commonwealth of Dominica,  
 PO Box 2042, Phone: (767) 448-6410 Fax: 448-6477  
 E-mail: btcbank@comdom.dm - SWIFT: BTCDMDM

October 11, 1999

Mr. Tony Rodriguez  
 Global Investment Network Ltd.  
 13020 San Lucas Drive  
 Victorville, Ca. 92392

Sent via Fax: 760-241-2378

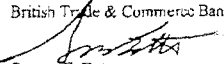
Dear Mr. Rodriguez

Thank you for your letter of September 20, 1999 agreeing to our proposed settlement. The Bank is prepared to take over the management of these funds in conjunction with Peter Shifman. However, the Bank is not prepared to release you and Global from all liability associated with your investors.

Since my last letter the situation has changed slightly. Mr. Charles Purser and Mr. John Dobbs have both notified the Bank to transfer their funds back to them from Global. I have discussed the situation with both of them and they are agreeable to participating in the situation as outlined in my letter of September 16, 1999. The problem is now Global is short another \$20,000 so the amount increases from \$2,385 to \$22,385. In view of this I propose to also transfer to IBCL the \$4,915 in Coopman Ltd. and to retain in IBCL the \$25,000 you indicated they have with IBCL. If any more depositors call we will have to figure out how to deal with them.

I have been in contact with Peter Shifman with regard to your request for the return of Coopman funds and interest. I suggest you contact Peter directly, as we have no knowledge of any arrangement you may have with Peter with regard to these funds.

We are preparing a formal acceptance to send to all the people who have notified us of their deposits and will be getting their acceptance to the proposal. At this point I only have verbal assurance from most of them. I will keep you informed.

Sincerely,  
 For and on behalf of  
 British Trade & Commerce Bank  
  
 George E. Betts  
 Executive Vice President



Cc: Peter Shifman

FROM : U. Kane  
Sent By: BRITISH TRADE AND COMMERCE BANK; PHONE NO. : 954 964 8701  
787 448 8777; DATE: 23 Oct. 1999 01:57PM P1



**British Trade & Commerce Bank**  
*Licensed for Full Trust Business*

Emme Bldg., Dame Eugenia Clarke Blvd., Bayfront,  
P.O. Box 2062, Phone: (767) 448-9410 Fax: 448-8477  
E-mail: [btcbank@btcbom.com](mailto:btcbank@btcbom.com) - SWIFT: BTCCBOMOM

October 11, 1999

To all depositors in Global Investment Network Ltd.  
And certain depositors in International Business Consultants Ltd.

Sent via fax: 954 564 8701

I am pleased to report that we have come to an arrangement with Mr. Tony Rodriguez with respect to handling your deposits with Global and IBCL. As I have explained to many of you on the telephone the remaining balances in Global will only return 17% of your original principal. However, of the approximately \$300,000 of your deposits that went into Global, \$252,615 was transferred into IBCL and is presently invested in their managed account with the Bank. Mr. Rodriguez and most of you have agreed that rather than have your funds returned at 17% of their original amount you would rather let Mr. Peter Shifman manage your funds and participate in his investment program. I have explained to many of you that you wire transferred your funds directly into IBCL and those funds (\$509,000) are under the managed account agreement with the Bank and are presently invested with a return on the investment expected in the very near future.

This is an extremely complicated situation to explain. The bottom line is that if you agree to let your funds be placed under the management of IBCL and Mr. Peter Shifman then the Bank can assure you that your funds are safe and in an account that is intact and will stay that way until the investment program is over.

I have indicated below the amount of your deposit and the account into which you transferred it. If you agree with the above treatment, please indicate your approval below and fax your response back to the bank.

If you would like to discuss this matter with Peter Shifman his telephone number is 480-671-8214 or please feel free to call me.

Sincerely,  
  
George E. Betts  
Executive Vice President

Your name: WAYNE BROWN Agreed: \_\_\_\_\_

Amount of deposit: \$ 30,000.00

Deposited in: Global Investment Network Ltd.  
International Business Consultants Ltd.

2274

May 8, 2000

Via: Fax 1-767-448-6477 & First Class Mail

George E. Betts, EVP  
British Trade & Commerce Bank  
Emens Building  
Dame Eugenia Charles Boulevard  
P. O. Box 2042  
Bayfront, Rosseau  
Commonwealth of Dominica

Dear Mr. Betts:

I am concerned and interest with regard to the contents of your 10/11/99 correspondence to Mr. Tony Rodriguez of Victorville, California.

Enclosed you will find a copy of an Order from Judge Jerry Buchmeyer of the Northern District of Texas Federal Court appointing me the Receiver of various individuals and entities to included IBCL. There is some question as to whether this order would also extend to Coopman, Ltd. based upon our preliminary investigation.

To the extend IBCL has funds invested now, or at any time with your organization, I ask that this be "frozen" and identified.

This matter is most serious. Benjamin Franklin Cook, III is currently incarcerated for civil contempt of Judge Buchmeyer's order, and C. Kelly Olsen, one of the facilitators is currently a fugitive from the U.S. Marshall's Service.

I strongly suggest you understand your fiduciary duties with regard to this matter, as the frauds that have been committed against these investors will be prosecuted to the fullest.

Demand is hereby made relative to any and all funds derived from, or under the control of, Benjamin Franklin Cook, III, Dannel Finance, Samuel Limited, or any of the defendants or receivership entities listed on the enclosed, held by any person or entity in your organization are to be "frozen" and repatriated to me as Receiver for these entities.

Very truly yours,

Lawrence J. Warfield, CPA  
Receiver, Dannel Finance, et al

LJW/jjb  
Enclosure  
cc: Patrick M. Murphy



2275



**British Trade &  
Commerce Bank**

Emery Bldg., Dame Elizabeth Charles Blvd. Bayfont Roseau,  
Commonwealth of Dominica  
P.O. Box 2942 Phone: (767) 448-6410 Fax: 448-6477

Date: 05/11/00

*Fax Cover Sheet*

To: LAWRENCE J. WARFIELD From: GEORGE BETTS  
Company: WARFIELD & CO. Department: EXECUTIVE VICE PRESIDENT  
Fax: 1-480-951-3887 Pages: 1

Ref:

Confidentiality Caution: This message is intended only for the use of the individual or entity to which it is addressed and contains information that is privileged and confidential. If the reader of this message is not the intended recipient, he/she is hereby notified that any dissemination, distribution or copying of the communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the above address at our cost.

DEAR MR. WARFIELD

I AM IN RECEIPT OF YOUR CORRESPONDENCE DATED MAY 8, 2000 REGARDING MR. TONY RODRIGUEZ.

PLEASE REFER ALL QUESTIONS AND REQUESTS FOR INFORMATION TO THE SOLICITOR FOR THE BANK, MR. MICHAEL BRUNEY, 12 VIRGIN LANE, ROSEAU, COMMONWEALTH OF DOMINICA, W.I. TELEPHONE 767-448-0200, FAX 767-448-0202.

SINCERELY,  
GEORGE BETTS

2276



**British Trade & Commerce Bank.**

*Licensed for Full Trust Business.*

Emens Bldg., Dame Eugenia Charles Blvd, Bayfront,  
Roseau Commonwealth of Dominica,  
PO Box 2042, Phone: (767) 448-6410 Fax: 448-6477  
E-mail: btcbank@owdom.dm - SWIFT: BTCBDMCM

July 25, 2000

Mr. David A. Coriette  
Supervisor-Financial Institution  
Government Headquarters  
Kennedy Ave.  
Roseau, Dominica

Dear Mr. Coriette

Enclosed are the major pieces of correspondence and documents relating to the complaint of Mr. Wayne Brown. As you can see from the schedule, Mr. Brown deposited \$30,000 directly into the IBC account. In my discussions with him, and as indicated by his fax to me, his group (Transglobal Investment Club) placed \$190,000 with Global. Mr. Rodriguez transferred those funds out of the Global Account into one of his other accounts in the United States.

After you have read the enclosed correspondence please call me if you have any questions.

Sincerely,  
For and on behalf of  
British Trade & Commerce Bank

  
George E. Betts  
Executive Vice President



2277



Tel.: (1-767) 448-2401 Ext. 3158/3354  
Fax: (1-767) 448-0406  
E-mail: [ibu@cwdom.dm](mailto:ibu@cwdom.dm)  
Website: [www.ibuoffshoredominica.dm](http://www.ibuoffshoredominica.dm)

INTERNATIONAL BUSINESS UNIT,  
MINISTRY OF FINANCE, INDUSTRY  
AND PLANNING,  
GOVERNMENT HEADQUARTERS,  
KENNEDY AVENUE,  
ROSEAU  
COMMONWEALTH OF DOMINICA,  
WEST INDIES.

August 1, 2000

Mr. Wayne Brown  
80 Forward Ave.  
London Ontario  
**Canada N6H 1B7**

Dear Mr. Brown

We apologize for the delay in replying but we were seeking information from British Trade and Commerce Bank before replying and we were also experiencing problems with your fax number.

Please find attached a copy of a letter from Mr. George Betts of British Trade and Commerce Bank confirming that the funds you placed in Global Investments Network Ltd, the IBC own by Mr. Tony Rodriguez were subsequently transferred by Mr. Rodriguez to one of his other accounts in the United States.

It now appears that you have to pressure Mr. Rodriguez for the return of the funds. It was a mistake not to have invested directly with the bank.

A handwritten signature in dark ink, appearing to read 'David A. Corriette', written over a light-colored background.

**DAVID A. CORRIETTE**  
**SUPERVISOR - FINANCIAL INSTITUTIONS**

2278

9- 0 00: 4:10PM:Warfield And Company

bu 11 460 851 3007

W 7/ 36

LAW FIRM OF  
**GUTTILLA & MURPHY**  
A Professional Corporation  
4150 WEST NORTHERN AVENUE  
PHOENIX, ARIZONA 85051  
(602) 937-2795  
FAX (602) 937-6897

**COPY**  
NICHOLAS C. GUTTILLA  
PATRICK M. MURPHY  
EILEEN T. BALDWIN  
ALISAN M. B. PATTEN

June 18, 1999

Tony Rodriguez  
Coopman, Ltd.  
13020 San Lucas Drive  
Victorville, CA 92392

Re: SEC v. Cook (ND TX 3:99CV0571-R)  
Dennel Receivership

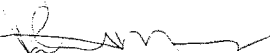
Dear Mr. Rodriguez:

This firm represents Lawrence J. Warfield who was appointed receiver on March 16, 1999, in the above action pending in the Northern District of Texas. Enclosed are copies of the order appointing Mr. Warfield as Receiver, the Complaint, and the Court's Preliminary Injunction.

The Receiver understands that Coopman, Ltd. has engaged in various business dealings with Ben Cook and Alliance Investments Corporation. The assets of both of these have been placed in receivership pursuant to the enclosed order. On behalf of the Receiver I request that you provide the undersigned with copies of any agreements, correspondence, or other documents regarding your dealings with Mr. Cook and Alliance, together with an explanation of those dealings.

If you will not provide this information without a subpoena, please let me know immediately.

Very truly yours,



Patrick M. Murphy

PMM:bb  
Enclosures

2279



NEW VISION INTERNATIONAL, INC. INSURANCE DEPARTMENT  
7752 East Gray Road - Suite 200  
Scottsdale, Arizona 85250

Tuesday, May 20, 1997

TONY R. RODRIGUEZ  
WEALTH & FREEDOM NETWORK, LLC  
13020 SAN LUCAS DR  
VICTORVILLE, CA 92392

Dear TONY R. RODRIGUEZ:

Thank you for choosing to become an Additional Insured on New Vision International's Product Liability Insurance Policy. Your certificate is enclosed. Should you have any questions or concerns, please call us at (602)368-4500.

---

RECEIPT

CERT.#: 101152      EFFECTIVE DATE: 5/2/97      EXPIRATION DATE: 03/15/98

ADDITIONAL INSURED	WEALTH & FREEDOM NETWORK, LLC
ADMINISTRATIVE PROCESSING FEE	\$125.00
METHOD OF PAYMENT	Visa
AUTHORIZATION OR CHECK NUMBER	030025

NEW VISION INTERNATIONAL, INC. INSURANCE DEPARTMENT  
7752 EAST GRAY ROAD - SUITE 200  
SCOTTSDALE, ARIZONA 85250  
(602)368-4500  
(602)368-4500 - FAX  
(512)964-1288 EXT. 2 - FAX ON DEMAND

1596

DD07400537

DDI

# Certificate of 'Additional Insured' Under



## Product Liability Insurance Policy

**WEALTH & FREEDOM NETWORK, LLC**

Is Hereby Named An 'Additional Insured' Under New Vision International's Product Liability Policy

Certificate Number: 101152

Effective Date: 5/29/97

Expiration Date: 3/19/98

I am aware of and agree that I am listed as an additional insured on New Vision's Product Liability Insurance policy and am not purchasing my own insurance. I am further aware of and agree that I should consult with my own insurance experts to obtain the necessary insurance for my business operations. I am further aware of and agree that New Vision's Product Liability Insurance policy is underwritten by U.S.F.A.G. and American National Fire Insurance Companies in the aggregate amount of fifty-five million dollars (\$55,000,000.00) (which amount will be reduced by the amount of claims paid, if any, during the policy period) on which I will be listed as an additional insured. I am further aware of and agree that the \$125.00 annual premium for this policy is being paid by WEALTH & FREEDOM NETWORK, LLC. I am further aware of and agree that my status must be NON-RETROACTIVE. I am further aware of and agree that I will remain an Additional Insured from my effective date through March 19th, 12:00 Midnight of each year, which is the renewal date of New Vision's Product Liability Insurance policy. I am further aware of and agree that my status must be renewed every year to remain an additional insured.

DD07400538





New Vision International, Inc. 14882 North 83rd Place Scottsdale, AZ 85250 Express O.E.: 1-800-772-1888 (Orders only, No Sign Ups) Order Entry: 1-800-704-6444 Order Entry Fax: 1-800-704-6511 Order Inquiry: 1-802-368-2000 Fax On Demand: 1-818-404-1288 Member Services: 1-802-368-2000 Member Services Fax: 802-949-2382 Sign Up By Phone: 1-800-704-6444 Sign Up By Fax: 1-800-704-6511 PowerLine: 1-802-951-1800

\* Attn: Matt Wynn \*

Please Expedite Thank You CHANGE FORM

Please use a pen and print clearly in all the spaces provided.

[X] VERY IMPORTANT: Please check if this change affects your Autoship Advantage Order.

TEAM MEMBER INFORMATION - PRESENTLY ON FILE

2421055011 NVIN

T. RODRIGUEZ ENTEPRENEUR INC. LAST NAME FIRST NAME MIDDLE INITIAL

STREET ADDRESS 13020 SAN LUCAS DRIVE CITY Victorville COUNTY STATE CA ZIP 92392 DAY TEL/TDD (719) 241-8304 EVE (67) 241-8304 FAX (719) 241-2378 E-MAIL Guerrero@csd.com

- Information to be changed: (Please check as many categories as apply.) [X] Name (Legal name change, i.e., from maiden to married, etc.) [ ] Other, Please Explain [ ] Address [X] Home (Evening) Telephone Number [X] Business (Daytime) Telephone Number [X] Fax Number [ ] E-MAIL

TEAM MEMBER INFORMATION - SHOULD BE CHANGED TO

All name, address, and/or phone number changes must be submitted in writing.

WEALTH FREEDOM NETWORK LAST NAME FIRST NAME MIDDLE INITIAL

STREET ADDRESS 13020 SAN LUCAS DRIVE CITY Victorville COUNTY STATE CA ZIP 92392-660 DAY TEL/TDD (760) 241-0694 EVE (760) 241-8304 FAX (760) 241-2378

Date 4/28/97 Signature [Signature]

[X] Did you remember to sign and date this form? Thank you for your cooperation!

Send to Home Office F0205 696

DD07400536





New Vision International, Inc.  
 1920 East Broadway  
 Tempe, AZ 85282-1702  
 Order Entry: 800-704-6444  
 Order Inquiry: 602-303-5900  
 Member Services: 602-303-5900  
 Sign Up By Phone: 800-704-6444  
 NVI Promotions: 1-800-828-6140

**OPERATING UNDER A BUSINESS NAME**  
**APPENDIX A**

Express Order Entry: 800-772-1888 - (Orders only, No SignUps)  
 Order Entry Fax: 1-800-704-6511  
 Fax On Demand: 512-404-1286  
 Sign Up By Fax: 800-704-6511  
 Member Services Fax: 602-303-5901  
 PowerLink: 602-303-5955

Please use a pen and print clearly in all the spaces provided.

BUSINESS INFORMATION		To operate your New Vision International, Inc. Team Membership under a business name, you must complete and return this document along with your duly completed Team Membership Application and Agreement form.	
860864762 Federal ID Number			
W F A L T H A N D F R E E D O M N E T W O R K			
NAME OF BUSINESS (Maximum 25 characters)			
ADDRESS 13020 SAN LUCAS DRIVE			
CITY Victorville		COUNTY San Bernardino STATE CA ZIP 92392-6606	
DAY TEL/TDD (760) 241-0694		EVE (760) 241-8304	
FAX (760) 241-2378		E-MAIL Guaranaman@aol.com	
Date business was Registered with State 4/4/97		State of Business registration Nevada	
TYPE OF BUSINESS <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietorship <input checked="" type="checkbox"/> LLC			
NAME	TITLE	SOCIAL SECURITY #	ADDRESS
Please list below all officers, directors, shareholders, members, managers, partners, and individuals of the above mentioned business, including social security numbers. None of these entities may be in the form of a trust.			
T. Rodriguez Enterprises, Inc.			
Tony Rodriguez	President		13020 SAN LUCAS DRIVE Victorville CA 92392
	Redacted Information in Subcommittee Files		
I certify that the operation of this New Vision International, Inc. Team Membership under the above-mentioned business name is authorized by all applicable laws whether federal, state, county, or local; and that all the relevant and necessary procedures, filings, declarations, etc., to use such a name have been properly followed or filed with the proper authorities.			
It is agreed and understood that no individual having an interest in the above-mentioned business including those in the after-mentioned categories: i.e. Directors, Officers, Partners, Shareholders, etc., receives benefits from, nor is involved directly or indirectly, in any other New Vision International, Inc. Team Membership. All individuals in the above mentioned business agree to be bound by the policies and procedures of New Vision International, Inc.			
I certify that the information provided in this document is accurate and complete and that I am obliged to notify New Vision International, Inc. within two weeks of any changes and/or amendments to the information contained herein.			
SIGNATURE: I hereby declare that I have read the terms of the Team Member Application & Agreement form and that I fully understand and agree to abide by all such terms contained therein and that I am duly authorized to execute this document. I also understand that all checks for monies earned will be issued under the business name.			
Signed 28 <sup>th</sup> day of April 19 97		DD07400534	
Signature of authorized officer (same as applicant)		Tony Rodriguez Agent	
I authorize New Vision International to use my credit card as payment for my Operating Under a Business Name application fee of \$25.00 as follows:			
Method of Payment: <input checked="" type="checkbox"/> VISA <input type="checkbox"/> Amex <input type="checkbox"/> MC <input type="checkbox"/> Discover <input type="checkbox"/> Certified Check/Money Order Enclosed			
Credit Card Number		Exp. Date 2/98	
Cardholder's Name Tony Rodriguez		Day Phone	
Cardholder's Signature Tony Rodriguez			
White Copy - Must be MAILED, NOT FAXED to Home Office		Yellow Copy - Applicant 397	





2283

Coopman, Ltd.

Memorandum

Via Facsimile

To: Ben Cook, Alliance Investments Corporation  
From: Tony Rodriguez  
Date: February 10, 1999  
Subject: Trust Documents and TRT Stock Certificate

Dear Mr. Cook,

As the managing member, and on behalf of Coopman, Ltd., we are requesting the pertinent documents regarding the establishment of the International Discretionary Trust to be forwarded to the U.S. correspondence address listed below as soon as possible. Our records indicate that on May 4, 1997, \$9,500.00 U.S. was paid to Alliance Investments Corporation for the services included in their "International IBC Pak." To date, we have not received any documentation pertaining to the establishment of the International Discretionary Trust. Currently, we are in the process of reviewing our existing entities/structure and we therefore are requesting all pertinent documentation information regarding the trust.

Secondly, in August of 1997, we invested monies for the purchase of TRT Free Trading Stock. In addition, additional stock was to be issued to us, per a mutually agreed upon transaction. To date, we have not received any stock certificates for said investment or transaction. Therefore, on behalf of Coopman, Ltd., we are requesting that the total aggregate of 50,000 shares of TRT Free Trading Stock be issued to Coopman, Ltd., and forwarded to the U.S. correspondence address listed below.

Thank you in advance for your prompt attention to these matters. Should you have any additional questions, please feel free to contact me at the numbers shown below.

Respectfully,



Tony Rodriguez  
U.S. Correspondent

P.S.  
I trust that you and your family are doing well. Please tell them I say, "Hello," and I wish you and yours continued success.

U.S. Correspondence Address:  
13020 San Lucas Drive • Victorville, CA 92392  
(760) 241-1594 Voice • (760) 241-2378 Fax

0100629

2284

From: Tony Rodriguez To: Ben Cook

Date: 02/24/99 Time: 11:01:38 AM

Page 1 of 2

Coopman, Ltd.

Memorandum

Via Facsimile & U.S. Mail

To: Ben Cook, Alliance Investments Corporation  
From: Tony Rodriguez  
Date: February 18, 1999  
Subject: Follow-up to February 10, 1999 Letter

Dear Mr. Cook,

On February 10, 1999, a request for trust documents and TRT Stock Certificate was sent to your office via facsimile. As my office has received no response to the correspondence, I am hereby requesting a formal acknowledgement and receipt of the letter and an estimated date that I may expect delivery of the requested documents.

I appreciate your prompt attention to this matter and await your reply. Should you have any additional questions, please feel free to contact me at the numbers shown below.

Respectfully,



Tony Rodriguez  
U.S. Correspondent

Enclosure: February 10, 1999 Correspondence

0100103

U.S. Correspondence Address:  
1302C San Lucas Drive • Victrolville, CA 92392  
(750) 241-0594 Voice • (750) 241-2376 Fax

From: Ben Cook <bcook@futureone.com>  
To: Oliver Seraphina <floralgardens@tod.dm>  
Date: Wednesday, July 29, 1998 10:35 PM  
Subject: Response to your last Fax Transmission 7/28/98

Hi Oliver,

I would like to speak to you today. I you after I complete this e-mail. In the meantime I would like to have a statement on each account by fax today so I can give each client an update. The last statements I received were in February 98 and Aldanti's statement did agree with my deposit records. I sent several faxes to you about that matter and never received a reply on the matter and time has slipped away to the point where, it must be handled immediately.

Also, on May 10, 1998 I received a fax from you, stating that Platinum Corporation was registered that day and you would be sending a Fedx with the Amended changes. I haven't received that correspondence, please send me a fax and I need the original copies of that Amendment as well, please as soon as possible, your help is greatly appreciated.

To insure that this is done on a timely basis, I would like to talk with you today and work this out by telephone if possible.

I need statements for Platinum Corporation, (Formerly, International Environmental Technology) Aldanti, Coopman, Mooney, and Moroni. In my previous fax last week I mentioned White Sands disregard that it was Platinum Corporation.

I also need to have three wire transfers made today from the following accounts:

Please wire the sum of Three Thousand Nine Hundred Seventy (\$3,970.00 USD) Dollars from Coopman's Account [redacted] to:

Wire Instructions:

For Credit to:

Bank Name: Bank One Arizona, NA  
Bank Address: 7205 Wam Pum Way  
Carefree, AZ 85377

Routing/Transit No: 122100024

For Further Credit to:

Account Name: Dannel Finance, Ltd.  
Address: 4727 E. Bell Rd, Suite 45-112  
Phoenix, Arizona 85032  
Account Number: 2060-4168

*Ben this has the original wiring instructions you used to send him his 42,000*

*Let me know the total you come up with. Please wire 20,000 to magi*

Redacted Information in Subcommittee Files

Please wire the sum of Forty-two Thousand (\$42,000.00 USD) Dollars from Aldanti's Account [redacted] to:



2287

Senate Permanent Subcommittee  
On Investigations  
EXHIBIT # 57k

Exhibit 57k.

**Gold Chance fraud documents**

ONTARIO  
SUPERIOR COURT OF JUSTICE

BETWEEN:	)	
	)	
GOLD CHANCE INTERNATIONAL	)	<i>David E. Wires</i>
LIMITED, CEBY MANAGEMENT	)	<i>Arthur O. Jacques</i>
LIMITED and JBG MANAGEMENT INC.	)	<i>Lisa La Horey</i>
	)	for the Plaintiffs
	)	
Plaintiffs	)	
	)	
- and -	)	
	)	
DAIGLE & HANCOCK, DOUGLAS H.	)	<i>John Olah</i>
HANCOCK, PETER M. DAIGLE,	)	<i>Colin D. Piercey</i>
TRIGLOBE INTERNATIONAL FUNDING	)	<i>Colin J. Grant</i>
INC., FREETRADE BUREAU, S.A., FREE	)	for the Defendant Daigle & Hancock
TRADE BUREAU, S.A., 1170870	)	<i>R. Geoffrey Newbury</i>
ONTARIO LIMITED operating as G & S	)	for the Defendants Sayse Chatterpaul, Paul
ENTERPRISES, G & S ENTERPRISES	)	Zhernakov and 1170870 Ontario Limited
LIMITED, G & S ENTERPRISES LTD., G &	)	
S ENTERPRISES ONTARIO LTD., SAYSE	)	
CHATTERPAUL, PAUL ZHERNAKOV,	)	
THE BANK OF NOVA SCOTIA and BANK	)	
OF MONTREAL	)	
	)	
Defendants	)	
	)	
	)	HEARD: April 17, May 1, May 5, May 15,
	)	June 2 and June 8, 2000

C. CAMPBELL J.

REASONS FOR DECISION

[1] This application commenced with a motion for injunctive relief, appointment of a receiver and an order in aid of tracing. Various endorsements were made as this matter proceeded. I reserved the right to amplify those endorsements in written reasons which now follow.

[2] The matter proceeded before me first on April 17, 2000 by way of a notice of motion without notice. Counsel for the law firm and individual solicitors was in attendance, though not formally served. The motion material initially filed, and in particular the affidavit of Brent Binions, made it apparent that the Plaintiffs not only were unaware of the location of funds that had been advanced to various of the Defendants, but that time would be of the essence in any attempt to trace and recover those funds. Given the nature of the relief sought as against the solicitors and the effect that it may have on any additional relief to be granted, the motion proceeded in stages.

[3] The Plaintiff Gold Chance International Limited ("Gold Chance") is incorporated in the British Virgin Islands, with its head office in Aurora, Ontario. It has North American territorial rights to a novel technology for a certain type of refined combustible fuel for automobiles and other uses.

[4] In order to exploit the technological rights, Gold Chance required working capital, estimated to be in excess of U.S.\$12 million. Through an intermediary, Gold Chance and its president Mr. Greg Binions were introduced to Sayse Chatterpaul, who through 1170870 Ontario Limited, carries on business as G & S Enterprises Limited. Chatterpaul represented to Gold Chance that he could arrange funding from a bank or other financial institution outside Canada. On September 27, 1999, Chatterpaul offered funding of US\$27.5 million by way of loan, on condition that 25% of the loan be put up by way of collateral. The sum of \$6,875,000 was said to be a pre-requisite for this type of loan. The purpose was to enable flexible repayment terms of principal and interest and carried with it an administrative fee of 3%.

[5] As confirmed by the defendant solicitors, the "liquid collateral" was to be held by a fiduciary to be agreed upon by both Gold Chance and G & S Enterprises. A borrowing agreement was drafted between Gold Chance as the borrower and Triglobe International Funding Inc., of which Chatterpaul was the signing officer, as lender. The agreement provided in part that "the deposited collateral will be kept by lender's lawyer in a fiduciary account designated by the lender." The agreement went on to note that the lender and lender's lawyer should have the right and privilege to change banking or financial institutions in which the deposited collateral may be located, on condition that notice be delivered to the borrower no later than 30 days after such change.

[6] For some reason that was not made clear in the material, the first agreement was replaced with a second borrowing agreement made as of February 17, 2000, in which Gold Chance again was the borrower and Free Trade Bureau, S.A. ("Free Trade"), incorporated under the laws of Dominica, again with Chatterpaul as the sole signing officer, was the lender. This time the amount of the loan had been agreed upon in the sum of US\$12 million and the security for the loan to be put up by the borrower in the sum of US\$3 million.

[7] Article 3.01(b) of the agreement provides "the deposited collateral will be kept by the law firm of Daigle & Hancock in a fiduciary account designated by the lender."

[8] Article 3.02 provides that "the lender and lender's lawyer shall have the right and privilege to change banking or financial institutions in which the deposited collateral may be

located at any time and on condition that notice be delivered to the borrower no later than 30 banking days prior to such change. Such change shall only occur after the full loan amount is delivered.”

[9] Article 4.01 reflects the agreement between the lender and the borrower that:

- “(a) the nature of the security being advanced, with the right in the lender to a lien to secure the loan;
- (b) the lender to specify the financial institutions into which the collateral is to be deposited;
- (c) ...the cash collateral was to be designated to the lender’s sole signatory only after three-quarters of the full amount of the loan was advanced to the borrower.”

[10] Pursuant to the first agreement, on December 3, 1999, Gold Chance obtained a bank draft in the sum of US\$3 million, drawn on the Toronto-Dominion Bank, which was funded by a ten-year term loan. The bank draft was delivered to the defendant solicitors, who then deposited the sum into the Bank of Montreal at the Mississauga main office.

[11] Despite various promises that the loan funds were on the way, and confirmation of that undertaking by Chatterpaul from time to time, no funds were received. As of March 6, 2000, a notice of termination of contractual right was served by Gold Chance, should they not receive the loan advance by March 10, 2000. Despite promises, the loan advance was not forthcoming and by March 13, 2000, the Plaintiffs advised the defendant solicitors that due to the failure of Free Trade to fund as agreed, they wished the return of their collateral.

[12] Article 7.01 of the agreement provided for the return of collateral as follows:

- “(c) if the lender ceases for any reason or under any circumstance whatsoever to provide the funds for the loan for a period of at least one week after the date of agreed schedule of instalments herein, and such default has not been cured within fourteen days of notice of default; in which case the collateral shall be forthwith returned to the borrower in full and with accrued interest ...”

[13] According to the affidavit of Mr. Binions, it was not until some time in March that the Plaintiffs realized that the collateral security was apparently no longer in Ontario, which put into the question the ability of the defendant solicitors to act as a fiduciary.

[14] On March 14, 2000, Free Trade executed a termination protocol, which purported to cancel the agreement when the US\$3 million was received by the Plaintiffs. The collateral funds, in the sum of US\$3 million, have not been returned to the Plaintiffs. As of April 17, 2000, it would appear on the material that the funds were supposed to be in a bank or other financial institution somewhere in the Caribbean islands.



[15] The relief sought as against the defendant solicitors is in the nature of a tracing order to obtain information with respect to the transfer of funds into and out of the solicitors' trust account, to ascertain their present whereabouts. Counsel for the defendant solicitors raised a concern that the information sought with respect to the identity of institutions, the specific accounts and dealings with the accounts might be subject to solicitor-and-client privilege. Based on the authorities to which I was referred, I am satisfied, particularly on the authority of *Re Ontario Securities Commission and Greymac Credit Corp.* (1983) 41 O.R. (2d) 328 (Div.Ct.), that much of the information sought is not covered by solicitor/client privilege. Accordingly, I direct the solicitors to provide the information set out in the notice of motion.

[16] The case of *Chitel v. Rothbart* (1982) 39 O.R. (2d) 513 (C.A.) and more recent authorities in the material satisfies me that the defendant solicitors be ordered to turn over to the Plaintiffs documentation or information to identify the location in terms of the institution and physical setting, the site of the security deposited. Such information is to include the account number and any information in possession of the solicitors of dealings in such account, including any claim for lien advanced on the account and the identity of the signatories for the account.

[17] An order of confidentiality was also made until service of the notice of motion and supportive material on the remaining Defendants, and at the request of counsel for the defendant solicitors, an order of confidentiality was granted.

[18] The motion was adjourned to April 18, 2000 based on the efforts of the solicitors to cooperate in providing information relating to the whereabouts of funds. Information obtained by the defendant solicitors from a Mr. George Betts, executive vice-president of British Trade & Commerce Bank ("BTCB"), located in Dominica was divulged on the basis that the contents of the conversations would remain confidential until further order of the Court. Based on later events the information from Mr. Betts could not be found reliable.

[19] The motion was adjourned to April 20, 2000 or such earlier time as might become necessary, the defendant solicitors being ordered to advise through counsel of any further information received as to the location and timing of receipt of funds, which if received, were to be kept in a trust account separate and apart from other trust funds, all subject to the further order of the Court.

[20] On the return of the motion on April 20, 2000, I was referred to two affidavits, one of Greg Banks, the other of Brent Binions. Based on the information provided and the submissions, no-one was able to provide any information on which the Court could conclude that it was within the power, ability or control of the defendant solicitors to ensure return of the funds into the fiduciary account in the Bank of Nova Scotia in this jurisdiction on a timely basis.

[21] The additional affidavit evidence supported the concern of the Plaintiffs that the Defendants not only had not to date but might not in the future be in a position to return the funds as provided for in the agreement.

[22] The test for injunctive relief of this nature is set out in *R.J.R. Macdonald Inc. v. Canada (A.G.)* (1994) 111 D.L.R. 4385 (S.C.C.) at pp 400-407, namely:

- (1) that there is a serious issue to be tried;
- (2) that there is a greater risk of irreparable harm to the Plaintiffs in recovery of their funds should relief not be granted; and
- (3) that pending a hearing on the merits, the greater risk of harm is to the Plaintiffs,

[23] I am satisfied that on the material, given the passage of time since April 17, 2000, the Plaintiffs have demonstrated a strong *prima facie* case for the extensive "Mareva" relief sought. See *Chitel v. Rothbart*, *supra*, pp 528-533 and *Aetna Financial Services v. Feigelman* (1985) 15 D.L.R. (4<sup>th</sup>) 161 (S.C.C.).

[24] The basis of my conclusion that the extended relief sought is appropriate, pending a decision on the merits, is that on the material before the court, it would appear that the fiduciary account that was contemplated in the agreement to be subject to at least some control of the defendant solicitors, no longer contains the funds that were in it. It would also appear that in the absence of the solicitors being able to provide a satisfactory explanation, that a person or persons associated with the "lenders" under the agreement, utilizing banking and other financial institutions, not only outside Canada but through the intermediary of one or more United States banks beyond the immediate jurisdiction of the U.S. authorities, are preventing or failing to ensure the replacement of the US\$3 million advanced by the Plaintiffs through the "fiduciary account" set up by the defendant solicitors in the first instance. The affidavit material gives no reasonable or rational explanation for the non-return, except beyond a few days from the 1<sup>st</sup> of April, 2000, and despite some suggestion that it may come "shortly". On the other hand, the material points to the real risk that the absence of the funds' return may be part of a scheme which would deprive the Plaintiffs of recovery. For this reason, an order for investigation and gathering of appropriate information and other relief is required and granted.

[25] The history of what has become known as the "Mareva Injunction" is set out in *Injunctions & Specific Performance*, Robert J. Sharpe, looseleaf edition. Canada Law Book Inc. The type of order recognizes, as the author points out at page 2-48:

"that restraining a defendant from dealing with his or her property before judgment constitutes a form of pre-trial execution. While the courts have always allowed a plaintiff, who asserts a specific or proprietary claim, to call upon the equitable jurisdiction of the court to protect a claim pending determination of the right at trial, pre-trial execution of an unsecured or non-proprietary claim has been treated quite differently. Pre-trial execution is authorized by statutes in many jurisdictions but, except for the specific cases already discussed, was not available under ordinary common law or equitable principles."

[26] At page 2-49, the author goes on to note:

"The rationale underlying the ordinary interlocutory injunction is surely met where the plaintiff is able to show that there is a strong case on the merits and

that, if the defendant is not stopped, the plaintiff's right to an appropriate remedy at trial will be lost. The purpose of interlocutory injunctive relief is to prevent the effective destruction of the plaintiff's right in the period of delay awaiting trial. If the risk that the plaintiff's right will be destroyed exceeds the risk that the defendant may be unduly interfered with, an interlocutory injunction is justified." See *D. Aquino v. First Choice Capital Fund Ltd.* [1997] 9 W.W.R. 177.

[27] On this basis the relief sought for the appointment of a receiver of the assets of various of the defendants, subject to return of the funds, was granted and further leave granted to issue Letters of Request to appropriate courts with jurisdiction in the Dominica and the United States of America for the attendance of individuals who could give evidence with respect to the whereabouts of funds, was granted.

[28] It was on this basis that the motion was adjourned to May 1, 2000. On that date, counsel for the defendants Zhernakov and Chatterpaul appeared, in addition to counsel for the other parties. A request was made by counsel for Zhernakov and Chatterpaul to have an opportunity to have access to books and records seized for the purpose of instructing counsel and preparing for a response to the motion and action. This matter was left to be dealt with between counsel and the Receiver.

[29] The motion was adjourned to Friday, May 5, 2000 and an order made permitting counsel to have access to the books and records and to the extent reasonable, the receiver was ordered to return seized documents or copies thereof, as well as keys to the seized premises and the honouring of a retainer cheque to the extent reasonable and consistent with the Order of April 20, 2000.

[30] The receiver was authorized to deal with the urgent business requirements of the defendants, other than the defendant solicitors, as they arise on an urgent basis and to examine under oath Messrs Chatterpaul and Zhernakov, if so advised, with respect to tracing the funds in issue.

[31] In addition, each party was to provide a plan to enable a return of the business records not required for the litigation, to enable the defendants to continue their business. Such plan was to include preservation of assets as they may be appropriate. The defendant solicitors were to make available to counsel for Messrs. Chatterpaul and Zhernakov certain of their privileged documents, which was not to be taken as a waiver of any solicitor-and-client privilege.

[32] On May 5, 2000, the Plaintiffs moved for a continuation of the orders of April 20, 2000 which had been continued to May 1, subject to some additions. That request was not opposed by counsel for the defendant solicitors, subject to the opportunity to have access to material obtained by the receiver from Messrs. Chatterpaul and Zhernakov, which relief was consented to on behalf of those individuals.

[33] All parties agreed that the volume marked "Plaintiffs' Document Brief" should be sealed under further order of the Court, which order was made.

[34] No fresh material was filed on behalf of the defendants Zhernakov or Chatterpaul and no plan for return of documents was suggested on their behalf. Having heard the submissions, I was satisfied on the material that there was at least a strong *prima facie* case for connection between Mr. Chatterpaul and those who would appear to be directly involved in the inability of the Plaintiffs to recover their funds.

[35] It was on this basis that I ordered that not only would the previous orders continue, but that the further relief sought by the Plaintiffs should be granted to enable the Receiver to:

- (a) put on title notice of these proceedings;
- (b) to permit the issuance of a commission directed to those individuals who may be able to provide further information as to the whereabouts of the funds; and
- (c) to request the assistance of the necessary authorities to assist in the commission.

[36] Counsel for the defendants Chatterpaul and Zhernakov submit that the granting of the receiving order and ancillary relief, including freezing of assets of clients, amounts to execution before judgment or, at the very least, discovery before even a statement of claim has issued.

[37] The prerequisites and safeguards with respect to these extraordinary remedies are recognized in *Sharpe, supra* at pps 2.67 and 2.68:

"A court may order discovery in aid of the "Mareva Injunction" where the defendant does have assets within the jurisdiction where the plaintiff has insufficient particulars as to the whereabouts of such assets to make the injunction effective. The purpose of the injunction is to determine the present whereabouts of property for the purpose of enforcing the injunction."

[38] The possibility of making a discovery order will be important in cases where the defendant has not yet filed an affidavit and where the plaintiff can show the need to obtain details as to a fund, account or other property upon which the injunction is to operate, so as to make it effective.

[39] Where the defendant is not candid, the court has the authority to appoint an accountant to act as an examiner of the defendant's affairs and to require the defendant to pay the costs associated with the appointment. See *Community Assn. of South Indian Lake Inc. v. MacIver* (1996) 1 W.W.R. 168 (Man.S.A.)"

[40] In this case, notwithstanding that the order of April 20, 2000 anticipated an end to the receivership upon repayment into the trust account of \$3 million, the material before the Court at this time tends to support the Plaintiffs' claim that, without further investigatory relief, the funds may not be recovered.

[41] In my Order of May 1<sup>st</sup>, I invited counsel for the defendants to provide a plan to permit the continuation of the business of Messrs Chatterpaul and Zhemakov. The invitation is still open, although no material has been filed to date.

[42] Mr. Wires appeared on May 15 to request Letters Rogatory in aid for further tracing the funds advanced by the Plaintiffs. The material filed was ordered sealed except to the extent necessary to give effect to the Letters Rogatory or until further order of the Court.

[43] Based on information contained in the newly filed material, it would appear that the \$3,000,000 was deposited on December 15 into an account with First Union National Bank located in Jacksonville, Florida. From the account, some 29 transfers have been made to the various accounts set out in the material filed.

[44] The Order requested was in further aid of tracing the \$3,000,000 which on the material I am satisfied is appropriate. A further order in aid of tracing funds and in examination of Mr. Betts of the BTCB was granted on June 2, 2000. A motion by the Defendants was adjourned to June 8 due to short service and a request for cross-examination.

[45] The motion returnable on June 8, 2000 on behalf of the Defendants (other than the solicitors) is for an Order discharging the Receiver and requiring the delivering up of all materials obtained in that capacity, for release of notice against specific real property and for an order that the costs and expenses of the Receiver not be taken from seized assets and for an accounting of the Receivership.

[46] The essence of the matter submitted by counsel for the Defendants is that the continuation of the Receivership has become punitive in nature and is now a waste since the Defendants have received confirmation from at least April 20, 2000 that fiduciary funds are no longer within the control of the Defendants and have been requested to be returned from the BTCB, Dominica, where the funds are alleged to be.

[47] In the affidavit filed in support, Paul Zhemakov states that he cannot control Mr. George Betts, an officer of the BTCB, who has confirmed that the Bank has the funds, and therefore he has done everything he can to accelerate their return. As a result, the Receivership operates in a punitive manner as to deprive him from carrying on business, and in particular denial of access to business records and bank accounts for personal purposes.

[48] In a second affidavit filed in support of a motion for security for costs as against the Plaintiff Gold Chance, Mr. Zhemakov said, relating to the Receiver's attempts to trace the funds received by him in a fiduciary capacity:

"None of this research is in any way related to the object of the lawsuit but is intended to obtain frivolous and vexatious gossip to blacken the name of George Betts and BTCB. None of it has any relationship to the Ontario defendants. At present the plaintiffs are acting as if all of the costs which may be incurred, in any way, can and will be abstracted from the assets frozen into the hands of the Receiver".

[49] A transcript of the cross-examination of Mr. Zhernakov on his affidavit was filed, together with a report of the Receiver on his effort to trace funds.

[50] Contrary to the statements of Mr. Zhernakov, it would appear on the evidence before me that not only did the funds to be placed in a fiduciary account by Mr. Zhernakov not end up where he says they did (in a legitimate bank in Dominica), but rather they were transferred to an account with First Union Bank in Jacksonville, Florida, from where they were dispersed in a number of directions, including directly into Mr. Zhernakov's bank account.

[51] I reject the suggestion by Mr. Zhernakov that the transfer to First Union was to a "corresponding Bank" of BTCB. There is not one shred of appropriate banking documentation to back that up. The funds appear to have been transferred to an account of the BTCB in First Union and from there, Mr. Betts or his designate disbursed the \$3,000,000 in a variety of directions, none of which Mr. Zhernakov has heard, or over which he has or claims to have control, apart from his own account.

[52] There is a total lack of any agreement between any of the Defendants and BTCB or any documentation that one would expect to see in the operation of a fiduciary account. The prepared statement of Mr. Betts that the funds are in BTCB is not to be believed, against either the tracing evidence or Mr. Betts' failure to deliver the funds.

[53] The motion for security for costs and much of the motion dealing with relief from the Receiving Order is adjourned on consent, to be heard before the end of June, 2000, on a date to be arranged. The remaining matters dealt with involved removal or modification of the Receiving Order insofar as it affects the assets of the Defendants.

[54] In his submissions, counsel for the Defendants submitted that the Receiving Order as it affects his clients' assets operates in a punitive way and in effect amounts to execution before judgment.

[55] The problem with that submission is that this is the first time that specific relief from the Receiving Order has been sought. In the order of May 1, 2000, I recognized the extensive nature of the relief, but was satisfied then, as now, that in view of a strong case of breach of fiduciary duty and determination of what might be available to redress the Plaintiffs' loss, the remedy was reasonable.

[56] I had anticipated that the Defendants would provide a list of assets by way of affidavit, and then if following cross-examination on that list, the parties could not reach agreement, I would hear submissions on how far the Receiving Order would have to stay in place, given the relief granted by the Mareva injunction.

[57] Apparently, the parties for whatever reason were not able to agree until June 8, 2000 on that procedure. In my view, assuming that the Defendants provide the list of assets contemplated in my May 1, 2000 Order by way of affidavit, and submit themselves for cross-examination on that list, counsel for the Plaintiffs will have to demonstrate to what extent, if any, the Receiver is

needed to deal with the assets of the Defendants, beyond the relief already in place with the injunctive order.

[58] In the meantime, and before the further return of this matter before me, the Receiver will respond to reasonable requests for return of individual assets, including business records and bank accounts for personal needs, upon receipt of the affidavits. On the return of the motion, the Defendants will be at liberty to fully argue their position with respect to managing or eliminating the Receiving Order, as it may directly affect them.

[59] The costs of this day, as for the various previous attendances, are reserved until final determination of the motion.



C. CAMPBELL J.

Released: June 12, 2000

01-23-01 08:55AM FROM-JACQUES LITTLE +4167770384 T-584 P.02/02 F-200  
INCOMING SWIFT MESSAGE OPER CRG: 02126 INT'L TRADE CENTRE - ONTARIO  
10/24/00 13:45 ICRN: 001024-047833-000 BSSB SEQ NO: 0001 PAGE: 1

SENDER RECEIVER MSG L/C DOC TRACK ERROR  
SWIFT ADDRESS SWIFT ADDRESS TYPE ID ID STATUS FOUND  
NYCDMDN ROYCCAT3 00000000 00000000 UPL NO

SENDER CID: 0330605  
BRITISH TRADE+COMM BK.  
7/A  
OSBAU  
GMINICA NO

27 : SEQUENCE OF TOTAL : 1/1  
28 : TRANSACTION REFERENCE NUMBER : 001024/L4  
29 : FURTHER IDENTIFICATION : LCFTB102300  
30 : DATE : 001024

ROYAL BANK OF CANADA  
TRADE SERVICE CENTRE  
L/C # E153899702126  
DOCTRAC # 471569

THIS CABLE IS THE OPERATIVE INSTRUMENT

7C: DETAILS OF GUARANTEE  
L/C NUMBER: FTB102300  
DATE OF ISSUE: OCTOBER 23, 2000  
DATE OF MATURITY: DECEMBER 15, 2000  
DATE OF EXPIRATION: DECEMBER 30, 2000  
WE BRITISH TRADE AND COMMERCE BANK HEAD OFFICE AT EMENS  
BUILDING, BAYFRONT, DAME EUGENIA CHARLES BLVD., ROSEAD,  
COMMONWEALTH OF DOMINICA, WEST INDIES, HEREBY OPEN OUR  
UNCONDITIONAL, IRREVOCABLE, DIVISIBLE, ASSIGNABLE AND FREELY  
TRANSFERABLE LETTER OF CREDIT IN FAVOUR OF MR. E. GEOFFREY  
NEWBURY, BARRISTER AND SOLICITOR IN TRUST FOR COURT ACTION NO.  
00-CV-18866 IN THE ONTARIO SUPERIOR COURT OF JUSTICE FOR THE  
AMOUNT OF 3,000,000.00 (UNITED STATES DOLLARS THREE MILLION ONLY)  
WHICH IS DUE ON DECEMBER 15, 2000.  
PARTIAL PAYMENTS UNDER THIS LETTER OF CREDIT ARE ALLOWED BEFORE  
MATURITY AT THE DISCRETION OF THE ISSUER. THE PAYMENT OF THE  
UNPAID BALANCE IS AVAILABLE UPON BENEFICIARY'S FIRST WRITTEN  
DEMAND VIA BANK WIRE SYSTEM AT MATURITY. DEMAND HEREUNDER MUST BE  
MARKED 'DRAWN UNDER LETTER OF CREDIT NUMBER FTB102300 DATE  
OCTOBER 23, 2000'.  
WE ENGAGE WITH YOU THAT DEMAND DRAWN UNDER AND IN COMPLIANCE WITH  
THE TERMS OF THIS LETTER OF CREDIT SHALL BE DULY HONORED ON OUR  
PRESENTATION TO US BUT NOT BEFORE MATURITY DATE DECEMBER 15,  
2000.  
THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND  
PRACTICES FOR DOCUMENTARY CREDIT (1993 REVISION) ICC PUBLICATION  
NO.500.  
THIS IS AN OPERATIVE INSTRUMENT, NO MAIL CONFIRMATION TO FOLLOW.  
GEORGE E. BETTS, EXECUTIVE VICE PRESIDENT  
PATRICIA INGLIS, VICE PRESIDENT, COMMERCIAL BANKING

ROYAL BANK OF CANADA  
LETTERS OF CREDIT DEPARTMENT  
INTERNATIONAL TRADE CENTRE - ONTARIO  
*[Signature]*



2299

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Court File No: 00-CV-188866

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

GOLD CHANCE INT'L LIMITED,  
CEBY MANAGEMENT LIMITED, and  
JBG MANAGEMENT INC.

Plaintiffs

and

DAIGLE & HANCOCK, DOUGLAS H. HANCOCK, PETER M. DAIGLE  
TRIGLOBE INTERNATIONAL FUNDING INC.,  
FREETRADE BUREAU, S.A., FREE TRADE BUREAU, S.A.,  
1170870 ONTARIO LIMITED operating as G & S ENTERPRISES, G & S  
ENTERPRISES LIMITED, G & S ENTERPRISES LTD., G & S ENTERPRISES  
ONTARIO LTD., SAYSE CHATTERPAUL, PAUL ZHERNAKOV,  
THE BANK OF NOVA SCOTIA, BANK OF MONTREAL  
SAYSEMARINE CHATTERPAUL (also known as SAYSE CHATTERPAUL),  
BRITISH TRADE & COMMERCE BANK, and GEORGE BETTS

Defendants

**AMENDED STATEMENT OF CLAIM**  
**(Notice of Action issued on April 17, 2000)**

1. The plaintiffs' claim is for:

- (a) As against the defendants Daigle & Hancock, Douglas H. Hancock and Peter M. Daigle damages in the amount of \$3,000,000.00 dollars U.S. funds and interest converted to Canadian funds for negligence, breach of contract and breach of fiduciary duties;
- (b) As against the defendants Triglobe International Funding Inc.,

Freetrade Bureau, S.A., Free Trade Bureau, S.A., 1170870 Ontario Limited operating as G & S Enterprises, G & S Enterprises Limited, G & S Enterprises Ltd., G & S Enterprises Ontario Ltd., Sayse Chatterpaul, and Paul Zhernakov, Saysenarine Chatterpaul, British Trade & Commerce Bank and George Betts damages in the amount of \$3,000,000.00 in U.S. funds and interest converted to Canadian funds for breach of contract, fraudulent, or in the alternative, negligent misrepresentation, fraud, fraudulent conveyance, deceit, conversion, breach of trust, inducing breach of a fiduciary's duties, intentional interference with a fiduciary in the execution of his duties and for a tracing order, an accounting and declaration of constructive trust;

(c) As against Freetrade Bureau, S.A., Free Trade Bureau, S.A., 1170870 Ontario limited operating as G & S Enterprises, G & S Enterprises limited, G & S Enterprises Ltd., G & S Enterprises Ontario Ltd., Sayse Chatterpaul, and Paul Zhernakov, Saysenarine Chatterpaul, British Trade & Commerce Bank and George Betts punitive, aggravated and exemplary damages in the amount of \$750,000;

(d) As against Freetrade Bureau, S.A., Free Trade Bureau, S.A., 1170870 Ontario limited operating as G & S Enterprises, G & S Enterprises limited, G & S Enterprises Ltd., G & S Enterprises Ontario Ltd., Sayse Chatterpaul, and Paul Zhernakov, Saysenarine Chatterpaul, an interlocutory and permanent injunction restraining the said defendants from selling, transferring, disposing of, pledging, removing from Ontario or otherwise encumbering (i) any assets owned by them, directly or indirectly, whether held in their own name or in the name of any corporation of which the individuals are an officer or director or standing to their credit or to the credit of a corporation of which they are an officer or director

including any assets in the possession of any financial institution or any other saving institution or (ii) any equitable interests in any assets, directly or indirectly, whether held in their own name or in the name of any corporation of which the individuals are an officer or director or standing to their credit or to the credit of a corporation of which they are an officer or director including any assets in the possession of any financial institution or any other saving institution; except with the permission of and by order of this Honourable Court.

(e) An order appointing a receiver and manager over the property, undertaking and assets of Freetrade Bureau, S.A., Free Trade Bureau, S.A., 1170870 Ontario Limited operating as G & S Enterprises, G & S Enterprises limited, G & S Enterprises Ltd., G & S Enterprises Ontario Ltd., Sayse Chatterpaul, and Paul Zhemakov, and Saysenarine Chatterpaul;

(f) An order appointing a Receiver over the Funds as hereinafter defined;

(g) As against the defendants Bank of Montreal and The Bank of Nova Scotia an order disclosing the state of and the documents and correspondence relating to the accounts of Triglobe International Funding inc., Freetrade bureau, S.A., Free Trade Bureau, S.A., 1170870 Ontario Limited operating as G & S Enterprises, G & S Enterprises Limited, G & S Enterprises Ltd., G & S Enterprises Ontario Ltd., Sayse Chatterpaul, Paul Zhemakov and the trust account of Daigle & Hancock into which the sum of U.S. \$3,000,000.00 was paid in the month of December, 1999 or into which return of the funds was received;

(h) Orders seeking the aid and assistance of the Courts of the United States and Dominica and such other jurisdiction as is necessary to

facilitate the return of the Funds;

- (i) Pre-judgment and post-judgment interest at the rate of the prime rate of The Toronto-Dominion Bank plus 1.25% or in the alternative pursuant to the *Courts of Justice Act*;
- (j) Solicitor and client costs;
- (k) And such further and other relief as this honourable court deems just.

2. The plaintiff Gold Chance Int'l Limited ("Gold Chance") is a corporation incorporated pursuant to the laws of the British Virgin Islands.

3. The plaintiff CEBY Management Limited ("CEBY") is a corporation incorporated pursuant to the laws of Ontario.

4. The plaintiff JBG Management Inc. ("JBG") is a corporation incorporated pursuant to the laws of Ontario.

5. The defendants, Douglas H. Hancock ("Hancock") and Peter M. Daigle ("Daigle") are solicitors licensed to practise law in the Province of Ontario and are partners in the defendant law firm, Daigle & Hancock, located in Mississauga, Ontario. Daigle & Hancock, Daigle and Hancock are sometimes hereinafter collectively referred to as the "Solicitors".

6. The defendant Sayse Chatterpaul, is also known as Saysenarine Chatterpaul, Saysenarine Torarsing Chatterpaul, and Sayse Narine Chatterpaul ("Chatterpaul") and is an individual residing in Toronto, Ontario.

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7. The defendant Paul Zhernakov is also known as Pavel B. Zhernakov ("Zhernakov") and is an individual residing in Niagara Falls, Ontario.

8. The defendant, Triglobe International Funding Inc. ("Triglobe") is represented by the defendants Chatterpaul and Zhernakov to be a corporation incorporated under the laws of Guyana, South America.

9. The defendant, Freetrade Bureau S.A. or Free Trade Bureau S.A. (collectively "Free Trade") is represented by the defendants Chatterpaul and Zhernakov to be a corporation incorporated under the laws of the Commonwealth of Dominica. Dominica is an island situated in the Caribbean Sea in the West Indies, south of the island of Montserrat and north of the island of St. Lucia.

10. In the event that either or both of Triglobe and Freetrade are not corporations validly constituted that Zhernakov and Chatterpaul are personally liable for the obligations of Triglobe and Freetrade.

11. 1170870 Ontario Limited operating as G & S Enterprises, which is also known as G & S Enterprises Limited, G & S Enterprises Ltd., G & S Enterprises Ontario Ltd. ("G&S") is a corporation incorporated pursuant to the laws of Ontario controlled by the defendant, Chatterpaul and others including his father, G. Chatterpaul. G&S carries on business in the Province of Ontario.

12. Zhernakov represents himself to be an authorized agent of the defendants, Free Trade and Triglobe.

13. The defendant, British Trade & Commerce Bank ("BTCB") is represented to be a corporation incorporated under the laws of Dominica as an offshore banking corporation.

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14. BTCB also carries on business in the United States from an office at 444 Brickell Road, Miami, Florida.

15. The defendant, George Betts, is an officer of BTCB and a resident of Dominica and the States of Idaho and Florida in the United States and carries on business in those jurisdictions.

16. Gold Chance, CEBY and JBG have common officers including Greg Binions and Brent Binions, both of whom are residents of Ontario.

17. Gold Chance acquired rights from interests in Japan to exploit, produce and manufacture by means of a novel technology a certain type of refined combustible fuel for automobile and other uses. The plaintiffs invested in excess of U.S. \$1,700,000 to acquire the territorial rights for North America and other selected areas from the Japanese licensor and owners of the technological properties (the "Project").

18. In order to finance the Project, Gold Chance required working capital in excess of U.S. \$12,000,000.

19. In the fall of 1999, George Politis of Gamda International Corporation ("Gamda") introduced Brent and Greg Binions to Chatterpaul and his business entity 1170870 Ontario Limited operating as G & S Enterprises, G & S Enterprises Limited, G & S Enterprises Ltd., G & S Enterprises Ontario Ltd., (collectively "G&S") at 2300 Sheppard Avenue West, Suite 206, Toronto, Ontario.

20. On September 27, 1999 Chatterpaul, on behalf of G&S, rendered a letter of intent to Gold Chance expressing preliminary approval to fund the Project in the amount of U.S. \$27,000,000. The letter provided that as a condition of financing, it was necessary for

Gold Chance to put up 25% of the loan amount in liquid collateral, the amount of U.S. \$6,875,000. By letter of the same date, Hancock confirmed the collateral would be held by a fiduciary.

21. On December 3, 1999 Gold Chance entered into an agreement made October 21, 1999 (the "First Borrowing Agreement") purportedly with Triglobe. The First Borrowing Agreement provided, *inter alia*, that Triglobe, as lender, would lend to Gold Chance, as borrower, the amount of U.S. \$12,000,000 (the "Loan").

22. Pursuant to 3.01 of the First Borrowing Agreement, as a condition precedent to the funding of periodic tranches of the loan, Gold Chance was required to provide cash collateral security in the amount of U.S. \$3,000,000. (the "Collateral").

23. Greg Binions delivered a bank draft in the amount of U.S. \$3,000,000.00 drawn on The Toronto-Dominion payable to "Daigle & Hancock, Barristers & Solicitors in trust" to Hancock on December 3, 1999 for deposit into a segregated fiduciary account. Gold Chance funded the payment with funds advanced by JBG and CEBY and those companies borrowed the funds from the Toronto Dominion Bank by a ten year term loan with the principal and interest payable each month.

23. Hancock deposited the trust draft into a Daigle & Hancock trust account, at Bank of Montreal, account number 3858-4603-325. The Solicitors held the funds in trust for the plaintiffs.

24. The First Borrowing Agreement provided in section 3.02 that Triglobe had the right and privilege to change banking or financial institutions in which the Funds were located at any time provided notice of the change was delivered to Gold Chance by the lender no later than thirty (30) days prior to such change and provided no change was to occur until the full amount of the Loan was advanced and delivered to Gold Chance.

25. Triglobe defaulted in the advance of funds under the First Borrowing Agreement. If Triglobe is not a validly constituted corporation then Zhernakov and Chatterpaul are liable to the plaintiffs under the First Borrowing Agreement.

26. Chatterpaul invited Gold Chance to enter into a second lending agreement to replace the loan promised under the First Borrowing Agreement. By agreement dated February 17, 2000, Free Trade agreed to loan Gold Chance U.S. \$12,000,000.00 (the "Second Borrowing Agreement"). The Second Borrowing Agreement provided in section 3.01 that the Funds would be kept by Daigle & Hancock in a fiduciary account designated by the Lender. The Second Borrowing Agreement provided again that the lender and the lender's lawyer had the right and privilege to change banking or financial institutions in which the deposited Funds may be located at any time and on the condition that notice be delivered to the borrower no later than 30 banking days prior to such change, such change could only occur after the full loan amount was delivered. No notice was given by Free Trade or its lawyer that there was to be a change in the financial institution in which the funds were located. No funds were advanced by Free Trade under the loan agreement.

27. The Second Borrowing Agreement provided that failure by the Lender to fund the loan by March 10, 2000 would result in significant damages to the borrower and the Free Trade agreed that it would return the Funds together with accrued interest from the date of deposit by March 14, 2000.

28. No funds have been advanced to Gold Chance by Free Trade or any other party and Free Trade is in default under the Second Borrowing Agreement. If Free Trade is not a validly constituted corporation then Zhernakov and Chatterpaul are liable to the plaintiffs under the Second Borrowing Agreement.



29. In accordance with the First Borrowing Agreement and Second Borrowing Agreement, the plaintiffs demanded return of the Funds from Daigle & Hancock.

30. By facsimile dated December 7, 1997 George Betts advised Zhernakov that BTCB had reserved U.S. Dollar account 100-011381-6 for Free Trade Bureau S.A. and that instructions to operate the account would be accepted only if signed by Zhernakov and Hancock. On December 7, 1999 Gold Chance and Triglobe were parties to the First Borrowing Agreement. Free Trade was a company name unknown to the plaintiffs on December, 1999 until February, 2000.

31. Without the plaintiffs' permission and without notice to the plaintiffs, on or about December 10, 1999 Daigle & Hancock directed Bank of Montreal in writing to wire transfer the Funds in its trust account out of Canada to First Union National Bank to credit the correspondent account number 9983871373. The instructions referred to the beneficiary of the wired funds as being Free Trade Bureau S.A., account number 100-011381-6 whose bank was identified as BTCB.

32. Without the plaintiffs' permission and without notice to the plaintiffs the Funds were wire transferred to First Union National Bank Florida ("First Union") on or about December 15, 1999 via Harris Bank International Corp, which is Bank of Montreal's United States corresponding bank. The Funds were deposited to BTCB's account at First Union National Bank, account number 0009983871373 (the "First Union Account").

33. The First Union Account was opened in or about 1998. The application was made by British Trade & Commerce Bank c/o First Equity Corporation of Florida, 444 Brickell Avenue, Suite P-6, Miami, Florida. The primary contact persons were said to be George Betts and Ralph G. Hines.

34. Without the knowledge or consent of the plaintiffs, the First Union Account was

depleted by a series of wire transfers at the direction of BTCB, George Betts, Herry Royer and other officers or directors of BTCB.

35. Without the knowledge or consent of the plaintiffs, BTCB through its officer Herry Royer, directed First Union on December 23, 1999 to wire the sum of \$14,625 (U.S.) from the First Union Account to the defendant Zhernakov's bank account, 238120013066498 at Bank of Montreal in Niagara Falls, Ontario.

36. Without the knowledge or consent of the plaintiffs BTCB directed First Union to wire transfer funds in the amount of \$100,000 (U.S.) from the First Union Account to its account in the name of BTCB at National Commercial Bank of Dominica. The funds were transferred in two stages; \$50,000 on December 20, 1999 and a further \$50,000 on or about December 23, 1999.

37. Without the knowledge or consent of the plaintiffs BTCB directed First Union to wire transfer funds in the amount of \$55,000 (U.S.) from the First Union Account to its account in the name of BTCB at Pacific National Bank Miami, on or about December 21, 1999.

38. Without the knowledge or consent of the plaintiffs, BTCB also directed First Union, on or about December 23, 1999 to wire transfer funds in the sum of \$40,000 from the First Union Account to an account at Union Planters Bank to the credit of Roldolfo Requena who is President of BTCB.

39. Without the knowledge or consent of the plaintiffs Herry Royer telephoned First Union on or about January 3, 2000 and directed that \$1,000,000 (U.S.) be wire transferred from the First Union Account to the account of Orphan Advocates LLC at the Bank of America in Idaho. The wire transfer instruction was confirmed by George Betts.

40. Without the knowledge or consent of the plaintiffs BTCB and its officers and agents including George Betts directed First Union to wire transfer funds from the First Union Account to other persons and entities worldwide as follows:

- a) \$93,000 (U.S.) to Bank of Nevis International, Charleston Nevis to the credit of Universal Marketing Consultants on or about December 16, 1999;
- b) \$15,339.95 (U.S.) to Bankers Bank, Oklahoma City, Oklahoma, for further credit to First National Bank of Antler Oklahoma to the credit of Republics Product on or about December 16, 1999; these funds were used to pay travel expenses inter alia, George Betts and his spouse Mavis Betts and representatives of companies related or associated with BTCB;
- c) \$29,037.25 (U.S.) to Lasalle National Bank Chicago to the credit of Arenson Office Furnishing on or about December 16, 1999;
- d) \$30,000 (U.S.) to Wells Fargo, San Francisco to the credit of Roeters Van Lennep on or about December 16, 1999;
- e) \$50,000 (U.S.) to National Commercial Bank Dominica to the credit of Caribbean Building Agency Ltd. on or about December 17, 1999;
- f) \$240,000 (U.S.) to Barclays Bank PLC to the credit of BSI Corp Nassau on or about December 17, 1999;
- g) \$10,000 (U.S.) to National Commercial Bank Dominica to the credit of Insat Com Limited on or about December 20, 1999
- h) \$10,000 (U.S.) to Northwest Bank Denver to the credit of John Hasbaick on or about December 20, 1999;
- i) \$205,000 (U.S.) to an unknown party on or about December 21, 1999;
- j) \$200,000 (U.S.) to Mashreq Bank Dubai to the credit of Graham Farrell on or about December 21, 1999;
- k) \$13,000 (U.S.) to Executive National Miami Bank to the credit of M.

Manfardo on or about December 21, 1999;

- l) \$612,000 (U.S.) to Banque Cantonale De Geneve to the credit of Laurent Finance and Switzerland on or about December 21, 1999;
- m) \$10,000 (U.S.) to ANZ Grindlays Bank PLC, New Delhi to the credit of Indian Forsaiting Company Ltd. on or about December 23, 1999;
- n) \$10,000 (U.S.) to Nationsbank Florida N.A. to the credit of Gertrude Lawrence Edwards on or about December 23, 1999;
- o) \$20,000 (U.S.) to Abudhabi Commercial Bank to the credit of Ashok Kumar on or about December 23, 1999;
- p) \$25,000 (U.S.) to ANZ Grindlays Bank, New Delhi to the credit of Ragiz Ahuga on or about December 23, 1999;
- q) \$50,000 (U.S.) to Mashreqbank Duba. UAE to the account of Greyhound Farrel on or about December 23, 1999;
- r) \$140,000 (U.S.) to ANZ Grindlay Bank, New Delhi to the account of Asset Management India on or about December 23, 1999; and,
- s) \$200,000 (U.S.) to Hongkong and Shanghai Bank Corporation Limited to the account of Wanvijit Chauatong on or about December 23, 1999.

41. The plaintiffs plead that the Funds were impressed with an express trust in favour of Gold Chance and that this trust was known by all of the defendants save and except The Bank of Nova Scotia. The defendants Triglobe, Freetrade, G&S, Zhernakov, Chatterpaul, BTCB and George Betts converted the funds to their own use.

42. The plaintiffs have demanded return of the deposit from the defendants. From March 23, 2000 to the date of the Notice of Action, the defendants asserted that the Funds were "in transit" and would be directed to a trust account held by Daigle & Hancock in The Bank of Nova Scotia, Mississauga. The funds were not deposited to The Bank of Nova Scotia and the defendants have otherwise refused to return the Funds. The

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defendants refused to provide particulars of the institution into which the Funds were deposited, the names of the persons with signing authority, account numbers or transit numbers and particulars of the funds alleged to be in transit until ordered to do so by this Honourable Court.

43. The plaintiffs plead that the defendants Chatterpaul, G&S, Free Trade, Zhernakov, BTCB and George Betts have misappropriated and converted the Funds that were impressed with a trust in favour of Gold Chance.

44. The plaintiffs plead that the defendants, BTCB and George Betts, are in possession of the Funds or have control of the Funds with the knowledge that the Funds rightfully belong to the plaintiffs and notwithstanding same are refusing to return the Funds.

45. The plaintiffs plead that the Solicitors owe to the plaintiff, Gold Chance, a fiduciary duty as trustee of the Funds.

46. Hancock was a trustee for the plaintiffs.

47. The Solicitors have breached their fiduciary duty to Gold Chance by failing to return the Funds to Gold Chance.

48. The plaintiffs also plead that Gold Chance is a client of the Solicitors pursuant to the *Law Society Act*, R.S.O. 1990 L.8 and the by-laws and regulations thereunder. The said defendants have breached the duties to Gold Chance by their failure to return the Funds to Gold Chance.

49. At all material times, the Solicitors were under a duty to exercise all due professional care, skill and diligence as solicitors in relation to the Funds.

50. The plaintiffs plead that the Solicitors were negligent in directing or allowing the Funds to be transferred out of their control without the plaintiffs' consent, and in transferring the Funds to the credit of Free trade S.A. an entity not a party to any agreement with the plaintiffs in December 1999.

51. The defendant, Free Trade, is in breach of the loan agreement and is liable for damages for breach of the loan agreement including the return of the funds in the sum of U.S. \$3,000,000 plus interest thereon and solicitor and client costs.

52. The plaintiffs plead that G & S, Chatterpaul, Zhernakov, Free Trade, BTCB, and George Betts are liable to the plaintiffs for damages in the amount of U.S. \$3,000,000 plus interest thereon.

53. The plaintiffs plead that G & S, Chatterpaul and Zhernakov, Free Trade, BTCB, and George Betts interfered with the contractual right of the plaintiff, Gold Chance, to return of the Funds.

54. The plaintiffs plead that G & S, Chatterpaul, Zhernakov, Free Trade, BTCB, and George Betts interfered with the Solicitors in the carrying out of their fiduciary duties with respect to the fiduciary account.

55. The plaintiffs plead that G & S, Chatterpaul, Zhernakov, Free Trade, BTCB and George Betts and others known to the said defendants conspired to deprive the plaintiffs of the Funds and are therefore liable to the plaintiffs for damages in the sum of \$3,000,000 (US) plus interest and costs.

56. The plaintiff pleads that G & S, Chatterpaul, Zhernakov, Free Trade, BTCB and George Betts are liable for breach of contract, fraudulent, or in the alternative, negligent misrepresentation, fraud, fraudulent conveyance, deceit, conversion, and breach of

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trust.

57. The plaintiffs state that the conduct of the defendants G & S, Chatterpaul, Zhernakov, Free Trade, BTCB, and George Betts entitle the plaintiffs to an award of punitive, aggravated and exemplary damages against the said defendants.

58. The plaintiffs plead that they are entitled to interest on \$3,000,000 (US) at a rate equivalent to the rate which they are paying to The Toronto-Dominion Bank for the loan of the \$3,000,000 to the plaintiffs. The interest rate on the loan from The Toronto-Dominion Bank is the prime rate of The Toronto-Dominion Bank plus 1.25%. Therefore the plaintiffs are entitled to recover interest at the rate of the prime rate of The Toronto-Dominion Bank plus 1.25% on the sum of \$3,000,000 U.S.

59. The plaintiffs plead that they are entitled to serve this statement of claim upon George Betts and British Trade & Commerce Bank outside Ontario without leave pursuant to Rules 17.02(f),(g),(h), and (i). The plaintiffs state that the First Borrowing Agreement and the Second Borrowing Agreement both provide that they are to be governed by the laws of the Province of Ontario (Rule 17.02(f)). The plaintiffs plead that torts have been committed in Ontario (Rule 17.02(g) and that they have sustained damages in Ontario (Rule 17.02(h)).

60. The plaintiffs propose that this action be tried at Toronto.

DATED: May 17, 2000

**McCAGUE, WIRES, PEACOCK,  
BORLACK, McINNIS & LLOYD**  
Barristers & Solicitors  
Suite 2700, The Exchange Tower  
130 King Street West  
Toronto, Canada  
M5X 1C7

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Tel: (416) 860-0028  
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Counsel for the plaintiffs

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M5H 2V6

Arthur O. Jacques  
LSUC # A012437M  
Tel: (416) 777-9292  
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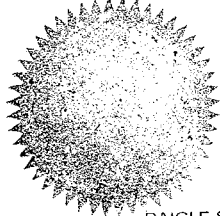
Solicitors for the plaintiffs



SUPERIOR COURT OF ONTARIO

THE HONOURABLE ) MONDAY, THE 15<sup>TH</sup> DAY  
MR. JUSTICE C. CAMPBELL )  
 ) OF MAY, 2000

BETWEEN:



GOLD CHANCE INT'L LIMITED,  
CEBY MANAGEMENT LIMITED, and  
JBG MANAGEMENT INC.

Plaintiffs

and

DAIGLE & HANCOCK, DOUGLAS H. HANCOCK, PETER M. DAIGLE  
TRIGLOBE INTERNATIONAL FUNDING INC.,  
FREETRADE BUREAU, S.A., FREE TRADE BUREAU, S.A.,  
1170870 ONTARIO LIMITED operating as G & S ENTERPRISES, G & S  
ENTERPRISES LIMITED, G & S ENTERPRISES LTD., G & S ENTERPRISES  
ONTARIO LTD., SAYSE CHATTERPAUL, PAUL ZHERNAKOV,  
THE BANK OF NOVA SCOTIA, and BANK OF MONTREAL  
SAYSEMARINE CHATTERPAUL (also known as SAYSE CHATTERPAUL),  
BRITISH TRADE & COMMERCE BANK, and GEORGE BETTS

Defendants

ORDER

THIS MOTION by the plaintiffs without notice for an order for the issuance of a  
commission and letter of request with respect to certain individual non-parties was heard  
this day at Toronto, Ontario.

ON READING the motion record including, the affidavits of Brent Binions sworn April 15, 2000 and Greg Binions sworn April 15, 2000, the affidavit of Brent Binions sworn April 20, 2000, the affidavit of Greg Banks sworn April 20, 2000, the affidavit of Greg Banks sworn May 1, 2000, the affidavit of Mark Goodfellow Chow sworn May 1, 2000, the affidavit of Greg Banks sworn May 5, 2000, the affidavit of Mark Goodfellow Chow sworn May 5, 2000, Plaintiffs' Exhibits 1 - 7 marked at the deposition of a Luis Domenech, a representative of Security Bank, N.A. on May 10, 2000 in proceedings in United States District Court Southern District of Florida, *In Re Application to Southern District of Florida Pursuant to 28 U.S.C. 1782 for Order Permitting Gold Chance Int'l Ltd., et al., to Take Discovery For Use In An Action Pending in the Ontario Superior Court of Justice, Canada*, Case No. 00-1589-CIV-GOLD ("Florida Proceedings"), and Plaintiffs' Exhibits 8 - 15 marked at the deposition of a representative of First Union Bank Florida held May 11, 2000 and on hearing submissions of counsel for the plaintiffs,

1. THIS COURT ORDERS that the registrar prepare and issue a commission, in the form attached hereto as Schedule "A", to take evidence of the witnesses:

1. George E. Betts  
Boise or Donnelly, Idaho
2. Mavis Betts  
Boise or Donnelly, Idaho
3. A knowledgeable representative of  
Children's Adoption Services, Inc.  
2308 North Cole Road  
Boise, Idaho
4. A knowledgeable representative of  
Orphan Advocates LLC or Inc.  
2308 North Cole Road, Suite E  
Boise, Idaho  
83704

5. A knowledgeable representative of  
CASI Foundation for Children  
2308 North Cole Road, Suite E  
Boise, Idaho  
83704
6. A knowledgeable representative  
of Bank of America  
Idaho

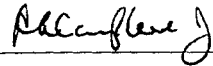
and any other witness who may be found there for use at trial and a pending motion with respect to:

- (a) US \$3,000,000 which was given to the plaintiffs to the Ontario law firm of Daigle & Hancock on December 9, 1999 and which funds, were then deposited at an account at Bank of Montreal in Mississauga, Ontario Canada, and which were then transferred out of that account;
- (b) funds flowing through the bank accounts at the British Trade & Commerce Bank in the names of the defendants;
- (c) bank accounts and deposits in the name of British Trade & Commerce Bank;
- (d) bank accounts in the name of the defendants herein or their designates;
- (e) funds transferred from the account of British Trade & Commerce Bank at First Union National Bank Florida to bank accounts in the names Orphan Advocates LLC or Inc., Children's Adoption Services LLC, CASI Foundation for Children or their designates;
- (f) funds transferred from the account of British Trade & Commerce Bank at Security National Bank, N.A. to bank accounts in the name of Orphan Advocates LLC or Inc., Children's Adoption Services LLC or Inc., CASI Foundation for Children or their designates;
- (g) funds transferred from bank accounts in the name of British Trade & Commerce Bank to Bank of America from December 9, 1999 onwards;
- (h) monies received by Orphan Advocates LLC or Inc., Children's Adoption Services LLC, CASI Foundation for Children from any of the defendants or Mavis Betts;
- (i) monies received by Mavis Betts from British Trade & Commerce Bank, directly or through its accounts at Security National Bank, N.A., First Union National Bank

Florida;


- (j) monies or assets received by Mavis Betts from George Betts from December 15, 1999 to present;
- (k) matters arising from the foregoing.

2. THIS COURT ORDERS that the registrar prepare and issue a letter of request, in the form attached hereto as Schedule "B", addressed to the judicial authorities in United Kingdom, the Commonwealth of Dominica, St. Lucia, Venezuela, the United States including the federal and state courts of Florida, North Carolina, South Carolina, Minnesota, District of Columbia, Washington, New Jersey, Utah, and Idaho, requesting the issuing of such process as is necessary to compel the witnesses to attend and be examined before the commissioner.



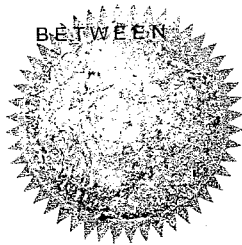
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ON/BOOK NO.:  
LE/DANS LE REGISTRE NO.:

MAY 15 2000

AS DOCUMENT NO.:  
À TITRE DE DOCUMENT NO.:  
PER/PAR: 

ONTARIO  
SUPERIOR COURT OF JUSTICE

THE HONOURABLE )  
 ) FRIDAY, THE 2<sup>nd</sup> DAY  
 )  
MR. JUSTICE C. CAMPBELL ) OF JUNE, 2000  
 )



GOLD CHANCE INT'L LIMITED,  
CEBY MANAGEMENT LIMITED, and  
JBG MANAGEMENT INC.

Plaintiffs

and

DAIGLE & HANCOCK, DOUGLAS H. HANCOCK, PETER M. DAIGLE  
TRIGLOBE INTERNATIONAL FUNDING INC.,  
FREETRADE BUREAU, S.A., FREE TRADE BUREAU, S.A.,  
1170870 ONTARIO LIMITED operating as G & S ENTERPRISES, G & S  
ENTERPRISES LIMITED, G & S ENTERPRISES LTD., G & S ENTERPRISES  
ONTARIO LTD., SAYSE CHATTERPAUL, PAUL ZHERNAKOV,  
THE BANK OF NOVA SCOTIA, and BANK OF MONTREAL  
SAYSEMARINE CHATTERPAUL (also known as SAYSE CHATTERPAUL),  
BRITISH TRADE & COMMERCE BANK, and GEORGE BETTS

Defendants

ORDER

THIS MOTION by the plaintiffs for an order for the issuance of a commission and letter of request with respect to certain individual non-parties was heard this day at Toronto, Ontario.

**ON READING** the motion record including the affidavits of Brent Binions sworn April 15, 2000 and Greg Binions sworn April 15, 2000, the affidavit of Brent Binions sworn April 20, 2000, the affidavit of Greg Banks sworn April 20, 2000, the affidavit of Greg Banks sworn May 1, 2000, the affidavit of Mark Goodfellow Chow sworn May 1, 2000, the affidavit of Greg Banks sworn May 5, 2000, the affidavit of Mark Goodfellow Chow sworn May 5, 2000, Plaintiffs' Exhibits 1 - 7 marked at the deposition of Luis Domenech, a representative of Security Bank, N.A. on May 10, 2000 in proceedings in United States District Court Southern District of Florida, *In Re Application to Southern District of Florida Pursuant to 28 U.S.C. 1782 for Order Permitting Gold Chance Int'l Ltd., et al., to Take Discovery For Use In An Action Pending in the Ontario Superior Court of Justice, Canada*, Case No. 00-1589-CIV-GOLD ("Florida Proceedings"), and Plaintiffs' Exhibits 8 - 15 marked at the deposition of a representative of First Union Bank Florida held May 11, 2000 in the Florida proceedings, the affidavit of Mark Chow sworn May 31, 2000, the affidavit of Cathleen Delaney sworn May 31, 2000, and the Brief of Records Obtained From Bank of America in Idaho Proceedings and on hearing submissions of counsel for the plaintiffs,

1. **THIS COURT ORDERS** that the registrar prepare and issue a commission, in the form attached hereto as Schedule "A", to take evidence of the witnesses:

1. Glen W. Fairbourn  
10536 W. Springdale  
Boise, Idaho  
83704
2. Joseph W. Roberts  
15032 Hollow Road  
Caldwell, Idaho  
83605
3. Edward A. Johnson  
5330 Farrow  
Boise, Idaho  
83713
4. A knowledgeable representative of

Orphan Advocates Foundation  
2308 North Cole Road, Suite E  
Boise, Idaho  
83704

5. A knowledgeable representative of  
Orphan Advocates Trust  
2308 North Cole Road, Suite E  
Boise, Idaho  
83704

and any other witness who may be found there for use at trial and a pending motion with respect to:

- (a) US \$3,000,000 which was given by the plaintiffs to the Ontario law firm of Daigle & Hancock on December 9, 1999 and which funds were then deposited at an account at Bank of Montreal in Mississauga, Ontario Canada, and which were then transferred out of that account to First Union National Bank of Florida;
- (b) the transfer on or around January 3, 2000, of US \$1,000,000 from First Union National Bank into a Bank of America account and the subsequent transfer out of the Bank of America account on or around January 3, 2000;
- (c) funds transferred from the account of British Trade & Commerce Bank at First Union National Bank Florida to bank accounts in the names Orphan Advocates LLC or Inc., Children's Adoption Services LLC, CASI Foundation for Children, Orphan Advocates Trust, Orphan Advocates Foundation or their designates;
- (d) funds flowing through the bank accounts at the British Trade & Commerce Bank in the names of the defendants;
- (e) any and all bank, credit union or other financial accounts, whether designated as correspondent accounts or otherwise, held by Orphan Advocates

Trust including but not limited to Bank of America account numbers 53973491 and 26784201;

(f) any and all bank, credit union or other financial accounts, whether designated as correspondent accounts or otherwise, held by Orphan Advocates Foundation including but not limited to Bank of America account numbers 53973491 and 26784201;

(g) all accounting and banking records of Orphan Advocates Trust;

(h) all accounting and banking records of Orphan Advocates Foundation;

(i) the relationship among Orphan Advocates, LLC, Orphan Advocates Foundation, Orphan Advocates Trust, Children's Adoption Services LLC, CASI Foundation for Children and the China Fund for the Handicapped;

(j) bank accounts in the name of the defendants herein or their designates;

(k) funds transferred from the account of British Trade & Commerce Bank at Security National Bank, N.A. to bank accounts in the name of Orphan Advocates LLC or Inc., Children's Adoption Services LLC or Inc., CASI Foundation for Children, Orphan Advocates Foundation, Orphan Advocates Trust or their designates;

(l) monies received by Orphan Advocates LLC or Inc., Children's Adoption Services LLC, CASI Foundation for Children, Orphan Advocates Foundation, or Orphan Advocates Trust from any of the defendants

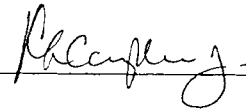
2. **THIS COURT ORDERS** that the registrar prepare and issue a letter of request, in



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the form attached hereto as Schedule "B", addressed to the judicial authorities in United Kingdom, the Commonwealth of Dominica, St. Lucia, Venezuela, the United States including the federal and state courts of Florida, North Carolina, South Carolina, Minnesota, District of Columbia, Washington, New Jersey, Utah, and Idaho, requesting the issuing of such process as is necessary to compel the witnesses to attend and be examined before the commissioner.

ENTERED AND ISCRIT À TORONTO  
CMB/BOOK NO:  
LE/DA/IS/LE REGISTRE NO.:

A handwritten signature in cursive script, appearing to read "R. Campbell", is written over a horizontal line.

JUN 0 8 2000

AS DOCUMENT NO.:  
À TITRE DE DOCUMENT NO.:  
PER/PAR: *O. Williams*

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Court File No: 00-CV-188866

**ONTARIO**  
SUPERIOR COURT OF JUSTICE

BETWEEN:

GOLD CHANCE INT'L LIMITED,  
CEBY MANAGEMENT LIMITED, and  
JBG MANAGEMENT INC.

Plaintiffs

and

DAIGLE & HANCOCK, DOUGLAS H. HANCOCK, PETER M. DAIGLE  
TRIGLOBE INTERNATIONAL FUNDING INC.,  
FREETRADE BUREAU, S.A., FREE TRADE BUREAU, S.A.,  
1170870 ONTARIO LIMITED operating as G & S ENTERPRISES, G & S  
ENTERPRISES LIMITED, G & S ENTERPRISES LTD., G & S ENTERPRISES  
ONTARIO LTD., SAYSE CHATTERPAUL, PAUL ZHERNAKOV,  
THE BANK OF NOVA SCOTIA, and BANK OF MONTREAL  
SAYSEMARINE CHATTERPAUL (also known as SAYSE CHATTERPAUL),  
BRITISH TRADE & COMMERCE BANK, and GEORGE BETTS

Defendants

**FACTUM OF THE PLAINTIFFS**

**PART I – THE MOTION**

1. Two motions are brought by the defendants Triglobe International Funding Inc. ("Triglobe"), Freetrade Bureau S.A. Free Trade Bureau S.A. (collectively "Free Trade"), 1170970 Ontario Limited operating as G & S Enterprises, G & S Enterprises Ltd., G & S Enterprises Ontario Ltd. (collectively "G&S"), Sayse Chatterpaul ("Chatterpaul"), Paul Zhernakov, ("Zhernakov"), Saysenarine Chatterpaul (also known as Sayse Chatterpaul) ("Chatterpaul").

2. In the notice of motion entitled "To Set Aside or Amend prior Order", the moving parties request, *inter alia*, an order that the Receiver be discharged, an order requiring the Receiver to discharge the notice against the property municipally known as 100 Pelmo Crescent, Toronto, Ontario (the "Pelmo Property"), an order requiring the Receiver to provide an accounting, an order that the Receiver obtain independent counsel and that the Receiver shall not report to, obtain advice from nor provide information to counsel for the plaintiffs, except through reports to be provided to the Court, and approved for release to all parties.

#### PART II - THE FACTS

##### *State of Affairs Known to the Plaintiffs on April 17, 2000*

3. The plaintiffs commenced this action by issuance of a Notice of Action on April 17, 2000 (the "Action"). In the Action, the plaintiff claims damages in the approximate amount of \$3,000,000 USD together with interest and costs by way reimbursement of funds belonging to the plaintiff, or in the alternative damages for breach of contract, negligence, breach of fiduciary duty and for other relief.

4. The plaintiff Gold Chance Int'l Limited ("Gold Chance") entered into a borrowing agreement with Triglobe International Funding Inc. ("Triglobe") in December, 1999 ("First Borrowing Agreement").

*Affidavit of Brent Binions sworn April 15, 2000, Motion Record, Tab B ("Brent Affidavit") para. 5; Exhibit 5*

5. The plaintiffs JBG Management Inc. ("JBG") and CEBY Management

Limited ("CEBY") funded Gold Chance's payment of the sum of US \$3,000,000, as collateral for the loan under the Borrowing Agreement.

*Brent Affidavit, para. 1*

6. Pursuant to the First Borrowing Agreement Gold Chance deposited the sum of US \$3,000,000 on December 3, 1999 (the "Funds") by way of a bank draft drawn on The Toronto-Dominion Bank with the law firm Daigle & Hancock who were directed to place the funds in a fiduciary account.

*Brent Affidavit, paras. 6 and 9; Exhibits 6, 8 - 10*

7. The lender Triglobe defaulted in providing funds under the Borrowing Agreement.

*Brent Affidavit, para. 5, Exhibits 12 and 13*

8. A second borrowing agreement was entered into between Gold Chance and Free Trade Bureau Inc. or Free Trade Bureau S.A. (collectively referred to as "Freetrade") in February, 2000 (the "Borrowing Agreement").

*Brent Affidavit, para. 5, Exhibit 6*

9. Freetrade defaulted in providing funds under the second Borrowing Agreement.

*Brent Affidavit, paras. 10 - 17; 39; Exhibits 23 - 36*

10. Gold Chance demanded the return of the collateral deposited with Daigle & Hancock.

*Brent Affidavit, paras. 12, 13; Exhibits 25, 32, 33, 36, 38, 41, and 42*

11. The Funds were not returned. Daigle & Hancock refused to state why the funds would not be returned or state the location of the funds. Daigle & Hancock stated that the funds were initially deposited to Bank of Montreal but were removed to another financial institution.

*Brent Affidavit, paras. 9, 18, 20, 22; Exhibit 29, 30*

*Affidavit of Greg Binions sworn April 15, 2000, Motion Record Tab C ("Greg Affidavit") para. 10*

12. The defendant Sayse Chatterpaul ("Chatterpaul") stated that the funds would be returned to The Bank of Nova Scotia. A letter on the letterhead of Free Trade Bureau S.A. signed by Chatterpaul dated April 5, 2000 states:

Please be advised that we had already accepted your latest fax message dated March 31, 2000 as your request for the termination of our Loan Agreement. We had already started this process yesterday. Please accept the date of April 4, 2000 as the date of the beginning of the termination process for our Loan Agreement. We had already made necessary arrangements in order to disconnect the loan funding procedure and will return your collateral of \$3,000,000.-USD free and clear back to the Trustee's account with Bank of Nova Scotia in Canada shortly, strictly as per terms of our Loan Agreement without any delay. The Trustee will advise you accordingly. Please note, that in accordance with the policy of the bank currently keeping your collateral, there is no service available for the opening of either savings or any other type of the interest bearing account.

Should there be any questions, please do not hesitate to contact me or our Trustee.

*Brent Affidavit; Exhibit 35, 37*

*Information obtained since the within action was commenced*

13. Notwithstanding that both the First Borrowing Agreement and the Second Borrowing Agreement provided that the deposited collateral could be moved to a different financial institution only after the full loan was delivered, the Funds were almost immediately transferred out of Bank of Montreal to the control of British Trade & Commerce Bank ("BTCB").

*Motion Record, Exhibits 5 and 6*

14. The Funds were received by Bank of Montreal on December 3, 1999. Daigle & Hanock by fax dated December 10, 1999 instructed Bank of Montreal to wire the \$3,000,000 to First Union National Bank ("First Union"), account number 9983871373 (the "First Union account"). The letter states that the funds were for the "Beneficiary - Free Trade Bureau S.A." and that the "Bank of the Beneficiary" was "British Trade & Commerce Bank".

*Affidavit of Greg Banks sworn May 1, 1999 (Banks May 1 Affidavit), Exhibit 3 (Bank of Montreal Records)*

15. On December 10, 1999 when the Funds were sent to the First Union Account for the "Beneficiary" Free Trade Bureau S.A., Free Trade was not a party to any agreement with the plaintiffs.

16. A fax has been produced dated December 8, 1999 from Zhernakov to Chatterpaul in which Zhernakov provides the wire instructions for the transfer of \$3,000,000 to First Union National Bank account no. 9983871373. Zhernakov identified his signature on the document and admits that the money was to be sent to the benefit of Free Trade even though they were not party to the borrowing agreement.

*Banks May 1 Affidavit, Tab 1*

*Cross-examination of Paul Zhernakov held June 5, 2000 ("Zhernakov*

*Transcript"), page 147, q. 940 - p. 149, q. 946*

17. Zhernakov admits that Triglobe, the lender under the First Borrowing Agreement in place at the time of delivery of the Funds to Daigle & Hancock, does not exist.

*Zhernakov Transcript, p. 35, q. 255*

18. The First Union Account was in the name of BTCB. The individuals authorized to transact business on the account included Betts.

*Brief of Exhibits from U.S. Proceedings, Tab 10*

19. Zhernakov was not a signatory on the First Union Account. He knew that the Funds were being sent to an account (the First Union Account) that he had no control over and was in the control of BTCB.

*Zhernakov Transcript, p. 149, q. 948 - p. 151, q. 954; p. 152, q. 964 - p. 153, q. 969*

20. The Funds were dispensed from the First Union Account all over the world from December 1999 to February 2000 including transfers to Switzerland, Nevis, Hong Kong, India, United Arab Emirates, Dominica, the United States and Canada. The largest transfer was a \$1,000,000 US transfer made to a Bank of America account for Orphans Advocates Trust in Idaho on January 3, 2000. The \$1,000,000 US was then transferred on the same day to China Fund for the Handicapped.

*Brief of Records of U.S. Proceedings, Tabs 13 - 15 (wire transfer records from First Union Account)*

*Brief of Records Obtained in Idaho Proceedings*

21. One of the transfers out of the First Union Account was to Zhernakov. On December 23, 1999 the sum of US \$14,625 was wire transferred to his personal account in Niagara Falls, Ontario.

*Brief of Records in U.S. Proceedings, Tab 15*

*Brief of Exhibits to Cross-Examination of Zhernakov, Exhibit 1, p. 23*

22. Zhernakov admits the transfer from BTCB to him on December 23, 1999.

*Zhernakov transcript, p. 86, q. 549 - p. 87 - p. 87*

23. Zhernakov was born in Moscow in 1954. In Russia he received a university diploma with a specialty of navigation as a seaman. He was in the Russian Navy from 1971 to 1988. From 1988 until 1996 he was a director of an airline, Transit Airways, and did business consulting under the name Sea Sparrow Overseas Limited, a Cypress company. He lives in Niagara Falls with his wife Irene, who is a housewife.

*Zhernakov Transcript p. 1, q. 4 - p. 6, q. 44; p. 165, 1047 - 1049*

24. Zhernakov is a citizen of Grenada, has a Grenadian passport and has bank accounts there.

*Zhernakov Transcript p. 157 - q. 993 - p. 158, q. 999*

25. Zhernakov's only source of income are his investments with Bank of Montreal. He does not work or have a business.

*Zhernakov Transcript p. 198, q. 1233 - p. 200, q. 1245*

26. Zhernakov was introduced to Betts in 1997 or 1998. Zhernakov was in



Dominica for two months in about May - June 1999. He went to Dominica to look into BTCB and met with Betts, Herry Royer and others. He was also in Dominica in August 1999.

*Zhernakov Transcript p. 11, q. 84; p. 17, q. 104 - p. 132*

27. Zhernakov would speak with Betts a couple of times a week during the period June 1999 to September 1999

*Zhernakov Transcript p. 23 - q. 169 - 170*

28. Zhernakov's evidence is that he is an authorized person for Free Trade, although not a director or officer. He says he is authorized negotiate on behalf of Free Trade and structure and sign contracts on its behalf. For arranging loans he would receive a commission. These loans would use the facilities of BTCB. BTCB would give money to Free Trade and Free Trade would lend money to Zhernakov's client. The collateral for the loan would always go to BTCB. The arrangements with respect to Free Trade were established while he was in Dominica. He says he does not know the names of the directors of Free Trade. He says that the officers are Herry Royer and George Betts. He believes that it is owned by a trust company and that it is managed by ICS and the one of the persons involved with ICS is George Betts.

*Zhernakov Transcript p. 8, q. 59 - p. 10, q. 79; p. 17, q. 133 - p. 20, q. 151; p. 25, q. 183; p. 27, q. 195 - 198*

29. Zhernakov has undertaken to produce an agreement in place between BTCB and Free Trade with respect to these loan arrangements.

*Zhernakov Transcript, p. 37, p. 269 - p. 40, q. 286*

30. Zhernakov met Chatterpaul in 1997 or 1998 and discussed the arrangements with Free Trade and BTCB.

*Zhernakov Transcript, p. 21, q. 158 - p. 22, q. 166*

32. Zhernakov's evidence is that Chatterpaul was authorized to sign on behalf of Free Trade.

*Zhernakov Transcript p. 95, q. 605*

33. Zhernakov acknowledges that the Funds delivered to Daigle & Hancock were delivered in trust. His evidence was that Hancock was a trustee for the lender and the borrower and that the Funds were to remain in a fiduciary account until the loan advanced.

*Zhernakov Transcript p. 120, q. 780 -- 783; p. 121, q. 787 - 789*

34. Zhernakov admits that Gold Chance should get its money back.

*Zhernakov Transcript, p. 212, q. 1331*

35. Zhernakov stated that Betts has admitted the obligation to return the Funds.

*Zhernakov Transcript p. 194, q. 1213 - 1216*

36. Zhernakov admits that \$60,000 US was transferred from his account to BTCB on May 6, 1999. The account is stated to be for the account of Free Trade Bureau S.A.

*Brief of Exhibits to Zhernakov Cross-examination, Exhibit 1, p. 2*

*Zhernakov Transcript, p. 73, 478 - p. 74, q. 484*

37. Zhernakov's evidence was that he transferred the funds to BTCB's account at Barclay's Bank for his personal use while he was in Dominica with his family in May - June 1999. He then said, "they gave that money when I was there". Zhernakov's evidence on this point was confusing.

*Zhernakov Transcript, p. 75, q. 488 - p. 76, q. 498; p. 77, q. 503*

38. Zhernakov said that the \$14,625 US transferred to him in December 1999 was the leftover balance from the \$60,000 US.

*Zhernakov Transcript, p. 88, q. 559*

39. Bank of Montreal records show that Zhernakov received the sum of \$65,000 US from BTCB on December 8, 1999. Of this amount \$51,800 (Cdn) was transferred to Chatterpaul on the same day and were deposited to Chatterpaul's account at Bank of Montreal.

*Brief of Exhibits to Zhernakov's Cross-examination, Exhibit 1, p. 23*  
*Receiver's Report filed June 8, 2000*

40. The Receiver has written to Zhernakov and Chatterpaul requesting their statements of assets and specific information on pre-authorized payments but has received no response.

*Affidavit of Mark Chow sworn May 31, 2000*

**PART III- THE ISSUES, ARGUMENT AND LAW**

***Duties of a court appointed receiver***

41. A court appointed receiver is an officer of the court and must discharge its powers honestly and in good faith. The receiver is not the agent of the party that sought its appointment. The receiver's duty is also that of a fiduciary to all interested parties involving the property under its control. The receiver must exercise its obligations with prudence, diligence, due care and skill.

*Bennett on Receiverships, 2<sup>nd</sup> ed. (Thompson: Toronto, 1999), pp. 24 - 26*

*Canada Trustco Mortgage Co. v. York-Trillium Development Group Ltd., 1992 CarswellOnt. 168, 12 C.B.R. (3d) 220 (Gen. Div.)*

***Test for discharge of a court appointed receiver***

42. In *Canada Trust Mortgage Co. v. York Trillium Development Group, Mr. Justice Farley* considered the test on a motion to replace a receiver in circumstances where there were allegations that the receiver was in a conflict of interest and stated:

There is a heavy onus on the party seeking to replace a receiver. It is heavier than on a party seeking to oppose the court appointment in the first place (*Royal Bank v. Vista Homes Ltd. (1985), 57 C.B.R. (N.S.) 80, 63 B.C.L.R. 366 (S.C.) at p. 90 [C.B.R.]*). It seems to me that if the receiver is engaged in blatant intentional action contrary to the interests of one involved group, this would be a situation where the court would readily step in to replace the receiver. Notwithstanding that such replacement may have cost and other dislocation repercussions. If such were the case why should the receiver not be obliged to show why it should not compensate the parties suffering a loss because of its "wrongdoing"? On the other hand if it is shown that the receiver inadvertently caused a problem, then I would think the court would be

more concerned about weighing the balance for removal. By this I do not advocate any policy of allowing a receiver to turn a blind eye to matters or the receiver to engage in relaxed negligence. The receiver owes a duty to exercise its responsibilities in a careful manner considering the circumstances. However the measuring of the action of the receiver is one that must take place as of the events as they unfold -- not with the benefit of the ever perfect hindsight. [para. 5]

...

Where a moving party alleges conflict of interest or impartiality the court should be concerned that such allegations are well founded after a reasonable investigation as opposed to being part of a scattergun smear -- even if parts of the allegations have been "checked out" in some reasonable manner. [para 6]

...

While in my view it would have been better to have made disclosure to the defendants at the same time as to the lenders, that is with the benefit of feeling the defendants' present outrage. No doubt the receiver will be more sensitive in the future if not for anything but to avoid a repeat performance. Yet the receiver should not be expected to perpetually walk on eggshells -- such would only slow the process down and increase costs beyond their already high level. [para. 10]

*Canada Trustco Mortgage Co. v. York-Trillium Development Group Ltd.*  
at para. 5, 6, 10

*See Bennett on Receiverships, pp. 476 - 480 as to the circumstances in which it will be appropriate to discharge a court appointed receiver*

***Ability of counsel for plaintiffs to also represent the receiver***

43. It is not necessarily the case that a solicitor cannot act for a court-appointed receiver and manager and the creditor who sought the appointment of the receiver.

*Nash v. C.I.B.C. Trust Corp. [1996] O.J. No. 1833 (Gen. Div.); 7 C.P.C. (4<sup>th</sup>) 263*

44. It is submitted that the moving parties defendants have not put forward

any cogent theory of a conflict of interest nor have they presented the facts to support such a proposition.

***Registration of Order against 100 Pelmo Crescent***

45. The moving parties have not submitted an affidavit of Chatterpaul on the motion. The affidavit filed by Zhernakov is merely on information and belief of Chatterpaul pursuant to which he is advised by Chatterpaul that Chatterpaul has no interest in the Pelmo Property having transferred his interest in the Pelmo Property to his parents in 1991.

*Affidavit of Paul Zhernakov sworn June 2, 2000 (on motion to set aside order), para. 9 -10*

46. Zhernakov's affidavit attaches the first page of a transfer registered against title to the Pelmo Property on August 19, 1991 pursuant to which the Pelmo Property was transferred from Saysenarine Singh Chatterpaul, Torarsingh Chatterpaul and Etwaree Chatterpaul to Torarsingh Chatterpaul and Etwaree Chatterpaul. The remaining 7 pages of the transfer are not included in the exhibit; specifically the land transfer tax affidavit is not included. Exhibit "D" is the first page of a form of mortgage which is apparently two pages. It is an unregistered document.

*Affidavit of Paul Zhernakov sworn June 2, 2000 (on motion to set aside order), Exhibit "C", "D"*

47. Chatterpaul's parents have not submitted an affidavit, they have not joined in the motion as moving parties, and they have not made any request of the Receiver with respect to the registration of the order.

48. Chatterpaul filed an assignment in bankruptcy on November 12, 1991, less than three months after the registration of the transfer of title to his parents.

*Order for Discharge of Bankruptcy for Chatterpaul dated April 16, 1992, Plaintiff's Document Brief (#8), Tab 9, p. 338*

49. Chatterpaul does not deny that he resides at the Pelmo Property.

50. The plaintiffs' position is that Chatterpaul has a beneficial interest in the Pelmo Property.

**PART III – ORDER REQUESTED**

51. The plaintiffs respectfully request that this motion be dismissed with costs to it.

ALL OF WHICH IS RESPECTFULLY SUBMITTED,

DATE: June 8, 2000

David E. Wires and Lisa La Horey  
McCague Wires Peacock,  
Of counsel for the plaintiffs

Arthur O. Jacques  
Jacques Little  
Solicitor for the plaintiffs

01-23-01 09:55AM FROM-JACQUES LITTLE #416770984 -584 P.02/02 F-200

INCOMING SWIFT MESSAGE OPER ORG: 02126 INT'L TRADE CENTRE - ONTARIO PAGE: 1  
 10/24/00 13:45 ICN: 001024-047833-000 BSS SEQ NO: 0001

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RYCCMDM	ROYCCAT2	00000000	00000000		UPL	NO

SENDER CID: 0330605  
 BRITISH TRADE-COMM BK.  
 /A  
 OSEAD  
 GMINICA RO

- 27 : SEQUENCE OF TOTAL : 1/1
- 20 : TRANSACTION REFERENCE NUMBER : 001024/L4
- 23 : FURTHER IDENTIFICATION : LCFTS102300
- 10 : DATE : 001024
- 70 : DETAILS OF GUARANTEE :  
 : L/C NUMBER: FTS102300  
 : DATE OF ISSUE: OCTOBER 23, 2000  
 : DATE OF MATURITY: DECEMBER 15, 2000  
 : DATE OF EXPIRATION: DECEMBER 30, 2000  
 : WE BRITISH TRADE AND COMMERCE BANK HEAD OFFICE AT EMENS  
 : BUILDING, BAYFRONT, DAMR EUGENIA CHARLES BLVD., ROSEAD,  
 : COMMONWEALTH OF DOMINICA, WEST INDIES, HEREBY OPEN OUR  
 : UNCONDITIONAL, IRREVOCABLE, DIVISIBLE, ASSIGNABLE AND FREELY  
 : TRANSFERABLE LETTER OF CREDIT IN FAVOUR OF MR. R. GROFFREY  
 : NEWBURY, BARRISTER AND SOLICITOR IN TRUST FOR COURT ACTION NO.  
 : 00-CV-188866 IN THE ONTARIO SUPERIOR COURT OF JUSTICE FOR THE  
 : AMOUNT OF 3,000,000.00 (UNITED STATES DOLLARS THREE MILLION ONLY)  
 : WHICH IS DUE ON DECEMBER 15, 2000.  
 : PARTIAL PAYMENTS UNDER THIS LETTER OF CREDIT ARE ALLOWED BEFORE  
 : MATURITY AT THE DECISION OF THE ISSUER. THE PAYMENT OF THE  
 : UNPAID BALANCE IS AVAILABLE UPON BENEFICIARY'S FIRST WRITTEN  
 : DEMAND VIA BANK WIRE SYSTEM AT MATURITY. DEMAND HEREUNDER MUST BE  
 : MARKED 'DRAWN UNDER LETTER OF CREDIT NUMBER FTS102300 DATE  
 : OCTOBER 23, 2000'.  
 : WE ENGAGE WITH YOU THAT DEMAND DRAWN UNDER AND IN COMPLIANCE WITH  
 : THE TERMS OF THIS LETTER OF CREDIT SHALL BE DULY HONORED ON OUR  
 : REPRESENTATION TO US BUT NOT BEFORE MATURITY DATE DECEMBER 15,  
 : 2000.  
 : THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND  
 : PRACTICES FOR DOCUMENTARY CREDIT (1993 REVISION) ICC PUBLICATION  
 : NO.500.  
 : THIS IS AN OPERATIVE INSTRUMENT, NO MAIL CONFIRMATION TO FOLLOW.  
 : GEORGE R. BETTS, EXECUTIVE VICE PRESIDENT  
 : PATRICIA INGLIS, VICE PRESIDENT, COMMERCIAL BANKING

ROYAL BANK OF CANADA  
 TRADE SERVICE CENTRE

L/C # E153899702126  
 DOCTRAC # 471569

THIS CABLE IS THE  
 OPERATIVE INSTRUMENT

ROYAL BANK OF CANADA  
 LETTERS OF CREDIT DEPARTMENT  
 INTERNATIONAL TRADE CENTRE - ONTARIO

*Signature*





MIAMI AGENCY  
 1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-5178 • TELEX 153785 BINMIA

NAME & ADDRESS
BRITISH TRADE AND COMMERCE BANK EMMENS BUILDING, BAYFRONT ROSEAU COMMONWEALTH OF DOMINICA

ACCOUNT NO.	STATEMENT DATE	PAGE
062020001	4/30/98	2

OPENING BALANCE
100,000.00

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
4/08/98			3,425,113.93		100000.00
4/09/98				10,000.00	110000.00
4/09/98				10,000.00	120000.00
4/09/98				3,418,571.93	3538571.93
4/09/98			10.00		3538561.93
4/09/98			13,456.00		3525105.93
4/09/98			10.00		3525095.93
4/09/98			3,425,095.93		100000.00
4/10/98				3,425,494.74	3525494.74
4/10/98			3,425,494.74		100000.00
4/10/98				5,000.00	105000.00
4/13/98				34,500.00	139500.00
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4/17/98					115,000.00

Redacted Information  
 in Subcommittee Files

OPENING BALANCE	
TOTAL DEBITS	
TOTAL CREDITS	
ENDING BALANCE	
AVERAGE BALANCE	

UNLESS ALTERATIONS, FORGERIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 90 DAYS OF RECEIPT, WE SHALL CONSIDER THIS STATEMENT TO BE CORRECT.



**INDUSTRIAL DE VENEZUELA**

MIAMI AGENCY

1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-5178 • TELEX 153785 BIVMIA

NAME & ADDRESS
BRITISH TRADE AND COMMERCE BANK EMMENS BUILDING, BAYFRONT ROSEAU COMMONWEALTH OF DOMINICA

ACCOUNT NO.	STATEMENT DATE	PAGE
062020001	4/30/98	3

OPENING BALANCE
100,000.00

DATE	VALUE DATE	DESCRIPTION	DEBITS	CREDITS	BALANCE
4/11/98				3,572,114.94	362774.69
4/11/98			990.25		368674.69
4/11/98			10.00		368674.69
4/11/98		W/T RE-TRANSM.F/D P.ZHERNAX	20,000.00		366674.69
4/11/98		W/T RE-TRANSMIT FEE	10.00		366674.69
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Redacted Information  
in Subcommittee Files

OPENING BALANCE	
TOTAL DEBITS	
TOTAL CREDITS	
ENDING BALANCE	
AVERAGE BALANCE	

UNLESS ALTERATIONS, FORGERIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 90 DAYS OF RECEIPT, WE SHALL CONSIDER THIS STATEMENT TO BE CORRECT.

BRITISH TRADE AND COMMERCE BANK  
 EMENS BUILDING, BAYFRONT  
 ROSEAU  
 COMMONWEALTH OF DOMINICA  
 9/02/90  
 LD /062020001  
 00A/USO

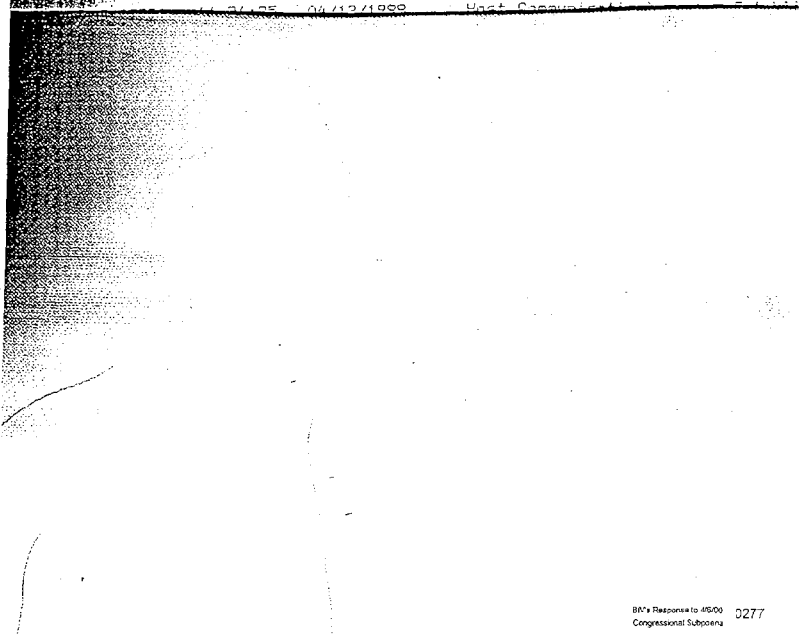
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5/18/98		10.00		100,000.00
5/18/98			10,500.00	89,510.00
5/18/98			10,000.00	79,510.00
5/18/98			20,000.00	59,510.00
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5/18/98	WT FEE	10.00		99,520.00
5/18/98			10,500.00	74,020.00
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BRITISH TRADE AND COMMERCE BANK  
ROSEAU, DOMINICA  
(4200) Beneficiary: SAUL ZHERNAKOV  
(3320) Sender Ref: 5  
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Redacted Information  
in Subcommittee Files



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 (GLOBAL BANKING SERVICES)  
 TORONTO

3100) Originator's FI: [REDACTED] CANADA TRUST CO. (GLOBAL BANKING SER)

*Dr 10080100*  
*Cr 62020001*

3200) Instructing FI: [REDACTED]  
 CANADA TRUSTCO MORTGAGE COMPANY  
 CANADA TRUST TOWER, BCE PLACE  
 161 BAY ST. AT FRONT, 3RD FLOOR  
 TORONTO, ONTARIO M5J 2T2

**Redacted Information  
 in Subcommittee Files**

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 #####

statistics for session 2:

Ref #5  
FT0006

Dr 62020001 \$20,000.  
Cr 10080100 \$ 10.0  
Cr 50805001 \$ 10.00

13/04/98-12:09:22

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Correspondent Input Reference : 1157 980413BTCBMDMXXX0279000397  
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Swift Output Original  
FIN 100 customer transfer  
Sender : BTCBMDMXXX  
BRITISH TRADE AND COMMERCE BANK  
  
ROSEAU DM  
Receiver : INDUS3MXXX  
BANCO INDUSTRIAL DE VENEZUELA, C.A. MIAMI AGENCY  
  
MIAMI, FL US

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040999/L1  
32A: value date, currency, and amount  
Date 09 April 1998  
Currency USD-(US-DOLLAR)  
Amount \$20,000.00  
50: ordering customer  
BRITISH TRADE AND COMMERCE BANK  
ROSEAU, DOMINICA  
ACCT. NO. 062020001  
57D: account with institution - address  
CANADA TRUST A/C [REDACTED]  
CITY BANK X  
NY, NY  
ABA 02100089  
59: beneficiary customer  
[REDACTED]  
PAUL ZHERNAKOV Redacted Information  
71A: details of charges in Subcommittee Files  
OUR

*Note: Per inv. letter to  
& British Trade Bank  
re the CIBL  
instructions:  
4/16/98  
CitiBank  
ABA# 02100089  
Benef: Paul Zhernakov  
A/C # [REDACTED]  
Benef. FI: Canada Trust  
A/C [REDACTED]*

(MAC:2E91C0E7)  
(CHK:A93002F47599)

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 (1510) Type Code: 1000  
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 ROSEAU, DOMINICA  
 (4100) Beneficiary's FI: PAUL ZHERNAKOV  
 CANADA TRUST MORTGAGE COMPANY  
 TORONTO, ONTARIO  
 CANADA  
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 \*\*\*\*\*  
 Redacted Information  
 in Subcommittee Files  
  
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 Message 02.50.30  
 Re: FLTRANJ

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(GLOBAL BANKING SERVICES)  
TORONTO

*Ac 10080100  
Ch 62020001*

<5100> Originator's FI: [REDACTED]  
CANADA TRUST CO. (GLOBAL BKING SER)

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CANADA TRUST CO MORTGAGE COMPANY  
CANADA TRUST TOWER, BCE PLACE  
161 BAY ST. AT FRONT, 3RD FLOOR  
TORONTO, ONTARIO M5J 2T2

<4320> Ref for BNF: 1  
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D 17APR98. FED IMAD NUMBER 0417F6  
QCA11C000001. UNABLE TO APPLY. BE  
NEFICIARY NAME AND ACCOUNT NUMBER  
DO NOT MATCH. PAYMENT CANCELLED.  
19980421F6RCA11C00000704211617FT01  
S0781114922501  
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<1520> IMAD:  
<3320> Sender Ref:  
<1110> Timestamp:  
<1120> OMAD:  
#####

Redacted Information  
in Subcommittee Files



2347



**British Trade & Commerce Bank**

EMENS Building, Dame Eugenia Charles Blvd., Bayfront  
Roseau, Commonwealth of Dominica, P.O. Box: 2042

**FAX COVER**

Date: 04/17/98

<b>TO:</b> LOUISA	<b>FROM:</b> GEORGE BETS
<b>COMPANY:</b> BANCO INDUSTRIAL DE VENEZUELA	<b>FAX N°:</b> (767) 448-6477
<b>FAX N°:</b> 305-355-8241	<b>PHONE N°:</b> (767) 448-6410
<b>PHONE N°:</b>	<b>Pages:</b> (Including this one)

**NOTES:**     Urgent     For your review     Reply ASAP     Please comment

Comments:

DEAR LOUISA (I HOPE THE SPELLING IS CORRECT)

PLEASE AMEND OUR MT100 FOR TRANSFER OF US\$20,000 TO CITY BANK TO READ AS FOLLOWS:

BENEFICIARY CUSTOMER:  
CANADA TRUST

Redacted Information  
in Subcommittee Files

FOR FURTHER CREDIT TO PAUL ZHERNAKOV  
ACCOUNT NO. [REDACTED]

SORRY FOR THE CONFUSION AND MY DELAYS.

REGARDS,

GEORGE E. BETTS

HERRY ROYER

*Spoke w/ Mr. Betts  
Ben. Dame is  
Palvo  
he will send an  
MT 100 on 1/9  
4/22/98  
ls*

*Unauthorized for Full Trust Business.*

**SECURITY BANK N.A.**  
**OUTGOING DOMESTIC WIRE TRANSFER REQUEST AND AUTHORIZATION**

DATE: 5 -- 10 -- 98 TIME: AMOUNT \$ 90,000.00

OUTGOING WIRE - CHARGE CUSTOMER LISTED BELOW  
 INTERNATIONAL DEPARTMENT WIRE (CHARGE INTERNATIONAL DEPARTMENT CLEARING ACCOUNT)  
 DOMESTIC WIRE (US DOLLARS) FOREIGN WIRE: DEBIT CURRENCY:

**INFORMATION ABOUT THE BANK TO RECEIVE THE WIRE**

RECEIVING BANK'S NAME: MARINE MIDLAND BANK RECEIVING BANK'S "ABA" NUMBER: 021-001-088

TEST CODE, IF ANY: SWIFT CODE, IF APPLICABLE:  
 # #

BRANCH NAME OR ADDRESS OF RECEIVING BANK, IF ANY:  
 ONE MARINE MIDLAND CENTER  
 CITY: BUFFALO STATE: NY COUNTRY:

**INFORMATION ABOUT THE BENEFICIARY OF THE WIRE**

NAME OF BENEFICIARY (PERSON / COMPANY TO RECEIVE WIRE): PAVEL B. ZHERNAKOV  
 ACCOUNT NUMBER (RECEIVING BENEFICIARY'S ACCOUNT NUMBER):  
 # TYPE OF ID, IF PUPPO: # NUMBER:  
 ADDRESS (IF APPLICABLE): CITY: STATE: COUNTRY:

FOR FURTHER CREDIT TO (NAME): # NUMBER:  
 BY ORDER OF (NAME): BRITISH TRADE & COMMERCE BANK # NUMBER:  
 SPECIAL INSTRUCTIONS, IF ANY: ATTN: MRS. DENISE OWENS

**INFORMATION AND AUTHORIZATION ABOUT CUSTOMER'S ACCOUNT TO DEBIT**

NAME OF CUSTOMER'S ACCOUNT TO CHARGE OR GENERAL LEDGER ACCOUNT TO DEBIT:  
 BRITISH TRADE & COMMERCE BANK  
 # ACCOUNT NUMBER TO CHARGE (DEBIT):

WIRE AMOUNT \$	90,000.00
WIRE FEES	15.00
OTHER	
TOTAL AMOUNT \$	90,015.00

**CUSTOMER'S AUTHORIZATION**  
 I authorize Security Bank to transfer my funds as set forth in the instructions noted herein, including debiting my account and agree that such transfer of funds is subject to the Bank's agreement as noted in the back of this form.

**PAX ATTACHED**  
**CUSTOMER'S SIGNATURE**

**OFFICER APPROVING TRANSACTION**  
 HOLD MUST BE PLACED ON ACCOUNT BY BRANCH OFFICER OR BY DEPARTMENT HEAD INITIATING WIRE.  
 NOTE:  
 "ABA" BANK NUMBER HAS BEEN VERIFIED  
 HOLD HAS BEEN PLACED ON ACCOUNT  
 APPROVING OFFICER: SIGNATURE OF OFFICER

**INTERNET DEPARTMENT USE ONLY**  
 WIRE SENT BY: [initials] PBS  
 DATE WIRE SENT: [initials] 10  
 TIME WIRE SENT: [initials] 150  
 WIRE NUMBER (#): [initials]  
 VERIFIED BY: [initials] SIGNATURE OF OFFICER

06/10/98 12:02 FAX 3059716071 SECURITY BANK NA 013  
Jun-09-98 02:29P BT Bank/Trust (809, 148-6477 P.01



**British Trade & Commerce Bank**  
Emeril Bldg., Dame Eugenia Charles Blvd. Bayfront Rowena  
Commonwealth of Dominica  
P.O. Box 2042 Phone: (787) 466-9410 Fax: 466-6477

Date: 06/09/98

*Fax Cover Sheet*

To: FERNANDO GONZALEZ From: GEORGE BETTS  
Company: SECURITY BANK N.A. Department:  
Fax: 305-374-4207 Pages: 1  
Phone: 305-374-3722 Ref:

Urgent  Reply ASAP  Comment  Review

**COMMENTS:**

DEAR MR GONZALEZ  
PLEASE MAKE THE FOLLOWING WIRE TRANSFERS FROM OUR ACCOUNT 0400101403-01. PLEASE FAX US COPIES OF THE WIRES FOR OUR RECORDS.

[Redacted]

[Redacted]

Redacted Information  
in Subcommittee Files

MARINE MIDLAND BANK  
ONE MARINE MIDLAND CENTER  
BUFFALO, NY, 14203  
ATTN MRS. DENISE OWENS  
ABA NO. 021-001-088  
ACCOUNT OF PAVEL B. ZHERNAKOV  
ACCOUNT NO. [Redacted]  
AMOUNT USD \$90,000.00

[Redacted]

OK!  
*[Signature]*  
I concur for full transfer

STMT36 96 1132 2613 000 DIRECT INQUIRIES TO: (365) 374-3722

BRITISH TRADE & COMMERCE BANK  
 010140000  
 11  
 010140000  
 FROM 03/01/99 THRU 03/31/99  
 11  
 010140000  
 FROM 03/01/99 THRU 03/31/99  
 11  
 010140000  
 FROM 03/01/99 THRU 03/31/99  
 11

NUMBER OF ITEMS ENCLOSED: 10

DATE POSTED	DESCRIPTION OF TRANSACTIONS	CHEQUES (-)	DEBITS (-)	CREDITS (+)	BALANCE
03/18		35.00			193,808.12
03/18		570.00			193,238.12
03/18		1,500.00			191,738.12
03/18		2,000.00			189,738.12
03/18		2,000.00			187,738.12
03/18		3,728.62			184,009.50
03/18		4,000.00			180,009.50
03/18		4,000.00			176,009.50
03/18		5,000.00			171,009.50
03/18		8,473.57			162,535.93
03/18	WIFE 6697 PAUL ZHS RANKOV		10,000.00		152,535.93
03/18			18,457.00		134,078.93
03/18			20,000.00		114,078.93
03/18			64,078.93		50,000.00

Redacted Information  
 in Subcommittee Files



STMT96 96 1118 2516 000 DIRECT INQUIRIES TO: (305) 374-3722

BRITISH TRADE & COMMERCE BANK  
 EMENS BLDG., DAVE BUKENIA CHARLERS  
 0010140000  
 FROM 06/01/99 THRU 06/30/99  
 LLOYD BANKING GROUP  
 ROSERAU, DOMINICA, WI

NUMBER OF ITEMS ENCLOSED: 4

CHKG-01	ACCOUNT NO. 00101400 01	-ACCOUNT TRANSACTIONS DETAIL-			BALANCE
DATE POSTED	DESCRIPTION OF TRANSACTIONS	CHECKS (-)	DEPOSITS (+)		
06/18	I IN906180004 M		11,000.00	75,377.51	
06/18	O 07906180009 M	5,337.51		70,040.00	
06/18	O 07906180010 M	9,000.00		61,040.00	
06/18	O 07906180003 M	11,000.00		50,040.00	
06/18	I IN906180011 M/P	10.00		50,030.00	
06/18	O 07906180009 M/P	15.00		50,015.00	
06/18	O 07906180010 M/P	15.00		50,000.00	
06/21	WIRE TRANSFER DIRECT		9,000.00	59,000.00	
06/21	I IN906210003 M		51,600.00	110,600.00	
06/21	I IN906210002 M		680,000.00	790,600.00	
06/21	I IN906210003 M/P	10.00		790,590.00	
06/21	I IN906210002 M/P	10.00		790,580.00	
06/21	-AUTO TRANSFER TO ACCT. --0010140002	740,580.00		50,000.00	

<<< TRM: 991215-038806 >>>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\* ( Bank : 003 )

SRC:FED CALLER:		EXT:	
RPT#	AMT:3,000,000.00	CUR:USD	TRDR#
TEST: VAL://		TYP:FTR/	FNDS:S CHG:DB:N CD:A CCM:N CBL:N

---

DBT [REDACTED]	CDT [REDACTED]	ADV:PHN
DEPT:000001660	BRITISH TRADE & COMMERCE BANK	
HARRIS BANK INTERNATIONAL CORP NY	C/O PEC FINANCIAL HOLDINGS INC	
345 PARK AVE	444 BRICKELL AVE STE F15	
NEW YORK NY 10154	MIAMI, FL 33131	
SEND:/[REDACTED]	SPECIAL INSTRUCTIONS:	
BANK OF MONTREAL	FAX CUSTOMER SHIFT RELEASE TO	
INTERNATIONAL BANKING H.O.	PROCESS	
129 ST. JAMES ST. WEST	ALT FAX 011 767 448 6477	
MONTREAL, P.Q. CANADA	GNF:/1000113816	CHG:3 BK?
SNDR REF NUM:0077513266991215	FREE TRADE BUREAU S.A.	
ORDERING BNK:		

ORIG:E/ID/9/UNKNOWN  
DAIGLE AND HANCOCK

**Redacted Information  
in Subcommittee Files**

REF NUM:OP2970 76737

\*\*\*\* MESSAGE TEXT \*\*\*\*

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{3600}CTR
{4100} *
BRITISH TRADE AND COMMERCE BANK*
ACCT 998 38 713 73*
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FREE TRADE BUREAU S.A.*
{4320}OP2970 76737*
{5000}9UNKNOWN*
DAIGLE AND HANCOCK*
{5100} *
..
{5200}D000021027937*
BANK OF MONTREAL*
INTERNATIONAL BANKING H.O.*

```



CAP Account Statement 12/01/1999 thru 12/31/1999  
 4 9983871373 FL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983871373  
 Brokerage Account number: 17624265  
 Taxpayer ID: 00-000-0000

ACCOUNT ACTIVITY continued

Trans Type/ Date Check Number	Description	Quantity	Price/ Amount	Add	Subtract	Daily Cash Balance
12/10 99345551	WIRE TRANSFER TR# 020759				500,000.00	146,573.22
11/13	DEPOSIT - CHECKING (22 ITEMS)		5,825.00			
12/13	DEPOSIT - CHECKING (31 ITEMS)		8,000.00			
12/13 99348285	WIRE TRANSFER FEE TR# 024050				18.00	
13/13 99348287	WIRE TRANSFER FEE TR# 017720				18.00	
12/13 99348289	WIRE TRANSFER FEE TR# 023581				18.00	
12/13 99348291	WIRE TRANSFER TR# 023581			4,000.00		
12/13 99348290	WIRE TRANSFER TR# 024050			25,000.00		
12/13 99348288	WIRE TRANSFER TR# 017720			50,000.00		81,344.22
12/14 99349168	WIRE TRANSFER FEE TR# 021737				18.00	
12/14 99349169	WIRE TRANSFER FEE TR# 019617				18.00	
12/14 99349171	WIRE TRANSFER TR# 021737			2,000.00		
12/14 99345172	WIRE TRANSFER TR# 019617			20,000.00		
12/14 99349170	WIRE TRANSFER TR# 019885			45,000.00		14,308.22
12/15	WIRE TRANSFER TR# 038806		3,000,000.00			3,014,308.22
12/16 99351852	WIRE TRANSFER FEE TR# 020843				19.00	

Account Activity continued on next page





CAP Account Statement 12/01/1999 thru 12/31/1999  
 5 9983871373 FL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983871373  
 Brokerage Account number: 17524265  
 Taxpayer ID: 00-000-0000

ACCOUNT ACTIVITY continued

Trans Type/ Date Check Number	Description	Quantity	Price/ Amount	Add	Subtract	Daily Cash Balance
12/16 99351863	WIRE TRANSFER FEE TRF 021149				18.00	
12/16 99351864	WIRE TRANSFER FEE TRF 021563				18.00	
12/16 99351865	WIRE TRANSFER FEE TRF 020929				18.00	
12/16 99351873	WIRE TRANSFER FEE TRF 021038				18.00	
12/16 99351874	WIRE TRANSFER FEE TRF 020600				18.00	
12/16 99351875	WIRE TRANSFER FEE TRF 020354				18.00	
12/16 99351868	WIRE TRANSFER TRF 021149			309.65		
12/16 99351871	WIRE TRANSFER TRF 020354			1,000.00		
12/16 99351869	WIRE TRANSFER TRF 020600			5,000.00		
12/16 99351870	WIRE TRANSFER TRF 020929			15,339.95		
12/16 99351867	WIRE TRANSFER TRF 021038			29,027.25		
12/16 99351866	WIRE TRANSFER TRF 020843			30,000.00		
12/16 99351872	WIRE TRANSFER TRF 021563			93,000.00	2,840,495.37	
12/17 99352510	WIRE TRANSFER FEE TRF 030657				18.00	
12/17 99352511	WIRE TRANSFER FEE TRF 014944				18.00	
12/17 99352512	WIRE TRANSFER FEE TRF 026346				18.00	
12/17 99352513	WIRE TRANSFER TRF 026346			2,603.97		
12/17 99352515	WIRE TRANSFER TRF 014944			50,000.00		

Account Activity continued on next page



CAP Account Statement 12/01/1999 thru 12/31/1999  
 6 9983871373 FL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983871373  
 Brokerage Account number: 17524265  
 Taxpayer ID: 00-000-0000

ACCOUNT ACTIVITY continued

Trans Type/ Date Check Number	Description	Quantity	Price/ Amount	Add	Subtract	Daily Cash Balance
12/17 99352514	WIRE TRANSFER TR# 030657				240,000.00	2,547,837.40
12/20 99355014	WIRE TRANSFER FEE TR# 016882				18.00	
12/20 99355015	WIRE TRANSFER FEE TR# 009616				18.00	
12/20 99355016	WIRE TRANSFER FEE TR# 010044				18.00	
12/20 99355017	WIRE TRANSFER FEE TR# 009930				18.00	
12/20 99355018	WIRE TRANSFER FEE TR# 010748				18.00	
12/20 99355019	WIRE TRANSFER FEE TR# 010992				18.00	
12/20 99355027	WIRE TRANSFER FEE TR# 009757				18.00	
12/20 99355028	WIRE TRANSFER FEE TR# 010863				18.00	
12/20 99355024	WIRE TRANSFER TR# 010992				4,500.00	
12/20 99355025	WIRE TRANSFER TR# 010863				4,512.00	
12/20 99355021	WIRE TRANSFER TR# 010044				7,646.00	
12/20 99355029	WIRE TRANSFER TR# 026882				8,000.00	
12/20 99355030	WIRE TRANSFER TR# 009757				10,000.00	
12/20 99355023	WIRE TRANSFER TR# 010748				10,000.00	
12/20 99355022	WIRE TRANSFER TR# 009930				20,000.00	
12/20 99355026	WIRE TRANSFER TR# 009616				50,000.00	2,433,035.40

Account Activity continued on next page



CAP Account Statement 12/01/1999 thru 12/31/1999  
 7 9983871373 FL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983871373  
 Brokerage Account number: 17624265  
 Taxpayer ID: 00-000-0000

ACCOUNT ACTIVITY continued

Trans Date	Type/Check Number	Description	Quantity	Price/Amount	Add	Subtract	Daily Cash Balance
12/21		WIRE TRANSFER TR# 020951			262.50		
12/21	99356964	WIRE TRANSFER FEE TR# 017079				18.00	
12/21	99356965	WIRE TRANSFER FEE TR# 018359				18.00	
12/21	99356966	WIRE TRANSFER FEE TR# 011085				18.00	
12/21	99356969	WIRE TRANSFER FEE TR# 015838				18.00	
12/21	99356970	WIRE TRANSFER FEE TR# 011230				18.00	
12/21	99356968	WIRE TRANSFER TR# 018359				13,000.00	
12/21	99356973	WIRE TRANSFER TR# 011230				49,000.00	
12/21	99356975	WIRE TRANSFER TR# 011012				55,000.00	
12/21	99356974	WIRE TRANSFER TR# 011085				200,000.00	
12/21	99356972	WIRE TRANSFER TR# 015838				205,000.00	
12/21	99356971	WIRE TRANSFER TR# 017079				612,000.00	1,299,207.90
12/22		WIRE TRANSFER TR# 002913			20,000.00		
12/22	99357154	WIRE TRANSFER FEE TR# 009826				18.00	
12/22	99357153	WIRE TRANSFER TR# 009836				20,000.00	1,299,189.90
12/23		WIRE TRANSFER TR# 027360			4,775.00		
12/23	99358454	WIRE TRANSFER FEE TR# 022384				18.00	

Account Activity continued on next page



CAP Account Statement 12/01/1999 thru 12/31/1999  
 8 9983971373 FL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983971373  
 Brokerage Account number: 17624265  
 Taxpayer ID: 00-000-0000

ACCOUNT ACTIVITY continued

Trans Type/ Date Check Number	Description	Quantity	Price/ Amount	Add	Subtract	Daily Cash Balance
12/23 99358455	WIRE TRANSFER FEE TR# 012749				18.00	
12/23 99358456	WIRE TRANSFER FEE TR# 012465				18.00	
12/23 99358457	WIRE TRANSFER FEE TR# 011115				18.00	
12/23 99358458	WIRE TRANSFER FEE TR# 009197				18.00	
12/23 99358459	WIRE TRANSFER FEE TR# 009735				18.00	
12/23 99358460	WIRE TRANSFER FEE TR# 010775				18.00	
12/23 99358461	WIRE TRANSFER FEE TR# 010265				18.00	
12/23 99358462	WIRE TRANSFER FEE TR# 010575				18.00	
12/23 99358463	WIRE TRANSFER FEE TR# 012656				18.00	
12/23 99358464	WIRE TRANSFER FEE TR# 009438				18.00	
12/23 99358465	WIRE TRANSFER FEE TR# 010400				18.00	
12/23 99358466	WIRE TRANSFER FEE TR# 010026				18.00	
12/23 99358467	WIRE TRANSFER FEE TR# 010532				18.00	
12/23 99358473	WIRE TRANSFER TR# 010775				395.00	
12/23 99358475	WIRE TRANSFER TR# 010400				1,500.00	
12/23 99358477	WIRE TRANSFER TR# 010026				3,500.00	
12/23 99358475	WIRE TRANSFER TR# 010532				4,775.00	
12/23 99358469	WIRE TRANSFER TR# 012656				10,000.00	

Account Activity continued on next page

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CAP Account Statement 12/01/1999 thru 12/31/1999  
 9 9983871373 PL R 0 REPLACEMENT STATEMENT 000

CAP Account number: 9983871373  
 Brokerage Account number: 17624265  
 Taxpayer ID: 00-000-0800

ACCOUNT ACTIVITY continued

Trans Type/ Date Check Number	Description	Quantity	Price/ Amount	Add	Subtract	Daily Cash Balance
12/23 99358474	WIRE TRANSFER TR# 010675				10,000.00	
12/23 99358472	WIRE TRANSFER TR# 009187				14,625.00	
12/23 99358471	WIRE TRANSFER TR# 011115				20,000.00	
12/23 99358478	WIRE TRANSFER TR# 009735				25,000.00	
12/23 99358470	WIRE TRANSFER TR# 010265				40,000.00	
12/23 99358468	WIRE TRANSFER TR# 022384				50,000.00	
12/23 99358481	WIRE TRANSFER TR# 009438				50,000.00	
12/23 99358480	WIRE TRANSFER TR# 012495				140,000.00	
12/23 99358479	WIRE TRANSFER TR# 012749				200,000.00	733,917.90
12/30	WIRE TRANSFER TR# 025085			275,000.00		1,008,917.90
12/31	CAP ACCOUNT INTEREST/DIVIDEND			2,620.63		1,011,538.53
12/31	Closing Balance 12/31			\$ 3,988,805.22	\$ 3,052,217.91	\$ 1,011,538.53

Summary of Deposits

Date	Description	Amount	Check Ref Number
12/01	DEPOSIT - CHECKING (34 ITEMS)	11,850.00	3036369615
12/01	DEPOSIT - CHECKING (4 ITEMS)	13,122.09	3036369610

Account Activity continued on next page

FIRST UNION NATIONAL BANK FL Fulltran Run 22-DEC-1999 21:28 Page 23614  
FULL TRANSACTION REPORT For 21-DEC-1999

Sample of wire transfer withdrawals using  
\$3 million deposit of Gold Chance funds

<<< TRN: 991221-011095 >>>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\*

( Back : 003 )

SRC PNH CALLER: ROYER, HENRY	EXT:
RPT# AMT: 200,000.00	CUR: USD TRDR#
TEST: VAL: //	TYP: FTR/1000 FNDS: S CHG DB: A CD: N COM: N CBL: N
-----	
DBT D/0009981871371/	CDT [REDACTED] ADV: FED
BRITISH TRADE & COMMERCE BANK	DEPT: 0000001660
C/O FEC FINANCIAL HOLDINGS INC	PACIFIC NATIONAL BANK
444 BRICKELL AVE STE P16	P.O. BOX 012628
MIAMI, FL 33131	ATM FINANCE DEPT.
SPECIAL INSTRUCTIONS:	MIAMI FL 33101
ALT PNH 0 767 448 5410	BNF: [REDACTED] CHG: BK2N
	BRITISH TRADE & COMMERCE BANK

\*\*\*\* CREDIT PAYMENT MESSAGE TEXT \*\*\*\*

{1510} Type/Subtype Code:	10 (Transfec of funds)
Type Code:	00 (Regular transfer)
Subtype Code:	
{2000} Amount:	\$200,000.00
{3100} Sending Bank:	
ABA number:	06300021
Short name:	FIRST UNION JAX
ABA lookup (REL):	FIRST UNION OF FLORIDA JACKSONVILLE, FL
{3120} Sender Reference:	[REDACTED]
{3400} Receiving Bank:	
ABA number:	06601130
Short name:	PACIFIC NATL BK MI
ABA lookup (REL):	PACIFIC NATIONAL BANK P.O. BOX 012620 ATM FINANCE DEPT. MIAMI FL
{3600} Business Function Code:	CTR (Customer transfer)
{4200} Beneficiary:	[REDACTED] BRITISH TRADE & COMMERCE BANK
{5000} Originator:	[REDACTED] BRITISH TRADE & COMMERCE BANK C/O FEC FINANCIAL HOLDINGS INC 444 BRICKELL AVE STE P16 MIAMI, FL 33131

Redacted Information  
in Subcommittee Files

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FIRST UNION NATIONAL BANK FL Fulltran Run 22-DEC-1999 23:28 Page 34104  
FULL TRANSACTION REPORT For 21-DEC-1999

<<< TRN: 991221-015838 >>>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\* ( Bank : 003 )

SRC:PHN CALLER:ROYER, HENRY EXT:  
RPT# AMT:205,000.00 CUR:USD TRDR#  
TEST: VAL:// TYP:FTR/ FNDS:S CHG:DB:A CD:N COM:N CBL:N

-----  
DBT D/ [REDACTED] CDT [REDACTED] ADV:CHP  
BRITISH TRADE & COMMERCE BANK DEPT:0000188  
C/O FEC FINANCIAL HOLDINGS INC BANK OF NEW YORK  
444 BRICKELL AVE STE P16 48 WALL STREET, 19TH FLOOR  
MIAMI, FL 33131 NEW YCRK, NY USA 10015  
SPECIAL INSTRUCTIONS: INTER BK:C/[REDACTED]  
ALT PHN 0 767 448 6410 [REDACTED]  
MASHREQ BANK  
255 FIFTH AVENUE - 1ST. FLOOR  
NEW YORK, N.Y. 10016  
BNF BANK:  
MASHREQ BANK  
BURJUMAN BRANCH  
DUABI UE  
BNF:/[REDACTED] CRG: BK?N  
[REDACTED]  
BAHRAIN UE

\*\*\*\* CREDIT PAYMENT MESSAGE TEXT \*\*\*\*

CHIPS 10 - PAYMENT MESSAGE

Redacted Information  
in Subcommittee Files

201 Transmission Data:  
Format version: 01 Value date: 1999/12/21  
Send participant: 0285  
211 Payment Disposition Data:  
Receive participant: 0001  
Beneficiary type: N (Non-bank)  
Compression flag: 2 (Compress response)  
Disposition flag: 2 (Store and attempt release)  
260 Amount: \$205000.00  
270 PSN: 000455  
320 SWIFT field 20: 991221015838  
400 Intermediary Bank: [REDACTED] (CHIPS lookup key)  
412 Beneficiary's Bank: [REDACTED] (No CHIPS lookup)  
MASHREQ BANK  
BURJUMAN BRANCH  
DUABI UE  
422 Beneficiary: [REDACTED] (No CHIPS lookup)  
[REDACTED]  
BAHRAIN UE  
502 Originator: [REDACTED] (No CHIPS lookup)  
BRITISH TRADE & COMMERCE BANK  
C/O FEC FINANCIAL HOLDINGS INC  
444 BRICKELL AVE STE P16

FIRST UNION NATIONAL BANK FL Fulltran Run 22-DEC-1999 23:28 Page 36806  
FULL TRANSACTION REPORT For 21-DEC-1999

<<< TRN: 991221-017079 >>>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\* ( Bank : 003 )

SRC:PHN CALLER:ROYER, HENRY EXT:  
RPT# AMT:612,000.00 CUR:USD TRDR#  
TEST: VAL:// TYP:FTR/ FNDS:S CHG:DB:A CD:N COM:N CBL:N  
-----  
DBT D/ [REDACTED] CDT [REDACTED] ADV:CHP  
BRITISH TRADE & COMMERCE BANK DEPT:0000188  
C/O FEC FINANCIAL HOLDINGS INC CITIBANK N.A.  
444 BRICKELL AVE STE P16 111 WALL STREET, 17TH FLOOR  
MIAMI, FL 33131 NEW YORK, NY USA 10043  
SPECIAL INSTRUCTIONS: BNF BANK [REDACTED]  
ALT PHN 0 767 448 6410 [REDACTED]  
BANQUE CANTONALE DE GENEVE  
QUAI DE L'ILE 17  
P.O. BOX 2251  
CH-1211 GENEVA 2, SWITZERLAND  
BNF:[REDACTED] CHG: BK?N  
LAURENT FINANCE AND SWITZERLAND

\*\*\*\* CREDIT PAYMENT MESSAGE TEXT \*\*\*\*

CHIPS 10 - PAYMENT MESSAGE

Redacted Information  
in Subcommittee Files

201 Transmission Data:  
Format version: 01 Value date: 1999/12/21  
Send participant: 0285  
211 Payment Disposition Data:  
Receive participant: 0008  
Beneficiary type: N (Non-bank)  
Compression flag: 2 (Compress response)  
Disposition flag: 2 (Store and attempt release)  
260 Amount: \$612000.00  
270 PSN: 000452  
320 SWIFT field 20: 991221017079  
410 Beneficiary's Bank: [REDACTED] (CHIPS lookup key)  
422 Beneficiary: [REDACTED] (No CHIPS lookup)  
LAURENT FINANCE AND SWITZERLAND  
502 Originator: [REDACTED] (No CHIPS lookup)  
BRITISH TRADE & COMMERCE BANK  
C/O FEC FINANCIAL HOLDINGS INC  
444 BRICKELL AVE STE P16  
MIAMI, FL 33131  
512 Originator's Bank: [REDACTED] (No CHIPS lookup)  
FIRST UNION NATIONAL BANK FL

\*\*\*\* MESSAGE TEXT \*\*\*\*

MESSAGE HISTORY SEQUENCE



FIRST UNION NATIONAL BANK FL Fulltran Run 24-DEC-1999 22:36 Page 26651  
 FULL TRANSACTION REPORT For 23-DEC-1999

<<< TRN: 991223-012495 >>>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\* ( Bank : 003 )

SRC:PHN CALLER:ROYER, HENRY EXT:  
 RPT# AMT:140,000.00 CUR:USD TRDR#  
 TEST: VAL:// TYP:PTR/ FNDS:S CHG:DB:A CD:N COM:N CBL:N

-----  
 DBT D/ [REDACTED] CDT [REDACTED] ADV:CHP  
 BRITISH TRADE & COMMERCE BANK DEPT:0000188  
 C/O FEC FINANCIAL HOLDINGS INC AUSTRALIA AND NEW ZEALAND BANKING  
 444 BRICKELL AVE STE P16 120 WALL STREET  
 MIAMI, FL 33131 NEW YORK, NY USA 10005  
 SPECIAL INSTRUCTIONS: INTER BK:S/GRNDINBB/[REDACTED]  
 ALT PHN 0 767 448 6410 ANZ GRINDLAYS BANK PLC BOMBAY  
 P.O. BOX 1175  
 90 MAHATMA GANDHI ROAD  
 MUMBAI 400023, INDIA  
 BNF BANK:  
 ANZ GRINDLAYS BANK LIMITED  
 NEW DEHLI  
 INDIA  
 BNF:[REDACTED] CHG: BK?N  
 ASSEST MANAGEMENT INDIA

\*\*\*\* CREDIT PAYMENT MESSAGE TEXT \*\*\*\*

CHIPS 10 - PAYMENT MESSAGE

**Redacted Information  
 in Subcommittee Files**

201 Transmission Data:  
 Format version: 01 Value date: 1999/12/23  
 Send participant: 0285  
 211 Payment Disposition Data:  
 Receive participant: 0991  
 Beneficiary type: N (Non-bank)  
 Compression flag: 2 (Compress response)  
 Disposition flag: 2 (Store and attempt release)  
 260 Amount: \$140000.00  
 270 PSN: 000338  
 320 SWIFT field 20: 991223012495  
 400 Intermediary Bank: [REDACTED] (CHIPS lookup key)  
 412 Beneficiary's Bank: [REDACTED] (No CHIPS lookup)  
 ANZ GRINDLAYS BANK LIMITED  
 NEW DEHLI  
 INDIA  
 422 Beneficiary: [REDACTED] (No CHIPS lookup)  
 ASSEST MANAGEMENT INDIA  
 502 Originator: [REDACTED] (No CHIPS lookup)  
 BRITISH TRADE & COMMERCE BANK  
 C/O FEC FINANCIAL HOLDINGS INC  
 444 BRICKELL AVE STE P16

FIRST UNION NATIONAL BANK FL Fulltran Run 24-DEC-1999 22:36 Page 27218  
 FULL TRANSACTION REPORT For 23-DEC-1999

<<< TRN: 991223-012749 >>>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\* ( Bank : 003 )

SRC:PHN CALLER:ROYER, HENRY EXT:  
 RPT# AMT:200,000.00 CUR:USD TRDR#  
 TEST: VAL:// TYP:FTR/ FNDS:S CHG:DB:A CD:N COM:N CBL:N  
 -----  
 DBT D/ [REDACTED] CDT [REDACTED] ADV:CHP  
 BRITISH TRADE & COMMERCE BANK DEPT:0000188  
 C/O FEC FINANCIAL HOLDINGS INC HSBC BANK USA  
 444 BRICKELL AVE STE P16 140 BROADWAY  
 MIAMI, FL 33131 NEW YORK, NY USA 10015  
 SPECIAL INSTRUCTIONS: BNF BANK:S [REDACTED] WTR:  
 ALT PHN 0 767 448 6410 HONGKONG AND SHANGHAI BANKING CORPO  
 RATION LIMITED, THE  
 1 QUEEN'S ROAD, CENTRAL  
 HONG KONG, HK  
 BNF:/ [REDACTED] CHG: BK?N  
 [REDACTED]

\*\*\*\* CREDIT PAYMENT MESSAGE TEXT \*\*\*\*

CHIPS 10 - PAYMENT MESSAGE

**Redacted Information  
 in Subcommittee Files**

201 Transmission Data:  
 Format version: 01 Value date: 1999/12/23  
 Send participant: 0285  
 211 Payment Disposition Data:  
 Receive participant: 0108  
 Beneficiary type: N (Non-bank)  
 Compression flag: 2 (Compress response)  
 Disposition flag: 2 (Store and attempt release)  
 260 Amount: \$200000.00  
 270 PSN: 000340  
 320 SWIFT field 20: 991223012749  
 412 Beneficiary's Bank: [REDACTED] (No CHIPS lookup)  
 HONGKONG AND SHANGHAI BANKING CORPO  
 RATION LIMITED, THE  
 1 QUEEN'S ROAD, CENTRAL  
 HONG KONG, HK  
 422 Beneficiary: [REDACTED] (No CHIPS lookup)  
 [REDACTED]  
 502 Originator: [REDACTED] (No CHIPS lookup)  
 BRITISH TRADE & COMMERCE BANK  
 C/O FEC FINANCIAL HOLDINGS INC  
 444 BRICKELL AVE STE P16  
 MIAMI, FL 33131  
 512 Originator's Bank: [REDACTED] (No CHIPS lookup)  
 FIRST UNION NATIONAL BANK FL

\*\*\*\* MESSAGE TEXT \*\*\*\*

2365

12/30/99 14:01 FAX 3059716071 SECURITY BANK NA  
Sent By: BRITISH TRADE AND COM E BANK; 1 767 448 6477; Dec-30-99 1:58PM; Page 1/1 @002



British Trade &  
Commerce Bank  
Emme Oaks, Drove, Eugene's Church Blvd, Bayfront Roseau,  
Commonwealth of Dominica  
P.O. Box 2042 Phone: (767) 448-6410 Fax: 448-6477

Date: 12/29/99

*URGENT TO DAY  
PLEASE!!*

Fax Cover Sheet

To:	FERNANDO GONZALEZ	From:	GEORGE BEITS
Company:	SECURITY BANK N.A.	Department:	FINANCE
Fax:	1-305-374-4207	Pages:	TWO
Telephone:	1-305-375-3722	Ref:	FUND TRANSFERS

Confidentiality Caution: This message is intended only for the use of the individual or entity to which it is addressed and contains information that is privileged and confidential. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of the communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the above address at our cost.

DEAR FERNANDO:

PLEASE MAKE THE FOLLOWING WIRE TRANSFERS FROM OUR ACCT#0400101400-01.

FIRST UNION NATIONAL BANK  
 ABA# 063-000-021  
 BENEFICIARY: BRITISH TRADE & COMMERCE BANK  
 ACCOUNT NO: [REDACTED]  
 AMOUNT: US\$275,000  
 REF: BTCB TRANSFER

Redacted Information  
in Subcommittee Files

TEST KEY FOR ABOVE WIRE BASED ON US\$275,000 DATED DECEMBER 29, 1999 IS 861244

SINCERELY,

*[Signature]*  
 GEORGE BEITS  
 EXECUTIVE VICE-PRESIDENT

CONTACT VERIFIED BY: *[Signature]*  
 DATE: 12/30/99

Licensed for Full Trust Business

2366

FIRST UNION NATIONAL BANK FL Fulltran Run 1-JAN-2000 03:55 Page 54020  
FULL TRANSACTION REPORT For 30-DEC-1999

<<< TRN: 991230-025085 >>>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\* ( Bank : 003 )

SRC:FED CALLER:	EXT:
RPT# AMT:275,000.00	CUR:USD TRDR#
TEST: VAL://	TYP:FTR/ FNDS:S CHG:DB:N CD:A COM:N CBL:N

---

*DBT [REDACTED]	CDT D [REDACTED]	ADV:PHN
DEPT:000001560	BRITISH TRADE & COMMERCE BANK	
SECURITY BANK NA	C/O FEC FINANCIAL HOLDINGS INC	
NORTH LAUDERDALE, FL	444 BRICKELL AVE STE P16	
	MIAMI, FL 33131	
SNDR REF NUM:OT912300005	SPECIAL INSTRUCTIONS:	
ORIG:/10140001	FAX CUSTOMER SHIFT RELEASE TO	
BRITISH TRADE & COMMERCE BANK	PROCESS	
EMENS BLDG.D.EUGENIA CHARLES BLVD.		
BAYFRONT	ORIG TO BNF INFO:	
, ROSEAU-COMMONWEALTH OF DOMINCA,	REF: ETCB TRANSFER	

\*\*\*\* MESSAGE TEXT \*\*\*\*

**Redacted Information  
in Subcommittee Files**

```
{1100}02P N
{1110}12301352FT01
{1120}19991230F3QCMA1C00197812301352FT01
{1510}1000
{1520}19991230F6QC611C000006
{2000}000027500000
{3100}[REDACTED]SECURITY BANK N.A.*
{3320}OT912300005*
{3400}[REDACTED]FST UNION NATL BK*
{3600}CTR
{4200}[REDACTED]
BRITISH TRADE& COMMERCE BK*
, , *
{5000}[REDACTED]
BRITISH TRADE & COMMERCE BANK*
EMENS BLDG.D.EUGENIA CHARLES BLVD.*
BAYFRONT*
, ROSEAU-COMMONWEALTH OF DOMINCA, *
{6000}REF: ETCB TRANSFER*
```

MESSAGE HISTORY SEQUENCE

```
003 is the owning bank. Priority: Delivery ACK:
REF_INDEX REF #: 991230025085 30-DEC-1999 13:52:54.80
FEDSNAIN1 SEQ #: 43599 30-DEC-1999 13:52:54.80
FEDIN1 SEQ #: 1978 30-DEC-1999 13:52:54.80
FLASHRCV ABA: 067010512 FED REF: OT912300005
IMAD: 1230F6QC611C00000612301352FT01
```

2367

FIRST UNION NATIONAL BANK FL Fulltran Run 4-JAN-2000 23:13 Page 10594  
FULL TRANSACTION REPORT For 3-JAN-2000

<<< TRN: 000103-005083 >>>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\* ( Bank : 003 )

SRC:PHN CALLER:ROYER, HENRY EXT:  
RPT# AMT:1,000,000.00 CUR:USD TRDR#  
TEST: VAL:// TYP:FTR/1000 FNDS:S CHG:DB:A CD:Y COM:N CBL:N  
-----  
DBT D/ [REDACTED] CDT [REDACTED] ADV:FED  
BRITISH TRADE & COMMERCE BANK DEPT:000001660  
C/O FEC FINANCIAL HOLDINGS INC BANK OF AMERICA NA  
444 BRICKELL AVE STE P16 COUER D ALENE, ID  
MIAMI, FL 33131  
SPECIAL INSTRUCTIONS: BNF:/ [REDACTED] CHG: BK?N  
ALT PHN 0 767 448 6410 ORPHAN ADVOCATES LLC

\*\*\*\* CREDIT PAYMENT MESSAGE TEXT \*\*\*\*

{1510} Type/Subtype Code:  
Type Code: 10 (Transfer of funds)  
Subtype Code: 00 (Regular transfer)  
  
{2000} Amount: \$1,000,000.00  
  
{3100} Sending Bank:  
ABA number: 063000021  
Short name: FIRST UNION JAX  
ABA lookup (REL): FIRST UNION OF FLORIDA  
JACKSONVILLE, FL  
  
{3320} Sender Reference: 000103005083  
  
{3400} Receiving Bank:  
ABA number: 123103716  
Short name: BK AMER ID BOISE  
ABA lookup: Address not on file  
  
{3600} Business Function Code: CTR (Customer transfer)  
  
{4200} Beneficiary: [REDACTED]  
ORPHAN ADVOCATES LLC  
  
{5000} Originator:  
[REDACTED]  
BRITISH TRADE & COMMERCE BANK  
C/O FEC FINANCIAL HOLDINGS INC  
444 BRICKELL AVE STE P16  
MIAMI, FL 33131

Redacted Information  
in Subcommittee Files

\*\*\*\* MESSAGE TEXT \*\*\*\*

FIRST UNION NATIONAL BANK FL Fulltran Run 21-JUN-1999 23:10 Page 40674  
FULL TRANSACTION REPORT For 21-JUN-1999

<<< TRN: 990621-019064 >>>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\* ( Bank : 003 )

SRC:FED CALLER: EXT:  
RPT# AMT:2,999,985.00 CUR:USD TRDR#  
TEST: VAL:// TYP:FTR/ FNDS:S CHG:DB:N CD:A COM:N CBL:N

-----  
DBT A/ [REDACTED] CDT D/ [REDACTED] ADV:PHN  
DEPT:0000001660 BRITISH TRADE & COMMERCE BANK  
CORESTATES BK INTL (PHILA INTL BK) C/O FEC FINANCIAL HOLDINGS INC  
180 MAIDEN LANE 444 BRICKELL AVE STE P16  
NEW YORK, NY 10038, USA MIAMI, FL 33131  
SPECIAL INSTRUCTIONS:  
SNDR REF NUM:990621022602778 FAX WIRE TO 305 960 2120  
ORDERING BNK: ALT FAX 011 767 448 6477  
CHIYU BANKING CORP. LTD. 74-78 DEX  
VOEUX RD CENTRAL HONG KONG

ORIG:  
CHINA FUND FOR THE HANDICAPPED [REDACTED]  
[REDACTED]

REF NUM:019730CT9002616  
BANK TO BANK INFO:  
/REC/ABR NO.063000021 SWIFT B/C: FU  
NBUS3F /TELEBEN/

Redacted Information  
in Subcommittee Files

\*\*\*\* MESSAGE TEXT \*\*\*\*

{1100}02P N  
{1110}06211353FT01  
{1120}19990621F3QCAA1C00166406211353FT01  
{1510}1000  
{1520}19990621B6E7001C002778  
{2000}0002999985C0  
{3100}[REDACTED]FIRSTUNION NY\*  
{3320}990621022602778\*  
{3400}[REDACTED]FST UNION JAX\*  
{3600}CTR  
{4200}[REDACTED]  
ORPHAN ADVOCATES LLC\*  
{4320}[REDACTED]  
{5000} \*  
CHINA FUND FOR THE HANDICAPPED [REDACTED]  
[REDACTED]  
{5100} \*  
CHIYU BANKING CORP. LTD. 74-78 DEX\*  
VOEUX RD CENTRAL HONG KONG\*  
{6500}/REC/ABR NO.063000021 SWIFT B/C: FU\*  
NBUS3F /TELEBEN/\*

2369

FIRST UNION NATIONAL BANK FL Fulltran Run 9-JUL-1999 22:45 Page 13245  
FULL TRANSACTION REPORT For 8-JUL-1999

<< TRN: 990708-006383 >>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\* ( Bank : 003 )

SRC:PHN CALLER:ROYER, HENRY EXT:  
RPT# AMT:1,000,000.00 CUR:USD TRDR#  
TEST: VAL:// TYP:FTR/1000 FNDS:S CHG:DB:A CD:Y COM:N CBL:N  
-----  
DBT DA [REDACTED] CDT PA [REDACTED] ADV:FED  
BRITISH TRADE & COMMERCE BANK DEPT:0000001660  
C/O FEC FINANCIAL HOLDINGS INC M&I MARSHALL AND ILSLEY BANK  
444 BRICKELL AVE STE P16 MILWAUKEE, WI  
MIAMI, FL 33131  
SPECIAL INSTRUCTIONS: BNF:[REDACTED] CHG: BK?N  
ALT PHN 0 767 448 6410 LAW OFFICES OF JOHN P SAVAGE ATTY  
AT LAW ACCOUNT

\*\*\*\* CREDIT PAYMENT MESSAGE TEXT \*\*\*\*

{1510} Type/Subtype Code:  
Type Code: 10 (Transfer of funds)  
Subtype Code: 00 (Regular transfer)  
  
{2000} Amount: \$1,000,000.00  
  
{3100} Sending Bank:  
ABA number: 063000021  
Short name: FIRST UNION JAX  
ABA lookup (REL): FIRST UNION OF FLORIDA  
JACKSONVILLE, FL  
  
{3320} Sender Reference: 990708006383  
  
{3400} Receiving Bank:  
ABA number: 075000051  
Short name: MARSHALL MILW  
ABA lookup: Address not on file  
  
{3500} Business Function Code: CTR (Customer transfer)  
  
{4200} Beneficiary: [REDACTED]  
LAW OFFICES OF JOHN P SAVAGE ATTY  
AT LAW ACCOUNT  
  
{5000} Originator: [REDACTED]  
BRITISH TRADE & COMMERCE BANK  
C/O FEC FINANCIAL HOLDINGS INC  
444 BRICKELL AVE STE P16  
MIAMI, FL 33131

Redacted Information  
in Subcommittee Files

\*\*\*\* MESSAGE TEXT \*\*\*\*

2370

08-11-99 13:13 FAX 3057716071 SECURITY BANK NA 007  
Aug-11-99 12:08P BICC Bank/Trust (76) 448-6477 P.01



**British Trade & Commerce Bank**  
Emery Bldg. Dame Eugenie Charles Blvd. Bayfront Plaza  
Commonwealth of Dominica  
P.O. Box 2042 Phone: (767) 448-6410 Fax 448-6477

Date: 08/11/99

*Fax Cover Sheet*

To:	FERNANDO GONZALEZ	From:	GEORGE BETTS
Company:	SECURITY BANK N.A.	Department:	FINANCE
Fax:	1-305-374-4207	Pages:	TWO
Telephone:	1-305-375-3722	Ref:	FUND TRANSFERS

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DEAR FERNANDO:

PLEASE MAKE THE FOLLOWING WIRE TRANSFERS FROM OUR ACCT#0400101400-01.

[REDACTED]

Redacted Information  
in Subcommittee Files

DATE 8/11/99

MARSHALL & ISLEY BANK, 770 N. WATER ST., MILWAUKEE  
ABA# 075-000-051  
BENEFICIARY: JOHN P. SAVAGE - ATTORNEY-AT-LAW TRUST A/C  
ACCOUNT NO: 000-355-5453; AMOUNT: USD\$2,500  
REF: ORPHANS ADVOCATES LTD

TEST KEY FOR ABOVE WIRE BASED ON USD\$132,500 DATED AUGUST 11, 1999 IS [REDACTED]

SINCERELY,  
  
GEORGE BETTS  
EXECUTIVE VICE-PRESIDENT

*Licensed for Full Trust Business*

FAKED  
12/20/11  
EM



STMT96 96 1107 2498 000 DIRECT INQUIRIES TO: (305) 374-3722

BRITISH TRADE & COMMERCE BANK  
EMENS BLDG, DAMS EUGENIA CHARLES  
BLVD, BAYFRONT  
ROSEAU, DOMINICA, WI  
001040000  
FROM 08/01/99 THRU 08/31/99  
NUMBER OF ITEMS ENCLOSED: 10

DATE POSTED	DESCRIPTION OF TRANSACTIONS	CHECKS (-)	DEPOSITS (+)	BALANCE
08/09		15.00		238,701.12
08/09		35.00		238,666.12
08/09		15,000.00		223,666.12
08/09		73,666.10		150,000.02
08/10		100,000.02		50,000.00
08/11			118,454.38	168,454.38
08/11			25,000.00	193,454.38
08/11		54.38		193,400.00
08/11		1,500.00		191,900.00
08/11		2,500.00		189,400.00
08/11		9,300.00		180,100.00
08/11		30,000.00		150,100.00
08/11		100,000.00		50,100.00
08/11		10.00		50,090.00

Redacted Information  
in Subcommittee Files

FIRST UNION NATIONAL BANK FL Fulltran Run 1-DEC-1995 23:27 Page 24755  
 FULL TRANSACTION REPORT For 30-NOV-1999

<< TRN: 991130-011578 >>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\* ( Bank : 003 )

SRC:PHN CALLER:ROYER, HENRY EXT: SND DATE:99/11/30  
 RPT# AMT:150,000.00 CUR:USD TRCR#  
 TEST: VAL:99/11/30 TYP:FTR/ FNDS:S CHG:OB:A CD:M COM:N CBL:N

---

DBT D/ [REDACTED] COT [REDACTED] ADV:CHP  
 BRITISH TRADE & COMMERCE BANK DEPT:0000188  
 C/O FBC FINANCIAL HOLDINGS INC FIRST UNION BANK INTERNATIONAL  
 444 BRICKELL AVE STE P16 180 MAIDEN LANE  
 MIAMI, FL 33131 NEW YORK, NY USA 10038  
 SPECIAL INSTRUCTIONS: INTER BK:S [REDACTED]  
 ALT PHN 0 767 448 5410

BANK OF COMMUNICATION  
 HEAD OFFICE  
 18, XIAN XIA ROAD  
 SHANGHAI 200335, CHINA  
 ADVICE INSTRUCTIONS:  
 WIR/

BNF BANK./ WIR:  
 BANK OF COMMUNICATION  
 BEIJING BRANCH  
 BEIJING, CHINA  
 BNF: [REDACTED] CHG: BK?N  
 CORPORATION PROJECT OF THE  
 REHABILITATION OF DISABLE CHILDREN

Redacted Information  
 in Subcommittee Files

\*\*\*\* CREDIT PAYMENT MESSAGE TEXT \*\*\*\*

CHIPS 10 - PAYMENT MESSAGE

201 Transmission Data:  
 Format version: 01 Value date: 1999/11/30  
 Send participant: 0285

211 Payment Disposition Data:  
 Receive participant: 0509  
 Beneficiary type: N (Non-bank)  
 Compression flag: 2 (Compress response)  
 Disposition flag: 2 (Store and attempt release)

260 Amount: \$150000.00  
 270 PSN: 000887  
 320 SWIFT field 20: 991130011578  
 400 Intermediary Bank: [REDACTED] (CHIPS lookup key)  
 412 Beneficiary's Bank: [REDACTED] (No CHIPS lookup)

BANK OF COMMUNICATION  
 BEIJING BRANCH  
 BEIJING, CHINA

422 Beneficiary: [REDACTED] (No CHIPS lookup)  
 CORPORATION PROJECT OF THE  
 REHABILITATION OF DISABLE CHILDREN



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Monday August 7, 7:56 am Eastern Time

Press Release

SOURCE: Special Olympics, Inc.

### Special Olympics, Inc. Announces New International Board Members

Related Quotes		
^DJI	10792.54	-87.97
^DJI	3446.94	+17.92
^SPC	1424.20	-4.12
^IIX	460.82	+9.71
^PSE	999.61	+2.11
delayed 20 mins - disclaimer		
		Get Quotes

WASHINGTON, Aug. 7/PRNewswire/ -- Special Olympics, Inc. welcomes eight new members to its worldwide Board of Directors. The new members represent diverse professional and geographic backgrounds, ranging from The First Lady of Peru to a Special Olympics Washington athlete.

The Special Olympics Board is the ultimate governing authority for the entire Special Olympics movement. Its members manage the global affairs and strategies of Special Olympics; determine its policies and programs; and oversee top level management. Joining the 39 current board members are: Disney/ABC Cable Networks President Anne Sweeney; Special Olympics athlete Stacey Johnston; China Disabled Person's Federation Chairman Deng Pufang; First Lady of Peru Keiko S. Fujimori; founding member of Special Olympics Pakistan Parveen Ali; Booz Allen & Hamilton, Inc. Senior Vice President Bruce A. Pasternack, WPP Group PLC Chief Executive Sir Martin Sorrell and Executive Board Member of the European Olympic Committee Walther Troeger. Each director will serve a three-year term.

"We are fortunate to have the passionate commitment of these men and women who are distinguished experts in their fields," said Timothy Shriver, president and CEO of Special Olympics, Inc. "It's this kind of accomplished leadership and influential advocacy that will help catapult the growth of the Special Olympics movement throughout the world."

Deng Pufang, a well-known advocate of humanitarianism and famous international activist in disability affairs, established the China Fund for the Handicapped in 1984. He is the principal leader of China's disability movement and has been the Chairman of the China Disabled Person's Federation since its establishment in 1988. Deng Pufang is also the son of Deng Xiaoping, who led China for more than a decade following the death of Mao Tse-tung.

Special Olympics Washington athlete, Stacey Johnston has participated in 12 different sports and has attended five Special Olympics World Games. As one of the Special Olympics 30th Anniversary Global Messengers, Johnston has traveled the world for the past two years, telling audiences on every continent about her Special Olympics experiences and educating the public about the benefits of participating in sports for people with mental retardation.

Keiko S. Fujimori, the First Lady of Peru, has been active in creating awareness for the needs of

children and adolescents since 1994. She is the President of the Foundation for the children of Peru and the President and Founder of the Foundation Peruana Cardioinfantil.

Founding member and National Director of Special Olympics Pakistan Parveen Ali joined the Program's initial board in 1989 and served as Assistant Secretary. Ms. Ali was also elected its Treasurer in 1995. Ms. Ali was elected as a member of the Asia-Pacific Regional Leadership Council for Special Olympics in 1998 and was re-elected in January 2000. She represents the Special Olympics Asia-Pacific Region on the Board's International Advisory Committee.

Bruce A. Pasternack is a senior vice president of Booz Allen & Hamilton, Inc., a member of the firm's Executive Committee, and Managing Partner of its San Francisco Office. He is responsible for Booz Allen's firm-wide Organization and Strategic Leadership Practice where he leads the firm's development, transfer and public distribution of intellectual capital related to the CEO/top management agenda. Mr. Pasternack co-authored "The Centerless Corporation," which was published by Simon & Schuster in 1998.

Disney/ABC Cable Network President Anne Sweeney is responsible for non-sports cable programming for The Walt Disney Company and ABC subsidiary. She oversees the operation of The Disney Channel, Toon Disney and SoapNet, as well as ABC's interests in Lifetime, A&E Television Network, The History Channel and E! Entertainment Television. Ms. Sweeney has won many awards, including Women in Cable's 1997 "Woman of the Year" Award, American Women in Radio and Television's 1995 prestigious "STAR Award," and was inducted into the American Advertising Federation's Advertising Hall of Achievement in 1996. Ms. Sweeney is also the parent of a Special Olympics athlete.

Walther Troeger has been an Honorary Professor at the University of Potsdam since 1994 and is currently the President of the National Olympic Committee for Germany. Mr. Troeger is the Deputy Chairman of the German Sports Aid Foundation, First Vice President of the German Basketball Federation, and a delegate for Sports for the Disabled. An active member of the International Olympic Committee (IOC) since 1989, Mr. Troeger served as the IOC's Sports Director for seven years.

Chief Executive of WPP Group PLC, Sir Martin Sorrell, is a leader in communication services companies. Prior to founding WPP, Mr. Sorrell was Group Finance Director of the advertising agency group Saatchi & Saatchi Company PLC and was instrumental in planning and implementing its international expansion.

These leaders join current Special Olympics, Inc. board members including Eunice Kennedy Shriver, Special Olympics, Inc. Founder and Honorary Chairman; Sargent Shriver, Chairman of the Board; Frank Gifford, ABC TV Sports Broadcaster; and Bart Conner, Olympic Gymnastics Gold Medalist.

#### About Special Olympics

Special Olympics is an international year-round program of sports training and competition for individuals with mental retardation. More than one million athletes in over 160 countries train and compete in 25 Olympic-type summer and winter sports. Founded in 1968 by Eunice Kennedy Shriver, Special Olympics provides people with mental retardation continuing opportunities to develop fitness, demonstrate courage, and experience joy as they participate in the sharing of gifts, and friendship with their families and community.

Special Olympics is grateful to its Worldwide Partners, America Online, AMF Bowling Worldwide, The Coca-Cola Company, Oracle Corporation, and Phoenix Home Life Mutual Insurance Company, for providing ongoing funding and support to its global mission.

Visit Special Olympics online at [www.specialolympics.org](http://www.specialolympics.org) or on AOL (Keyword: Special

251



### ARTICLES OF ORGANIZATION LIMITED LIABILITY COMPANY

(Instructions on back of application)

APR 10 2000

1. The name of the limited liability company is: Orphan Advocates, LLC

2. The address of the initial registered office is: 2308 N. Cole Sulte E, Boise, Id. 83704

and the name of the initial registered agent at that address is: Glen Fairbourn

Signature of registered agent: [Signature]

3. Management of the limited liability company will be vested in:

Manager(s)  or Member(s)  (please check the appropriate box)

4. If management is to be vested in one or more manager(s), list the name(s) and address(es) of at least one initial manager. If management is to be vested in the members, list the name(s) and address(es) of at least one initial member.

Name	Address
<u>Joseph W. Roberts</u>	<u>[Redacted] Caldwell, Id. 83605</u>
<u>Glen W. Fairbourn</u>	<u>[Redacted] Boise, Id. 83704</u>

Redacted Information  
in Subcommittee Files

5. Signature of at least one person responsible for forming the limited liability company:

[Signature]

Secretary of State use only  
 IDAHO SECRETARY OF STATE  
 04/26/1999 09:00  
 OI DSH CI 11435 MR 20693  
 I F IML 00 = IML 00 OROSH LLC I 2  
 W8582

EX-111 A

# State of Idaho

## Department of State

CERTIFICATE OF INCORPORATION  
OF

CHILDREN'S AID OF IDAHO, INC.  
File number C 106221

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that duplicate originals of Articles of Incorporation for the incorporation of CHILDREN'S AID OF IDAHO, INC. duly signed pursuant to the provisions of the Idaho Nonprofit Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Incorporation and attach hereto a duplicate original of the Articles of Incorporation.

Dated: May 5, 1994



*Pete T. Cenarrusa*  
SECRETARY OF STATE

By *[Signature]*

MAY 5 10 59 AM '94  
 SECRETARY OF STATE

**ARTICLES OF INCORPORATION**  
**OF**

**CHILDREN'S AID OF IDAHO, INC.**

THE UNDERSIGNED for the purposes of forming a nonprofit Corporation under the Idaho Nonprofit Corporation Act of the laws of the State of Idaho, does hereby make and adopt the following Articles of Incorporation:

**ARTICLE I.**

**NAME**

The name of this Corporation is CHILDREN'S AID OF IDAHO, INC.

**ARTICLE II.**

**NONPROFIT**

The Corporation is a nonprofit Corporation under the laws of the State of Idaho. The Corporation is not formed for pecuniary profit. No part of the income or assets of the Corporation is distributable to or for the benefit of its officers or directors.

**ARTICLE III.**

**PURPOSES**

The Corporation is organized for the following purposes:

A. To foster and promote, for the benefit of the general public, and the welfare and happiness of children in the state of Idaho and welfare of the family unit, a nondenominational agency which provides pregnancy, adoption and post-adoption counseling and services, and such other non-profit purposes which qualify under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

B. For charitable, educational and literary purposes within the meaning of Section 501 (c)(3) of the Internal Revenue Code of 1986, as amended.

C. To do such other things as are incidental to the purposes of the corporation or necessary or desirable in order to accomplish them.

IDAHO SECRETARY OF STATE  
 19940505 0900 17302 2  
 DR 41 6054 CLETA 20658  
 CORP 19 30.00\* 30.00

1 ARTICLES OF INCORPORATION

• • C

**ARTICLE IV.  
POWERS**

The corporation shall have:

A. All powers granted non-profit corporations under the laws of Idaho, and to do everything and anything reasonably and lawfully necessary, proper, suitable or convenient for the achievement or furtherance of the above-stated purposes.

B. Without limitation, the power to acquire by bequest, devise, gift, purchase, lease or otherwise, any property of any sort or nature without limitation as to its amount or value, and to hold, invest, reinvest, manage, use, apply, employ, sell, expend, disburse, lease, mortgage, convey, option, donate or otherwise dispose of such property and the income, principal and proceeds of such property for any of the purposes set forth herein.

**ARTICLE V.  
LIMITATION**

The purposes and powers of the corporation shall be limited as follows:

A. This corporation shall not possess or exercise any power or authority either expressly, by interpretation, by operation of law that will or might prevent it at any time from qualifying, and continuing to qualify, as a corporation described in Section 501 (c)(3) of the Internal Revenue Code of 1986, as amended, contributions to which are deductible for Federal income tax purposes; nor shall it engage directly or indirectly in any activity which might cause a loss of such qualification.

B. This corporation shall never be operated for the primary purpose of carrying on a trade or business for profit.

C. No part of the net earnings of the corporation shall inure to the benefit or be distributable to its officers or directors, but the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article III hereof.

D. No substantial part of the activities of this corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation, nor shall it participate or



intervene in any manner, or to any extent, in any political campaign on behalf of any candidate for public office, whether by publishing or distributing statements or otherwise.

E. No solicitation of contributions to this corporation shall be made, and no gift, bequest or devise to this corporation shall be accepted, upon any condition or limitation which, in the opinion of the corporation, may cause the corporation to lose its exemption from payment of Federal Income taxes.

F. Upon the winding up and dissolution of this corporation, after paying or adequately providing for the debts and obligations of the corporation, the remaining assets shall be distributed to a non-profit fund, foundation or corporation which is organized and operated exclusively for charitable, educational, literary, religious and/or scientific purposes which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

G. Notwithstanding any other provision of these articles, the organization shall not carry on any other activities not permitted to be carried on by an organization exemption from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law), or by an organization contributions to which are deductible under Section 170(c) (2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law).

#### ARTICLE VI.

##### NO MEMBERS

The Corporation shall have no members.

#### ARTICLE VII.

##### INITIAL REGISTERED OFFICE AND AGENT

The address of the initial registered office of the Corporation is 2308 N. Cole Road, Suite E, Boise, Idaho 83704. The name of its initial registered agent at that address is Helen Fairbourn.

**ARTICLE VIII.  
INITIAL BOARD OF DIRECTORS**

The management of the Corporation shall be vested in the board of directors. The number of directors constituting the initial board of directors shall be four (4). The number of directors may be increased or decreased from time to time in accordance with the Bylaws, but never be less than three (3). The name and address of each initial director of the Corporation is as follows:

NAME	ADDRESS	
Betty Griffin	██████████ Boise, ID 83709	Redacted Information in Subcommittee Files
Mary Lou Weiner	██████████ Meridian, ID 83642	
Claudette Vail	Canyon Area United Way 1225 7th Street South Box 939 Nampa, ID 83653	
Spencer Wheatley	██████████ Boise, ID 83704	

**ARTICLE IX.  
INCORPORATOR**

The name and address of the incorporator is Wm. Lyman Belnap, P. O. Box 2864, Boise, Idaho 83701.

**ARTICLE X.  
AMENDMENT**


The Directors reserves the right to amend or repeal any provision contained in these Articles of Incorporation or any amendment to them.

ARTICLE XI

INDEMNIFICATION

The corporation shall indemnify its officers and directors, including former officers and directors, to the full extent permitted by the law of the State of Idaho.

DATED this 7 day of May, 1994.

  
Wm. Lyman Beinap, Incorporator

MAY -16 09(105) 11:13 HAROLD TRVAEGG

# State of Idaho

## Department of State

CERTIFICATE OF AMENDMENT  
OF

CHILDREN'S AID OF IDAHO, INC.  
File Number C 106221

I, PETH T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that duplicate originals of Articles of Amendment to the Articles of Incorporation of CHILDREN'S AID OF IDAHO, INC., changing the corporate name to CHILDREN'S ADOPTION SERVICE INTERNATIONAL, INC., duly executed pursuant to the provisions of the Idaho Nonprofit Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Amendment to the Articles of Incorporation and attach hereto a duplicate original of the Articles of Amendment.

Dated: October 18, 1995



*Peth T. Cenarrusa*  
SECRETARY OF STATE

By *[Signature]*

Exhibit D

ARTICLES OF AMENDMENT

Oct 13 4 29 PM '95

OF

SECRETARY OF STATE  
STATE OF IDAHO

CHILDREN'S AID OF IDAHO, INC.

1. The current name of the Corporation is CHILDREN'S AID OF IDAHO, INC., and it is a corporation existing under the laws of the State of Idaho.
2. The amendment(s) adopted are to change ARTICLE II to read as follows:  
The name of the corporation is Children's Adoption Service International, Inc.
3. The amendment(s) were adopted by the Directors on the 13th day of October. The Board of Directors have the authority to amend the Articles of Incorporation and the Board of Directors voted unanimously to amend the Articles of Incorporation as set forth above.
4. The corporation has no members and all members of the Board of Directors voted affirmatively for the amended contained herein.

Dated this 13 day of October, 1995.

*Spencer Wheatley*  
Chairman of the Board of Directors

Oct 13 4 29 PM '95  
SECRETARY OF STATE

IDAHO SECRETARY OF STATE  
10/13/95 9:00:00 AM  
Customer # 20658  
140360018781 15384

1 ARTICLES OF AMENDMENT

CORPORATION NON PROFIT AMENDMENT  
1 @ 30.00 = 30.00

STATE OF IDAHO )  
                  ) ss  
County of Ada )

I, Wm. Lynn Belong, a Notary Public, do hereby certify that on the 13 day of October, 1995, personally appeared before me Spencer Wheatley, who, being by me first duly sworn, declared that he is the Chairman of the Board for Children's Aid of Idaho, Inc., that he signed the foregoing document as Chairman of the Board of the corporation, and that the statements therein contained are true.

Wm. Lynn Belong  
Notary Public for Idaho  
Residing at Boise, Idaho  
My Commission expires: 6/30/00

# State of Idaho

## Department of State

CERTIFICATE OF AMENDMENT  
OF

CHILDREN'S ADOPTION SERVICE INTERNATIONAL, INC.  
File Number C 106221

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that duplicate originals of Articles of Amendment to the Articles of Incorporation of CHILDREN'S ADOPTION SERVICE INTERNATIONAL, INC., changing the corporate name to CHILDREN'S ADOPTION SERVICES, INC., duly executed pursuant to the provisions of the Idaho Nonprofit Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Amendment to the Articles of Incorporation and attach hereto a duplicate original of the Articles of Amendment.

Dated: February 28, 1996



*Pete T. Cenarrusa*  
SECRETARY OF STATE

By *[Signature]*

ARTICLES OF AMENDMENT

OF

CHILDREN'S ADOPTION SERVICE INTERNATIONAL, INC.

*Filed 4:15 PM '96*  
SECRETARY OF STATE

1. The current name of the Corporation is CHILDREN'S ADOPTION SERVICE INTERNATIONAL, INC., and it is a corporation existing under the laws of the State of Idaho.
2. The amendment(s) adopted are to change ARTICLE II to read as follows:  
The name of the corporation is Children's Adoption Services, Inc.
3. The amendment(s) were adopted by the Directors on the 1st day of November, 1995. The Board of Directors have the authority to amend the Articles of Incorporation and the Board of Directors voted unanimously to amend the Articles of Incorporation as set forth above.
4. The corporation has no members and all members of the Board of Directors voted affirmatively for the amended contained herein.

Dated this 28 day of February, 1996

*[Signature]*  
Chairman of the Board of Directors

ARTICLES OF INCORPORATION, Page 1

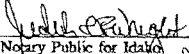
IDPH SECRETARY OF STATE  
 DATE 02/28/1996 0900 41340  
 2  
 OK 4: 091 0519 03517  
 NON PROF A  
 10 30.00= 30.00

• • C



STATE OF IDAHO )  
                  ) ss  
County of Ada )

I, Judith R. F. Wright, a Notary Public, do hereby certify that on the 28<sup>th</sup> day of February, 1996, personally appeared before me Spencer Wheatley, who, being by me first duly sworn, declared that he is the Chairman of the Board for Children's Adoption Service International, Inc., that he signed the foregoing document as Chairman of the Board of the corporation, and that the statements therein contained are true.

  
\_\_\_\_\_  
Notary Public for Idaho  
Residing at Star Idaho  
My Commission expires:

# State of Idaho

## Department of State

CERTIFICATE OF AMENDMENT  
OF

CHILDREN'S ADOPTION SERVICES, INC.  
File Number C 106221

I, PETET. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that duplicate originals of Articles of Amendment to the Articles of Incorporation of CHILDREN'S ADOPTION SERVICES, INC., duly signed pursuant to the provisions of the Idaho Nonprofit Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Amendment to the Articles of Incorporation and attach hereto a duplicate original of the Articles of Amendment.

Dated: April 18, 1997



*Pete T. Cenarrusa*  
SECRETARY OF STATE

By *Nadine Lamb*

Exhibit F

APR 18 4 25 PM '97

SECRET STATE

RESTATED ARTICLES OF INCORPORATION

OF

CHILDREN'S ADOPTION SERVICES, INC.

THE UNDERSIGNED, for the purposes of restating the Articles of Incorporation of a nonprofit Corporation under the Idaho Nonprofit Corporation Act of the laws of the State of Idaho, do hereby make and adopt the following Restated Articles of Incorporation pursuant to Idaho Code §30-3-94. These Restated Articles of Incorporation contain amendments to ARTICLE III, PURPOSES and ARTICLE VII, INITIAL REGISTERED OFFICE AND AGENT as unanimously adopted by the Board of Directors in accordance with Idaho Code §30-3-91. The corporation has no members. The Board of Directors has authority, and does hereby, Restate the Articles of Incorporation pursuant to a Unanimous Directors Consent Resolution affirmatively adopted April 16, 1997, and does hereby affirm that these Restated Articles of Incorporation correctly set forth, without change, all corresponding provisions of the original Articles of Incorporation as heretofore amended. The said Restated Articles of Incorporation supersede the original Articles of Incorporation and all amendments thereto.

ARTICLE I

NAME

The name of this Corporation is CHILDREN'S ADOPTION SERVICES, INC.

IDaho SECRETARY OF STATE  
 DATE: 04/21/1997  
 0900 84604 2  
 EX #: 2797 DEPT: 20028  
 DC REP # 31.000 20.00

RESTATED ARTICLES OF INCORPORATION - 1

\* z C

ARTICLE II

NONPROFIT

The Corporation is a nonprofit Corporation under the laws of the State of Idaho. The Corporation is not formed for pecuniary profit. No part of the income or assets of the Corporation is distributable to or for the benefit of its officers or directors.

ARTICLE III

PURPOSES

The Corporation is organized for the following purposes:

- A. To foster and promote, for the benefit of the general public, and the welfare and happiness of children in the world and the welfare of the family unit, a non-denominational agency to provide pregnancy, adoption and post-adoption counseling and services to promote adoption, child care, establishment of and operation of homes, nurseries, orphanages, and other similar facilities for children; to select and assist adopting parents with obtaining available children and the legalization of the parent/child relationship; to form alliances with other qualified entities involved with the well-being of parentless children, and such other non-profit purposes which qualify under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.
- B. For charitable, educational and literary purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.
- C. To do such other things as are incidental to the purposes of the corporation or necessary or desirable in order to accomplish them.

ARTICLE IV.

POWERS

The corporation shall have:

A. All powers granted non-profit corporations under the laws of Idaho, to do everything and anything reasonably and lawfully necessary, proper, suitable or convenient for the achievement or furtherance of the above-stated purposes.

B. Without limitation, the power to acquire by bequest, devise, gift, purchase, lease or otherwise, any property of any sort or nature without limitation as to its amount or value, and to hold, invest, reinvest, manage, use, apply, employ, sell, expend, disburse, lease, mortgage, convey, option, donate or otherwise dispose of such property and the income, principal and proceeds of such property for any of the purposes set forth herein.

ARTICLE V.

LIMITATION

The purposes and powers of the corporation shall be limited as follows:

A. This corporation shall not possess or exercise any power or authority either expressly, by interpretation, or by operation of law that will or might prevent it at any time from qualifying, and continuing to qualify, as a corporation described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, contributions to which are deductible for Federal Income tax purposes; nor shall it engage directly or indirectly in any activity which might cause a loss of such qualification.

B. This corporation shall never be operated for the primary purpose of carrying on a trade or business for profit.

C. No part of the net earnings of the corporation shall inure to the benefit or be distributable to its officers or directors, but the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article III hereof.

D. No substantial part of the activities of this corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation, nor shall it participate or intervene in any manner, or to any extent, in any political campaign on behalf of any candidate for public office, whether by publishing or distributing statements or otherwise.

D. No solicitation of contributions to this corporation shall be made, and no gift, bequest or devise to this corporation shall be accepted, upon any condition or limitation which, in the opinion of the corporation, may cause the corporation to lose its exemption from payment of Federal Income taxes.

F. Upon the winding up and dissolution of this corporation, after paying or adequately providing for the debts and obligations of the corporation, the remaining assets shall be distributed to a non-profit fund, foundation or corporation which is organized and operated exclusively for charitable, educational, literary, religious and/or scientific purposes which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

G. Notwithstanding any other provision of these articles, the organization shall not carry on any other activities not permitted to be carried on by an organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law), or by an organization

contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law).

**ARTICLE VI**

**NO MEMBERS**

The Corporation shall have no members.

**ARTICLE VII**

**INITIAL REGISTERED OFFICE AND AGENT**

The address of the initial registered office of the Corporation is 6903 Kingsdale Drive, Boise, Idaho 83704. The name of its initial registered agent at that address is Wm. Lyman Belnap.

**ARTICLE VIII**

**INITIAL BOARD OF DIRECTORS**

The management of the Corporation shall be vested in the Board of Directors. The number of Directors constituting the initial Board of Directors shall be four (4). The number of directors may increase or decrease from time to time in accordance with the Bylaws, but never be less than three (3). The name and address of each initial director of the Corporation is as follows:

NAME	ADDRESS	
Betty Griffin	[REDACTED] Boise, ID 83709	Redacted Information in Subcommittee Files
Mary Lou Weiner	[REDACTED] Meridian, ID 83642	

Claudette Vail

Canyon Area United Way  
1225 7th Street South  
Box 939  
Nampa, ID 83653

Spencer Wheatley

Boise, ID 83704

Redacted Information  
in Subcommittee Files

ARTICLE IX.

INCORPORATOR

The name and address of the incorporator is Wm. Lyman Belnap, Post Office Box 2864,  
Boise, Idaho 83701.

ARTICLE X.

AMENDMENT


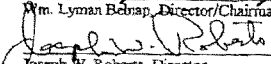
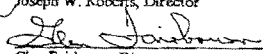
The Directors reserve the right to amend or repeal any provision contained in these  
Articles of Incorporation or any amendment to them.

ARTICLE XI

INDEMNIFICATION

The corporation shall indemnify its officers and directors, including former officers and  
directors, to the full extent permitted by the law of the State of Idaho.

DATED: April 17, 1997

  
Wm. Lyman Belnap, Director/Chairman  
  
Joseph W. Roberts, Director  
  
Glen Fairbourn, Director



**FILED**

ARTICLES OF AMENDMENT  
OF  
CHILDREN'S ADOPTION SERVICES, INC.

FILED  
FEB 17 1999

1. The current name of the Corporation is CHILDREN'S ADOPTION SERVICES, INC., and it is a corporation existing under the laws of the State of Idaho.
2. The amendment(s) adopted are to change ARTICLE I to read as follows:  
The name of the corporation is CASI FOUNDATION FOR CHILDREN, INC.
3. The amendment(s) were adopted by the Directors on the 27th day of January, 1998. The Board of Directors have the authority to amend the Articles of Incorporation and the Board of Directors voted unanimously to amend the Articles of Incorporation as set forth above.

Dated this 12<sup>th</sup> day of February, 1999.

*Glen W. Fairbourn*  
Glen W. Fairbourn

STATE OF IDAHO )  
                          )ss  
County of Ada    )

I, the undersigned am a Notary Public, do hereby certify that on the 12<sup>th</sup> day of February, 1999, personally appeared before me R. WADE CURTIS, who, being by me first duly sworn, declared that he is the attorney for CHILDREN'S ADOPTION SERVICES, INC., that he signed the foregoing document as their attorney, and that the statements therein contained are true.



*[Signature]*  
Notary Public for Idaho  
Residing at Boise  
My Commission expires: 02/27/1999 09:00  
CL: 1206 ET: 186437 MS: 126787

IDAHO SECRETARY OF STATE  
12 31 99 \* 31.00 NEW PROF. FEE  
C10221

1 - ARTICLES OF AMENDMENT  
STATE OF IDAHO

Exhibit 5

ISSUED: 07-05-1994

No. 106221	Idaho Corporation Annual Report Form <i>Due No Later Than November 1, 1994</i>	2. Registered Agent and Office HELEN FAIRBOURN 2308 N COLE RD. STE E																																			
Return To Secretary of State Room 203, Statehouse P.O. BOX 83720 Boise, ID 83720-0050 * FIRST NOTICE * NO FEE REQUIRED	3. Mailing Address CHILDREN'S AID OF IDAHO, INC. HELEN FAIRBOURN 2308 N COLE RD STE E BOISE ID 83704	BOISE ID 83704 3. Incorporated Under The Laws of ID NO: 106221																																			
4. Names and Addresses of Officers and Directors																																					
<table border="1"> <thead> <tr> <th>Name</th> <th>Street or P.O. Address</th> <th>City</th> <th>State</th> <th>Zip</th> </tr> </thead> <tbody> <tr> <td>President: Spencer Wheatley</td> <td>[REDACTED]</td> <td>Boise</td> <td>Idaho</td> <td>83704</td> </tr> <tr> <td>Secretary: Helen Fairbourn</td> <td>[REDACTED]</td> <td>Boise</td> <td>Idaho</td> <td>83704</td> </tr> <tr> <td>Directors: W. Lyman Beinap, Attny</td> <td>[REDACTED]</td> <td>Boise</td> <td>Idaho</td> <td>83702</td> </tr> <tr> <td>Claudette Vahl</td> <td>[REDACTED]</td> <td>Nampa</td> <td>Idaho</td> <td>83653</td> </tr> <tr> <td>Mary Lou Weiner</td> <td>[REDACTED]</td> <td>Meridian</td> <td>Idaho</td> <td>83642</td> </tr> <tr> <td>Betty Griffin</td> <td>[REDACTED]</td> <td>Boise</td> <td>Idaho</td> <td>83702</td> </tr> </tbody> </table>			Name	Street or P.O. Address	City	State	Zip	President: Spencer Wheatley	[REDACTED]	Boise	Idaho	83704	Secretary: Helen Fairbourn	[REDACTED]	Boise	Idaho	83704	Directors: W. Lyman Beinap, Attny	[REDACTED]	Boise	Idaho	83702	Claudette Vahl	[REDACTED]	Nampa	Idaho	83653	Mary Lou Weiner	[REDACTED]	Meridian	Idaho	83642	Betty Griffin	[REDACTED]	Boise	Idaho	83702
Name	Street or P.O. Address	City	State	Zip																																	
President: Spencer Wheatley	[REDACTED]	Boise	Idaho	83704																																	
Secretary: Helen Fairbourn	[REDACTED]	Boise	Idaho	83704																																	
Directors: W. Lyman Beinap, Attny	[REDACTED]	Boise	Idaho	83702																																	
Claudette Vahl	[REDACTED]	Nampa	Idaho	83653																																	
Mary Lou Weiner	[REDACTED]	Meridian	Idaho	83642																																	
Betty Griffin	[REDACTED]	Boise	Idaho	83702																																	
Redacted Information in Subcommittee Files																																					
5. Nature of Business Adoption Service	6. I certify that this Annual Report has been examined by me and is to the best of my knowledge true, correct and complete. Signature: <i>Helen Fairbourn</i> Date: _____ Name: Helen Fairbourn Title: Adp. Prog. Mgr.																																				

Exhibit H

INSTRUCTIONS ON REVERSE SIDE

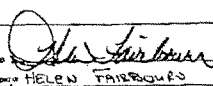
106221 No.	Idaho Corporation Annual Report Form <small>Due No Later Than November 1995</small>	2. Registered Agent and Office: <b>NOT A P.O. BOX</b> HELEN FAIRBOURN 2308 N COLE RD STE E BOISE ID 83704																																									
Return To: Secretary of State 700 W. Jefferson P.O. Box 83720 Boise, ID 83720-0000 FIRST NOTICE NO FEE REQUIRED	CHILDREN'S AID OF IDAHO, INC. HELEN FAIRBOURN 2308 N COLE RD STE E BOISE ID 83704	3. Incorporated Under The Laws of ID NO: 106221																																									
4. Names and Addresses of Officers and Directors																																											
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Name</th> <th style="width: 40%;">Street or P.O. Address</th> <th style="width: 10%;">City</th> <th style="width: 10%;">State</th> <th style="width: 15%;">Postal Code</th> </tr> </thead> <tbody> <tr> <td>President: Spencer Wheatley</td> <td>[REDACTED]</td> <td>Boise</td> <td>ID</td> <td>83704</td> </tr> <tr> <td>Secretary: Helen Fairbourn</td> <td>[REDACTED]</td> <td>Boise</td> <td>ID</td> <td>83704</td> </tr> <tr> <td>Directors: Lyman Belnap</td> <td>[REDACTED]</td> <td>Boise</td> <td>ID</td> <td>83702</td> </tr> <tr> <td>Mary Lou Weiner</td> <td>[REDACTED]</td> <td>Meridian</td> <td>ID</td> <td>83642</td> </tr> <tr> <td>Betty Griffin</td> <td>[REDACTED]</td> <td>Boise</td> <td>ID</td> <td>83702</td> </tr> <tr> <td>Phyllis Dullette</td> <td>[REDACTED]</td> <td>Boise</td> <td>ID</td> <td>83704</td> </tr> <tr> <td>Joe Roberts</td> <td>[REDACTED]</td> <td>Caldwell</td> <td>ID</td> <td>83605</td> </tr> </tbody> </table>	Name	Street or P.O. Address	City	State	Postal Code	President: Spencer Wheatley	[REDACTED]	Boise	ID	83704	Secretary: Helen Fairbourn	[REDACTED]	Boise	ID	83704	Directors: Lyman Belnap	[REDACTED]	Boise	ID	83702	Mary Lou Weiner	[REDACTED]	Meridian	ID	83642	Betty Griffin	[REDACTED]	Boise	ID	83702	Phyllis Dullette	[REDACTED]	Boise	ID	83704	Joe Roberts	[REDACTED]	Caldwell	ID	83605		
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5. Nature of Business Adoption Agency	6. I certify that this Annual Report has been examined by me and is to the best of my knowledge true, correct and complete. Signature: <u>Helen Fairbourn</u> Date: <u>July 13, 1995</u> Name: <u>Helen Fairbourn</u> Title: <u>Adopty Prog Dir</u>																																										

Exhibit I

No. C106221		Annual Report Form 1996 Due No Later Than November 30.		2. Registered Agent and Office NOT A P.O. BOX																																											
Return to: SECRETARY OF STATE 700 WEST JEFFERSON PO BOX 83720 BOISE, ID 83720-0080 NO FEE REQUIRED		1. Mailing Address: [Redacted] CHILDREN'S ADOPTION SERVICES HELEN FAIRBOURN 2308 N COLE RD STE E		HELEN FAIRBOURN 2308 N COLE RD STE E BOISE ID 83704																																											
* FIRST NOTICE *		BOISE ID 83704		3. Organized Under the Laws of: ID C106221																																											
4. Corporations: Enter Names and Addresses of President, Secretary and Directors Limited Liability Companies: Enter Names and Addresses of <input type="checkbox"/> Managers or <input type="checkbox"/> Members (check one)																																															
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Director	Glen Fairbourn -	[Redacted]	Boise	ID	83704																																										
Director	Joe Roberts -	[Redacted]	Caldwell	ID	83702																																										
5. NATURE OF BUSINESS WELFARE OF CHILDREN		6. I certify that this Annual Report has been examined by me and is to the best of my knowledge true, correct and complete. Signature: <u>Helen Fairbourn</u> Date: <u>7-13-96</u> Name: Helen Fairbourn Title: Corp Sec																																													
ISSUED: 07-06-1996		19912																																													

Redacted Information  
in Subcommittee Files

Exhibit J

No. C106221		Annual Report Form 1997 <small>(Due No Later Than November 30)</small>		Registered Agent and Office NOT A P.O. BOX	
RETURN TO: SECRETARY OF STATE 700 WEST JEFFERSON PO BOX 83722 BOISE, ID 83720-4080 NO FEE REQUIRED		State, District, County, & Not County: CHILDREN'S ADOPTION SERVICES HELEN FAIRBOURN 2308 N COLE RD STE E BOISE ID 83704		WM LYMAN BELNAP 6903 KINGSDALE DR BOISE ID 83704	
* FIRST NOTICE *		BOISE ID 83704		ID C106221	
4. Corporation: Enter Names and Business Addresses of President, Secretary and Directors Limited Liability Companies: Enter Names and Addresses of <input type="checkbox"/> Managers or <input type="checkbox"/> Members (check one)					
Office held	Name	Street or P.O. Address	City	State	Zip
PRESIDENT	Joseph Robert	[REDACTED]	CADWELL	ID	83605
DIRECTOR	HELEN FAIRBOURN	[REDACTED]	Boise	ID	83704
Redacted Information in Subcommittee Files					
5. Signature: 			Date: AUG 11, 1997		
Name: HELEN FAIRBOURN			Title: DIRECTOR		

ISSUED: 07-04-1997

DO NOT TAPE OR STAPLE

20329

Exhibit K

MAY -16 '00(TUE) 11:17

HANLEY TROXELL

TEL:208-342-3829

P.031

Annual Report Form  
Due No Later Than November 30, 1998

Return to: SECRETARY OF STATE 700 WEST JEFFERSON PO BOX 87720 BOISE, ID 83720-0080 NO FEE REQUIRED * FIRST NOTICE *	CHILDREN'S ADOPTION SERVICES HELEN FAIRBURN 2308 N COLE RD STE E BOISE ID 83704	Registered Agent and Office NOT A P.O. BOX W. LYMAN DELVAP 4705 KINGSTATE DR Joseph Roberts BOISE ID 83704 2308 N. Cole Rd STE E Organized Under the Laws of: ID C106221			
4. Corporations: Enter Names and Business Addresses of President, Secretary and Directors Limited Liability Companies: Enter Names and Addresses of <input type="checkbox"/> Managers or <input type="checkbox"/> Members (check one)					
Office held	Name	Street or P.O. Address	City	State	Zip
PRESIDENT	JOSEPH ROBERTS	[REDACTED]	CADWELL	ID	83605
EXEC. DIR.	HELEN FAIRBURN	[REDACTED]	BOISE	ID	83704
BOARD CHAIR	GLYN FAIRBURN	[REDACTED]	BOISE	ID	83704
BOARD MEMBER	LARRY WINTERSTED	[REDACTED]	BOISE	ID	83701
-	MARY MCNEUGAL	P.O. Box 739	BOISE	ID	83713
-	TED JOHNSON	[REDACTED]	BOISE	ID	83713
-	JAN JOHNSON	[REDACTED]	BOISE	ID	83713
5. Signature of New Registered Agent		6.			
[Signature: Joseph Roberts]		Signature: [Signature: Helen Johnson]		Date: 7-17-98	
ISSUED: 07-05-1998		Name: Glyn Fairburn		Title: President	

DO NOT TAPE OR STAPLE

Redacted Information  
in Subcommittee Files

Exhibit   L

<b>Annual Report Form</b> Due No Later Than November 30, 1999		2. Registered Agent and Office NOT A P.O. BOX JOSEPH ROBERTS 2308 N COLE RD STE E BOISE ID 83704			
1. Return to: SECRETARY OF STATE 700 WEST JEFFERSON PO BOX 83720 BOISE, ID 83720-0080 NO FEE REQUIRED		3. Organized Under the Laws of: ID 83704			
4. FIRST NOTICE Y. BOISE ID 83704 ID C106221					
5. Corporations: Enter Names and Business Addresses of President, Secretary and Directors Limited Liability Companies: Enter Names and Addresses of <input type="checkbox"/> Managers or <input type="checkbox"/> Members (check one)					
Office held	Name	Street or P.O. Address	CITY	STATE	ID
PRESIDENT	JOSEPH ROBERTS	[REDACTED]	CADWELL	ID	83645
EXEC DIRECTOR	HELEN FAIRBOURN	[REDACTED]	BOISE	ID	83704
BOARD CHAIR	GLEN FAIRBOURN	[REDACTED]	BOISE	ID	83704
BOARD MEMBER	TED JOHNSON	[REDACTED]	BOISE	ID	83713
-	JAN JOHNSON	[REDACTED]	BOISE	ID	83704
-	LARRY WINTERS	[REDACTED]	BOISE	ID	83704
-	MARY MORGAN-REASON	[REDACTED]	BOISE	ID	83704
6. Signature of New Registered Agent <i>Joseph Roberts</i>		7. Signature <i>Glen Fairbourn</i> Date 1-31-00 Name <i>Glen Fairbourn</i> Title <i>BOARD CHAIRMAN</i>			

ISSUED: 07-03-1999

22554

Redacted Information  
in Subcommittee Files

Exhibit M

*ONTARIO*  
SUPERIOR COURT OF JUSTICE

BETWEEN:

GOLD CHANCE INT'L LIMITED,  
CEBY MANAGEMENT LIMITED and  
JBG MANAGEMENT INC.

Plaintiffs

- and -

DAIGLE & HANCOCK, DOUGLAS H. HANCOCK, PETER M. DAIGLE,  
TRIGLOBE INTERNATIONAL FUNDING INC.,  
FREETRADE BUREAU, S.A., FREE TRADE BUREAU, S.A.,  
1170870 ONTARIO LIMITED operating as G & S ENTERPRISES, G & S  
ENTERPRISES LIMITED, G & S ENTERPRISES LTD., G & S ENTERPRISES  
ONTARIO LTD., SAYSE CHATTERPAUL, PAUL ZHERNAKOV,  
THE BANK OF NOVA SCOTIA, and BANK OF MONTREAL  
SAYSEMARINE CHATTERPAUL (also known as SAYSE CHATTERPAUL),  
BRITISH TRADE & COMMERCE BANK, and GEORGE BETTS

Defendants

**AFFIDAVIT OF DR. RODOLFO REQUENA**

**I, Dr. Rodolfo Requena**, of the City of Miami, State of Florida, Businessman, MAKE  
OATH AND SAY AS FOLLOWS:

1. I am the President of the Defendant British Trade and Commerce Bank ("BTCB") and as  
such have knowledge of the matters to which I hereinafter depose.



*OVERVIEW*

2. BTCB was established in 1997 in Roseau, Commonwealth of Dominica. It is a regulated and full-time operating financial institution.
3. None of the Plaintiffs is or has ever been a customer of BTCB. At no time has BTCB had any contractual or other relationship with any of the Plaintiffs.
4. At no time prior to this action being commenced was BTCB aware of the identity of the Plaintiffs or their involvement with respect to the \$3 million (U.S.) investment which is the subject matter of this action. BTCB was advised that these monies were owned by and deposited by the Defendant Free Trade Bureau S.A. ("Free Trade") into a managed investment account for a locked-in period of one year. BTCB was never advised that the investment was deposited at BTCB in trust for, or for the benefit of the Plaintiffs.
5. BTCB acknowledges that the \$ 3 Million (U.S.) investment made by Free Trade must be repaid to Free Trade, but any repayment should be in accordance with the written agreements entered into by Free Trade and BTCB regarding the money. Pursuant to those agreements BTCB is not required to return the money until the one year anniversary date of the investment, namely on 15 December 2000. BTCB acknowledges that Free Trade has requested an early return of this money and is taking steps to accommodate that request. BTCB may be in a position to return the money earlier even though it is only contractually obligated to return the money on 15 December 2000.

6. Pursuant to the terms of those same agreements, any disputes relating to this investment must be resolved by arbitration, not Court action and must be resolved in accordance with the laws of the Commonwealth of Dominica. BTCB requires that the disputes in this action be referred to arbitration and requests that this action be stayed as against it, and its officer, George Betts.

*THE PARTIES*

*(a) George Betts*

7. George Betts is the Executive Vice President and Chief Financial Officer of BTCB. He is a qualified CPA who served for 22 years with Deloitte and Touche. For 10 years he was a Partner in Charge of Asia for Deloitte and Touche.

8. All activities engaged in by George Betts with respect to these matters, he engaged in as an officer of BTCB and not in any personal capacity. All such activities were carried out in the course of his duties as an officer of BTCB.

9. Neither BTCB nor George Betts have misappropriated any of the monies at issue in this action.

*(b) BTCB*

10. BTCB was incorporated in the Commonwealth of Dominica on February 26<sup>th</sup> 1997 and was issued a licence to conduct an offshore banking and trust business on March 27<sup>th</sup> 1997 by the Government of the Commonwealth of Dominica. Now shown to me and marked as Exhibits "A" and "B" respectively to this my Affidavit are true copies of BTCB's Certificate of Incorporation and Licence.

11. As our website sets out, BTCB is the Caribbean's banking leader,

"with innovative strategies fostering its customers' desire for asset protection and wealth preservation with a proven dividend. Through its affiliated companies, BTCB provides its clients secure and confidential access to the world's financial, real estate, internet and securities markets. Our solid foundation is a result of more than a century of executive expertise in accounting, portfolio management, securities trading and project financing".

In order to provide access to these markets, all investments must be made on a long term basis of at least one year. Now shown to me and marked as Exhibit "C" to this my Affidavit is a true copy of excerpts of our website.

12. BTCB is not a traditional commercial bank. It functions as an investment bank and manages funds for high net worth individuals providing them with an array of services under the privacy of the offshore banking laws of Dominica. Those banking laws make it a criminal offence for

an officer, director or employee of a bank to disclose information regarding its clients without an appropriate court order or the express written consent of the client. Now shown to me and marked as Exhibit "D" to this my Affidavit are true copies of excerpts of the applicable privacy laws.

13. BTCB is not a lending bank and it has never been a lending bank. Since its inception it has only once loaned funds to a customer and that was for a housing project in co-operation with the Government of Dominica.

14. BTCB operates under a strict "Know Your Customer Policy". To comply with this policy, if there are any questions about funds received by the bank, BTCB will request a "proof of funds" letter from the bank where the funds originate. Moreover, all of the transactions undertaken by BTCB are in U.S. dollar wire transfers and all U.S. dollars go through the Federal Reserve System in the United States. As a result, the Federal Reserve has an opportunity to look at every single dollar, which comes into BTCB.

15. BTCB has also willingly volunteered to be supervised by the Eastern Caribbean Central Bank. It would welcome this supervision.

16. I have reviewed the various Affidavits filed by the Plaintiffs and their solicitors which contain many unwarranted allegations regarding the "character" or "reputation" of BTCB which are based on second or third hand information, internet chat room gossip, innuendos and rumours. For the sake of brevity, I do not intend to comment on these unsubstantiated allegations in this Affidavit

except to state that I dispute them all. If this action proceeds each of these allegations will be refuted fully.

*(c) Free Trade Bureau S. A.*

17. The Defendant Free Trade is an International Business Corporation, which was incorporated on 2 January 1998 under the *International Business Companies Act, 1996* in the Commonwealth of Dominica. Free Trade was incorporated for the Defendant, Paul Zhermakov pursuant to his instructions. Free Trade is not owned, controlled, or affiliated with BTCB. It has been a customer of BTCB since January 1998. Now shown to me and marked as Exhibits "E" and "F" respectively to this my affidavit are true copies of the Certificate of Incorporation and the Certificate of Good Standing for Free Trade.

*(d) Triglobe International Funding Inc., 1170870 Ontario Limited operating as G & S Enterprises, G & S Enterprises Limited, G & S Enterprises Ltd., G & S Enterprises Ontario Ltd., Sayse Chatterpaul.*

18. Except for what it has learned in this action BTCB does not have any knowledge or information regarding Triglobe International Funding Inc., 1170870 Ontario Limited operating as G & S Enterprises, G & S Enterprises Limited, G & S Enterprises Ltd., G & S Enterprises Ontario Ltd., or Sayse Chatterpaul. BTCB does not have and has never had any business or other relationship or affiliation with any of these parties.

*BTCB'S INVESTMENT PROGRAMS*

19. In order for a client to transact any business with BTCB the client must have an International Business Corporation (an "IBC"). Any investments must be conducted through the IBC.
20. In order for an IBC to open an account with BTCB it must complete and submit an Account Opening Form providing important details regarding the IBC, its business and the type of account required, e.g., whether it is a business account for the IBC or a trust account. Now shown to me and marked as Exhibit "G" to this my affidavit is a true copy of such a form.
21. One of the investment options available with BTCB is a Managed Account through the Managed Accounts Department, which is headed by Dr. Charles Brazie. Managed Accounts are governed by a series of standard form agreements including a Cooperative Venture Agreement, a Managed Account Custody Agreement, a Specific Transaction Instructions Agreement and a Residual Distribution Instructions Agreement. Each of the latter three agreements is incorporated by reference in the Cooperative Venture Agreement. All investments placed in a Managed Account must be placed for at least a one year period. This is a standard provision for Managed Accounts and is disclosed in our material including, for example, our website which describes Managed Accounts in the following manner:

*"Managed Accounts*

Our Managed Accounts Department provides a broad spectrum of Investment Banking Services to select, qualified investor clientele. Our qualified professionals manage client assets in a secure, tax

friendly environment with access to both traditional and private-placement international finance opportunities. This Department couples measures that protect our corporate and trust clientele's principal assets with substantial earnings potential all within a structure designed to afford maximum privacy considerations. *This component of BTCB's client services affords sophisticated investors, having substantial assets that can be committed for periods of at least one year under our Managed Account Custody Agreement, the opportunity for high periodic portfolio growth under the dedicated expertise and experience of our acknowledged professionals.*" (emphasis added).

Now shown to me and marked as Exhibits "H", "T", "J" and "K" respectively to this my Affidavit are true copies of a Cooperative Venture Agreement, a Managed Account Custody Agreement, a Specific Transaction Instructions Agreement and a Residual Distribution Instructions Agreement.

22. The Cooperative Joint Venture Agreement contains a number of relevant provisions with respect to this action:

"2.4 The period of the AGREEMENT is for at least one (1) year.....

.....

**3. DISPUTES**

3.1 In the event of any dispute concerning any aspect of this AGREEMENT, including breach or alleged breach hereof, the Parties agree to have the matter arbitrated by a third party mutually agreed by the Parties. If the Parties cannot agree upon the arbitrator, the Parties agree to have the dispute arbitrated as fixed by the I.C.C. in accordance with the International Chamber of Commerce Rules of Conciliation and Arbitration (I.C.C. 447-2M, 1990 or latest revision in effect at the time of the dispute). The venue for such arbitration shall be the city of London and any such arbitration decision shall be

final and binding on the Parties and may be enforced in any Court of Law having jurisdiction thereto.

.....

5.3 This AGREEMENT is a full recourse, private, non-public agreement executed under the laws of the Commonwealth of Dominica, which shall be the jurisdiction governing the construction, interpretation, execution, validity, enforceability, performance, or any other matter respect to this AGREEMENT including breach or claim thereof.”

The reference to the city of London in clause 3.1 above is a reference to London, England.

23. The Managed Account Custody Agreement also contains the following important provisions:

“**Governing Law, Successors and Assigns.** This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Dominica without giving effect to that Commonwealth’s principles of conflicts of laws and will be binding on our and your respective successors and assigns.

...

**Arbitration.** Any controversy between you and the undersigned arising out of or relating to this Agreement, including breach or alleged breach, hereof, shall be resolved by arbitration by a third party mutually agreed upon by you and the undersigned. In the event you and the undersigned cannot agree upon such a arbitrator, the matter shall be arbitrated as fixed by the I.C.C. in accordance with the International Chamber of Commerce Rules of Conciliation and Arbitration (I.C.C. 447-2M 1990 or latest revision in effect at the time of the controversy). The venue for such arbitration shall be the city of London and any such arbitration decision shall be final and binding on all parties and may be enforced in any Court of Law having jurisdiction thereto.”

Once again, the reference to the City of London is a reference to London, England.



24. These provisions are important because they demonstrate that all controversies or disputes regarding a Managed Account investment must be resolved by arbitration, and that the Agreements described above are governed by and must be construed in accordance with the laws of the Commonwealth of Dominica. As will be seen below, these agreements govern the relationship between BTCB and Free Trade regarding the investment of the \$3 Million (U.S.).

*BTCB'S BUSINESS DEALINGS WITH FREE TRADE*

25. In January 1998 Free Trade entered into a Cooperative Venture Agreement, a Managed Account Custody Agreement, a Specific Transaction Instructions Agreement and a Residual Distribution Instructions Agreement with BTCB. These agreements contain each of the provisions described above. Now shown to me and marked as Exhibit "L" to this my Affidavit are true copies of the said Agreements.

26. I am advised by Dr. Brazie and do verily believe that the Specific Transaction Instructions Agreement also contains an express clause requested by Zhernakov to ensure that Free Trade would have the contractual right to make investments on an on-going basis into its Managed Account under these Agreements and that in each instance such investments would be subject to the terms of the Agreements.

27. Free Trade invested monies from time to time into its Managed Account. On each occasion these investments were accepted by BTCB subject to the above described Agreements.

One such investment was made in early December 1999. This is the investment involving the \$3 Million (U.S.) which is the subject of this action.

28. I am advised by Dr. Brazie and do verily believe that Zhernakov contacted him by phone in early December 1999 and discussed the matters set out below.

- a) Zhernakov advised Dr. Brazie that Free Trade had \$3 Million (U.S.) which it wished to invest in its Managed Account.
- b) Zhernakov asked for confirmation that the money would be invested by BTCB pursuant to the terms of the Agreements already in place (which require an investment for at least one year).
- c) Dr. Brazie advised Zhernakov that BTCB would invest the money pursuant to the terms of the said Agreements.

Zhernakov then indicated he would confirm the arrangements in writing.

29. By fax dated 7 December 1999 Free Trade confirmed in writing to BTCB that it wished to deposit \$3 Million (U.S.) into its Managed Account. Free Trade advised BTCB that the "Funds are already on [sic] our lawyer's account in Canada. He is Mr. Douglas Hancock". Now shown to me and marked as Exhibit "M" to this my affidavit is a true copy of the fax.

30. The only change requested by Free Trade with respect to the investment of this \$3 Million (U.S.) to the existing terms of its Managed Account Agreements was that a second signature be required, in addition to Zhernakov's signature, to operate the Managed Account.

I am advised by George Betts who handled this request and do verily believe that Free Trade requested that this second signature be required to access and disburse the principal and any yields which accrued to the investment under the Managed Accounts Agreements. Therefore, a copy of the appropriate page of the Account Opening Form was sent to Free Trade so that the required change could be made. The relevant page is page 2 of Exhibit "G" to my Affidavit.

31. On about 7 December 1999 this page was completed by Free Trade, and more particularly, by the Defendants Zhernakov and Douglas Hancock, each of whom signed the page. The page was then returned to BTCB. Now shown to me and marked as Exhibit "N" to this my Affidavit is a true copy of the completed page.

32. There are a number of significant points that must be made regarding the information sent to BTCB by Free Trade (and by Zhernakov and Hancock) in Exhibit "N". First, on the top half of that page is a section entitled "TRUST PROPOSAL". This section is to be completed if the proposed investment involves a trust. It requires the customer to identify the type of trust, the trustees and the beneficiaries. This section was left blank by Free Trade, Zhernakov and Hancock indicating that no trust was involved.

33. Second, in the bottom section of the page in which Zhernakov and Hancock printed, then signed their names they were required to indicate if the bank account owner was an IBC (e.g. Free Trade) or a trust. A check mark was not placed in the box indicating that a trust was involved. Rather the check mark was placed in the box indicating that the IBC (i.e. Free Trade)

was the bank account owner. The box indicating that 2 signatures were required for transactions was also checked off.

34. Third, because the requirement of a second signature only applied to the pending investment of \$3 Million (U.S.) and not to any other Free Trade investments at BTCB, a new sub-account number was assigned. Hence, the reference to "New Account" on the page.

35. By fax dated 7 December 1999 BTCB confirmed that a United States Dollar account number had been assigned. There is no reference to any trust account being established for the monies. Now shown to me and marked as Exhibit "O" to this my affidavit is a true copy of the said fax.

36. By separate faxes dated 10 December 1999 each of Hancock and Zhernakov confirmed their instructions regarding the \$3 Million (U.S.). Neither fax contained any suggestion that the monies were trust monies or did not beneficially belong to Free Trade. Now shown to me and marked as Exhibits "P" and "Q" respectively, are true copies of the said faxes.

37. At no time when Free Trade, Zhernakov and Hancock were providing instructions to BTCB regarding the \$3 Million (U.S.) did any of them advise BTCB that the monies were trust monies or that they were to be held in trust. There was no mention of the Plaintiffs or any suggestion that the Plaintiffs had any interest in the money.

38. In short, based on the information provided by Free Trade, Zhernakov and Hancock, BTCB believed that the \$3 Million (U.S.) belonged to Free Trade and was being invested by Free Trade in its Managed Account pursuant to the terms of the relevant Agreements. BTCB accepted and dealt with the money on this basis. This meant, among other things, that the money was locked in for a one year period.

39. I am aware from the material filed by the Plaintiffs and the orders granted by the Ontario court that there is concern regarding the distribution of monies from BTCB's account at First Union National Bank in Florida, into which Free Trade deposited its \$3 Million (U.S.) investment. The First Union National Bank account is a general account used for business and investment purposes by BTCB. The money from Free Trade was not trust money as far as BTCB was aware and so it was co-mingled with the general funds in this account. The money in this account was used by BTCB in the ordinary course of its business to meet business and investment obligations. This is why there are many individual distributions of funds to different individuals, businesses and other entities around the world. Free Trade's account at BTCB is credited with the \$3.0 million (U.S.) which was invested on 15 December 1999 and its account remains open.

40. One other point must be made regarding this transaction with Free Trade. This was an investment by Free Trade and nothing more. In particular, it was never suggested, discussed or agreed that the money was intended to be collateral for a loan. There was never any discussion or agreement that BTCB would provide any money to Free Trade or anyone else by way of a

loan. BTCB was not aware until after this action was commenced and it was served with the Statement of Claim that Free Trade had agreed to arrange a loan of \$12 Million (U.S.) for the Plaintiffs. This was not an issue that any of the Defendants ever raised with BTCB.

*SUBSEQUENT EVENTS*

41. BTCB will in some circumstances provide to customers who have a Managed Account investment, advances of the expected earnings of that investment during the term of the investment and prior to maturity. BTCB made such advances to Free Trade from time to time relating to Free Trade's other investments.

42. In early March 2000 Free Trade requested that advances of expected earnings be paid to it with respect to its \$3 Million (U.S.) investment. BTCB agreed to credit the account of Free Trade at the rate of 2% per month and the amount of \$60,000 monthly was credited to the Free Trade Managed Account with effect from 15 December 1999.

43. I am advised by George Betts and do verily believe that:

- a) on about 23 March 2000 Free Trade requested a lump sum advance against projected earnings in the amount of \$400,000 (U.S.) and that BTCB confirmed its agreement to make such an advance in two faxes to Free Trade dated 23 and 24 March 2000;

- b) before the transfer of this advance could be completed, Free Trade asked BTCB to terminate its \$3 Million (U.S.) investment in the Managed Account Investment Program and to wire transfer its money to the bank account of Mr. Hancock's law firm;
- c) George Betts spoke to Zhemakov about this request and reminded him that the money was locked in an investment program for one year and could not be withdrawn until 15 December 2000 but, that he (George Betts) would attempt either to arrange an early release of the money from the investment program, or failing that, to locate another investor to take over Free Trade's position in the investment so that Free Trade could be paid out prior to maturity;
- d) by fax dated 12 April 2000 George Betts confirmed to Free Trade that the monies would be transferred, "when the funds are received from the investment arrangement into which they have been placed";
- e) at the time George Betts sent the above fax he was hopeful that another investor could be found to take over Free Trade's position immediately, but unfortunately such an investor could not be found; and
- f) on 18 April 2000 George Betts spoke to Hancock and his lawyer John Olah and advised Hancock that the \$3 million (U.S.) could not be returned immediately

because it was invested in a Managed Account subject to an agreement that it remain invested for one year and that in order to have the funds returned early Free Trade would have to break the investment (which might not be possible) and suffer certain penalties including loss of any earnings, or find somebody to buy out its position in the investment.

Now shown to me and marked as Exhibits "R", "S", "T", "U" and "V" respectively to this my Affidavit are true copies of the said faxes dated 23 March, 24 March, 10 April and 12 April 2000 and a copy of the notes made by Olah and Hancock during their telephone call with George Betts on 18 April 2000 (These notes were marked as Exhibit 2 to the Affidavit of Greg Banks sworn on 1 May 2000).

44. By fax dated 28 April 2000 to Free Trade BTCB again explained why the money could not be returned immediately.

“1. The investment program you selected required a deposit of funds for a period of one year. There is no provision for withdrawal before the end of the period.

2. When you entered the program, you were informed that other parties whose funds were also invested depended on the commitment of all investors to the one-year lock up of funds.

3. The managed account agreement you received and signed did not promise a specific return on investment. It does allow you to participate in profit earned on pooled funds at the end of the one-year term. The profits are to be earned on the best efforts basis of the fund managers.



4. You made the deposit into this investments program in December 1999.
5. When you requested a return of your investment, BTCB informed you that it would assist in locating a replacement for your funds. The replacement party would make its funds available in an amount equal to the sum invested, and "buy" your position in the investment program by allowing BTCB to deliver the new funds to you. The profits would belong to the replacement party at the end of the term. It is in this manner that we are able to discontinue your participation in the financing arrangement in which you are part.
6. BTCB is optimistic that a replacement investor has been located, and the sum you invested can be returned to you in the near future.
7. The funds have not been moved and remain under control of BTCB.
8. BTCB confirms that it accepts full responsibility for the return of USD \$3M (three million United States dollars) reserved previously for financing arrangements."

The above statements accurately summarize BTCB's position regarding the \$3 Million (U.S.) investment made by Free Trade. Now shown to me and marked as Exhibit "W" to this my Affidavit is a true copy of said fax.

*CURRENT STATUS OF THE \$3 MILLION (U.S.).*

45. BTCB has been attempting since April 10<sup>th</sup> to find a replacement investor for Free Trade so that the \$3 Million (U.S.) can be returned. As soon as such a replacement investor is found

the money will be returned to Free Trade. In any event, it will be returned no later than the anniversary date of the investment, namely, 15 December 2000.

46. Pursuant to the Agreements governing this \$3 Million (U.S.) investment, if the money is withdrawn prior to the one year anniversary date, Free Trade is not entitled to any earnings made on the money. However, as I have explained above, the Free Trade account has already been credited with advances on the projected earnings in the amount of \$240,000.00 (U.S.). In such circumstances these advances would usually have to be repaid because of the early withdrawal from the investment program.

47. In reviewing the account history of this Free Trade Managed Account for the purposes of preparing this Affidavit I discovered that the advances which had been credited to the account had been paid out to various other accounts pursuant to instructions received from Zhernakov alone. It was not unusual to receive such instructions from Zhernakov to pay out such advances with respect to his other investments and so when the same instructions were given regarding the \$3 Million (U.S.) investment those instructions were followed by BTCB.

48. In paying out those advances BTCB inadvertently overlooked the account instructions that two signatures, from Zhernakov and Hancock, were required to authorize account activity in this particular sub-account. Since this discovery, BTCB has not paid out (and will not pay out) any further advances in this fashion. BTCB will not seek to recover from Free Trade the advances already made if the \$3 Million (U.S.) is returned prior to 15 December 2000 (i.e. it will

not deduct the advances of \$240,000.00 (U.S.) from the principal sum of \$3 Million (U.S.) which is to be returned to Free Trade). In addition, if the \$3 Million (U.S.) is not repaid until 15 December 2000 as required by the Agreements, BTCB will pay to Free Trade the full amount owing for the \$3 Million (U.S.) investment without any deduction for the advances already made. Rather, BTCB will deal directly with Zhemakov regarding repayment of those advances.


***BTCB REQUESTS ARBITRATION***

49. As I have described above, BTCB did not have any contact of any kind with the Plaintiffs prior to the commencement of this action. BTCB was not aware of the Plaintiffs' interest in or involvement with the \$3 Million (U.S.) investment made by Free Trade. None of the Plaintiffs has ever been a customer of BTCB and BTCB does not have any relationship, contractual or otherwise with the Plaintiffs. The \$3 Million (U.S.) which BTCB received from and invested on behalf of Free Trade is subject to the various Agreements described above.

50. Pursuant to the Agreements governing the \$3 Million (U.S.) Investment made by Free Trade any disputes or controversies regarding these matters must be resolved by arbitration, and the Agreements must be construed in accordance with the laws of Dominica. BTCB requires that the disputes which are the subject of this action be resolved on that basis.

51. Accordingly, BTCB requests that this action be stayed or dismissed as against it and its officer George Betts who was acting in the course of his duties at all material times.

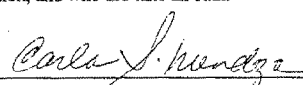
SWORN BEFORE ME at the )  
City of Miami, in the State of Florida )  
on the 7th day of September 2000 )

  
Dr. Rodolfo Requena

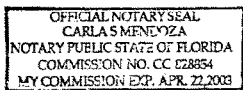
Commissioner for Taking Affidavits

SWORN TO, ACKNOWLEDGED AND SUBSCRIBED before me this 7th day of September, 2000, by Rodolfo Requena, who is personally known to me or has produced *Florida Drivers' License* as identification, and who did take an oath.

My Commission Expires:

  
Notary Public, State of Florida

Print Name: CARLA S. MENDOZA



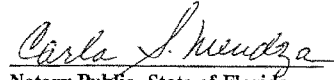
THIS IS EXHIBIT "E" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN BEFORE ME, AT THE CITY OF MIAMI,  
IN THE STATE OF FLORIDA, THIS 7TH DAY OF  
SEPTEMBER 2000 .



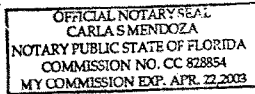
Commissioner for Taking Affidavits

THIS IS EXHIBIT "E" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN TO, ACKNOWLEDGED AND SUBSCRIBED  
before me this 7th day of September, 2000, by  
Dr. Rodolfo Requena, who is personally known to me  
or has produced  
as identification, and who did take an oath.

My Commission Expires:

  
Notary Public, State of Florida

Print Name: Carla S. Mendoza



2424



COMMONWEALTH OF DOMINICA

IN THE MATTER OF  
THE INTERNATIONAL BUSINESS COMPANIES (IBC) ACT

AND

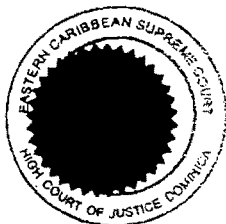
IN THE MATTER OF THE REGISTRATION OF

**FREE TRADE BUREAU S.A.**

CERTIFICATE OF INCORPORATION

I DO HEREBY CERTIFY THAT **FREE TRADE BUREAU S.A.** is this day incorporated under the International Business Companies Act, 1996 and that the Company is limited by shares.

Given under my hand this  
20 day of *January*, 1998.



A handwritten signature in cursive script, appearing to read "Seymour White".

REGISTRAR OF COMPANIES  
COMMONWEALTH OF DOMINICA

THIS IS EXHIBIT "H" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN BEFORE ME, AT THE CITY OF MIAMI,  
IN THE STATE OF FLORIDA, THIS 7TH DAY OF  
SEPTEMBER 2000

Commissioner for Taking Affidavits



THIS IS EXHIBIT "H" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN TO, ACKNOWLEDGED AND SUBSCRIBED

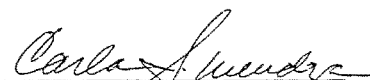
before me this 7th day of September, 2000, by

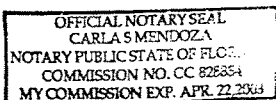
Dr. Rodolfo Requena, who is personally known to me

or has produced *Fl. Driver's License*

as identification, and who did take an oath.

My Commission Expires:

  
Notary Public, State of Florida



Print Name: CARLA S. MENDOZA

**COOPERATIVE VENTURE AGREEMENT NO. FIELD(ConCode)**  
Transaction Code: FIELD(TRANSCODE)

**THIS AGREEMENT** is entered into this FIELD(Day) day of FIELD(Month ) FIELD(Year), by and between: FIELD(IBCNAME), having principal offices at FIELD(IBCAddress), as represented by INTERNATIONAL CORPORATE SERVICES LTD. (hereinafter "ICS"), its SOLE DIRECTOR-DESIGNEE: Attention: FIELD(IBCRep), FIELD(IBCRepTitle)  
Telephone: FIELD(IBCPhone) Facsimile: FIELD(IBCfax)  
(hereinafter "Client" shall mean FIELD(IBCNAME), its attorneys, affiliated companies, or designees).  
**AND**

**BRITISH TRADE & COMMERCE BANK**, having principal offices at the EMENS Building, Dame Eugenia Charles Boulevard, Bayfont, Roseau, Commonwealth of Dominica, W.I.  
Attention: Dr. Charles L. Brazic, Vice President - Managed Accounts  
Telephone: (767) 448-6410 Facsimile: (767) 448-6477  
(hereinafter "BTCB" shall mean British Trade & Commerce Bank, its attorneys, affiliated companies, or designees/nominees, and "Parties" herein shall mean Client and BTCB).

**WITNESSETH THAT:**

**WHEREAS**, BTCB is a bank chartered and operating under the laws of the Commonwealth of Dominica and fully empowered to provide the necessary accounts and conduct the activities envisioned herein; and

**WHEREAS**, BTCB has the legal capacity and authority to cause assets to be entered into certain established International Cash Management Scenario(s) conducted at Top American and Western European Banks; and

**WHEREAS**, BTCB has correspondent relationships with major world banks; has agreed to enter into the Managed Account Custody Agreement hereinbelow with Client; has opened an Account in the name of Client for the transactions envisioned hereunder; and has the ability to effect participation in such Scenario(s), with attractive yields emitting from such Scenario(s); and

**WHEREAS**, BTCB has the legal capacity and authority to issue Certificates of Deposit ("CD's") and other bank Instruments; and

**WHEREAS**, Client is an International Business Company that is organized and operated under the laws of the Commonwealth of Dominica; and

**WHEREAS**, Client will have qualified funds on deposit in the amount of at least FIELD(PrinAmount) United States Dollars (USFIELD(Prin\$\$)) in its such Account that is committed for at least one (1) year and that may be placed in such Scenario(s), and WARRANTS that such deposits are clean, clear and legally obtained funds of non-criminal origin; and

**WHEREAS**, BTCB and Client have determined to enter into a cooperative venture relationship in order to participate in such Scenario(s) in full accord with all applicable rules and regulations (including I.C.C. Publication 500/600); and

**WHEREAS**, BTCB, and Client intend to finance projects or to place appropriate funds into approved project funding sources from the profits arising from this AGREEMENT; and

**WHEREAS**, BTCB and Client, by entering into this AGREEMENT, do not intend to create a taxable partnership/corporation/entity, but rather intend to create a vehicle of cooperative enterprise in which the Parties have agreed to participate; and

BTCB \_\_\_\_\_

Page 1 of 15

Client \_\_\_\_\_



C.V. Agreement # : FIELD(ConCode)  
 Transaction Code : FIELD(TRANSCODE)

WHEREAS, BT CB and Client, mutually desire to transact business with one another for the period specified in this AGREEMENT but not less than one (1) year; and

WHEREAS, this AGREEMENT, when signed, shall constitute that BT CB and Client, each, are fully responsible, ready, and able to fulfill their respective obligations and responsibilities hereunder.

NOW THEREFORE, in consideration of the foregoing, and the various covenants and undertaking herein, and for other good and valuable considerations, the value and the adequacy of which is acknowledged by each of the parties hereto upon execution of this AGREEMENT, BT CB and Client agree as set forth hereinbelow.

#### 1. PURPOSE

- 1.1 The primary purpose of the Parties is to cause the funding of certain projects and programs with the net proceeds derived from participating in certain established International Cash Management Scenario(s) through financial mechanisms advantageous to the Parties and which comply with the rules and regulations from various jurisdictions and authorities that apply to such project financing. Significant proceeds from participating in such Scenario(s), net of normal costs (scenario participation costs, service fees, Custodial and Transaction Fees and costs), shall be deposited into development trust/project funding accounts which shall be used to cause the funding of such worthwhile projects and programs.
- 1.2 Notwithstanding the foregoing, each of the Parties shall be paid FIELD(IBCPercent) (FIELD(IBC#%)) points from the proceeds of such Scenario(s), as fees for services rendered [FIELD(IBCPercent) (FIELD(IBC#%)) points are defined herein as FIELD(IBCPercent) Percent (FIELD(IBC#%))% of such proceeds received from each participation cycle of such Scenario(s).] These funds shall be owned exclusively by the paid party and the other party hereby waives any and all claim to such paid funds.
- 1.3 The remaining proceeds from participation in the Scenario(s), as defined herein, shall be divided into two (2) parts upon their receipt. One (1) of these parts, which equals Fifty Percent (50%) of such remaining proceeds, shall be placed into CARIBAREA TRUST Accounts designated by BT CB and shall be used to fund projects/programs solely at the discretion of that Trust.
- 1.4 The remaining One (1) part, which equals the other Fifty Percent (50%) of such remaining proceeds, shall be disbursed through a Business Trust and placed into Project Funding Accounts that shall fund qualified projects solely under the discretion of Client. The subject of this paragraph and that immediately preceding shall not be subject to any litigation or arbitration.

#### 2. TRANSACTION SCENARIO

- 2.1 Client has established a Custody/Transaction Account at BT CB for these Transactions, under the "Managed Account Custody Agreement" as set forth in EXHIBIT "A" attached hereto and made a part hereof.
- 2.2 Client will cause the deposits into such Account the amount of at least FIELD(PrinAmount) United States Dollars (USFIELD(Prin\$)) in exchange for a CD in the name of Client, which CD shall bear interest at the rate of Six Percent (6.0%) per annum, payable in arrears, and the term of such CD shall be for One (1) year. All interest payments under such CD shall be deemed advance disburse-

BT CB \_\_\_\_\_

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Client \_\_\_\_\_

C.V. Agreement # : FIELD(ConCode)  
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ment(s) of proceeds from such Scenario(s) as provided under Paragraph 1.4 above. BTCB shall use its best efforts to cause such funds to be placed into such Scenario(s). Client may increase the qualified amounts on deposit with advanced notice to BTCB. The total qualified amount of such funds on deposit shall be deemed the Account Principal.

- 2.3 BTCB shall place such Account Principal into such Scenario(s) and that participation shall be confirmed to the satisfaction of both Parties. The detailed activities to accomplish the intent of the paragraphs hereinabove are contained in the "Specific Transaction Instructions" set forth in EXHIBIT "B" attached hereto and made a part hereof.
- 2.4 If such Scenario shall provide a 106% Major Bank Instrument of Guarantee in exchange for such Account Principal, then that Instrument shall be exchanged for said CD and said CD shall be cancelled. Otherwise, when the cumulative disbursements to Client hereunder shall reach the amount of the Account Principal for which said CD has been issued, such CD shall be returned to BTCB and deemed paid in full and shall be cancelled.
- 2.4 The period of the AGREEMENT is for at least one (1) year, pursuant to BTCB's ability to place said assets in such Scenario(s). If the ongoing distribution of proceeds, as defined hereunder, does not occur within forty (40) days of the initial formal placement/acceptance of the assets into/by such Scenario(s), or within ten (10) days of each subsequent month of participation in such Scenario(s), Client may terminate this AGREEMENT without prejudice to itself and all such Principal assets and any such Client's proceeds, without additional set-off, reduction, or deduction, shall be distributed, immediately upon release from such Scenario(s), to bank coordinates that will be provided by Client.
- 2.5 The proceeds from participating in such Scenario(s) for any given participation cycle shall be disbursed, as provided hereinabove, at the beginning of the next subsequent participation cycle.

### 3. DISPUTES

- 3.1 In the event of any dispute concerning any aspect of this AGREEMENT, including breach or alleged breach hereof, the Parties agree to have the matter arbitrated by a third party mutually agreed upon by the Parties. If the Parties cannot agree upon the arbitrator, the Parties agree to have the dispute arbitrated as fixed by the I.C.C. in accordance with the International Chamber of Commerce Rules of Conciliation and Arbitration (I.C.C. 447-2M, 1990 or latest revision in effect at the time of the dispute). The venue for such arbitration shall be the city of London and any such arbitration decision shall be final and binding on the Parties and may be enforced in any Court of Law having jurisdiction thereto.

### 4. CONFIDENTIALITY

- 4.1 The Parties agree that any and all information disclosed, or to be disclosed, by any other party hereto, or by legal counsel or other associate; and, that any and all documents and procedures transmitted to each other for and in execution of this AGREEMENT are privileged and confidential and are to be accorded the highest secrecy. Accordingly, the I.C.C. rules and regulations pertaining to Non-Disclosure and Non-Circumvention shall be included herewith by reference hereto. Moreover, the Parties specifically:

BTCB \_\_\_\_\_

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Client \_\_\_\_\_

C.V. Agreement # : FIELD(ConCode)  
 Transaction Code : FIELD(TRANSCODE)

- A) Acknowledge and undertake for themselves, their legal counsel, employees, associates, officers, directors, trustees, bankers and/or representatives to treat any and all such information as privileged and confidential and not to disclose to any third party, directly or indirectly, or to use any such information for any purpose other than for accomplishment of the objectives of the business undertaken herein without the express, written prior consent of the party supplying that such information.
- B) Acknowledge that any unauthorized dealing or disclosures or uses of any such information obtained for and in execution of the present AGREEMENT shall constitute a breach of confidence and shall form the basis of an action for damages by the injured party with a view to compensate the injured party to the extent any financial reward might have accrued but for the unauthorized dealing, misuse of information, or breach of confidence and contract.

#### 5. GENERAL TERMS

- 5.1 Each party, individually and separately, accepts liability for its own taxes, imposes, levies, duties, or other charges that may be applicable in the execution of its respective roles.
- 5.2 Each party recognizes the unique services rendered by their representatives and agree: that each shall be responsible for the commissions and fees to which it has agreed in writing; and, that the party that has incurred any obligations shall indemnify and hold harmless the other party against any claim, demand, and/or expense, however arising.
- 5.3 This AGREEMENT is a full recourse, private, non-public agreement executed under the laws of the Commonwealth of Dominica, which shall be the jurisdiction governing the construction, interpretation, execution, validity, enforceability, performance, or any other matter in respect to this AGREEMENT, including breach or claim thereof.
- 5.4 Both parties acknowledge: that they had adequate time and opportunity to consult with counsel of their choosing prior to execution hereof; that each fully understands the facts and has been fully informed as to any rights and obligations in connection therewith; and, that, having this knowledge or lack of knowledge by voluntary choice, each has executed this AGREEMENT freely and without reservation.
- 5.5 The Parties acknowledge and accept that the I.C.C. rules and regulations appertaining to Force Majeure shall be included herewith by reference hereto.
- 5.6 The AGREEMENT cannot be assigned, transferred or conveyed by either party without the expressed, written, prior consent of the other party.
- 5.7 No unauthorized communications by either party with any bank outside of these procedures is allowed without the prior written consent of the other party. Failure to observe this consideration will immediately cause this AGREEMENT to be deemed to have been breached.
- 5.8 Each party shall be solely responsible for its own, unique institutional costs, except as otherwise provided hereinabove.

C.V. Agreement # : FIELD(ConCode)  
 Transaction Code : FIELD(TRANSCODE)

**6. COMPLETE AGREEMENT AND CONFORMING DOCUMENTS**

- 6.1 This AGREEMENT reflects the complete understanding of the Parties on the matters hereto.
- 6.2 A facsimile copy of a fully executed original of this document will be deemed an original, binding and enforceable document until otherwise agreed to by the Parties.
- 6.3 This AGREEMENT shall remain in full force and effect until completion of the transactions envisioned hereinabove and shall be binding upon BTCB and Client and their heirs, successors and assigns, agents, principles, and all other parties associated with or involved in the transactions.
- 6.4 This AGREEMENT may consist of one or more counterparts, all of which upon execution shall constitute one and the same AGREEMENT. The Parties acknowledge that a hard copy of this AGREEMENT may be signed by each respective party at different places and different times. Both Parties have the right to require courier delivery of the original AGREEMENT.
- 6.5 Each addendum, change, or modification to this AGREEMENT must be made in writing and approved and executed by the Parties as a condition precedent to the implementation and effect of such addendum, change, or modification.
- 6.6 If any of the provisions of this AGREEMENT are, or become, invalid by virtue of applicable law(s) or fail enforceability, then this AGREEMENT shall remain in full force. The invalid and/or unenforceable provision(s) shall be replaced by provisions mutually agreed between the Parties within the spirit and intent of the original provision.
- 6.7 The Parties hereby confirm that each is fully empowered, legally qualified, and duly authorized to execute and deliver this AGREEMENT and to be bound by its terms and conditions. All statements and representations under this AGREEMENT are made with full legal and corporate responsibility.

IN WITNESS WHEREOF, the Parties declare herein that they have signed hereinbelow in full and bonafides, thereby entering into this contractual commitment as defined and provided under the terms, conditions, and provisions of this AGREEMENT on the dates last written herein below.

DATE: FIELD(MONTH) FIELD(Day#), FIELD(Year)

FOR AND ON BEHALF OF  
 FIELD(IBCNAME)  
 BY ITS DIRECTOR-DESIGNEE,  
 INTERNATIONAL CORPORATE  
 SERVICES LTD, BY:

FIELD(IBCSIGNATORY)  
 FIELD(IBCSIGTITLE)

FOR AND ON BEHALF OF BRITISH  
 TRADE & COMMERCE BANK BY:

CHARLES L. BRAZIE, Ph.D.  
 VICE PRESIDENT


THIS IS EXHIBIT "I" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN BEFORE ME, AT THE CITY OF MIAMI,  
IN THE STATE OF FLORIDA, THIS 7TH DAY OF  
SEPTEMBER 2000.

Commissioner for Taking Affidavits

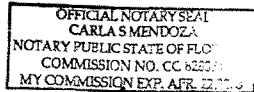


THIS IS EXHIBIT "I" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN TO, ACKNOWLEDGED AND SUBSCRIBED  
before me this 7th day of September, 2000, by  
Dr. Rodolfo Requena, who is personally known to me  
or has produced *Fl. Drivers License*  
as identification, and who did take an oath.

My Commission Expires:

  
Notary Public, State of Florida

Print Name: CARLA S. MENDOZA



2432

Sent By: BRITISH TRADE AND COMMERCE BANK; 1 767 448 6477; Jun-1-00 4:58PM; Page 7/16

C.V. Agreement # : FIELD(ConCode)  
Transaction Code : FIELD(TRANSCODE)

EXHIBIT "A"

**MANAGED ACCOUNT CUSTODY AGREEMENT**

To: British Trade & Commerce Bank  
EMENS BLDG., Dame Eugenia Charles Blvd., Bayfront  
Roseau, Commonwealth of Dominica, W.I.

Gentlemen:

The undersigned hereby requests you to open and maintain a Custody Account in the name of the undersigned and to receive and hold therein as custodian, upon the following terms and conditions, cash and Investments (hereinafter defined).

**Transactions.** Subject to the provisions of this Agreement, you are authorized:

- (a) To receive all interest and dividends payable on Investments and to credit such interest and dividends to the account or accounts of the undersigned with you as are designated by an Authorized Person (hereinafter referred to as the "Cash Account");
- (b) To credit all proceeds received from sales and redemptions of Investments to the Cash Account;
- (c) To debit the Cash Account for the cost of acquiring Investments for the Custody Account;
- (d) To present obligations (including coupons) for payment upon maturity, when called for redemption and when income payments are due;
- (e) To exchange securities for other securities where the exchange is purely material;
- (f) To sell fractional interests resulting from a stock split or dividend;
- (g) To convert any currency received with respect to Investments in the Custody Account into another currency whenever it is practical or necessary to do so through customary banking channels. You shall incur no liability on account of any loss suffered or expense incurred as a result of such conversion, including without limitation losses arising from fluctuations in exchange rates affecting any such conversion;
- (h) On instructions of an Authorized Person or as otherwise provided hereunder, to purchase and sell Investments for the account of the undersigned;
- (i) To execute in the name of the undersigned, whenever you deem it appropriate, such ownership and other certificates as may be required to obtain payments with respect to, or to effect the sale, transfer or other disposition of Investments; and
- (j) To enter into spot or forward transactions for the purchase and/or sale of currencies for the account of the undersigned in connection with or in anticipation of the purchase or sale of securities.

"Investments" means securities of every type and description in any currency including but not limited to stocks, warrants, puts, calls, forwards, futures, options on futures, bonds, debentures, notes, unit trusts, precious metals and other commodities, bank deposits, mortgages and other obligations, and any documents of title, certificates, receipts, and other instruments evidencing ownership, or representing rights to receive, purchase or subscribe to, any of the foregoing, or evidencing or representing any other rights or interests therein.

**Instructions.** You are authorized to accept and rely upon all written instructions which you believe in good faith are given by an Authorized Person. "Authorized Person" means the undersigned or other person or entity designated in a statement signed by the undersigned or (if the undersigned is a corporation) one or more officers, employees or agents of the undersigned authorized by a corporate resolution of the board of directors of the undersigned delivered to you or described as authorized in a certificate of the Secretary, Assistant Secretary, or Managing Director of the undersigned.

BTCB \_\_\_\_\_

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You may also rely on instructions when bearing or purporting to bear the facsimile signature of any Authorized Person. In addition, you may rely on instructions received by telephone, telex, TWX, facsimile transmission, bank wire or other teleprocess acceptable to you which you believe in good faith to have been given by an Authorized Person or which are transmitted with proper testing or authentication pursuant to terms and conditions which you may specify. You may also rely on instructions transmitted electronically through a client data entry system or any similar instruction system acceptable to you. You shall incur no liability to the undersigned or otherwise as a result of any act or omission by you in accordance with instructions on which you are authorized to rely pursuant to the provisions of this paragraph unless your reliance is the result of your gross negligence or willful misconduct. You shall incur no liability for the failure of any written confirmation to conform to the telephone instructions which you received or your failure to produce such confirmation at any subsequent time. Unless otherwise expressly provided, all authorizations and instructions shall continue in full force and effect until canceled or superseded by subsequent authorizations or instructions received by your safekeeping account administrator.

The undersigned agrees that if you require test arrangements, authentication methods or other security devices to be used with respect to instructions which an Authorized Person may give, the undersigned shall safeguard any testkeys, identification codes or other security devices which you make available to any Authorized Person and agrees that the undersigned shall be responsible for any loss, liability or damage incurred by you or by the undersigned as a result of your acting in accordance with instructions from any unauthorized person using the proper security device. You may electronically record any instructions given by telephone, and any other telephone discussions with respect to the Custody Account or transactions pursuant to this Agreement.

**Registration.** Unless you receive contrary instructions from an Authorized Person, you are authorized to keep securities in your own vaults registered in the name of your nominee or nominees or where securities are eligible for deposit in a securities depository, including without limitation The Depository Trust Company or the Federal Reserve Bank of New York, you may utilize any of the services of any such depository and permit the registration of registered securities in the name of its nominee or nominees, and the undersigned agrees to hold you and the nominees harmless from any liability as holders of record. The undersigned will accept the return or delivery of securities of the same class and denomination as those deposited with you by the undersigned or otherwise received by you for the Custody Account, and you need not retain the particular certificates so deposited or received.

If any securities registered in the name of your nominee or held in a securities depository and registered in the name of the depository's nominee are called for partial redemption by the issuer of such securities, you are authorized to allot the called portion to the respective beneficial holders of the securities in any manner deemed to be fair and equitable by you in your sole discretion.

**Statements.** You will supply to the undersigned from time to time as mutually agreed upon a statement in respect to the Investments held by you or by a subcustodian and an advice or notification of any transfers of Investments to or from the Custody Account, indicating, as to Investments acquired for the undersigned, the identity of the entities having physical possession of such Investments. In the absence of the filing in writing with you by the undersigned of exceptions or objections to any such statement within sixty (60) days, the undersigned shall be deemed to have approved such statement, and you shall be released, relieved and discharged with respect to all matters and things set forth therein.

**Proxies, Redemptions and Securities Rights.** You will send to the undersigned such proxies (signed in blank, if issued in the name of your nominee or a nominee of a securities depository) and communications with respect to securities in the Custody Account as call for voting or relate to legal proceedings within a reasonable time after sufficient copies are received by you for forwarding to customers. In addition, you shall follow coupon payments, redemptions, exchanges or similar matters with respect to securities in the Custody Account and advise the undersigned of rights issued, tendered offers or other discretionary rights with respect to such securities, in each case, of which you receive notice from the issuer of the securities

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or as to which notice is published in publications routinely utilized by you for this purpose, subject to any terms and conditions as you may put into effect from time to time.

**Investments and Funds Held Abroad.** Investments in the Custody Account shall be held in such country or other jurisdiction as shall be specified from time to time in instructions from an Authorized Person which are acceptable to you, provided that such country or other jurisdiction shall be one in which a principal trading market for such Investments is located or in which such Investments are to be acquired, sold, transferred or presented for payment. Funds shall be credited to an account in such amounts and in the country or other jurisdiction as shall be specified from time to time in instructions from an Authorized Person which are acceptable to you, provided that such country or other jurisdiction shall be one in which such cash is a legal currency for the payment of public or private debts.

The undersigned authorizes you to hold cash and investments for the Custody Account in accounts which have been established by you with one of your branches or with one or more subcustodians. "Subcustodian" means a branch of another U.S. bank, a foreign bank acting as custodian or a foreign securities depository in which you participate. You shall select in your sole discretion the branch or subcustodian in the custody of which any Investment may be maintained or with which any funds may be deposited. Any entity so selected is authorized to hold such funds and Investments in its account with any foreign securities depository in which it participates.

You shall not be liable for any loss resulting from the maintenance of any Investments in a foreign country, including, but not limited to, losses resulting from nationalization, expropriation, currency restrictions, acts of war or terrorism, insurrection, revolution, or acts of God.

**Overdrafts.** The amount by which any payment made by you on behalf of the undersigned pursuant to this Agreement exceeds the available funds in the currency in the Cash Account shall be deemed a loan from you to the undersigned. Such loan shall be payable on demand and, in your discretion, shall bear interest at the rate customarily charge by you or your subcustodian on similar loans. In no event shall you have any duty to make any payment if such payment will exceed the funds available in the Cash Account.

**Reimbursement.** If you choose to credit the Cash Account or the Custody Account on the payable date for interest, dividends or redemptions, the undersigned will return to you such amount or property credited promptly upon your oral or written notification that you have been unable to collect such amount or property in the ordinary course of transactions for the account of the undersigned. You shall have no duty to institute legal proceedings, file a claim or proof of claim in any insolvency proceeding or take any action beyond your ordinary collection procedures to collect such amounts or property.

**Crediting and Debiting Procedures.** With respect to any Investment held in or to be acquired for the Custody Account you may, in your discretion, cause the Cash Account to be credited on the contractual settlement date with the proceeds of any sale or exchange of any Investment from the Custody Account and to be debited on the contractual settlement date for the cost of any investment purchased or acquired for the Custody Account. If a transaction with respect to which a credit or debit has been made fails to settle, you may reverse such credit or debit upon instructions of an Authorized Person. Alternatively, while you assume no affirmative duty to act in the absence of such instructions, you may reverse any such credit or debit if a transaction fails to settle within a period of time after the contractual settlement date which you in your sole discretion consider reasonable in the light of market conditions. If any Investments delivered pursuant hereto are returned by the recipient thereof, you may cause any such credits or debits to be reversed at any time. With respect to any transactions as to which you do not determine so to credit or debit the Cash Account, the proceeds from the sale or exchange of Investments will be credited and the cost of such Investments purchased or acquired will be debited to the Cash Account on the date such proceeds or Investment are received by you.



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Notwithstanding the preceding paragraph, settlement and payment for any Investment received for, and delivery of any Investment out of, the Custody Account may be effected in accordance with the customary or established trading or processing practices and procedures for such Investment in the jurisdiction or market in which the transaction occurs, including, without limitation, delivering such Investment to the purchaser thereof or dealer therefor (or to an agent for such purchaser or dealer) against a receipt with the expectation of receiving later payment for such Investment from such purchaser or dealer (or agent therefor).

With respect to all transactions for the Custody Account, including, without limitation, dividend and interest payments and sales and redemptions of any Investment, availability of funds credited to the Cash Account will be based on the type of funds used in the trade settlement or payment, including, but not limited to, same day availability for federal or same day funds and next business day availability for clearing house or next day funds.

**Security and Set-Off.** As security for any performance of my obligations under this Agreement, I grant a security interest in and pledge, transfer, and assign to you my right, title and interest in and to all cash, Investments and other assets held by you or by any of your subsidiaries, affiliates or subcustodians (the "Collateral"). In addition, and without limiting the foregoing, I agree that you may set-off any and all of my obligations to you against any and all deposits of mine, whether general or special, with you or any of your subsidiaries, affiliates or subcustodians, wherever located and whether or not denominated in the same or different currencies. In the event that a debited deposit is maintained in a currency other than the currency of my obligation to you, such debit shall be made in the amount which, when converted to the currency of my obligation at your rate for purchasing such currency on the date of such debit, shall yield the amount then due and payable to you hereunder.

**Custodian Responsibility.** You will use the same care with respect to the performance of your duties under this Agreement as you use in respect to your own property similar to that held hereunder; but you need not maintain any insurance for the benefit of the undersigned. Except as may be provided otherwise herein, you are authorized to execute instructions given by or on behalf of the undersigned and take other actions pursuant to this Agreement in accordance with your customary processing practices for customers similar to the undersigned and, in accordance with such practices, you may retain agents, including subsidiaries or affiliates of yours, to perform certain of such functions, notwithstanding that such retention may result in a gain or profit to you or to any of your subsidiaries or affiliates. All collection and receipt of funds or Investments and all payment and delivery of funds or Investments under this Agreement shall be made by you as the agent of the undersigned, at the risk of the undersigned. You will be liable to the undersigned only to the extent of actual damages suffered by the undersigned determined on the basis of the market value of the property which is the subject of the loss at the date of discovery of such loss, suffered or incurred as a result of gross negligence or willful misconduct on your part.

You will be responsible for only those duties stated in this Agreement or expressly contained in instructions to perform the services described herein given to you pursuant to the provisions of this Agreement and accepted by you and, without limiting the foregoing, you shall have no duty or responsibility:

- (a) to supervise the Investment of, or make recommendations with respect to the purchase, retention or sale of, any Investment relating to the Custody Account;
- (b) with regard to the Investment in the Custody Account as to which default in the payment of principal or interest has occurred, to give notice of default, make demand for payment or take any other action with respect to such default;
- (c) for any act or omission, or for the solvency or notice to the undersigned of the solvency, of any subcustodian, securities depository broker or agent selected by you (in the absence of gross negligence or willful misconduct by you in such selection) or by the undersigned or any other person to effect any transaction for the Custody Account;
- (d) to evaluate, or report to the undersigned regarding, the financial condition of any party to which you deliver Investments or payment pursuant to this Agreement; or
- (e) for any loss occasioned by delay in the actual receipt of notice by you or any payment, redemption or other transaction in respect to which you are authorized to take some action pursuant to this Agreement.

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If the undersigned is a trust and provides you with a copy of its trust Instrument, the undersigned understands and agrees that your review of such document is solely for the purpose of verifying the power of the trust to enter into and perform this Agreement and identifying the person(s) necessary to bind the trust, and that you assume no responsibility whatsoever for the proper administration of the trust.

**Conflicts of Interest.** The undersigned understands there is a potential conflict of interest between you and the undersigned in that you shall provide similar services to other clients and to your own accounts. Therefore, you or these other Accounts may compete for the same Investments. Further, the undersigned is aware that you and/or your clients may continually develop Investment strategies because of different financial positions or objectives, and such strategies could require Investments that are different from or opposite to those of the undersigned. However, in view of the fact that a large number of these Investments are available and in view of market liquidity, the undersigned accepts the effects of such activities.

**Responsible as Principal.** The undersigned will be responsible to you as principal for all obligations of the undersigned to you arising under or in connection with this Agreement, notwithstanding that the undersigned may be acting on behalf of other persons, and the undersigned warrants its authority to deposit in the Custody Account and Cash Account any Investments and funds which you or your agents receive therefor and to give instructions relative thereto. The undersigned further agrees that you shall not be subject to, nor shall your rights and obligations with respect to this Agreement and Custody Account be affected by any agreement between the undersigned and any such person, except as provided herein.

**Taxes.** You are authorized and directed to claim exemption from transfer taxes on all transfers and deliveries of Investments held for our Custody Account.

If the undersigned is not a United States person or entity, you are hereby advised that the proceed of any sale of a security to the issuer thereof in the context of a self-tender offer do not constitute dividends and you are hereby directed not to withhold taxes payable to the United States with respect to such proceeds. The undersigned hereby agrees to indemnify and hold you harmless from and against any and all damages, liabilities, costs, fees and expenses incurred by you as a result of not withholding such taxes.

You shall have no obligation to seek a refund of any taxes withheld against any dividend or interest paid on any Investment unless the undersigned provided you with all documents that you may reasonably require for that purpose.

**Fees, Indemnification.** The undersigned agrees to pay a monthly Custodial Fee. This monthly Fee shall equal One Fifth of One Percent (0.2%) of the combined average monthly balance(s) in the Custody Account(s) and the Cash Account(s) - (unless this combined balance is less than One Million USD (US\$1,000,000) in which case this monthly Fee shall equal One Third of One Percent (0.334%) of such balances). The undersigned also agrees to pay a Transaction Fee equal to One Half of One Percent (0.5%) of the Face Amount of any and all Investment(s) acquired/traded per tranche to provide for the cost of the activities envisioned in those Investment transactions. Notwithstanding these Fees, the undersigned agrees to pay you reasonable compensation for other services requested by the undersigned pursuant to this Agreement at the standard fee for such services of which you will notify the undersigned from time to time. The undersigned also agrees to hold you and your agents harmless from, and to indemnify and reimburse you and them for, all liability, loss and expense (including out-of-pocket and incidental expenses and legal fees) incurred by you or them in connection with the Custody Account or your acting under this Agreement, provided that you or they, as the case may be, have not acted with gross negligence or willful misconduct with respect to the events resulting in such liability, loss and expense.

**Termination.** This Agreement may be terminated at any time by either party effective upon receipt by the other party of written notice of such termination or upon such subsequent date specified in such written notice. Upon such termination, you

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will within a reasonable time return to the undersigned or to whom we direct any Investments or other property then held by you in the Custody Account.

**Notices.** Notices required hereunder shall be in writing, and delivered by mail, postage prepaid, to the following addresses (or to such other address as either party hereto may from time to time designate by notice duly given in accordance with this paragraph).

To the undersigned at: FIELD(IBCNAME), FIELD(IBCAddress).

To you, to the attention of Dr. Charles L. Brazie at: British Trade & Commerce Bank, EMENS BLDG., Dame Eugenia Charles Blvd., Bayfront, P. O. Box 2042, Roseau, Commonwealth of Dominica, W.I.

**Governing Law, Successors and Assigns.** This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Dominica without giving effect to that Commonwealth's principles of conflicts of laws and will be binding on our and your respective successors and assigns.

**Source and Use of Funds.** The undersigned warrants and attests: 1) that all assets deposited in this Custody Account or any other Accounts with you are good, clean, cleared, and legally obtained from non-criminal origins; and, 2) that neither these assets nor the profits or emissions derived from the activities envisioned hereunder have been, or will be, used for any criminal or illegal purpose, and not limited to but including any activities involving dealing with controlled substances, drugs, arms, munitions, or armaments.

**Liability and Ownership.** As used herein, the term "undersigned" shall be deemed to include all signatories hereto, if more than one, in such event, the obligations, liabilities, representations and warranties of the undersigned shall be joint and several. If the undersigned consists of more than one person, the undersigned warrants and represents that the cash in the Cash Account and the assets in the Custody Account are owned jointly with right of survivorship.

**Arbitration.** Any controversy between you and the undersigned arising out of or relating to this Agreement, including breach or alleged breach, hereof, shall be resolved by arbitration by a third party mutually agreed upon by the you and the undersigned. In the event you and the undersigned cannot agree upon such an arbitrator, the matter shall be arbitrated as fixed by the I.C.C. in accordance with the International Chamber of Commerce Rules of Conciliation and Arbitration (I.C.C. 447-2M, 1990 or latest revision in effect at the time of the controversy). The venue for such arbitration shall be the city of London and any such arbitration decision shall be final and binding on all parties and may be enforced in any Court of Law having jurisdiction thereto.

**Disclosure.** The undersigned understands that certain regulations may require that you disclose to the issuer of a security upon request the name and address of the undersigned and other positions with respect to securities held in the Custody Account, unless the undersigned objects to such disclosure and notifies you accordingly.

**Prior Proposals.** This Agreement contains the complete agreement of the parties hereto with respect to the Custody Account (except as may be expressly provided to the contrary herein) and supersedes and replaces any previously made proposals, representations, warranties or agreements with respect thereto by either or both of the parties hereto, except that this Agreement does not modify any interest or rights in the assets in the Custody Account which was otherwise granted to you and does not supersede or replace any item that you may have provided to the undersigned describing your services with respect to securities with tender options. This Agreement shall become effective upon execution hereof by the undersigned and acceptance by you.

**Separability.** Any provisions of this Agreement which may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such, be ineffective to the extent of such prohibition or unenforceability without

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invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

**Accounts.** From time to time an Authorized Person may hereafter instruct you to open more than one Custody Account for the undersigned. Unless the undersigned and you otherwise agree, this Agreement will govern such accounts, in addition to the Custody Accounts which you are opening or currently maintain for the undersigned to which it is applicable.

**Special Terms.** The following additional terms and provisions, if any, are included in and constitute a part of this Agreement:

Notwithstanding any of the above, the SPECIFIC TRANSACTION INSTRUCTIONS, if any, executed by Holder and BTCB and attached hereto and constitute a part hereof for all intents and purposes.

EXECUTED AND SUBMITTED ON THIS FIELD(DAY) DAY OF FIELD(MONTH), FIELD(Year).

FOR AND ON BEHALF OF FIELD(BCNAME)  
BY ITS DIRECTOR-DESIGNEE, INTERNATIONAL  
CORPORATE SERVICES LTD., BY:

\_\_\_\_\_  
FIELD(BCSIGNATORY)  
FIELD(BCSIGTITLE)

ACKNOWLEDGED AND ACCEPTED FOR  
AND ON BEHALF OF BRITISH TRADE &  
COMMERCE BANK BY:

\_\_\_\_\_  
CHARLES L. BRAZIE, Ph.D.  
VICE PRESIDENT - MANAGED ACCOUNTS

THIS IS EXHIBIT "J" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN BEFORE ME, AT THE CITY OF MIAMI,  
IN THE STATE OF FLORIDA, THIS 7TH DAY OF  
SEPTEMBER 2000

Commissioner for Taking Affidavits

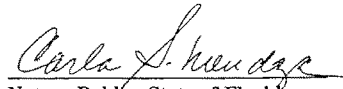


THIS IS EXHIBIT "J" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN TO, ACKNOWLEDGED AND SUBSCRIBED

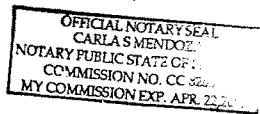
before me this 7th day of September, 2000, by

Dr. Rodolfo Requena, who is personally known to me  
or has produced *FL DRIVERS LICENSE*  
as identification, and who did take an oath.

My Commission Expires:

  
Notary Public, State of Florida

Print Name: *CARLA S. MENDONZA*



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Sent By: BRITISH TRADE AND COMMERCE BANK; 1 767 448 6477; Jun-1-00 5:02PM; Page 14/16

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EXHIBIT "B"

**SPECIFIC TRANSACTION INSTRUCTIONS**

TO: BRITISH TRADE & COMMERCE BANK

As the Holder of Account Number: FIELD(IBCAC#), we hereby advise you that, with respect to the transaction identified with the codes set forth hereinabove, we will participate in International Cash Management Scenario(s) (involving Instruments from Top-rated World Banks) that you will designate, under internationally accepted Format and Procedures (I.C.C. 500/600).

Therefore, we request that you:

- A) Incorporate these Instructions into our Managed Account Custody Agreement with you for these transactions.
- B) Receive, accept, transmit and acknowledge all communications and documents relating to these transactions, including:
  1. Deposits of funds into our Account (in exchange for your CD in our name, which CD shall bear interest at the rate of Six Percent (6.0%) per annum, payable in arrears, and the term of such CD shall be for One (1) year) as our Account Principal and the instructions herein concerning the use and/or disbursement of said Principal.
  2. Deposits of additional funds into this account. The original deposits plus any additional qualified deposits shall be deemed as the Account Principal.
  3. Causing the placement of such Account Principal into International Cash Management Scenario(s) within established Banks that will provide reasonable yield to us so that we may fund worthwhile international development projects. Such placement shall be in the form of "Blocked Funds" in an account in either our name and control or under BTCB's control, or shall be guaranteed by a major Bank Guarantee in face amount in excess of such placed Account Principal. From time to time when substantially higher yields can be obtained, such Account Principal can be combined with other of your Client Accounts for placement of such combined funds. In those cases similar measures shall apply to protect our Account Principal. Therefore, in all cases the Account Principal shall be protected on a "non-depletion" basis.
  4. In the event that a Major Bank Guarantee Instrument is received, such Instrument shall be exchanged for said CD and that CD shall be deemed paid in full and shall be cancelled. Otherwise, when the cumulative disbursements to Client hereunder shall reach the amount of the Account Principal for which said CD has been issued, such CD shall be returned to BTCB and deemed paid in full and shall be cancelled.
  5. Distributing the proceeds received from such placement(s) as instructed in the Residual Distribution Instructions (ATTACHMENT "A," hereto).

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Client \_\_\_\_\_

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- C) Acknowledge the receipt of such communications or documents to such organizations or institutions as we shall designate in the normal course of the above described transactions.
- D) Establish or coordinate the time, place, date, and manner of settlements.
- E) Disburse funds in accordance with provided instructions, orders or directives.
- F) Notify us, promptly, of the receipt and content of all such communications, documents and other relevant information, including time and place of settlement.
- G) Treat all such communications, documents and any information relating to the said transactions in strict confidence.

We further request that you recognize and acknowledge that disclosures, introductions, procedures, and other relevant information provided in the course of the completion of the transaction(s) contemplated are to be treated as confidential, and that you will not disclose, negotiate, contract or in any other manner deal with such without our expressed written approval.

Any changes to the foregoing instructions and directives must be signed by all signatories hereinbelow.

We agree to indemnify and hold the bank harmless against any and all claims, demand, actions, damages, costs and expenses, including court costs, attorney's fees and disbursements arising from or connected with the foregoing requests, excepting, however, any such as may arise through or be caused by fraudulent or willful misconduct or gross negligence on the part of the bank.

Please acknowledge your agreement to observe and perform the foregoing instructions and directives.

Yours faithfully,

\_\_\_\_\_  
FIELD(BCRep)  
FIELD(BCRepTitle)

**ACKNOWLEDGMENT AND ACCEPTANCE**

The undersigned bank officers, for and on behalf of British Trade & Commerce Bank, acknowledge and accept the foregoing instructions and directives, and with full corporate and banking responsibility and authority agree that the bank will endeavor to observe these instructions and directives.

Date: FIELD(Month) FIELD(Day#), FIELD(Year)

\_\_\_\_\_  
Charles L. Brazie, Ph.D.  
Vice President - Managed Accounts

\_\_\_\_\_  
FIELD(BTCBOff2)  
FIELD(Off2Title)

THIS IS EXHIBIT "K" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN BEFORE ME, AT THE CITY OF MIAMI,  
IN THE STATE OF FLORIDA, THIS 7TH DAY OF  
SEPTEMBER 2000

Commissioner for Taking Affidavits



THIS IS EXHIBIT "K" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN TO, ACKNOWLEDGED AND SUBSCRIBED

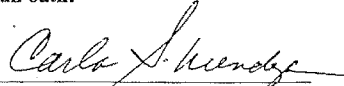
before me this 7th day of September, 2000, by

Dr. Rodolfo Requena, who is personally known to me

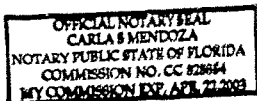
or has produced *Fl. Drivers License*

as identification, and who did take an oath.

My Commission Expires:

  
Notary Public, State of Florida

Print Name: *CARLA S. MENDOZA*





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Sent By: BRITISH TRADE AND COMMERCE BANK; 1 787 448 6477; Jun-1-00 5:03PM; Page 16/16

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ATTACHMENT "A"

RESIDUAL DISTRIBUTION INSTRUCTIONS

The funds deposited in this account shall be utilized/disbursed as provided hereinafter.

1. The Principal shall be retained for a period of one year from the initial deposit and used solely as provided in the SPECIFIC TRANSACTION INSTRUCTIONS in EXHIBIT "B" to which this attachment is appended.
2. The additional amounts resulting from participation in the International Cash Management Scenario(s) as provided therein less all applicable Custodial and Transaction Fees and costs are defined as the Residual Amounts and shall be disbursed as follows:

A. For each cycle for which such additional amounts are received, you shall distribute an amount equal to FIELD(IBCPercent) Percent (FIELD(IBC#%)%) of the Account Principal to your Bank and retain an equal amount to our account. Of the remaining residual amounts, Fifty Percent (50%), less any interest payments made under the CD, shall either be re-invested according to the schedule provided by us or shall be disbursed to the Business Trust we shall designate along with the Distribution Instructions we shall provide.

B. All remaining residual amounts, in excess of the Principal and after deducting the amounts hereinabove, shall be disbursed to the following account coordinates in your bank:

A/C # : 101-011214-3  
A/C Name : CARIBAREA TRUST ACCOUNT  
Bank Officer : Charles L. Brazie, Ph.D.

FOR AND ON BEHALF OF FIELD(IBCNAME)  
BY ITS DIRECTOR-DESIGNEE, INTERNATIONAL  
CORPORATE SERVICES LTD. BY:

\_\_\_\_\_  
FIELD(IBCSIGNATORY)  
FIELD(IBCSIGTITLE)

FOR AND ON BEHALF OF BRITISH  
TRADE & COMMERCE BANK BY:

\_\_\_\_\_  
CHARLES L. BRAZIE, Ph.D.  
VICE PRESIDENT

THIS IS EXHIBIT "L" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN BEFORE ME, AT THE CITY OF MIAMI,  
IN THE STATE OF FLORIDA, THIS 7TH DAY OF  
SEPTEMBER 2000

Commissioner for Taking Affidavits



THIS IS EXHIBIT "L" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN TO, ACKNOWLEDGED AND SUBSCRIBED

before me this 7th day of September, 2000, by

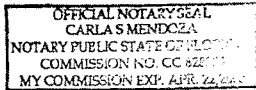
Dr. Rodolfo Requena, who is personally known to me

or has produced *Fl. Drivers License*  
as identification, and who did take an oath.

My Commission Expires:

*Carla S. Mendoza*  
Notary Public, State of Florida

Print Name: *CARLA S. MENDOZA*



2445

Sent By: BRITISH TRADE AND COMMERCE BANK; 1 767 448 6477; Jun-2-00 8:05PM; Page 9

From: CHARLES L BRAZIE To: PAUL ZHERNAKOV

Date: 1/18/98 Time: 12:17:56

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**COOPERATIVE VENTURE AGREEMENT NO. 030301**

Transaction Code: GREEN-1

THIS AGREEMENT is entered into this nineteenth day of January, 1998, by and between: Free Trade Bureau S.A., having principle offices at the EMENS Building, Dame Eugenia Charles Boulevard, Bayfront, Roseau, Commonwealth of Dominica, W.I.

Attention: Paul B. Zhermakov via Canadian Representative Office  
Telephone: (905) 353-9290 Facsimile: (905) 353-9290

(hereinafter "Client" shall mean Free Trade Bureau S.A., its attorneys, affiliated companies, or designees/nominees).

AND

BRITISH TRADE & COMMERCE BANK, having principle offices at the EMENS Building, Dame Eugenia Charles Boulevard, Bayfront, Roseau, Commonwealth of Dominica, W.I.

Attention: Dr. Charles L. Brazie, Vice President - Managed Accounts  
Telephone: (767) 448-6410 Facsimile: (767) 448-6477

(hereinafter "BTCB" shall mean British Trade & Commerce Bank, its attorneys, or affiliated companies, and "Parties" herein shall mean Client and BTCB).

**WITNESSETH THAT:**

WHEREAS, BTCB is a bank chartered and operating under the laws of the Commonwealth of Dominica and fully empowered to provide the accounts and conduct the activities envisioned herein; and

WHEREAS, BTCB has the legal capacity and authority to cause assets to be entered into certain established International Cash Management Scenarios involving Medium Term Notes ("MTN's") issued by Top Twenty-five (25) Asset-rated Western European Banks; and

WHEREAS, BTCB has correspondent relationships with major world banks; has agreed to enter into an Managed Account Custody Agreement with Client and has opened an Account in the name of Client for the transactions envisioned hereinunder; and has the ability to effect participation in such Scenarios, with attractive yields emitting from such Scenarios; and

WHEREAS, Client is an International Business Company that is organized and operated under the laws of the Commonwealth of Dominica; and

WHEREAS, Client has deposited ten (10) Government of Grenada Guarantees ("Guarantees") each of face value equal to Ten Million U.S.D. (US\$10,000,000) into its such Account so they may be placed for purposes of participating in such Scenarios, and warrants that each and every such Guarantee is clean, clear and legally obtained and of non-criminal origin; and

WHEREAS, BTCB and Client have determined to enter into a cooperative venture relationship in order to participate in such Scenarios in full accord with all applicable rules and regulations (including I.C.C. Publication 500/600); and

WHEREAS, BTCB, and Client intend to finance projects or to place appropriate funds into approved project funding sources from the profits arising from this AGREEMENT; and



Sent By: BRITISH TRADE AND COMMERCE BANK; 1 767 448 6477; Jun-2-00 8:05PM; Page 10/24  
 From: CHARLES BRAZIE To: PAUL SERNAKOV Date: 11/05/00 Time: 12:17:58 Page 2 of 15

C.V. Agreement # : 030301  
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WHEREAS, BTCB and Client, by entering into this AGREEMENT, do not intend to create a taxable partnership/corporation/entity, but rather intend to create a vehicle of cooperative enterprise in which the Parties have agreed to participate; and

WHEREAS, BTCB and Client, mutually desire to transact business with one another for the period specified in this AGREEMENT but not to exceed one (1) year; and

WHEREAS, this AGREEMENT, when signed, shall constitute that BTCB and Client, each, are fully responsible, ready, and able to fulfill their respective obligations and responsibilities hereunder.

NOW THEREFORE, in consideration of the foregoing, and the various covenants and undertaking herein, and for other good and valuable considerations, the value and the adequacy of which is acknowledged by each of the parties hereto upon execution of this AGREEMENT, BTCB and Client agree as set forth hereinbelow.

#### 1. PURPOSE

- 1.1 The primary purpose of the Parties is to cause the funding of certain projects and programs with the net proceeds derived from participating in certain established International Cash Management Scenarios through financial mechanisms advantageous to the Parties and which comply with the rules and regulations from various jurisdictions and authorities that apply to project financing. Significant proceeds from participating in such Scenarios, net of normal costs (scenario participation costs, service fees, Custodial and Transaction Fees and costs), shall be deposited into development trust/project funding accounts which shall be used to cause the funding of worthwhile projects and programs.
- 1.2 Notwithstanding the foregoing, each of the Parties shall be paid Three (3.0) points from the proceeds of such Scenarios, as fees for services rendered. [Three (3.0) points are defined herein as Three Percent (3.0%) of the Account Principal placed into such Scenarios.] These funds shall be owned exclusively by the paid party and the other party hereby waives any and all claim to such paid funds.
- 1.3 The remaining proceeds from participation in the Scenarios, as defined herein, shall be divided into two (2) parts upon receipt of such proceeds. One (1) of these parts, which equals Fifty Percent (50%) of such remaining proceeds, shall be placed into Trust Accounts designated by BTCB and shall be used to fund projects/programs solely at the discretion of that Trust.
- 1.4 The remaining One (1) part, which equals Fifty Percent (50%) of such remaining proceeds, shall be placed into a Project Funding Account(s) that shall fund qualified projects solely under the approval of Client. The subject of this paragraph and that immediately preceding shall not be subject to any litigation or arbitration.

#### 2. TRANSACTION SCENARIO

- 2.1 Client has established a Custody Transaction Account at BTCB for these Transactions, under the "Managed Account Custody Agreement" as set forth in EXHIBIT "A" attached hereto and made a part hereof.

BTCB 

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Client 

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- 2.2 Client has placed said Guarantees into such Account in the combined face value of One Hundred Million United States Dollars (US\$100,000,000). BTCB shall authenticate said Guarantees under standard bank-to-bank procedures and shall issue its "Safekeeping Receipt" for said Guarantees, after such authentication.
- 2.3 BTCB shall endeavor to place said Guarantees so as to cause said Guarantees to be accepted directly into such Scenarios with an acceptable valuation so assigned to said Guarantees; or to cause funds to be made available against said Guarantees and such funds to be placed into such Scenarios, whichever is more advantageous.
- 2.4 Pending such placement by BTCB, should either party identify a buyer for such Guarantees and such buyer can purchase said Guarantees under acceptable procedures and at a price acceptable to Client, then the proceeds from such buyer's purchase of said Guarantees shall be placed into such Account. The amount of such proceeds or the valuation assigned to said Guarantees under 2.3 hereinabove shall be deemed the Account Principal.
- 2.5 BTCB shall place such Account Principal into such Scenarios and such participation shall be confirmed to the satisfaction of both Parties. The activities to accomplish the intent of the paragraphs hereinabove are contained in the "Specific Transaction Instructions" set forth in EXHIBIT "B" attached hereto and made a part hereof.
- 2.6 The period of the AGREEMENT is for one (1) year, subject to BTCB's ability to place said assets in such Scenarios. If the ongoing distribution of proceeds, as defined hereunder, does not occur within thirty-eight (38) days of the initial placement of assets into such Scenarios or within eight (8) days of each subsequent month of participation in such Scenarios, Client may terminate this AGREEMENT without prejudice to itself and all such Principal assets and any such Client's proceeds, without set-off, reduction, or deduction of any kind whatsoever, shall be distributed, immediately, to bank coordinates that will be provided by Client.
- 2.7 The proceeds from participating in such Scenarios for any given month shall be disbursed, as provided hereinabove, at the beginning of the next subsequent month.

### 3. DISPUTES

- 3.1 In the event of any dispute concerning any aspect of this AGREEMENT, including breach or alleged breach, hereof, the Parties agree to have the matter arbitrated by a third party mutually agreed upon by the Parties. If the Parties cannot agree upon the arbitrator, the Parties agree to have the dispute arbitrated as fixed by the I.C.C. in accordance with the International Chamber of Commerce Rules of Conciliation and Arbitration (I.C.C. 447-2M, 1990 or latest revision in effect at the time of the dispute). The venue for such arbitration shall be the city of London and any such arbitration decision shall be final and binding on the Parties and may be enforced in any Court of Law having jurisdiction thereto.

BTCB 

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Client 

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 From: CHARLES L BRAZIE TO PAUCZERNAROV Date: 1/16/00 Time: 12:17:58

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#### 4. CONFIDENTIALITY

- 4.1 The Parties agree that any and all information disclosed, or to be disclosed, by any other party hereto, or by legal counsel or other associate, and that any and all documents and procedures transmitted to each other for and in execution of this AGREEMENT are privileged and confidential and are to be accorded the highest secrecy. Accordingly, the I.C.C. rules and regulations pertaining to Non-Disclosure and Non-Circumvention shall be included herewith by reference hereto. Moreover, the Parties specifically:
- A) Acknowledge and undertake for themselves, their legal counsel, employees, associates, officers, directors, trustees, bankers and/or representatives to treat any and all such information as privileged and confidential and not to disclose to any third party, directly or indirectly, or to use any such information for any purpose other than for accomplishment of the objectives of the business undertaken herein without the express, written prior consent of the party supplying that such information.
  - B) Acknowledge that any unauthorized dealing or disclosures or uses of any such information obtained for and in execution of the present AGREEMENT shall constitute a breach of confidence and shall form the basis of an action for damages by the injured party with a view to compensate the injured party to the extent any financial reward might have accrued but for the unauthorized dealing, misuse of information, or breach of confidence and contract.

#### 5. GENERAL TERMS

- 5.1 Each party, individually and separately, accepts liability for its own taxes, imposts, levies, duties, or other charges that may be applicable in the execution of its respective roles.
- 5.2 Each party recognizes the unique services rendered by their representatives and agree that each shall be responsible for the commissions and fees to which it has agreed in writing, and, that the party that has incurred any obligations shall indemnify and hold harmless the other party against any claim, demand, and/or expense, however arising.
- 5.3 This AGREEMENT is a full recourse, private, non-public agreement executed under the laws of the Commonwealth of Dominica, which be the jurisdiction governing the construction, interpretation, execution, validity, enforceability, performance, or any other matter in respect to this AGREEMENT, including breach or claim thereof.
- 5.4 Both parties acknowledge that they had adequate time and opportunity to consult with counsel of their choosing prior to execution hereof; that each fully understands the facts and has been fully informed as to any rights and obligations in connection therewith; and, that, having this knowledge or lack of knowledge by voluntary choice, each has executed this AGREEMENT freely and without reservation.
- 5.5 The Parties acknowledge and accept that the I.C.C. rules and regulations pertaining to Force Majeure shall be included herewith by reference hereto.
- 5.6 The AGREEMENT cannot be assigned, transferred or conveyed by either party without the expressed, written, prior consent of the other party.

BTCB 

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From CHARLES BRAZIL TO PAUL ZIMMERMAN Date: 01/06/00 Time: 12:25:28 Page 6 of 15

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- 5.7 No un-authorized communications by either party with any bank outside of these procedures is allowed without the prior written consent of the other party. Failure to observe this consideration will immediately cause this AGREEMENT to be deemed to have been breached.
- 5.8 Each party shall be solely responsible for its own, unique institutional costs, except as otherwise provided hereinabove.
6. **COMPLETE AGREEMENT AND CONFORMING DOCUMENTS**
- 6.1 This AGREEMENT reflects the complete understanding of the Parties on the matters hereto.
- 6.2 A facsimile copy of a fully executed original of this document will be deemed an original, binding and enforceable document until otherwise agreed to by the Parties.
- 6.3 This AGREEMENT shall remain in full force and effect until completion of the transactions envisioned hereinabove and shall be binding upon BTCB and Client and their heirs, successors and assigns, agents, principles, and all other parties associated with or involved in the transactions.
- 6.4 This AGREEMENT may consist of one or more counterparts, all of which upon execution shall constitute one and the same AGREEMENT. The Parties acknowledge that a hard copy of this AGREEMENT may be signed by each respective party at different places and different times. Both Parties have the right to require courier delivery of the original AGREEMENT.
- 6.5 Each addendum, change, or modification to this AGREEMENT must be made in writing and approved and executed by the Parties as a condition precedent to the implementation and effect of such addendum, change, or modification.
- 6.6 If any of the provisions of this AGREEMENT are, or become, invalid by virtue of applicable law(s) or fail enforceability, then this AGREEMENT shall remain in full force. The invalid and/or unenforceable provision(s) shall be replaced by provisions mutually agreed between the Parties within the spirit and intent of the original provision.
- 6.7 The Parties hereby confirm that each is fully empowered, legally qualified, and duly authorized to execute and deliver this AGREEMENT and to be bound by its terms and conditions. All statements and representations under this AGREEMENT are made with full legal and corporate responsibility.

BTCB 

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PAUL ZHERNAKOV Date: 1/19/98 Time: 12:58:10 Page 6 of 15

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IN WITNESS WHEREOF, the Parties declare herein that they have signed hereinbelow in full and bonafides, thereby entering into this contractual commitment as defined and provided under the terms, conditions, and provisions of this AGREEMENT on the dates last written herein below.

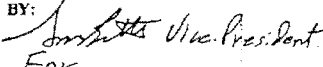
DATE: January 19, 1998

DATE: January 20, 1998

FOR AND ON BEHALF OF  
FREE TRADE BUREAU S.A.  
BY:

  
PAUL A. ZHERNAKOV  
PRESIDENT

FOR AND ON BEHALF OF  
BRITISH TRADE & COMMERCE BANK  
BY:

  
For  
CHARLES L. BRAZIE, Ph.D.  
VICE PRESIDENT



C.V. Agreement # : 030391  
 Transaction Code : GREEN-1

EXHIBIT "A"

**MANAGED ACCOUNT CUSTODY AGREEMENT**

To: British Trade & Commerce Bank  
 EMENS Bldg. Dame Eugenia Charles Blvd., Bayfront  
 Roseau, Commonwealth of Dominica, W.I.

Gentlemen:

The undersigned hereby requests you to open and maintain a Custody Account in the name of the undersigned and to receive and hold therein as custodian, upon the following terms and conditions, cash and Investments (hereinafter defined).

- Transactions.** Subject to the provisions of this Agreement, you are authorized:
- (a) To receive all interest and dividends payable on Investments and to credit such interest and dividends to the account or accounts of the undersigned with you as are designated by an Authorized Person (hereinafter referred to as the "Cash Account");
  - (b) To credit all proceeds received from sales and redemptions of Investments to the Cash Account;
  - (c) To debit the Cash Account for the cost of acquiring Investments for the Custody Account;
  - (d) To present obligations (including coupons) for payment upon maturity, when called for redemption and when income payments are due;
  - (e) To exchange securities for other securities where the exchange is purely material;
  - (f) To sell fractional interests resulting from a stock split or dividend;
  - (g) To convert any currency received with respect to Investments in the Custody Account into another currency whenever it is practical or necessary to do so through customary banking channels. You shall incur no liability on account of any loss suffered or expense incurred as a result of such conversion, including without limitation losses arising from fluctuations in exchange rates affecting any such conversion;
  - (h) On instructions of an Authorized Person or as otherwise provided hereinafter, to purchase and sell Investments for the account of the undersigned;
  - (i) To execute in the name of the undersigned, whenever you deem it appropriate, such ownership and other certificates as may be required to obtain payments with respect to, or to effect the sale, transfer or other disposition of Investments; and
  - (j) To enter into spot or forward transactions for the purchase and/or sale of currencies for the account of the undersigned in connection with or in anticipation of the purchase or sale of securities.

"Investments" means securities of every type and description in any currency including but not limited to stocks, warrants, puts, calls, forwards, futures, options on futures, bonds, debentures, notes, unit trusts, precious metals and other commodities, bank deposits, mortgages and other obligations, and any documents of title, certificates, receipts, and other instruments evidencing ownership, or representing rights to receive, purchase or subscribe to, any of the foregoing, or evidencing or representing any other rights or interests therein.

**Instructions.** You are authorized to accept and rely upon all written instructions which you believe in good faith are given by an Authorized Person. "Authorized Person" means the undersigned or other person or entity designated in a statement signed by the undersigned or (if the undersigned is a corporation) one or more officers, employees or agents of the undersigned authorized by a corporate resolution of the board of directors of the undersigned, delivered to you or described as authorized in a certificate of the Secretary, Assistant Secretary, or Managing Director of the undersigned.

You may also rely on instructions when bearing or purporting to bear the facsimile signature of any Authorized Person. In addition, you may rely on instructions received by telephone, telex, TWX, facsimile transmission, bank wire or other teleprocess acceptable to you which you believe in good faith to have been given by an Authorized Person or which are transmitted with proper testing or authentication pursuant to terms and conditions which you may specify. You may also rely on instructions transmitted electronically through a client data entry system or any similar instruction system acceptable to you. You shall incur no liability to the undersigned or otherwise as a result of any act or omission by you in accordance with instructions on which you are authorized to rely pursuant to the provisions of this paragraph unless your reliance is the result of your gross negligence or willful misconduct. You will incur no liability for the failure of any written confirmation to conform

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to the telephone instructions which you received or your failure to produce such confirmation at any subsequent time. Unless otherwise expressly provided, all authorizations and instructions shall continue in full force and effect until cancelled or superseded by subsequent authorizations or instructions received by your safekeeping account administrator.

The undersigned agrees that if you require test arrangements, authentication methods or other security devices to be used with respect to instructions which an Authorized Person may give, the undersigned shall safeguard any testkeys, identifier, codes or other security devices which you make available to any Authorized Person and agrees that the undersigned shall be responsible for any loss, liability or damage incurred by you or by the undersigned as a result of your acting in accordance with instructions from any unauthorized person using the proper security device. You may electronically record any instructions given by telephone, and any other telephone discussions with respect to the Custody Account or transactions pursuant to this Agreement.

**Registration.** Unless you receive contrary instructions from an Authorized Person, you are authorized to keep securities in your own vaults registered in the name of your nominee or nominees or where securities are eligible for deposit in a securities depository, including without limitation The Depository Trust Company or the Federal Reserve Bank of New York, you may utilize any of the services of any such depository and permit the registration of registered securities in the name of its nominee or nominees, and the undersigned agrees to hold you and the nominees harmless from any liability as holders of record. The undersigned will accept the return or delivery of securities of the same class and denomination as those deposited with you by the undersigned or otherwise received by you for the Custody Account, and you need not retain the particular certificates so deposited or received.

If any securities registered in the name of your nominee or held in a securities depository and registered in the name of the depository's nominee are called for partial redemption by the issuer of such securities, you are authorized to allot the called portion to the respective beneficial holders of the securities in any manner deemed to be fair and equitable by you in your sole discretion.

**Statements.** You will supply to the undersigned from time to time as mutually agreed upon a statement in respect to the investments held by you or by a subcustodian and an advice or notification of any transfers of investments to or from the Custody Account, indicating, as to investments acquired for the undersigned, the identity of the entities having physical possession of such investments. In the absence of the filing in writing with you by the undersigned of exceptions or objections to any such statement within sixty (60) days, the undersigned shall be deemed to have approved such statement, and you shall be released, relieved and discharged with respect to all matters and things set forth therein.

**Proxies, Redemptions and Securities Rights.** You will send to the undersigned such proxies (signed in blank, if issued in the name of your nominee or a nominee of a securities depository) and communications with respect to securities in the Custody Account as call for voting or relate to legal proceedings within a reasonable time after sufficient copies are received by you for forwarding to customers. In addition, you shall follow coupon payments, redemptions, exchanges or similar matters with respect to securities in the Custody Account and advise the undersigned of rights issued, tendered offers or other discretionary rights with respect to such securities, in each case, of which you receive notice from the issuer of the securities or as to which notice is published in publications routinely utilized by you for this purpose, subject to any terms and conditions as you may put into effect from time to time.

**Investments and Funds Held Abroad.** Investments in the Custody Account shall be held in such country or other jurisdiction as shall be specified from time to time in instructions from an Authorized Person which are acceptable to you, provided that such country or other jurisdiction shall be one in which a principal trading market for such investments is located or in which such investments are to be acquired, sold, transferred or presented for payment. Funds shall be credited to an account in such country and in the country or other jurisdiction as shall be specified from time to time in instructions from an Authorized Person which are acceptable to you, provided that such country or other jurisdiction shall be one in which such cash is a legal currency for the payment of public or private debts.

The undersigned authorizes you to hold cash and investments for the Custody Account in accounts which have been established by you with one of your branches or with one or more subcustodians. "Subcustodian" means a branch of another U.S. bank, a foreign bank acting as custodian or a foreign securities depository in which you participate. You shall select in your sole discretion the branch or subcustodian in the custody of which any investment may be maintained or with which any

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Client 

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funds may be deposited. Any entity so selected is authorized to hold such funds and Investments in its account with any foreign securities depository in which it participates.

You shall not be liable for any loss resulting from the maintenance of any Investments in a foreign country, including, but not limited to, losses resulting from nationalization, expropriation, currency restrictions, acts of war or terrorism, insurrection, revolution, or acts of God.

**Overdrafts.** The amount by which any payment made by you on behalf of the undersigned pursuant to this Agreement exceeds the available funds in the currency in the Cash Account shall be deemed a loan from you to the undersigned. Such loan shall be payable on demand and, in your discretion, shall bear interest at the rate customarily charge by you or your subsidiaries on similar loans. In no event shall you have any duty to make any payment if such payment will exceed the funds available in the Cash Account.

**Reimbursement.** If you choose to credit the Cash Account or the Custody Account on the payable date for interest, dividends or redemptions, the undersigned will return to you such amount or property credited promptly upon your oral or written notification that you have been unable to collect such amount or property in the ordinary course of transactions for the account of the undersigned. You shall have no duty to institute legal proceedings, file a claim or proof of claim in any insolvency proceeding or take any action beyond your ordinary collection procedures to collect such amounts or property.

**Crediting and Debiting Procedures.** With respect to any Investment held in or to be acquired for the Custody Account you may, in your discretion, cause the Cash Account to be credited on the contractual settlement date with the proceeds of any sale or exchange of any Investment from the Custody Account and to be debited on the contractual settlement date for the cost of any Investment purchased or acquired for the Custody Account. If a transaction with respect to which a credit or debit has been made fails to settle, you may reverse such credit or debit upon instructions of an Authorized Person. Alternatively, while you assume an affirmative duty to act in the absence of such instructions, you may reverse any such credit or debit if a transaction fails to settle within a period of time after the contractual settlement date which you in your sole discretion consider reasonable in the light of market conditions. If any Investments delivered pursuant hereto are returned by the recipient thereof, you may cause any such credits or debits to be reversed at any time. With respect to any transactions as to which you do not determine so to credit or debit the Cash Account, the proceeds from the sale or exchange of Investments will be credited and the cost of such Investments purchased or acquired will be debited to the Cash Account on the date such proceeds or investment are received by you.

Notwithstanding the preceding paragraph, settlement and payment for any Investment received for, and delivery of any Investment out of, the Custody Account may be effected in accordance with the customary or established trading or processing practices and procedures for such Investment in the jurisdiction or market in which the transaction occurs, including, without limitation, delivering such Investment to the purchaser thereof or dealer therefor (or to an agent for such purchaser or dealer) against a receipt with the expectation of receiving later payment for such Investment from such purchaser or dealer (or agent therefor).

With respect to all transactions for the Custody Account, including, without limitation, dividend and interest payments and sales and redemptions of any Investment, availability of funds credited to the Cash Account will be based on the type of funds used in the transaction or payment, including, but not limited to, same day availability for Federal or same day funds and next business day availability for clearing house or next day funds.

**Security and Set-Off.** As security for my performance of my obligations under this Agreement, I grant a security interest in and pledge, transfer, and assign to you my right, title and interest in and to all cash, Investments and other assets held by you or by any of your subsidiaries, affiliates or subcustodians (the "Collateral"). In addition, and without limiting the foregoing, I agree that you may set-off any and all of my obligations to you against any and all deposits of mine, whether general or special, with you or any of your subsidiaries, affiliates or subcustodians, wherever located and whether or not denominated in the same or different currencies. In the event that a debited deposit is maintained in a currency other than the currency of my obligation to you, such debit shall be made in the amount which, when converted to the currency of my obligation at your rate for purchasing such currency on the date of such debit, shall yield the amount then due and payable to you hereunder.

BTCB 

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Client 

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 From: CHARLES BRAZIE To: PAUL ZHERNAKOV Date: 02/06/2000 Time: 12:58:10 Page 10 of 15

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**Custodian Responsibility.** You will use the same care with respect to the performance of your duties under this Agreement as you use in respect to your own property similar to that held hereunder, but you need not maintain any insurance for the benefit of the undersigned. Except as may be provided otherwise herein, you are authorized to execute instructions given by or on behalf of the undersigned and take other actions pursuant to this Agreement in accordance with your customary processing practices for customers similar to the undersigned and, in accordance with such practices, you may retain agents, including subsidiaries or affiliates of yours, to perform certain of such functions, notwithstanding that such retention may result in a gain or profit to you or to any of your subsidiaries or affiliates. All collection and receipt of funds or investments and all payment and delivery of funds or investments under this Agreement shall be made by you as the agent of the undersigned, at the risk of the undersigned. You will be liable to the undersigned only to the extent of actual damages suffered by the undersigned determined on the basis of the market value of the property which is the subject of the loss at the date of discovery of such loss, suffered or incurred as a result of gross negligence or willful misconduct on your part.

You will be responsible for only those duties stated in this Agreement or expressly contained in instructions to perform the services described herein given to you pursuant to the provisions of this Agreement and accepted by you and, without limiting the foregoing, you shall have no duty or responsibility:

- (a) to supervise the investment of, or make recommendations with respect to the purchase, retention or sale of, any investment relating to the Custody Account;
- (b) with regard to the investment in the Custody Account as to which default in the payment of principal or interest has occurred, to give notice of default, make demand for payment or take any other action with respect to such default;
- (c) for any act or omission, or for the solvency or notice to the undersigned of the solvency, of any subcustodian, securities depository broker or agent selected by you (in the absence of gross negligence or willful misconduct by you in such selection) or by the undersigned or any other person to effect any transaction for the Custody Account;
- (d) to evaluate, or report to the undersigned regarding, the financial condition of any party to which you deliver investments or payment pursuant to this Agreement; or
- (e) for any loss occasioned by delay in the actual receipt of notice by you or any payment, redemption or other transaction in respect to which you are authorized to take some action pursuant to this Agreement.

If the undersigned is a trust and provides you with a copy of its trust instrument, the undersigned understands and agrees that your review of such document is solely for the purpose of verifying the power of the trust to enter into and perform this Agreement and identifying the person(s) necessary to bind the trust, and that you assume no responsibility whatsoever for the proper administration of the trust.

**Conflicts of Interest.** The undersigned understands there is a potential conflict of interest between you and the undersigned in that you shall provide similar services to other clients and to your own accounts. Therefore, you or these other Accounts may compete for the same investments. Further, the undersigned is aware that you and/or your clients may continually develop investment strategies because of different financial positions or objectives, and such strategies could require investments that are different from or opposite to those of the undersigned. However, in view of the fact that a large number of these investments are available and in view of market liquidity, the undersigned accepts the effects of such activities.

**Responsible as Principal.** The undersigned will be responsible to you as principal for all obligations of the undersigned to you arising under or in connection with this Agreement, notwithstanding that the undersigned may be acting on behalf of other persons, and the undersigned warrants its authority to deposit in the Custody Account and Cash Account any investments and funds which you or your agents receive therefor and to give instructions relative thereto. The undersigned further agrees that you shall not be subject to, nor shall your rights and obligations with respect to this Agreement and Custody Account be affected by any agreement between the undersigned and any such person, except as provided herein.

**Taxes.** You are authorized and directed to claim exemption from transfer taxes on all transfers and deliveries of investments held for our Custody Account.

If the undersigned is not a United States person or entity, you are hereby advised that the proceeds of any sale of a security to the issuer thereof in the context of a self-tender offer do not constitute dividends and you are hereby directed not to withhold taxes payable to the United States with respect to such proceeds. The undersigned hereby agrees to indemnify and hold you harmless from and against any and all damages, liabilities, costs, fees and expenses incurred by you as a result of not withholding such taxes.

BTCE 

Page 10 of 15

Client 



2456

Sent By: BRITISH TRADE AND COMMERCE BANK; 1 787 448 6477; Jun-2-00 8:11PM; Page 21/24

Page 12 of 14

Date: 17/06/99 Time: 13:14:20

FROM CHARLES L. BRAZIE TO PAUL B. ZERNAKOV

C.V. Agreement # : 030301  
Transaction Code : GREEN-1

**Disclosure.** The undersigned understands that certain regulations may require that you disclose to the issuer of a security upon request the name and address of the undersigned and other positions with respect to securities held in the Custody Account, unless the undersigned objects to such disclosure and notifies you accordingly.

**Prior Proposals.** This Agreement contains the complete agreement of the parties hereto with respect to the Custody Account (except as may be expressly provided to the contrary herein) and supersedes and replaces any previously made proposals, representations, variations or agreements with respect thereto by either or both of the parties hereto, except that this Agreement does not modify any interest or rights in the assets in the Custody Account which was otherwise granted to you and does not supersede or replace any item that you may have provided to the undersigned describing your services with respect to securities with tender options. This Agreement shall become effective upon execution hereof by the undersigned and acceptance by you.

**Separability.** Any provisions of this Agreement which may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

**Accounts.** From time to time an Authorized Person may hereafter instruct you to open more than one Custody Account for the undersigned. Unless the undersigned and you otherwise agree, this Agreement will govern such accounts, in addition to the Custody Accounts which you are opening or currently maintain for the undersigned to which it is applicable.

**Special Terms.** The following additional terms and provisions, if any, are included in and constitute a part of this Agreement:

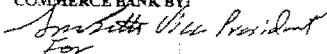
Notwithstanding any of the above, the SPECIFIC TRANSACTION INSTRUCTIONS, if any, executed by Holder and BICB and attached hereto and constitute a part hereof for all intents and purposes.

EXECUTED AND SUBMITTED on this nineteenth day of January, 1998.

FOR AND ON BEHALF OF FREE  
TRADE BUREAU S.A.  
BY:

  
PAUL B. ZERNAKOV  
PRESIDENT

ACKNOWLEDGED AND ACCEPTED FOR  
AND ON BEHALF OF BRITISH TRADE &  
COMMERCE BANK BY:

  
For  
CHARLES L. BRAZIE, Ph.D.  
VICE PRESIDENT - MANAGED ACCOUNTS

C.V. Agreement # : 030301  
 Transaction Code : GREEN-1

**SPECIFIC TRANSACTION INSTRUCTIONS**

EXHIBIT "B"

TO: BRITISH TRADE & COMMERCE BANK

As the Holder of Account Number 102-0110703, we hereby advise you that, with respect to the transaction identified with the codes set forth hereinabove, we will participate in International Cash Management Scenarios (involving instruments from Top-rated World Banks) that you will designate, under internationally accepted Formats and Procedures (I.C.C. 300/600).

Therefore, we request that you:

- A) Acknowledge that we are the account Holder for this account with you and that you agree to serve as our Asset Manager for these transactions.
- B) Receive, accept, transmit and acknowledge all communications and documents relating to these transactions, including:
  1. Deposits of certain Government of Grenada Guarantees in the combined face value of One Hundred Million United States Dollars (US\$100,000,000), authenticating said Guarantees under standard bank-to-bank procedures and issuing a Safekeeping Receipt for said Guarantees after such authentication.
  2. Placing said Guarantees so as to cause said Guarantees to be accepted directly into an International Cash Management Scenario with an acceptable valuation assigned to said Guarantees, or causing funds to be made available against said Guarantees and placing such funds into such Scenario, whichever is more advantageous.
  3. Pending your such placement, assisting us should a buyer for such Guarantees be identified who can purchase said Guarantees under acceptable procedures and at a price acceptable to us, accepting deposit of such proceeds.
  4. Deposits of additional funds into this account. The proceeds of such sale or the valuation assigned to said Guarantees under 2. above, plus any additional deposits shall be deemed as the Account Principal.
  5. Causing the placement of such Account Principal into Trading Scenarios within established Banks that will provide significant yield to us so that we may fund worthwhile international development projects.
  6. Distributing the proceeds received from such placement as instructed in the Residual Distribution Instructions (ATTACHMENT "A", hereto).
- C) Acknowledge the receipt of such communications or documents to such organizations or institutions as we shall designate in the normal course of the above described transaction.

2458

Sent By: BRITISH TRADE AND COMMERCE BANK; 1 787 448 6477; Jun-2-00 8:12PM; Page 23/24

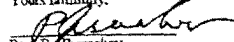
From: CHARLES BRAZIER to PAUL ZHERNAKOV Date: 1998 Year: 13:14:20 Page 14 of 15

C.V. Agreement # : 030301  
Transaction Code : GREEN-1

We agree to indemnify and hold the bank harmless against any and all claims, demand, actions, damages, costs and expenses, including court costs, attorney's fees and disbursements arising from or connected with the foregoing requests, excepting, however, any such as may arise through or be caused by fraudulent or willful misconduct or gross negligence on the part of the bank.

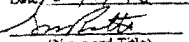
Please acknowledge your agreement to observe and perform the foregoing instructions and directives.

Yours faithfully,

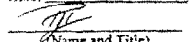
  
Paul F. Zernakov  
President

ACKNOWLEDGEMENT AND ACCEPTANCE

The undersigned bank officials, for and on behalf of British Trade & Commerce Bank, acknowledge and accept the foregoing instructions and directives, and with full corporate and banking responsibility and authority agree that the bank will endeavor to observe these instructions and directives.

Date: 20/1/98  
  
(Name and Title)

George E. Betts  
Vice-President

Date: 20-1-98  
  
(Name and Title)

Henry Rayer  
Director



C.V. Agreement # : 030301  
Transaction Code : GREEN-1

ATTACHMENT "A"

RESIDUAL DISTRIBUTION INSTRUCTIONS


The funds deposited in this account shall be utilized/dispursed as provided hereinafter.

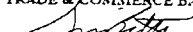
1. The Principal shall be retained for a period of one year from the initial deposit and used solely as provided in the SPECIFIC TRANSACTION INSTRUCTIONS in EXHIBIT "B" to which this attachment is appended.
2. The additional amounts resulting from participation in the International Cash Management Scenarios as provided therein less all applicable Custodial and Transaction Fees and costs are defined as the Residual Amounts and shall be disbursed as follows:
  - A. For each week in which such addition amounts are received, you shall distribute an amount equal to Three Percent (3%) of the Account Principal to your Bank and retain an equal amount to our account. Fifty Percent (50%) of all remaining residual amounts shall be disbursed to the following account coordinates in your Bank:

A/C # :  
 A/C Name : (Project Funding Account Designated by us)  
 Bank Officer :

- B. All remaining residual amounts, in excess of the Principal and after deducting the amounts hereinabove, shall be disbursed to the following account coordinates in your bank:

A/C # :  
 A/C Name : (Developmental Trust Account Designated by BTCB)  
 Bank Officer :

FOR AND ON BEHALF OF FREE  
 TRADE BUREAU S.A. BY:  
  
 PAUL B. ZHERNAKOV  
 PRESIDENT

FOR AND ON BEHALF OF BRITISH  
 TRADE & COMMERCE BANK BY:  
  
 VICE PRESIDENT

THIS IS EXHIBIT "M" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN BEFORE ME, AT THE CITY OF MIAMI,  
IN THE STATE OF FLORIDA, THIS 7TH DAY OF  
SEPTEMBER 2000

Commissioner for Taking Affidavits



THIS IS EXHIBIT "M" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN TO, ACKNOWLEDGED AND SUBSCRIBED

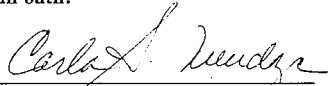
before me this 7th day of September, 2000, by

Dr. Rodolfo Requena, who is personally known to me

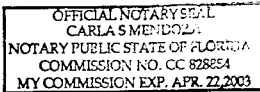
or has produced *FL DRIVERS License*

as identification, and who did take an oath.

My Commission Expires:

  
Notary Public, State of Florida

Print Name: CARLA S. MENDOZA



2461

COM : #

PHONE NO. : ++++++

Dec. 07 1999 04:40PM P1

1331-6

**FREE TRADE BUREAU S.A.**

Commonwealth of Dominica Corporation with the representative at phone/fax:  
1(905) 353-9790 ; FAX 1(810)-279-5133; Cell-phone 1(905)708-0105

CONFIDENTIAL TOTAL TWO PAGES

DATE.....DECEMBER 7, 1999  
TO.....BRITISH TRADE & COMMERCE BANK  
ATT.....Mr. GEORGE BETTS , EXECUTIVE VICE PRESIDENT  
FROM.....FREE TRADE BUREAU S.A.

RE: NEW ACCOUNT FOR FREE TRADE BUREAU S.A.

DEAR GEORGE,

AS PER OUR CONVERSATION YESTERDAY, ABOUT THE DEPOSIT OF \$3,000,000 USD TO BTCB. THE FUNDS ARE ALREADY ON OUR LAWYER'S REGISTER THE NEW ACCOUNT NUMBER FOR FREE TRADE BUREAU S.A. AND PLEASE ISSUE THE ACKNOWLEDGEMENT FROM BTCB APPROXIMATELY AS PRESENTED BELOW:

#

TO: FREE TRADE BUREAU S.A.  
ATT: MR. PAUL ZHERNAKOV  
MR. DOUGLAS HANCOCK

DEAR SIR,

WE, BRITISH TRADE & COMMERCE BANK HEREBY ACKNOWLEDGE THAT WE HAD RESERVED THE NEW US DOLLARS ACCOUNT NUMBER..... FOR FREE TRADE BUREAU S.A. WE HEREBY ALSO ACKNOWLEDGE THAT ANY INSTRUCTIONS TO OPERATE THIS ACCOUNT WILL BE ACCEPTED ONLY IF SIGNED BY TWO AUTHORIZED SIGNATORIES: MR. PAUL ZHERNAKOV AND MR. DOUGLAS HANCOCK IN ACCORDANCE WITH THE ATTACHED SIGNATURE FORM FOR THIS ACCOUNT.

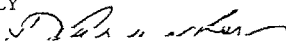
BEST REGARDS.....

#

PLEASE SEND THIS LETTER TO MY FAX NUMBER 1(810)279-5133. IF YOUR LETTER WILL BE READY TODAY, TOMORROW THE FUNDS WILL BE TRANSFERRED TO THIS NEW ACCOUNT NUMBER TO BTCB. THANK YOU FOR COOPERATION.

BEST REGARDS. SINCERELY

PAUL ZHERNAKOV




THIS IS EXHIBIT "N" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN BEFORE ME, AT THE CITY OF MIAMI,  
IN THE STATE OF FLORIDA, THIS 7TH DAY OF  
SEPTEMBER 2000

Commissioner for Taking Affidavits



THIS IS EXHIBIT "N" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN TO, ACKNOWLEDGED AND SUBSCRIBED  
before me this 7th day of September, 2000, by  
Dr. Rodolfo Requena, who is personally known to me  
or has produced *FL. DRIVERS LICENSE*  
as identification, and who did take an oath.

My Commission Expires:

  
Notary Public, State of Florida

Print Name: *CARLA S. MENDOZA*

OFFICIAL NOTARY  
CARLA S. MENDOZA  
NOTARY PUBLIC STATE OF FLORIDA  
COMMISSION NO. CC 2000-00000000  
MY COMMISSION EXPIRES APR 2003

DEC-7-99 TUE 5:02 PM

PHONE NO. : ++++++

Dec. 07 1999 04:41PM P2

FROM : H

PHONE NO. : ++++++

Dec. 06 1999 05:46PM P1

Sent By: BRITISH TRADE AND COMMERCE BANK, 1 767 448 6477; @sp-68-68 4:07PM; Page 2/8

**Authorisation of Principal for Operations**  **Authorisation**  **ABC**

**Name of Firm**

**Type of Firm**  
 Asset Protection  Tax Planning  Business  Charitable  Other

**Applicant's Details**  
 UK Firm  Other Name Address

**Applicant's Details**  
 UK Firm  Other Name Address

**REGISTRATION OF TRUST** (Other than for a discretionary trust or for a beneficiary interest)  Beneficiary is an unincorporated body  
 Are the proceeds distributed as follows:  
 Per Beneficiary - Children of a deceased beneficiary shall share the Beneficiary's portion equally.  
 Per Capita - All Beneficiaries receive an equal share.

<b>Name of Beneficiary 01</b>	<b>Phone Number</b>	<b>% of Participation</b>
<b>Address</b>	<b>City</b>	<b>State/Country</b>
<b>Name of Beneficiary 02</b>	<b>Phone Number</b>	<b>% of Participation</b>
<b>Address</b>	<b>City</b>	<b>State/Country</b>
<b>Name of Beneficiary 03</b>	<b>Phone Number</b>	<b>% of Participation</b>
<b>Address</b>	<b>City</b>	<b>State/Country</b>

**Holder of Account**  **Trust**

**Name of Account Holder**  
 FREE TRADE BUREAU S.A.

**Bank Reference 01** Location: **Asia** **Branch** **Account**  
 NEW account

**Bank Reference 02** Location: **Asia** **Branch** **Account**

**Signature of Beneficiary**

<b>Name 01</b>	<b>Signature</b>	<b>Date</b>
Paul Zerkov	<i>[Signature]</i>	15/11
Douglas Henock	<i>[Signature]</i>	15/11
<b>Name 02</b>	<b>Signature</b>	<b>Date</b>

**Signature of Applicant**

**Applicant's Details**  
 U.S. Subject  Canadian Citizen  English Passport  Other

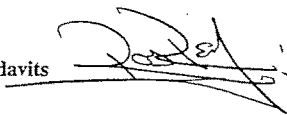
**Would the following be based on the account:**  
 **Foreign Exchange**  **Other accounts payable/receivable**

**UK/EEC Services**  
 Certificate of Deposit  Recurring Saving Account  Mutual Fund Account  Mortgage Repurchase  Interest Payments

it is the signature page for the new account of Free Trade Bureau S.A.

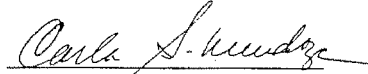
THIS IS EXHIBIT "O" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN BEFORE ME, AT THE CITY OF MIAMI,  
IN THE STATE OF FLORIDA, THIS 7TH DAY OF  
SEPTEMBER 2000

Commissioner for Taking Affidavits

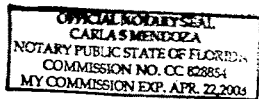


THIS IS EXHIBIT "O" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN TO, ACKNOWLEDGED AND SUBSCRIBED  
before me this 7th day of September, 2000, by  
Dr. Rodolfo Requena, who is personally known to me  
or has produced *Fl. Driver's License*  
as identification, and who did take an oath.

My Commission Expires:

  
Notary Public, State of Florida

Print Name: *CARLA S. MENDOZA*



2465



**British Trade & Commerce Bank**

Emers Bldg., Dame Eugenia Charles Blvd. Bayfront Roseau,  
Commonwealth of Dominica  
P.O. Box: 2042 Phone: (767) 448-6410 Fax: 448-6477

Date: 12/07/99

*Unhappy  
file*

*Fax Cover Sheet*

To:	PAUL ZHERNAKOV	From:	GEORGE BETTS
Company:	FREE TRADE BUREAU	Department:	
Fax:	810-279-5133	Pages:	1

Ref:

: Confidentiality Caution: This message is intended only for the use of the individual or entity to which it is addressed and contains information that is privileged and confidential. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of the communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the above address at our cost.

DEAR SIRs:

WE, BRITISH TRADE & COMMERCE BANK HEREBY ACKNOWLEDGE THAT WE HAVE RESERVED A UNITED STATES DOLLAR ACCOUNT NUMBER 100-011381-6 FOR FREE TRADE BUREAU S.A. WE HEREBY ALSO ACKNOWLEDGE THAT ANY INSTRUCTIONS TO OPERATE THIS ACCOUNT WILL BE ACCEPTED ONLY IF SIGNED BY TWO AUTHORIZED SIGNATORIES, NAMELY MR. PAUL ZHERNAKOV AND MR. DOUGLAS HANCOCK IN ACCORDANCE WITH THE SIGNATURE FORMS ON FILE FOR THIS ACCOUNT.

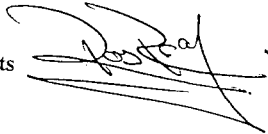
SINCERELY,  
FOR AND ON BEHALF OF  
BRITISH TRADE & COMMERCE BANK

*[Signature]*  
GEORGE E. BETTS  
EXECUTIVE VICE PRESIDENT



THIS IS EXHIBIT "P" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN BEFORE ME, AT THE CITY OF MIAMI,  
IN THE STATE OF FLORIDA, THIS 7TH DAY OF  
SEPTEMBER 2000

Commissioner for Taking Affidavits



THIS IS EXHIBIT "P" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN TO, ACKNOWLEDGED AND SUBSCRIBED

before me this 7th day of September, 2000, by

Dr. Rodolfo Requena, who is personally known to me

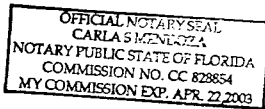
or has produced *FL DRIVER'S LICENSE*

as identification, and who did take an oath.

My Commission Expires:

  
Notary Public, State of Florida

Print Name: *CARLA S. MENDOZA*





2467

8/1999 12:00 985-273-5672

DAIGLE & HANCOCK

PAGE 82

*Daigle &  
Hancock*  
*Barristers and Solicitors*

Douglas H. Hancock, B.A., LL.B.  
Peter M. Daigle, B.A., LL.B.

51 Village Centre Place  
Mississauga, Ontario  
L4Z 1V9

Telephone: (905) 273-3339  
Toll Free: (877) 273-3339  
Fax: (905) 273-5672

December 10, 1999

Refer to File No. 1550

VIA FACSIMILE TO (767) 448-6477

BRITISH TRADE & COMMERCE BANK  
PO BOX 2042  
Roseau, Dominica

Attention: George E. Betts, Executive Vice President

Dear Sir:

Re: **Free Trade Bureau S.A.**

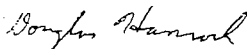
I write further to our telephone conversation on the afternoon of December 9, 1999. As a preliminary comment, thank you for taking the time to answer my questions.

I confirm that it is my request, and that of the other signatory to the account (Paul Zhernakov), that both of us be notified with respect to any proposed account activity. Correspondence directly from Mr. Zhernakov will follow.

As well, I confirm your advice that funds will be held by your correspondent bank, First Union National Bank. Arrangements are being made to transfer the funds by wire transfer today.

Thank you for your assistance in this matter.

Yours very truly,  
Daigle & Hancock



Douglas H. Hancock  
DHH/sr

cc: Sayse Chatterpaul

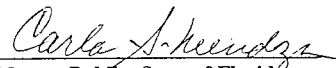
THIS IS EXHIBIT "Q" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN BEFORE ME, AT THE CITY OF MIAMI,  
IN THE STATE OF FLORIDA, THIS 7TH DAY OF  
SEPTEMBER 2000

Commissioner for Taking Affidavits

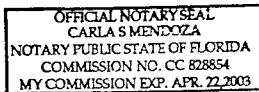


THIS IS EXHIBIT "Q" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN TO, ACKNOWLEDGED AND SUBSCRIBED  
before me this 7th day of September, 2000, by  
Dr. Rodolfo Requena, who is personally known to me  
or has produced *FL. DRIVERS License*  
as identification, and who did take an oath.

My Commission Expires:

  
Notary Public, State of Florida

Print Name: *CARLA S. MENDOZA*



**FREE TRADE BUREAU S.A.**

Commonwealth of Dominica Corporation with the representative at phone/fax:  
1(905) 353-9290 ; FAX 1(810)-279-5133; Cell phone :1(905)708- 9105

CONFIDENTIAL

DATE.....DECEMBER 10,1999  
TO.....BRITISH TRADE & COMMERCE BANK  
ATT.....Mr.GEORGE BETTS, EXECUTIVE VICE PRESIDENT  
FROM.....FREE TRADE BUREAU S.A.

RE: THE ACTIVITY ON THE ACCOUNT OF FREE TRADE BUREAU S.A.  
N 100-011381-6

DEAR SIRs,

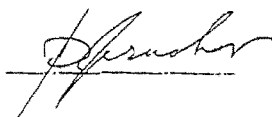
PLEASE FIND ENCLOSED OUR IRREVOCABLE INSTRUCTIONS TO NOTIFY  
BOTH AUTHORIZED SIGNATORIES WITH RESPECT TO ANY PROPOSED  
ACCOUNT ACTIVITY AS FOLLOWS:

MR. PAUL ZHERNAKOV: VIA FAX: 1(905) 353-9290  
MR. DOUGLAS HANCOCK VIA FAX: 1(905) 273-5672

THANK YOU FOR COOPERATION.

BEST REGARDS.SINCERELY

PAUL ZHERNAKOV



2470

THIS IS EXHIBIT "R" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN BEFORE ME, AT THE CITY OF MIAMI,  
IN THE STATE OF FLORIDA, THIS 7TH DAY OF  
SEPTEMBER 2000

Commissioner for Taking Affidavits



THIS IS EXHIBIT "R" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN TO, ACKNOWLEDGED AND SUBSCRIBED

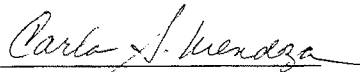
before me this 7th day of September, 2000, by

Dr. Rodolfo Requena, who is personally known to me

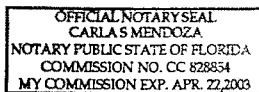
or has produced *Fl. Driver's License*

as identification, and who did take an oath.

My Commission Expires:

  
Notary Public, State of Florida

Print Name: CARLA S. MENDOZA



2471



**British Trade & Commerce Bank.**  
*Licensed for Full Trust Business.*

Emens Bldg., Dame Eugenia Charles Blvd. Bayfront,  
Roseau Commonwealth of Dominica.  
PO Box 2042. Phone: (767) 448-6410 Fax: 448-6477  
E-mail: btcbank@owdom.dm - SWIFT: BTCEBMDM

*Handwritten notes:*  
A  
F.L.  
L. - 100  
B...

March 23, 2000

Mr. Paul Zernakov & Associates  
Free Trade Bureau S.A.  
Emens Building, Bayfront  
Roseau, Commonwealth of Dominica

Sent via fax: 011-810-279-5133

Dear Sirs:

Please be advised that your instructions for the transfer of USD\$400,000 have been accepted and are being processed by our bank. Due to some technical difficulties with one of our banks in Europe the necessary funds for this transfer and others have not been received as scheduled. We have been informed that the problems have been solved and the funds will be transferred to us either today or tomorrow. As soon as we receive the funds we will transfer within the next business day the \$400,000 to the following account:

Daigle & Hancock Law Firm,  
The Bank of Nova Scotia  
2 Robert Speck Parkway at Hurontario, Suite 100  
Mississauga, Ontario, Canada  
Institution No. 002  
Transit No. 97832  
Account Number 0065218

Sincerely,  
For and on behalf of  
British Trade & Commerce Bank

  
George E. Betts  
Executive Vice President



2472

THIS IS EXHIBIT "S" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN BEFORE ME, AT THE CITY OF MIAMI,  
IN THE STATE OF FLORIDA, THIS 7TH DAY OF  
SEPTEMBER 2000 .

Commissioner for Taking Affidavits



THIS IS EXHIBIT "S" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN TO, ACKNOWLEDGED AND SUBSCRIBED  
before me this 7th day of September, 2000, by  
Dr. Rodolfo Requena, who is personally known to me  
or has produced  
as identification, and who did take an oath.

My Commission Expires:

\_\_\_\_\_  
Notary Public, State of Florida

Print Name: \_\_\_\_\_

2473



**British Trade & Commerce Bank**

Emers Bldg., Dame Eugenia Charles Blvd, Bayfront Roseau,  
Commonwealth of Dominica  
P.O. Box: 2042 Phone: (767) 448-6410 Fax: 448-6477

Date: 03/24/00

*Fax Cover Sheet*

To: FREE TRADE BUREAU & ASSOC. From: GEORGE BETTS

---

Company: Department:

---

Fax: 1-810-279-5133 Pages: 1

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Ref:

Confidentiality Caution: This message is intended only for the use of the individual or entity to which it is addressed and contains information that is privileged and confidential. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of the communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the above address at our cost.

DEAR SIRs:

WE HEREBY CONFIRM THAT THE WIRE TRANSFER OF US\$400,000 AS PER YOUR INSTRUCTIONS HAS BEEN PROCESSED BY US UNDER THE REFERENCE NUMBER 100000329. BASED ON OUR CURRENT SCHEDULE OF TRANSFERS FROM OUR CORRESPONDENT BANK IN EUROPE THIS TRANSFER SHOULD REACH YOUR ACCOUNT AT THE BANK OF NOVA SCOTIA BY APPROXIMATELY TUESDAY OR WEDNESDAY OF NEXT WEEK. IF THERE ARE ANY FURTHER PROBLEMS WE WILL CONTACT YOU IMMEDIATELY. WE SINCERELY APOLOGIZE FOR THE PROBLEMS THIS DELAY HAS CAUSED BUT WANT TO ASSURE YOU THAT IS WAS DUE TO SOME UNFORSEEN COMPLICATIONS WITH ONE OF OUR CORRESPONDENT BANKS IN EUROPE.

SINCERELY,  
FOR AND ON BEHALF OF  
BRITISH TRADE AND COMMERCE

  
GEORGE BETTS  
EXECUTIVE VICE PRESIDENT



2474

THIS IS EXHIBIT "T" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN BEFORE ME, AT THE CITY OF MIAMI,  
IN THE STATE OF FLORIDA, THIS 7TH DAY OF  
SEPTEMBER 2000

Commissioner for Taking Affidavits



THIS IS EXHIBIT "T" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN TO, ACKNOWLEDGED AND SUBSCRIBED

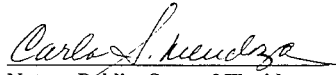
before me this 7th day of September, 2000, by

Dr. Rodolfo Requena, who is personally known to me

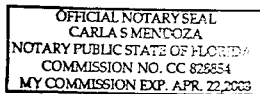
or has produced *Fl. Drivers License*

as identification, and who did take an oath.

My Commission Expires:

  
Notary Public, State of Florida

Print Name: *CARLA S. MENCHOZA*





*Daigle &  
Hancock*  
*Barristers and Solicitors*

Douglas H. Hancock, B.A., LL.B.	51 Village Centre Place	Telephone: (905) 273-3339
Peter M. Daigle, B.A., LL.B.	Mississauga, Ontario	Toll Free: (877) 273-3339
Carl H. Cassian, B.A., LL.B.	L4Z 1V9	Fax: (905) 273-5672

April 10, 2000

Refer to File No. 1550

VIA FACSIMILE TO (767) 448-6477

BRITISH TRADE & COMMERCE BANK  
PO BOX 2042  
Roseau, Dominica

Attention: George E. Betts, Executive Vice President

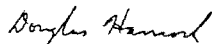
Dear Sir:

Re: **Free Trade Bureau S.A.**

Would you please confirm receipt of the enclosed Direction. As well, could you please advise when you expect that we would be in receipt of funds.

Thank you for your assistance in this matter.

Yours very truly,  
Daigle & Hancock



Douglas H. Hancock

**FREE TRADE BUREAU S.A.**

Commonwealth of Dominica Corporation, with the address at P.O.Box 2042, Bayfront, Dame Eugenia Charles Blvd, Roseau, Commonwealth of Dominica. Tel/fax 1(905) 353-9290, fax:1(810)279-5133, cell phone 1(905)708-9105

**CONFIDENTIAL**

Date:.....April 10, 2000 total one page

To.....BRITISH TRADE & COMMERCE BANK  
ATT:.....Mr. George Betts, Executive Vice President.  
From.....Free Trade Bureau S.A.

Dear George,  
Please perform the wire transfer of the balance in the amount of \$ 3,000,000.-(Three Million United States Dollars) from the account N 100-011-318-6 as per coordinates below:

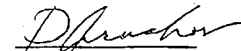
Beneficiary:..... Daigle & Hancock law firm  
Beneficiary Bank: .....The Bank Of Nova Scotia  
2 Robert Speck Parkway at  
Hurontario, Sulte 100  
Mississauga, Ontario, Canada

Institution N.....002  
Transit N.....97832  
Account Number.....0065218 (USD Account)

Please close this account upon withdrawal of these funds.

Authorized Account Signatories:

  
Douglas Hancock

  
Paul Zernakov

*Sent to BTGB at 5 p.m April 10, 2000*



2477

THIS IS EXHIBIT "U" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN BEFORE ME, AT THE CITY OF MIAMI,  
IN THE STATE OF FLORIDA, THIS 7TH DAY OF  
SEPTEMBER 2000

Commissioner for Taking Affidavits



THIS IS EXHIBIT "U" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN TO, ACKNOWLEDGED AND SUBSCRIBED


before me this 7th day of September, 2000, by

Dr. Rodolfo Requena, who is personally known to me

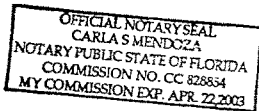
or has produced *Fl. Driver's License*

as identification, and who did take an oath.

My Commission Expires:

  
Notary Public, State of Florida

Print Name: CARLA S. MENDOZA



2478



**British Trade & Commerce Bank.**

*Licensed for Full Trust Business.*

Emens Bldg., Dame Eugenia Charles Blvd. Bayfront,  
Roseau Commonwealth of Dominica.  
PO Box 2042. Phone: (767) 448-6410 Fax: 448-6477  
E-mail: btcbank@cwdom.dm - SWIFT: BTCBMDM

April 12, 2000

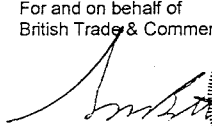
Free Trade Bureau S.A. and  
Mr. Douglas Hancock  
Building 7, Canefield Estates  
Roseau, Commonwealth of Dominica

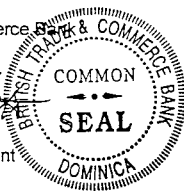
Sent via fax to: 1-810-279-5133

Dear Sirs:

In accordance to your instructions dated April 10,2000 we hereby confirm that the account with your joint signatures has been closed. The amount of USD\$3,000,000 will be transferred to your designated account at the Bank of Nova Scotia when the funds are received from the investment financing arrangement into which they have been placed. This investment financing has been discontinued per your instructions received previously. We will provide you with the wire tracking reference as soon as it is available. We expect this to take place within five banking days.

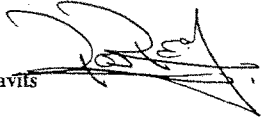
Sincerely,  
For and on behalf of  
British Trade & Commerce Bank

  
George E. Betts  
Executive Vice President



THIS IS EXHIBIT "V" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN BEFORE ME, AT THE CITY OF MIAMI,  
IN THE STATE OF FLORIDA, THIS 7TH DAY OF  
SEPTEMBER 2000

Commissioner for Taking Affidavits



THIS IS EXHIBIT "V" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN TO, ACKNOWLEDGED AND SUBSCRIBED

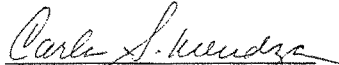
before me this 7th day of September, 2000, by

Dr. Rodolfo Requena, who is personally known to me

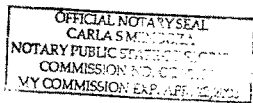
or has produced *FL. DRIVER'S LICENSE*

as identification, and who did take an oath.

My Commission Expires:

  
Notary Public, State of Florida

Print Name: CARLA S. MENDOZA



18-00 05:00PM FROM-JACQUES LITTLE

+4167770364

T-652 P. 02/08 P-004

This is Exhibit 2 to the affidavit of Gregory H. Betts sworn before me at the City of Toronto in the Province of Ontario this 18th day of April 2000. J. M. Little A Commissioner, etc.

NOTES FROM TELEPHONE CONVERSATION TUESDAY, APRIL 18, 2000

JOHN OLAH (JO), GEORGES BETTS (GB), DOUGLAS HANCOCK (DH)

- JO Letter from Mr. Little to DH - get a clear understanding what is status of 3M US and precisely what steps have to be taken and timing?
- GB 1<sup>st</sup> thing - get permission from bank for GB to discuss bank with us as DH no longer on account and it is illegal for him disclose information to JO - when account was closed DH was removed - written instructions required to release info to JO - however can discuss with DH alone
- JO states he is retiring from call - then asked for information about institution Head Office - Dominica - financial institution - offshore - no financial statements available as private institution - there is a shareholders brochure which GB verbally agreed to send to JO - also listed in Thompson Park Bank directly - supervised by Minister of Finance of Dominica

JO HANGS UP

- GB problem - funds under managed account agreement for one year on a best efforts basis does not know arrangement with Paul Zernakov to return funds 1) break investment that they are in and take penalties (then earnings lost) or 2) find somebody to take place in investments - US Federal Reserve will review funds and will take a few days as soon as he gets funds - will send to us - takes a few days to get 3M - account closed - does not anticipate any problem - maybe Wednesday he will have funds to send money is still account - and we will not get less 3M

- DH wire instructions (date?) Swift system bank identifier code - international monies and securities transfer system First Union Bank merged with bank in Pennsylvania - then ?Core State? - keep same identifier code numbers

funds are on account

will call ASAP WHEN FUNDS AVAILABLE - STATES PROBABLY WEDNESDAY, APRIL 19, 2000

Confidential By Court Order Campbell J. 4.18.00

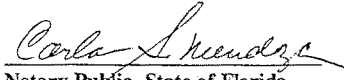
THIS IS EXHIBIT "W" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN BEFORE ME, AT THE CITY OF MIAMI,  
IN THE STATE OF FLORIDA, THIS 7TH DAY OF  
SEPTEMBER 2000

Commissioner for Taking Affidavits

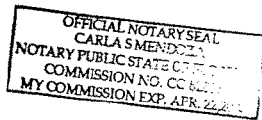


THIS IS EXHIBIT "W" REFERRED TO IN  
THE AFFIDAVIT OF DR. RODOLFO REQUENA  
SWORN TO, ACKNOWLEDGED AND SUBSCRIBED  
before me this 7th day of September, 2000, by  
Dr. Rodolfo Requena, who is personally known to me  
or has produced *FL. DRIVER'S LICENSE*  
as identification, and who did take an oath.

My Commission Expires:

  
Notary Public, State of Florida

Print Name: CARLA S. MENDEZ




**British Trade & Commerce Bank.**
*Licensed for Full Trust Business.*

Emens Bldg., Dame Eugenia Charles Blvd. Bayfront,  
Roseau Commonwealth of Dominica.  
PO Box 2042, Phone: (767) 448-6410 Fax: 448-6477  
E-mail: btcbank@cwdom.dm - SWIFT: BTCBDMDM

April 28, 2000

Free Trade Bureau, S.A.  
Building 7, Canefield Estates  
Roseau, Commonwealth of Dominica

VIA FACSIMILE: 810-279-5133

Dear Sirs:

British Trade and Commerce Bank ("BTCB") has been informed that there is a controversy concerning the origin and ownership of funds you placed in an investment program through the facilities of BTCB. Therefore, be advised of the following:

1. The investment program you selected required a deposit of funds for a period of one year. There is no provision for withdrawal before the end of the period.
2. When you entered the program, you were informed that other parties whose funds were also invested depended on the commitment of all investors to the one-year lock up of funds.
3. The managed account agreement you received and signed did not promise a specific return on investment. It does allow you to participate in profit earned on pooled funds at the end of the one-year term. The profits are to be earned on the best efforts basis of the fund managers.
4. You made the deposit into this investment program in December 1999.
5. When you requested a return of your investment, BTCB informed you that it would assist in locating a replacement for your funds. The replacement party would make its funds available in an amount equal to the sum you invested, and "buy" your position in the investment program by allowing BTCB to deliver the new funds to you. The profits would belong to the replacement party at the end of the term. It is in this manner that we are able to discontinue your participation in the financing arrangement in which you are a part.
6. BTCB is optimistic that a replacement investor has been located, and the sum you invested can be returned to you in the near future.
7. The funds have not been moved and remain under the control of BTCB.
8. BTCB confirms that it accepts full responsibility for the return of USD\$3M (three million United States dollars) reserved previously for financing arrangements.

BTCB has received requests for information from multiple parties about your account. The Off-Shore Banking Act and the International Business Companies Act of the Commonwealth of Dominica are quite strict. If anyone connected with BTCB were to divulge information about your identity or account balances, among other things, that person would be liable for criminal violations of the law in this jurisdiction. But you should be aware that it is our policy to cooperate fully with duly authorized government officials, and to act in complete compliance with the spirit as well as the letter of the law. Therefore you should take all necessary steps to settle the questions that have arisen about your handling of what appears to be money entrusted to you by other people, since BTCB could be required by the Banking Regulators in Dominica to disclose all information about this account.



2483

If you have any questions, please contact us directly at the BTCB, and refer all questions about this matter here.

Sincerely,  
For and on behalf of  
British Trade and Commerce Bank

  
Mrs. Patricia Inglis  
Vice-President/Commercial Banking

2484

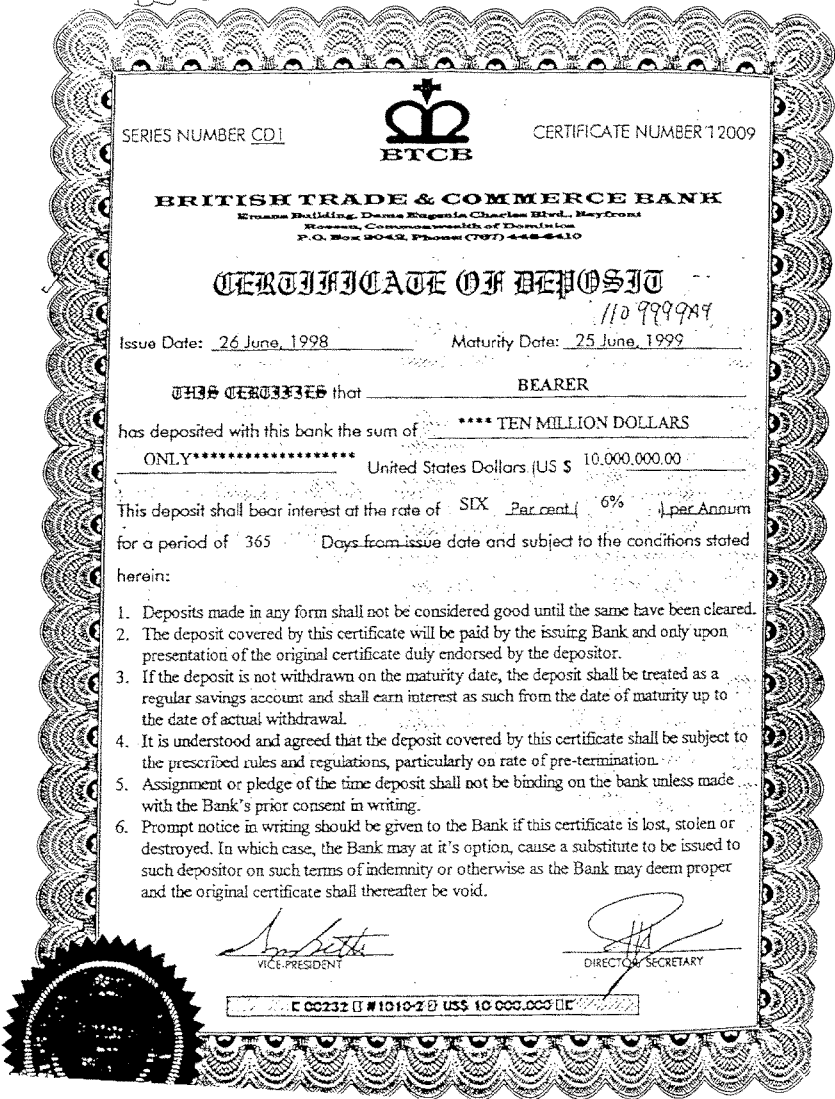
Senate Permanent Subcommittee  
On Investigations  
EXHIBIT # 571

**Exhibit 571.**

**\$10 million CD interpleader documents**

B303110

LE 10 2A



SERIES NUMBER CD1



CERTIFICATE NUMBER 12009

**BRITISH TRADE & COMMERCE BANK**  
Erzsébet Building, Dame Eugénie Charles Blvd., Maycross  
Havana, Commonwealth of Dominica  
P.O. Box 9042, Phone (787) 448-8410

**CERTIFICATE OF DEPOSIT**

Issue Date: 26 June, 1998 Maturity Date: 25 June, 1999

~~THIS CERTIFICATE~~ that BEARER

has deposited with this bank the sum of \*\*\*\* TEN MILLION DOLLARS

ONLY\*\*\*\*\* United States Dollars (US \$ 10,000,000.00)

This deposit shall bear interest at the rate of SIX Per cent 6% per Annum  
for a period of 365 Days from issue date and subject to the conditions stated  
herein:

1. Deposits made in any form shall not be considered good until the same have been cleared.
2. The deposit covered by this certificate will be paid by the issuing Bank and only upon presentation of the original certificate duly endorsed by the depositor.
3. If the deposit is not withdrawn on the maturity date, the deposit shall be treated as a regular savings account and shall earn interest as such from the date of maturity up to the date of actual withdrawal.
4. It is understood and agreed that the deposit covered by this certificate shall be subject to the prescribed rules and regulations, particularly on rate of pre-termination.
5. Assignment or pledge of the time deposit shall not be binding on the bank unless made with the Bank's prior consent in writing.
6. Prompt notice in writing should be given to the Bank if this certificate is lost, stolen or destroyed. In which case, the Bank may at it's option, cause a substitute to be issued to such depositor on such terms of indemnity or otherwise as the Bank may deem proper and the original certificate shall thereafter be void.

*[Signature]*  
VICE-PRESIDENT

*[Signature]*  
DIRECTOR SECRETARY

CC232 [ # 1010-2 [ US\$ 10,000,000 [ ]



Search - 1 Result - correspondent and New w/1 York and sweet <http://www.lexis.com/research/retr...5=c67dd88c17fbc385800697c745e08f5>

Source: All Sources : / . . . / : Federal and State Cases - After 1944  
 Terms: correspondent and new w/1 york and sweet and date geq (8/1/00) (Edit Search)

2000 U.S. Dist. LEXIS 11881, \*

**CORRESPONDENT SERVICES CORPORATION**, Interpleader-Plaintiff, - against - **J.V.W. INVESTMENT LTD., FIRST EQUITIES CORPORATION OF FLORIDA, J.V. WAGGONER, and DONAL KELLEHER**, Defendants.

99 Civ. 8934 (RWS)

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF **NEW YORK**

2000 U.S. Dist. LEXIS 11881

**August 16, 2000**, Decided  
**August 18, 2000**, Filed

**DISPOSITION:** [\*1] Waggoner's motions to dismiss counterclaims of defendant Donal Kelleher granted in part and denied in part.


#### CASE SUMMARY


**PROCEDURAL POSTURE:** Defendant investor moved, pursuant to Fed. R. Civ. P. 12(b)(6), or Fed. R. Civ. P. 56, to dismiss defendant investment finder's counterclaims in an action stemming from the failure of certain investments. Defendant investment finder moved to disqualify defendant investor's counsel and to dismiss defendant investor's claims.


**OVERVIEW:** During a series of financial dealings, a dispute arose over losses sustained by defendants, an investor, an investment finder, and various corporations. Plaintiff/interpleader/brokerage firm filed a complaint and defendants filed multiple crossclaims and motions. The case came before the court on defendant investor's motion to dismiss under Fed. R. Civ. P. 12(b)(6) or for summary judgment; and defendant investment advisor's motion to dismiss, which the court treated as summary judgment motions; and defendant finder's motion to disqualify defendant investor's counsel. The court held counsel's firm's representation of defendant corporation, with which defendant finder was associated, did not create an individual attorney/client relationship, and that anticipated testimony from a representative of the law firm was not necessary, so disqualification was unwarranted. Disputed issues of material fact regarding whether defendant investor had notice of defendant finders' ownership claims made summary judgment inappropriate. Issues concerning breach of fiduciary duty in a joint venture relationship also survived summary judgment.

**OUTCOME:** Motion to disqualify defendant investor's counsel denied because the law firm's representation of defendant corporation did not create an attorney/client relationship with its officers; and anticipated testimony from a law firm representative was not necessary to the action. Motions to dismiss counterclaims granted in part because issues of material fact remained regarding notice and fiduciary duty in a joint venture, and denied in part.

**CORE TERMS:** certificate, summary judgment, bearer, adverse claim, registered, purchaser, joint venture, disqualification, correspondence, signature, ownership, transmittal letter, counterclaim, notice, transferred, minutes, prejudicial, former client, disqualified, disqualify, documentary evidence, matter of law, moving party, loyalty, beneficial ownership, sub-account, placement, appointed, trading, motion to dismiss

 [Contracts Law : Types of Contracts : Oral Agreements](#)

 [Contracts Law : Statutes of Frauds](#)

 Under **New York** law, an oral agreement may be sufficient to create a joint venture and the Statute of Frauds is generally inapplicable to such an agreement.

**COUNSEL:** For J.V. Waggoner: KENNETH A. CARUSO, ESQ., Of Counsel, SHAW PITTMAN, **New York, NY.**

For Donal Kelleher: JAMES J. MAHON, ESQ., Of Counsel, RICHARDSON MAHON CASEY & ROONEY, **New York, NY.**

**JUDGES:** Robert W. **Sweet**, U.S.D.J.

**OPINIONBY:** Robert W. **Sweet**

**OPINION:**

**Sweet, D. J.**

Defendant J. Virgil Waggoner ("Waggoner") has moved, pursuant to Rule 12(b)(6), or, in the alternative, Rule 56, Fed. R. Civ. P., to dismiss the counterclaims of defendant Donal Kelleher ("Kelleher"). Kelleher has moved to disqualify Waggoner's counsel and to dismiss Waggoner's claims. For the reasons set forth below, the motions are granted in part and denied in part.

**The Parties**

Interpleader-Plaintiff **Correspondent Services Corporation** ("CSC") is a Delaware corporation with its principal place of business in **New York, New York**. It is a registered securities broker-dealer which provides clearance services to other registered securities brokerage firms.

Defendant First Equity Corporation of Florida ("FECF") is a Florida corporation with its principal place of business in Miami, Florida.

Defendant [\*2] J.V.W. Investment Ltd. ("JVW") is a corporation formed under the laws of the Commonwealth of Dominica ("Dominica"), with its principal place of business in Dominica. JVW maintained an account at FECF which, pursuant to the clearing agreement between FECF and CSC, contained securities positions held by CSC in a custodial capacity.

Defendant Waggoner is a United States citizen domiciled in Texas.

Defendant Kelleher is a foreign national and a resident of Surrey, England.

**Prior Proceedings**

CSC's interpleader complaint was filed on August 16, 1999. Waggoner and JVW filed an answer and cross claims against FECF and Kelleher on November 10, 1999. Thereafter, Kelleher filed an answer, including counterclaims against Waggoner. On March 29, 2000, Waggoner filed notice of his instant motion. On April 3, 2000, Kelleher filed notice of his instant motion to disqualify and of his cross-motion. The return date for the motions was adjourned on consent of the parties, and the Court heard oral argument on May 24, 2000. Further written submissions were received through June 13, 2000.

**Facts**

Waggoner's motion comes in the posture of a motion to dismiss under Rule 12(b)(6), [\*3] Fed. R.

Civ. P. With respect to the determination of ownership of JVW and its assets, however, Waggoner moves in the alternative for summary judgment under Rule 56. Kelleher's motions simply come as motions to dismiss under Rule 12(b)(6). Both Waggoner and Kelleher, however, have submitted multiple affidavits and documentary evidence in connection with these motions. ¶Where a District Court is provided with materials outside the pleadings in the context of a 12(b)(6) motion to dismiss, it has two options: the court may exclude the additional materials and decide the motion on the complaint alone or convert the motion to one for summary judgment. See Fed. R. Civ. P. 12(b); Kopec v. Coughlin, 922 F.2d 152, 154 (2d Cir. 1991); Fonte v. Board of Managers of Continental Towers Condominium, 848 F.2d 24, 25 (2d Cir. 1988). The Court has determined to treat these motions as motions for summary judgment.

¶Under the summary judgment standard, the Court must construe all disputed facts in the light most favorable to the non-movant. Because the Court is presented with cross-motions for summary judgment, any material factual dispute on a given claim will preclude [\*4] the Court from finding summary judgment on that claim.

Setting forth a scenario of the events that precipitated this lawsuit is a challenging task. It has been made more difficult by both Waggoner's and Kelleher's sworn testimony that the other party has lied and has submitted forged documents. Thus, in many instances below, two competing factual scenarios are set forth, as both sides have moved for summary judgment and the Court cannot simply construe the facts in the light most favorable to one side or the other.

In November 1997, Kelleher and Waggoner entered into an arrangement whereby Kelleher was to introduce Waggoner to parties involved in international high-yield investment programs to which Kelleher had access, enabling Waggoner to explore the possibility of achieving a greater return on funds he had available for investment. In return, Waggoner agreed to pay a percentage of the profits on such investments to Kelleher, for locating, arranging, and helping to manage those investments. (Kelleher Aff. Supp. Mot. Disqualify P 3) (hereinafter "Kelleher Aff. # 1).

Pursuant to this arrangement, Kelleher introduced Waggoner to Ufinco Ltd. ("Ufinco"), and on December 1, 1997, Waggoner [\*5] signed a Joint Participation Agreement in which he appointed Ufinco as his investment manager to invest the sum of \$ 10 million. On December 5, 1997, Ufinco notified Waggoner that Kelleher was an additional appointed trustee for the funds under that agreement, and Waggoner acknowledged and agreed to Kelleher's appointment to that position. (Kelleher Aff. Supp. Mot. Dismiss P 26 (hereinafter Kelleher Aff. # 2); Exs. Z, AA.) However, no investments were ever made through Ufinco, as Waggoner decided not to proceed with that arrangement.

Later in December 1997, Kelleher introduced Waggoner to Bower Cotton, a firm of London solicitors, who in turn introduced Waggoner to Nikea, N.V. ("Nikea"), an investment firm that operated out of Bower Cotton's offices. Waggoner thereafter wired \$ 10,000,000 to Bower Cotton, to be held in escrow for use in investment programs to be arranged through Nikea. (Kelleher Aff. # 1, P 5.)

Kelleher claims that in January 1998, he and Waggoner formed a joint venture (the "Joint Venture") in which Waggoner agreed to invest substantial funds in programs that Kelleher located, which were to involve (a) the guaranty of principal and 5-6% interest over a one-year [\*6] period by the trading partner; and (b) estimated profits of 100% per month on a best efforts basis, based upon the trading of money market paper by recognized international financial institutions. n1 For his efforts and the access he provided, Kelleher was to receive 20-30% of the profits from such investments. (Id. P 5.) Waggoner denies that this alleged Joint Venture was ever formed, and no document has been submitted to the Court to substantiate Kelleher's claim. On January 23, 1998, Waggoner signed a document (the "January 23, 1998 Trustee Appointment") appointing Kelleher as his trustee for the limited purpose of coordinating placement of Waggoner's funds, held in escrow at Bower Cotton, into a high yield private placement program, and to manage such funds in accordance with instructions in an accompanying letter to Bower Cotton. (Kelleher Aff. # 2, P 27; Ex. BB.) Contrary to Kelleher's claims, the January 23, 1998 Trustee Appointment provides no

evidence of the existence of the Joint Venture. n2

-----Footnotes-----

n1 These terms sound so preposterous that it is difficult to fathom how any investor could possibly expect they could be fulfilled: an estimate of a 100% return per month, and not merely risk-free principal, but a guarantee of 5-6% interest per year on such principal! [\*7]

n2 Ex. BB to Kelleher Aff. # 2 also contains a "Joint Participation Agreement" dated January 23, 1998. However, the signature lines on the agreement are blank. The January 23, 1998 Trustee Appointment is attached behind the agreement. Why these documents have been stuck together is a mystery, since nowhere in the January 23, 1998 Trustee Appointment is any reference made to any joint participation agreement. It is to be hoped that Kelleher, or his counsel, is not playing fast and loose with the Court. Unfortunately, this hope may be ill-founded, as Kelleher's submissions on the whole suggest a deliberate attempt at deception.

-----End Footnotes-----

Between January and May, 1998, Kelleher identified several further potential investment programs, but Waggoner declined to participate in any of them.

In April, 1998, Kelleher located an investment program managed by Mintus, Inc. ("Mintus") that would maintain its funds at and conduct its trading through Citibank, N.A. ("Citibank") in **New York**. Waggoner opened an account at Citibank, and on April 14, 1998, Kelleher and Waggoner entered into a contract, the "Joint Participation [\*8] Agreement" ("JPA"), pursuant to which Kelleher and his company, Abbeyfield Asset Management, SA ("Abbeyfield"), were appointed as trustee for Waggoner. Kelleher was obligated to invest \$ 10 million, belonging to Waggoner, in a high-yield investment program to be administered by Citibank. Pursuant to the JPA, Kelleher was to receive a share of profits earned from the high yield program ranging from 20% to 25%. The JPA is governed by **New York** law. (Kelleher Aff. # 1, PP 6-7; Kelleher Aff. # 2 P. 22; Caruso Affirm. Ex. C.)

Pursuant to Exhibit C of the JPA, the "Appointment of Trustee," Waggoner appointed Abbeyfield, represented by Kelleher, as:

Trustee for the following specific and limited purpose only:

1. To coordinate placement of my funds, currently held in my escrow account at National Westminster Bank, number 01339D44, RE: J. Virgil Waggoner, into a high yield private placement program whose bank has assigned me a transaction subaccount number. To manage this transaction account at all times as a non-declining balance (non-depletion) account. And never to reduce or deplete the cash or cash-equivalent balance in this account designated in the name of and [\*9] under the sole ownership of J. Virgil Waggoner.
2. Within guidelines of my written instructions as above, to execute on behalf of myself, J. Virgil Waggoner, all documents reasonably required from any institution in order to carry out the intent and requirements of the private placement program and to manage its implementation and daily operations.
3. Within the constraints as noted above, to give and to grant to the Trustee the same authority to act as if said act were performed by Mr. Waggoner.

(Caruso Affirm. Ex. C.)

The JPA also provided that any changes to the JPA had to be made in writing and agreed to by the parties, and that verbal agreements would have no binding effect whatsoever. (Id.) Kelleher claims that the JPA, by its express terms, pertained only to the Mintus program. (Kelleher Aff. # 2, P 22.)

Waggoner subsequently declined to enter into the Mintus program. Early in June, 1998, Kelleher located yet another program, in which the funds were to be maintained, and the trading conducted, by Gert von Wippel. To facilitate entry into this program, on June 9, 1998, Kelleher and Waggoner entered into an Addendum to the JPA, which provided for a change [\*10] of the specified bank from Citibank to "Barclay's or Midland or similar quality U.K. clearing bank." (Kelleher Aff. # 2, P 23; Caruso Affirm. Ex. D.) n3 However, no investment was made in the von Wippel program either.

-----Footnotes-----

n3 The fact that the JPA could be amended simply by providing for a change of banks and thereby pertain to the von Wippel program demonstrates the absurdity of Kelleher's claim that the original JPA by its terms only applied to the Mintus program. Indeed, as set forth below, Kelleher's subsequent correspondence with Waggoner demonstrates that Kelleher believed that the JPA applied to the subsequent investment to which Waggoner finally committed himself.

-----End Footnotes-----

Kelleher next located an investment program managed by British Trade and Commerce Bank ("BTCB"), a bank doing business under the laws of Dominica. For maximum privacy, secrecy, and the ability to shield investments from taxes and creditors, BTCB recommended to Kelleher and Waggoner that an "International Business Company" ("IBC") be set up under [\*11] the laws of Dominica. To this end, on June 12, 1998, Charles L. Brazie ("Brazie"), a vice president of BTCB, wrote to Kelleher and Waggoner, requesting that various forms be filled out in order to establish the IBC and set up the investment account at BTCB. (Kelleher Aff. # 2 Exs. B-E.)

On June 16, 1998, Waggoner informed Bower Cotton in writing that, due to delays in receiving specific contract terms, he was no longer interested in participating in investments arranged through their offices. Waggoner directed Bower Cotton to wire his \$ 10 million, plus accumulated interest, to an account maintained at Citibank by Suisse Security Bank & Trust Company ("SSBT") for the benefit of JVV. ( Kelleher Aff. # 2 P 27 & Ex. CC.)

On June 17, 1998, Kelleher wrote to George E. Betts ("Betts"), a vice-president of finance at BTCB, stating that he had been able to download an IBC order form and was sending it to Betts. (Kelleher Aff. # 2 Ex. F.)

Waggoner has submitted a form entitled "International Business Company (IBC) Order Form" (the "IBC Form"), allegedly completed as part of the organization of JVV. On the IBC Form, Waggoner is listed as owner of 100% of JVV and as its sole "Beneficial [\*12] Owner," and Kelleher is listed as a "Non Shareholder Director." The IBC Form bears the signatures of Kelleher as "Trustee for J. Virgil Waggoner," and of Betts, the BTCB vice president. Both signatures are dated June 22, 1998. The IBC Form also indicates that Betts processed the application, approved it on June 22, 1998, and assigned it number 101-011200.9. Finally, the IBC Form indicates that JVV's authorized capital was to be \$ 5,000, and that the par value of shares was to be \$ 1.00. There is also the following notation: "[Bearer Share] Hold at BTCB for J.V. Waggoner." (Caruso Affirm. Ex. E.)

Kelleher has sworn that he has never seen the IBC Form submitted by Waggoner to the Court. Kelleher claims that he faxed a copy of the IBC Form (presumably filled out identically to the form submitted by Waggoner) to BTCB on June 17, 1998, after which he claims to have received a phone call from Betts, who told Kelleher that BTCB categorically refused to consider doing business with an IBC owned directly by an American citizen (i.e., Waggoner), because of concerns about "cross-jurisdictional exposure." Betts allegedly insisted that the IBC be owned by a business trust controlled by BTCB, [\*13] and faxed a proposed authorization form to be used in that context.



(Kelleher Aff. # 2, P 7 & Ex. G; Kelleher Reply Aff. Supp. Mot. Dismiss P 3 (hereinafter Kelleher Aff. # 3.) These statements attributed to Betts are hearsay and are inadmissible. They are also difficult to reconcile with the fact that Betts's signature is on the IBC form submitted by Waggoner. In addition, nowhere in the BTCB literature submitted by Kelleher is any mention made of a refusal to do business with an IBC directly owned by a United States citizen. (See Kelleher Aff. # 2, Exs. B-E.) Presumably, if there was such a "categorical refusal," it would appear front and center in BTCB's literature. Finally, Exhibit G -- which appears to be an attachment to a contract and provides "residual distribution instructions" -- does not in any way substantiate Kelleher's allegation regarding Betts.

Kelleher next claims that he discussed Betts's alleged proposal that the IBC be owned by a business trust controlled by BTCB with Waggoner and his "assistant," Lisa Duperier ("Duperier"), and that the proposal was rejected because it meant effective loss of all control over the investment. (Kelleher Aff. # 2, P 8.)

Kelleher [\*14] further alleges that, with the approval of Waggoner, Duperier, and Waggoner's accountant and son-in-law, Kevin Quisenberry ("Quisenberry"), Kelleher proposed that he would become the record owner of the stock, as trustee for Waggoner and himself. BTCB allegedly agreed to this, and sent the original corporate documents, including the bearer share certificate, to Kelleher in England rather than to Waggoner in Texas. (Kelleher Aff. # 2, P 9.)

Complicating this scenario even further is the fact that JWV was incorporated on June 19, 1998, as an IBC under the laws of Dominica (Kelleher Aff. # 2 Ex. H.), i.e., three days prior to the date the IBC Form was signed by Kelleher and Betts. Under the Memorandum of Association of JWV (the "Memorandum of Association"), the registered office was located in Roseau, Dominica, the registered agent was Micheal E. Bruney ("Bruney"), the authorized capital was \$ 5,000, divided into 5,000 shares of no par value, and the issues of shares were to be under the control of JWV's director(s). (Kelleher Aff. # 2 Ex. I.) The Memorandum of Association was signed on June 19, 1998, by Herry Royer ("Royer") as director on behalf of International Corporate Services [\*15] ("ICS"). JWV's Articles of Association (the "Articles of Association") were also signed by Royer, on behalf of ICS, on the same date. (Kelleher Aff. # 2 Ex. I.)

Kelleher has submitted a JWV Memorandum of Resolution of the Directors of the Company dated June 23, 1998 (the "JWV June 23, 1998 Memorandum") which states that Royer has resigned and has been replaced by Kelleher, and that an allotment of 5,000 bearer shares has been approved and is to be registered and issued as "bearer share certificate number one." The JWV June 23, 1998 Memorandum, which Betts allegedly instructed Kelleher to create, was signed by Kelleher as Director and as Secretary. It was not signed by Royer. Kelleher alleges that he sent a copy to Waggoner and Duperier after it was created. (Kelleher Aff. # 2 P 11 & Ex. J.)

On June 24, 1998, Waggoner wrote a letter (the "June 24, 1998 Confirmation Letter") to Kelleher stating:

I hereby reconfirm the creation of JWV Investments, Ltd. as per the Memorandum of Association and Account Authorizing Resolution in the name of JWV Investments, Ltd. with J. Virgil Waggoner as the sole subscriber, member and assignee of the entire amount of company stock [\*16] of 5,000 shares, at my official address of 111 [sic] Bagby St., Suite 2420, Houston, Texas 77002.

The amount of fees due for the formation and registering of the limited liability company under the International Business Companies (IBC) Act is \$ 1,500 (USD) to be paid from my account and covering the registration, set-up, annual management fee for the registered office and agent as required by law. The local address is:

JWV Investments, Ltd.

Emens Building, Bayfront  
Roseau, Commonwealth of Dominica

I acknowledge that a minimum of \$ 5,000.00 is required for opening and maintaining a business account in the name of JVW Investments, Ltd. in the place of incorporation, Commonwealth of Dominica, at the British Trade and Commerce Bank, per implementation by my Trustee. In addition, \$ 5,000.00 USD (in conjunction with the principal amount of \$ 10,000,000 USD or greater in cash-equivalents) will also be maintained in my Suisse Security Bank & Trust Account.

(Caruso Affirm. Ex. F.)

Kelleher claims never to have received the June 24, 1998 Confirmation Letter and that the JVW corporate structure proposed therein is inconsistent with the corporate documents created [\*17] by BTCB and with the "walled structure" essential to BTCB's trading program. Kelleher concludes that the letter is a recent fabrication generated in anticipation of litigation. (Kelleher Aff. # 2, P 12.) However, nothing about the letter is inconsistent on its face with JVW's corporate documents nor with the walled structure of BTCB's trading program, and Kelleher has not identified any actual inconsistencies. n4 Moreover, the letter is notarized. Furthermore, as Waggoner notes in his reply affidavit, the letter was sent to Kelleher at least in part so that SSBT would be authorized to allow Kelleher to debit the JVW account \$ 6500 to open the business account and pay IBC fees. JVW's SSBT bank records indicate that SSBT debited JVW's account \$ 6500 on June 24, 1998, thereby suggesting that Kelleher received the letter. (Waggoner Reply Aff. P 7, attached as Ex. 10 to Caruso Reply Affirm. (hereinafter "Waggoner Reply Aff."))

-----Footnotes-----

n4 To the extent Kelleher refers to BTCB's alleged prohibition on direct ownership of an IBC by a U.S. citizen, there is no such prohibition in JVW's corporate documents. See also the discussion on page 11 of this Opinion.

-----End Footnotes----- [\*18]

On June 25, 1998, JVW issued 5,000 bearer shares (the "Bearer Shares") represented by a certificate, Certificate No. 1 (the "Certificate"). (Caruso Affirm. Ex. H.)

Kelleher has submitted a JVW Memorandum of Resolution of the Directors of the Company dated June 25, 1998 (the "Resolution"), according to which Kelleher was named sole Director and Secretary of JVW, 5000 shares were to be registered in Kelleher's name and held in trust for Waggoner and Abbeyfield as current joint beneficiaries of a "Cooperative Venture Agreement" (the "CVA") to be completed with BTCB, the share certificate was to be maintained in bearer form and held by Waggoner as custodian during the term of the CVA, and any benefits from the certificate were to go 80% to Waggoner and 20% to Abbeyfield. Bank accounts were also to be opened at BTCB and SSBT. The SSBT account was to generate interest, compounded daily at a rate of 6% per annum, and was to be deemed to be profit to be disbursed on the 80/20 ratio to Waggoner and Abbeyfield. The Resolution was signed in three places by Kelleher: as director, secretary, and member. (Kelleher Aff. # 2 Ex. L.) Waggoner swears that he never received notice of any JVW meeting [\*19] on June 25, 1998, and never received a copy of the Resolution. (Waggoner Reply Aff. PP 5-6.)

As evidence of the share transfer, Kelleher has submitted copies of pages from JVW's Register books, which indicate that the 5,000 shares initially issued to ICS were transferred to Kelleher on June 25, 1998. (Kelleher Aff. # 2 Ex. M.)

Also on June 25, 1998, Kelleher, as Director of JVW, entered into a contract, the CVA, between

JVW and BTCB, which was to administer the high yield program (the "Investment Program"). The CVA provided that (a) JVW would deposit \$ 10 million into a "Custody/Transaction Account at BTCB"; (b) BTCB would issue a certificate of deposit ("CD") in JVW's name; (c) the CD would have a term of one year and bear interest at 6% per annum; and (d) BTCB would place the \$ 10 million into investments to provide a "significant yield" on a best efforts basis over the course of a year. (Caruso Affirm. Ex. I.)

Kelleher next claims that on July 2, 1998, he received the Certificate from BTCB, as well as the original Certificate of Incorporation and Memorandum of Association. Kelleher claims to have prepared directors' minutes (the "Directors' Minutes") on the same day, describing [\*20] the actions taken by JVW up to that point in time. Kelleher also claims to have prepared a resolution (the "Resolution") reflecting that he was the record owner of JVW's stock, which he held as a trustee, 80% for Waggoner and 20% for his own benefit, and that he had sent the Certificate to Waggoner for safekeeping, along with copies of the Directors' Minutes, the Resolution, the Certificate of Incorporation, and the Memorandum of Association. (Kelleher Aff. # 2 P.13.)

Waggoner claims never to have received either the Directors' Minutes or the Resolution. (Waggoner Reply Aff. PP 5-6.) According to Waggoner, on or about July 6, 1998, Kelleher sent the Certificate to Waggoner at his Texas address. The Certificate has been in Waggoner's possession since he received it on July 6, 1998. Allegedly accompanying the Certificate was an undated transmittal letter (the "Transmittal Letter"), purportedly written by Kelleher, that stated, "Enclosed are [sic] the bearer share certificate - original for your company - 5000 shares in your name." Also enclosed with the Transmittal Letter were the Memorandum of Association, the Articles of Association, and the Certificate of Incorporation [\*21] of JVW. A copy of the Transmittal Letter was submitted to the Court. (Caruso Affirm. Ex. G.)

Kelleher claims never to have seen the Transmittal Letter and that it is an obvious forgery, because "even an untrained layman can look at the signature . . . and see that it is substantially different from my own, which appears on the correspondence and other documents" submitted in connection with these motions. Kelleher also claims that the writing style is not his and, again, that the document is a recent fabrication. (Kelleher Aff. # 2, P 16.)

However, although Kelleher contends that the language in the Transmittal Letter referring to the bearer shares as being "in your name" is an "oxymoron," Kelleher uses precisely such language in the Resolution, where he wrote, "5000 shares shall be registered in the members register in the name of Donal Cieran Kelleher." (Kelleher Aff. # 2, Ex. L.) Additionally, Kelleher's claim that the Transmittal Letter is not consistent with his writing style is belied by numerous other pieces of correspondence written by him which have been submitted with these motions. Most tellingly, however, in response to Kelleher's claim of a forged signature, Waggoner [\*22] has submitted eleven separate pieces of correspondence in which Kelleher's signature appears to be indistinguishable from the signature on the Transmittal Letter. (Caruso Reply Affirm. Ex. 2.)

According to Waggoner's pleadings, BTCB instructed Kelleher to place the \$ 10 million into a BTCB sub-account in the name of JVW at SSBT in the Bahamas. Pursuant to the CVA, BTCB would then place the \$ 10 million into the Investment Program and issue the CD to JVW. Kelleher, however, transferred Waggoner's \$ 10 million into a freestanding account at SSBT, not the designated BTCB sub-account at SSBT. On or about June 26, 1998, Kelleher represented that the \$ 10 million was available immediately, and that it would be immediately transferred into the designated BTCB sub-account at SSBT. BTCB then issued the CD to JVW in the face value amount of \$ 10 million. (Caruso Affirm. Ex. A PP 23-26.)

SSBT, however, refused to transfer the \$ 10 million from the freestanding account to the BTCB sub-account. As a result, Waggoner did not gain entry into the Investment Program. SSBT, when asked why it refused to effect the transfer, first stated that it was concerned that the \$ 10 million might have an illegal [\*23] origin. When a formal inquiry showed that to be wholly without basis, SSBT stated that it had placed the \$ 10 million into ACM mutual funds and that it had done so at Kelleher's direction. SSBT provided copies of "letters of instruction" to that effect from Kelleher.

(Caruso Affirm. Ex. A PP 27, 30.)

Kelleher claims, by contrast, that he instructed SSBT to place the \$ 10 million in the BTCB sub-account, not into a freestanding account. ( Kelleher Aff. # 1 P 12. ) Kelleher opened a brokerage account at First Equity Corporation of Florida ("FECF"), an affiliate of BTCB, and directed SSBT to deliver the CD to the FECF account. However, sometime thereafter, without Kelleher's consent, the original CD was replaced by BTCB with another CD with the identical certificate number, but issued in bearer form. ( Kelleher Aff. # 2 P 15. ) Also, although SSBT delivered the CD to FECF, SSBT refused to transfer the \$ 10 million to BTCB's account for JVW. ( Kelleher Aff. # 1 P 13. ) n5

-----Footnotes-----

n5 Like almost everything else recounted thus far, there are two different stories of what went wrong with the transfer of the \$ 10 million and why it was held up by SSBT. These particular facts, however, are not material to the issues contested in the instant motions - it is sufficient to understand that something went wrong and that approximately \$ 2.25 million of the original \$ 10 million has apparently disappeared.

-----End Footnotes----- [\*24]

According to Waggoner's pleadings, in September 1998, SSBT transferred the ACM mutual funds to BTCB. When liquidated, those mutual funds yielded proceeds of \$ 2,339,239. Upon further inquiry and urging, SSBT transferred, in several stages, additional ACM mutual funds that, when liquidated, yielded proceeds of \$ 5,384,492.55. These sums, totaling \$ 7,723,731.55, were used to fund the CD. Although the CD has a printed face value amount of \$ 10 million, the CD also states on its face, "Deposits made in any form shall not be considered good until the same have been cleared." Accordingly, the CD was only good to the extent of \$ 7,723,731.55. Thus, the amounts transferred by SSBT left a shortfall of \$ 2,276,268.45 from Waggoner's \$ 10 million deposited at SSBT. (Caruso Affirm. Ex. A PP 31-32.)

In September 1998, Kelleher came to believe that the real reason for SSBT's refusal to deliver the funds to BTCB was due to unauthorized investments SSBT had made with the funds. According to Kelleher, to recover the missing money, Kelleher located two law firms specializing in litigation involving bank fraud and asset recovery: Harkavy's in London, and Shaw Pittman in **New York**. Kelleher recommended [\*25] to Waggoner that JVW retain Harkavy's, but Waggoner chose Shaw Pittman. Kelleher then contacted Kenneth Caruso ("Caruso"), a partner at Shaw Pittman, and retained the firm to act as attorneys for JVW, Waggoner, and Kelleher in litigation against SSBT and other possible parties to recover the missing principal and interest due JVW. (Kelleher Aff. # 1 PP 14, 18, 19.)

According to Caruso, however, it was Duperier, Waggoner's associate, who first contacted Caruso to discuss these matters. Duperier and Caruso had known each other since 1981, when they were both working in the Justice Department in Washington, D.C. Duperier explained that she was assisting Waggoner in connection with an investment gone awry. She outlined the facts of the situation and asked Caruso to speak with her, Kelleher, and Michael Coleman of Harkavy's. Caruso spoke with Waggoner about the same time, who related substantially the same facts. According to Caruso, in his correspondence with Kelleher he was clear that he was acting on behalf of JVW, and that any recovery would be for the benefit of JVW. (Caruso Affirm. Opp. Mot. Disqualify PP 2-6.)

To assist Shaw Pittman, Kelleher assembled a detailed report on the [\*26] communications and correspondence with BTCB, SSBT, and the other parties who were involved with or had an interest in the transactions affecting JVW's funds and its account. Kelleher also computed a damages figure for the claim against SSBT. ( Kelleher Aff. # 1 P 21. )

On November 6, 1998, Kelleher issued instructions to BTCB to set up an account in the name of Abbeyfield Trust to receive all the profits from the investment fund pursuant to the CVA, from

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which the profits would be distributed 20% to Kelleher and 80% to Waggoner. Also on November 6, Waggoner demanded of Kelleher that Waggoner and his son-in-law Quisenberry be named directors of JWV. Kelleher questioned this demand, allegedly because he was under the impression that JWV's funds had been invested by BTCB and had generated profits, which Kelleher believed had precipitated these instructions from Waggoner. (Kelleher Aff. # 1 PP 15-16.)

On November 10, 1998, pursuant to conversations with BTCB the previous week, Waggoner wrote a letter to Kelleher terminating the JPA due to alleged deceptions and breaches of the JPA by Kelleher. On the same date, Waggoner transferred all the shares of JWV to Wagonwheel Trust [\*27] ("Wagonwheel"). On November 11, 1998, Wagonwheel resolved formally to remove Kelleher as a director of JWV, and so informed Kelleher by letter and fax. BTCB officers were named to take the place of Kelleher. Henceforth, BTCB refused to take instructions from Kelleher, on the grounds that Waggoner was the sole person with interest in the assets and affairs of JWV. BTCB has also refused to give Kelleher any information on the profits which have been generated since that time, or to pay any portion thereof to Kelleher. Nevertheless, Kelleher made representations as to his purported continuing status as director of JWV and made claims to a share of alleged profits supposedly earned by JWV. Kelleher believed (and believes) that the JPA related to an entirely different investment, was not applicable to the funds placed with BTCB, and had been abandoned by Waggoner.

Shaw Pittman has not brought any legal proceedings against SSBT to date. Kelleher claims that Shaw Pittman has used its retention and the knowledge provided by Kelleher to advance Waggoner's interests in JWV to the exclusion of Kelleher, to assist Waggoner in preventing Kelleher from obtaining information about JWV and its investments, [\*28] and to bring the claims against Kelleher asserted in this action.

Shaw Pittman sent Kelleher a cease-and-desist letter dated February 17, 1999, in which Kelleher was instructed to cease correspondence with BTCB and Waggoner and to no longer hold himself out as a representative of JWV. In addition, the letter stated that Waggoner had previously terminated Kelleher's services, that Waggoner had earned nothing from his BTCB investment, that Waggoner held Kelleher "responsible for the loss of \$ 2.5 million of his principal," and that Waggoner had requested that Shaw Pittman draw up papers for a lawsuit against Kelleher.

In June 1999, the CD fell due. Kelleher then made claims to the CD, whereupon the clearing agent, CSC, interpleaded the CD. Waggoner then asserted cross-claims against Kelleher for breach of the JPA, breach of fiduciary duty, conversion and interference. Waggoner seeks recovery of the \$ 2.3 million shortfall, as well as money damages for lost profits and an injunction against further interference by Kelleher.

Kelleher, in turn, filed counterclaims against Waggoner, asserting that Kelleher has a beneficial interest in the shares of JWV and seeking a declaratory judgment [\*29] that he is the sole shareholder, director and secretary of JWV and that he holds 20% of the JWV stock for Abbeyfield and 80% in trust for Waggoner. He also seeks an accounting for all the transactions relating to JWV and BTCB, and damages for Waggoner's alleged conversion of JWV's assets. Finally, he seeks compensation for his services.

Waggoner, in his affidavit, swears that Kelleher's relationship with Waggoner was strictly contractual, that Kelleher never had a property interest in JWV or its shares, and that Kelleher never notified Waggoner of any claim that Kelleher owned 20% of JWV's shares in trust for Abbeyfield and 80% of the shares in trust for Waggoner.

#### Discussion

The motion to disqualify will be addressed first. The competing motions to dismiss, as set forth above, are being treated as motions for summary judgment.

#### I. Shaw Pittman Will Not Be Disqualified. n6

-----Footnotes-----

n6 At oral argument on May 24, 2000, the Court indicated that the motion for disqualification would be denied. The reasons for this determination are set forth herein.

-----End Footnotes----- [\*30]

Kelleher maintains that Caruso and Shaw Pittman should be disqualified from appearing as counsel for Waggoner and JWV in this action for violating provisions of the Code of Professional Responsibility (the "Code").

¶ Motions to disqualify opposing counsel are viewed with some disfavor in this Circuit. See *Red Ball Interior Demolition Corp. v. Palmadessa*, 908 F. Supp. 1226, 1239 (S.D.N.Y. 1995); *Clark v. Bank of New York*, 801 F. Supp. 1182, 1196-97 (S.D.N.Y. 1992); *United States Football League v. National Football League*, 605 F. Supp. 1448, 1452 (S.D.N.Y. 1985). Because litigants often make such motions for tactical reasons, and because disqualification of counsel impinges on a party's rights to employ the counsel of its choice, the moving party bears the burden of establishing the need for disqualification. See *Evans v. Artek Sys. Corp.*, 715 F.2d 788, 791-92 (2d Cir. 1983); *Stratagem Dev. Corp. v. Heron Int'l N.V.*, 756 F. Supp. 789, 792 n.8 (S.D.N.Y. 1991). The party moving for disqualification must meet a "high standard of proof" before opposing counsel will be disqualified. *Evans*, 715 F.2d at 791 [\*31] (quoting *Government of India v. Cook Indus., Inc.*, 569 F.2d 737, 739 (2d Cir. 1978)). Any doubt as to the existence of a conflict of interest, however, is to be resolved in favor of disqualification. See *Hull v. Celanese Corp.*, 513 F.2d 568, 571 (2d Cir. 1975).

¶ The Code has been adopted by the **New York** State Bar Association as its own code of ethics, see N.Y. Judiciary L. Appendix, and has been recognized in this Circuit as prescribing appropriate guidelines for the professional conduct of the bar. See *NCK Org. Ltd. v. Bregman*, 542 F.2d 128, 129 n.2 (2d Cir. 1976). Moreover, under this District's Local Rules 1.3 and 1.5, attorneys practicing in this Court must adhere to the Code as adopted by the Appellate Division of the **New York** State Supreme Court.

¶ Canon 5 of the Code provides that "[a] lawyer should exercise independent professional judgment on behalf of a client," and Disciplinary Rule DR 5-105 prevents a lawyer from representing a client if that representation is adverse to the interests of another existing client. As the Second Circuit explained in *Cinema 5, Ltd. v. Cinerama, Inc.*, 528 F.2d 1384 (2d Cir. 1976), [\*32] such representation would do violence to the loyalty demanded of a lawyer to her client, and the propriety of simultaneous representation "must be measured not so much against the similarities in litigation, as against the duty of undivided loyalty which an attorney owes to each of his clients." *Id.* at 1386. n7 Because the Cinema 5 court's ultimate concern was for safeguarding the fidelity owed by attorney to client, and not merely protecting client confidences, the subject matter of the adverse representation was deemed of little import:

Under the Code, the lawyer who would sue his own client, asserting in justification the lack of 'substantial relationship' between the litigation and the work he has undertaken to perform for that client, is leaning on a slender reed indeed. Putting it as mildly as we can, we think it would be questionable conduct for an attorney to participate in any lawsuit against his own client without the knowledge and consent of all concerned.

*Id.* ¶ Simultaneous representation is thus governed by what has been called a "per se" rule of disqualification, *Monaghan v. SZS 33 Assocs., L.P.*, 1994 U.S. Dist. LEXIS 16054, No. 89 Civ. 4900 (RWS), 1994 WL 623185, [\*33] at \*3 (S.D.N.Y. Nov. 9, 1994); *Stratagem Dev. Corp.*, 756 F. Supp. at 792, and no demonstration of any specific relationship between the adverse representations is required. "Where the relationship [between attorney and client] is a continuing

one," the Cinema 5 court explained, "adverse representation is prima facie improper, and the attorney must be prepared to show, at the very least, that there will be no actual or apparent conflict in loyalties or diminution in the vigor of his representation." 528 F.2d at 1387.

-----Footnotes-----

n7 ¶The Code's Ethical Considerations also highlight the absolute loyalty demanded of an attorney to his client. Ethical Consideration 5-1 provides that "the professional judgment of a lawyer should be exercised, within the bounds of the law, solely for the benefit of his client and free of compromising influences and loyalties." Ethical Consideration 5-14 states that "maintaining the independence of professional judgment required of a lawyer precludes his acceptance or continuation of employment that will adversely affect his judgment on behalf of or dilute his loyalty to a client."

-----End Footnotes----- [\*34]

Kelleher asserts that Shaw Pittman should be disqualified on two grounds: (1) because Kelleher is a former client against whom Shaw Pittman cannot properly assert claims; and (2) because Caruso is a necessary witness in this action.

#### 1. Kelleher Is Not A Former Client.

¶DR 5-108 provides, in relevant part:

(a) [A] lawyer who has represented a client in a matter shall not, without the consent of the former client after full disclosure:

(1) Thereafter represent another person in the same or a substantially related matter in which that person's interests are materially adverse to the interests of the former client.

(2) Use any confidences or secrets of the former client except as permitted by section 1200.19 (c) of this Part or when the confidence or secret has become generally known.

(b) Except with the consent of the affected client after full disclosure, a lawyer shall not knowingly represent a person in the same or a substantially related matter in which a firm with which the lawyer formerly was associated had previously represented a client:

(1) Whose interests are materially adverse to that person; and

(2) About whom the lawyer had acquired information protected [\*35] by section 1200.19(b) of this Part that is material to the matter.

(c) Notwithstanding the provisions of section 1200.24 (d) of this Part, when a lawyer has terminated an association with a firm, the firm is prohibited from thereafter representing a person with interests that are materially adverse to those of a client represented by the formerly associated lawyer and not currently represented by the firm only if the law firm or any lawyer remaining in the firm has information protected by section 1200.19(b) of this Part that is material to the matter, unless the affected client consents after full disclosure.

To prevail on this claim, therefore, Kelleher must demonstrate that he is a former client of Shaw Pittman.

¶Under New York law, "the relationship of an attorney and client is contractual, and the rules

governing contractual formation determine whether such a relationship has been created." Hashemi v. Shack, 609 F. Supp. 391, 393 (S.D.N.Y. 1984). Formality, however, "is not an essential element in the employment of an attorney." *Id.* (quoting People v. Ellis, 91 Misc.2d 28, 35, 397 N.Y.S.2d 541, 545 (N.Y. Sup. Ct. (1977))). To determine [\*36] whether an attorney-client relationship exists, "it is necessary to look at the words and actions of the parties." *Id.*; see Kubin v. Miller, 801 F. Supp. 1101, 1112 (S.D.N.Y. 1992).

Here, the words and actions of the parties demonstrate that Shaw Pittman was engaged to act as attorney for JWV, not Kelleher individually. First, Kelleher concedes in an affidavit that he was "acting on behalf of JWV" when he identified Shaw Pittman as a potential firm to represent JWV in the attempt to recover the missing assets. (Kelleher Aff. in Supp. Mot. Disqual. P 18.) Although Kelleher also asserts in the affidavit that Shaw Pittman was retained "to act as the attorneys for JWV, Waggoner, and myself," (*id.* P 19), this statement is not supported by any of the documents submitted in connection with these motions.

\* Caruso wrote to Kelleher after the conference call with Kelleher and Duperier. The letter is addressed to Kelleher as Director of JWV and Trustee, stated that "As the Director and Trustee, you no doubt possess E-mail, documents, etc. in your computer, in originals, or in first-stage fax copies," and requested that copies of those be sent to Shaw Pittman to provide [\*37] a background to the case. According to Caruso's uncontradicted affidavit, Kelleher then faxed Caruso a quantity of materials consisting largely of JWV corporate documents and correspondence between Kelleher and others on JWV corporate letterhead. In addition, Shaw Pittman's retainer was paid by JWV, not Kelleher, and Shaw Pittman's engagement letter stated that Shaw Pittman was "pleased to have been engaged to represent J.V.W. Investments, Ltd." for the purpose, *inter alia*, of recovering "amounts due and owing to J.V.W. Investments, Ltd." Shaw Pittman sent a bill on November 17, 1998 to "J.V.W. Investments Ltd." at Kelleher's address. Other documents support the conclusion that Kelleher, likewise, considered Shaw Pittman to be JWV's attorneys.

Finally, there is no record of correspondence from Kelleher during the period from the initial contact with Shaw Pittman to the date when Kelleher was allegedly terminated as director of JWV by Waggoner, in which Kelleher disputes that Shaw Pittman represented JWV exclusively. Indeed, on November 23, 1998, Kelleher wrote to Caruso, acknowledging that Waggoner had "appointed" Shaw Pittman, that "Wagonwheel Trust (a BTCB arranged and managed Trust [\*38] for Mr. Waggoner) is now the new owner of the bearer shares of JWV Investment Ltd.," and that the bill had been sent to the wrong address. Kelleher stated that the bill should have been sent to JWV at its corporate office in Dominica. Nowhere in the correspondence does Kelleher suggest that he believed Caruso was Kelleher's personal attorney. Again, on December 16, 1998, Caruso wrote to Kelleher, mentioning that his client was JWV, and that the bill for services had been mistakenly sent to Kelleher's address in England, rather than to JWV's corporate address in Dominica.

Aside from Kelleher's self-serving testimony, nothing submitted to the Court provides any evidence to support Kelleher's assertion that Shaw Pittman had ever been engaged as his personal attorney. To the contrary, the overwhelming weight of the submissions suggests that Shaw Pittman was only engaged to represent JWV.

\* Under the law, an attorney's representation of a corporation does not make that attorney counsel to the corporate officers and directors as individuals. See Stratton Group, Ltd. v. Sprayregen, 466 F. Supp. 1180, 1185 n.3 (S.D.N.Y. 1979); Quintel Corp., N.V. v. Citibank, N.A., 589 F. Supp. 1235, 1240 (S.D.N.Y. 1984); [\*39] Kushner v. Herman, 215 A.D.2d 633, 633-34, 628 N.Y.S.2d 123, 124 (2d Dep't 1995). JWV's payment of Shaw Pittman's retainer also supports a finding that no attorney-client relationship exists between Kelleher individually and Shaw Pittman. See Kubin v. Miller, 801 F. Supp. 1101, 1115 (S.D.N.Y. 1992) (citing authorities).

The four cases cited by Kelleher are inapposite. In three of the cases, the record clearly established that the attorney in question had formerly represented the individual seeking disqualification. See Burda Media, Inc. v. Blumenberg, 1999 U.S. Dist. LEXIS 17336, 1999 WL 1021104, NO. 97 Civ. 7167, at \*3 (S.D.N.Y. Nov. 8, 1999) (former client paid attorney legal fees of \$ 20,000 for effort to



settle action); *Felix v. Balkin*, 49 F. Supp. 2d 260, 265-71 (S.D.N.Y. 1999); *Forest Park Assoc. L.P. v. Kraus*, 175 A.D.2d 60, 60, 572 N.Y.S.2d 317 (1st Dep't 1991). The fourth case, *Rosman v. Shapiro*, 653 F. Supp. 1441 (S.D.N.Y. 1987), differs on the facts. In *Rosman*, a law firm was found to have represented both a corporation and its corporate officers, but the finding was expressly based on the fact that the corporation [\*40] was a close corporation consisting of two shareholders, each of whom held 50% of the corporation's shares. See *id.* at 1445. In this action, by contrast, as set forth below, Waggoner is the sole shareholder of JVV. Moreover, even if Kelleher were able to establish an issue of material fact whether he has a 20% beneficial interest, the 20% interest is a far cry from the 50-50 ownership stake in *Rosman*. More significantly, because Kelleher bears the burden of proof on this motion to disqualify, merely establishing a material issue of fact sufficient to defeat summary judgment on the beneficial interest claim is insufficient to support a finding on this motion that Kelleher was represented as an individual by Shaw Pittman.

## 2. Caruso Is Not A Necessary Witness.

Kelleher also contends that Shaw Pittman should be disqualified because Kelleher will compel Caruso to be a witness at trial and Caruso's testimony will be prejudicial to Waggoner.

DR 5-102 provides:

- (a) A lawyer shall not act, or accept employment that contemplates the lawyer's acting, as an advocate on issues of fact before any tribunal if the lawyer knows or it is obvious that the lawyer ought [\*41] to be called as a witness on a significant issue on behalf of the client, except that the lawyer may act as an advocate and also testify:
- (1) If the testimony will relate solely to an uncontested issue.
  - (2) If the testimony will relate solely to a matter of formality and there is no reason to believe that substantial evidence will be offered in opposition to the testimony.
  - (3) If the testimony will relate solely to the nature and value of legal services rendered in the case by the lawyer or the lawyer's firm to the client.
  - (4) As to any matter, if disqualification as an advocate would work a substantial hardship on the client because of the distinctive value of the lawyer as counsel in the particular case.
- (b) Neither a lawyer nor the lawyer's firm shall accept employment in contemplated or pending litigation if the lawyer knows or it is obvious that the lawyer or another lawyer in the lawyer's firm may be called as a witness on a significant issue other than on behalf of the client, and it is apparent that the testimony would or might be prejudicial to the client.
- (c) If, after undertaking employment in contemplated or pending litigation, a lawyer learns or it is obvious that [\*42] the lawyer ought to be called as a witness on a significant issue on behalf of the client, the lawyer shall not serve as an advocate on issues of fact before the tribunal, except that the lawyer may continue as an advocate on issues of fact and may testify in the circumstances enumerated in 1200.21(b)(1) through (4) of this Part.
- (d) If, after undertaking employment in contemplated or pending litigation, a lawyer learns or it is obvious that the lawyer or a lawyer in his or her firm may be called as a witness on a significant issue other than on behalf of the client, the lawyer may continue the representation until it is apparent that the testimony is or may be prejudicial to the client at which point the lawyer and the firm must withdraw from acting as an advocate before the tribunal. ¶

In view of the potential for use as a tactical device, motions to disqualify under DR 5-102(B) are subject to particularly strict scrutiny. See Lamborn v. Dittmer, 873 F.2d 522, 531 (2d Cir. 1989). Although a literal reading of DR 5-102(B) mandates disqualification merely on the showing that the potential testimony of a witness-advocate may be prejudicial to the party his firm represents, [\*43] under **New York** law the party seeking disqualification must demonstrate that it is likely that the "testimony to be given by the witness is necessary" and that it is substantially likely to be prejudicial to the party represented by his firm. Luk Lamellen U. Kupplungsbau GmbH v. Lerner, 167 A.D.2d 451, 452-53, 562 N.Y.S.2d 134 (2d Dep't 1990) (quoting S & S Hotel Ventures Ltd. Partnership v. 777 S.H. Corp., 69 N.Y.2d 437, 515 N.Y.S.2d 735, 508 N.E.2d 647 (1987)); see also, e.g., Plotkin v. Interco Dev. Corp., 137 A.D.2d 671, 524 N.Y.S.2d 763 (2d Dep't 1988); In re Estate of Bartoli, 137 Misc.2d 499, 521 N.Y.S.2d 392 (Surr. Ct. Nassau County 1987), aff'd, 143 A.D.2d 830, 533 N.Y.S.2d 324 (2d Dep't 1988); L-S Plate & Wire Corp. v. Federal Ins. Co., 1989 U.S. Dist. LEXIS 3481, No. 88 Civ. 0706, slip op. at 4, 1989 WL 32797 (S.D.N.Y. Mar. 28, 1989) (movant must demonstrate genuine necessity for testimony and substantial prejudice); Rice v. Baron, 456 F. Supp. 1361, 1371 (S.D.N.Y. 1978) (movant bears burden of establishing existence of factors warranting disqualification).

¶In determining the "necessity" [\*44] of the testimony, a court should consider such factors as the significance of the matter, the weight of the testimony, and the availability of other evidence. See S & S Hotel Ventures Ltd. Partnership, 69 N.Y.2d at 446, 515 N.Y.S.2d 735, 508 N.E.2d 647. For testimony to be "prejudicial" under the rule,

the "projected testimony of a lawyer or firm member must be sufficiently adverse to the factual assertions or account of events offered on behalf of the client such that the bar or the client might have an interest in the lawyer's independence in discrediting that testimony." Furthermore, the moving party "bears the burden of demonstrating specifically how and as to what issues in the case the prejudice may occur and that the likelihood of prejudice occurring is substantial."

Rice, 456 F. Supp. at 1371 (citations omitted), quoted in Lamborn, 873 F.2d at 531.

Kelleher contends that Waggoner had a "duty to mitigate damages" by suing SSBT and that Caruso will be compelled to give testimony prejudicial to Waggoner on this issue because no action has been commenced against SSBT. However, the fact that no action has been commenced [\*45] against SSBT is undisputed and does not require Caruso's testimony. Moreover, numerous other witnesses are available to testify to this fact. As for Kelleher's suggestion that Caruso's testimony may be required to discover whether Waggoner reached an agreement with SSBT, it is not supported by any evidence in the record and does not meet the burden for a motion to disqualify.

Kelleher also contends that Caruso will be compelled to testify regarding his assertions, in a letter to Kelleher, that Waggoner "had neither earned nor received anything from BTCB," because such assertions undermine Waggoner's factual assertions that he has an ongoing relationship with BTCB. But there is no inherent inconsistency between Caruso's assertions and Waggoner's assertions: one can have an ongoing relationship with a bank without having earned anything from the bank. In addition, other witnesses can testify to whether Waggoner has earned profits from BTCB and whether he has a continuing business relationship with BTCB. Kelleher has simply not met his burden of proof to demonstrate the necessity of Caruso's testimony on this issue.

For these reasons, the motion to disqualify Caruso and Shaw Pittman [\*46] is denied.

## II. The Motions To Dismiss.

### A. The Legal Standards.

¶On a Rule 12(b)(6) motion to dismiss, the factual allegations of the pleadings are presumed to be true and all factual inferences must be drawn against the party moving to dismiss. See Scheuer v. Rhodes, 416 U.S. 232, 236, 40 L. Ed. 2d 90, 94 S. Ct. 1683 (1974); Cosmas v. Hassatt, 886 F.2d 8, 11 (2d Cir. 1989); Dwyer v. Regan, 777 F.2d 825, 828-29 (2d Cir. 1985).

Rule 12(b)(6) imposes a substantial burden of proof upon the moving party. A court may not dismiss a complaint unless the movant demonstrates that "it is clear that no relief could be granted under any set of facts that could be proved consistent with the allegations." H.J., Inc. v. Northwestern Bell Tel. Co., 492 U.S. 229, 249-50, 106 L. Ed. 2d 195, 109 S. Ct. 2893 (1989) (citation omitted); Hishon v. King & Spalding, 467 U.S. 69, 73, 81 L. Ed. 2d 59, 104 S. Ct. 2229 (1984); Conley v. Gibson, 355 U.S. 41, 45-46, 2 L. Ed. 2d 80, 78 S. Ct. 99 (1957).

¶Rule 56(c) of the Federal Rules of Civil Procedure provides that a motion for summary judgment may be granted when "there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." The Second Circuit has repeatedly noted that "as a general rule, all ambiguities and inferences to be drawn from the underlying facts should be resolved in favor of the party opposing the motion, and all doubts as to the existence of a genuine issue for trial should be resolved against the moving party." Brady v. Town of Colchester, 863 F.2d 205, 210 (2d Cir. 1988) (citing Celotex Corp. v. Catrett, 477 U.S. 317, 330 n.7, 91 L. Ed. 2d 265, 106 S. Ct. 2548 (1986) (Brennan, J., dissenting)); see Tomka v. Seiler Corp., 66 F.3d 1295, 1304 (2d Cir. 1995); Burrell v. City Univ., 894 F. Supp. 750, 757 (S.D.N.Y. 1995). If, when viewing the evidence produced in the light most favorable to the non-movant, there is no genuine issue of material fact, then the entry of summary judgment is appropriate. See Burrell, 894 F. Supp. at 758 (citing Binder v. Long Island Lighting Co., 933 F.2d 187, 191 (2d Cir. 1991)).

¶Materiality is defined by the governing [\*48] substantive law. "Only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment. Factual disputes that are irrelevant or unnecessary will not be counted." Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248, 91 L. Ed. 2d 202, 106 S. Ct. 2505 (1986). "The mere existence of factual issues -- where those issues are not material to the claims before the court -- will not suffice to defeat a motion for summary judgment." Quarles v. General Motors Corp., 758 F.2d 839, 840 (2d Cir. 1985).

¶For a dispute to be genuine, there must be more than "metaphysical doubt." Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 586, 89 L. Ed. 2d 538, 106 S. Ct. 1348 (1986). "If the evidence is merely colorable, or is not significantly probative, summary judgment may be granted." Anderson, 477 U.S. at 249-50 (citations omitted).

#### **B. Waggoner Owns JWV's Shares and the CD Free of Kelleher's Claim.**

Kelleher's first counterclaim seeks a declaratory judgment that (a) Kelleher is the sole Director, Secretary, and shareholder of JWV; (b) that [\*49] the CD is the property of JWV; and (c) that the CD should be returned to Kelleher in his JWV corporate capacity. Waggoner's answer and cross-claims seek, inter alia, a judgment that the CD and all interest thereon are the property of JWV and Waggoner.

Waggoner contends that he is entitled to summary judgment on this issue for two independent reasons: (1) he holds the Certificate as a "protected purchaser" under Texas law, and therefore owns JWV free of any adverse claims of ownership; and (2) Kelleher's claim of a 20% beneficial ownership interest constitutes an amendment of the JPA and fails for lack of a writing.

Kelleher contends that he is entitled to summary judgment - or, at a minimum, that contested factual issues preclude granting of summary judgment at this stage of the litigation - because (1) Waggoner cannot claim to own any shares of JWV, having asserted in his pleadings that he transferred ownership to Wagonwheel; (2) Kelleher's 20% beneficial ownership interest in the BTCB arrangement is not governed by the JPA, which Waggoner abandoned; and (3) Kelleher owns

all the shares of JWV.

**1. Disputed Issues of Material Fact Preclude a Determination That Waggoner [\*50] Is a Protected Purchaser.**

It is not disputed that Waggoner is in possession of the Certificate, which states that the bearer is the owner of 5,000 shares of JWV. It is also not disputed that only 5,000 shares of JWV have ever been issued. Waggoner claims that, under Texas law, he is a "protected purchaser" of the shares and owns them free of any claims by Kelleher.

Nor do the parties dispute that Texas law applies to the question of whether Waggoner's possession of the Certificate is determinative of ownership of JWV. The Court has subject jurisdiction over this action pursuant to 28 U.S.C. § 1335. n8 ¶ Because § 1335 is "merely a special brand of diversity jurisdiction," *Whirlpool Corp. v. Ritter*, 929 F.2d 1318, (8th Cir. 1991) (citing *Griffin v. McCoach*, 313 U.S. 498, 503, 61 S. Ct. 1023, 1025-26, 85 L. Ed. 1481 (1941)), and because a federal court sitting in diversity must apply the choice of law rules of the forum state, see id. (citing *Klaxon Co. v. Stentor Elec. Co.*, 313 U.S. 487, 496, 61 S. Ct. 1020, 1021-22, 85 L. Ed. 1477 (1941)), this Court must apply New York's choice of law rules. [\*51] Under the New York Uniform Commercial Code, "the local law of the jurisdiction in which a security certificate is located at the time of delivery governs whether an adverse claim can be asserted against a person to whom the security certificate is delivered." N.Y. U.C.C. § 8-110(c). Since Kelleher delivered the Certificate to Waggoner in Texas, Texas law governs whether Kelleher can assert an adverse claim against Waggoner.

-----Footnotes-----

n8 ¶ § 1335 provides jurisdiction over interpleader actions where the amount controverted is \$ 500 or more, and where there are at least two adverse claimants of diverse citizenship, as defined in 28 U.S.C. § 1332, to the controverted money or property. Under § 1332(b), Waggoner and Kelleher are diverse, as Waggoner is a citizen of Texas and Kelleher of a foreign state.

-----End Footnotes-----

¶ Section 8.303 of the Texas Business and Commercial Law, which parallels the same section of the Uniform Commercial Code, provides:

(a) "Protected purchaser" means a purchaser of a certificated [\*52] or uncertificated security, or of an interest therein, who:

- (1) gives value;
- (2) does not have notice of any adverse claim to the security; and
- (3) obtains control of the certificated or uncertificated security.

(b) In addition to acquiring the rights of a purchaser, a protected purchaser also acquires its interest in the security free of any adverse claim.

Waggoner claims that he satisfies the requirements for a protected purchaser. The Court finds that Waggoner is a "purchaser" under § 8.303 because he capitalized JWV with his \$ 10 million investment, and JWV issued the bearer shares. ¶ Under § 8.303 Comment 1, "purchase" includes taking by issue, so a person to whom a security is originally issued can qualify as a protected purchaser."

Kelleher does not dispute that Waggoner gave value for the Certificate and that it is in his control.

The main area of contention is whether Waggoner received the Certificate with notice of (a) Kelleher's claim of a 20% beneficial ownership interest, and (b) Kelleher's belief that Waggoner was merely a "bailee," i.e., he had been given the Certificate merely for safekeeping, fully aware that the bearer shares had been registered [\*53] in Kelleher's name. As set forth above, Kelleher claims that Waggoner and Duprier were sent the Resolution and the Director's Minutes in which these facts are made clear. Kelleher also claims that any documents submitted by Waggoner that controvert these facts are falsified. Likewise, Waggoner claims that Kelleher's documents and affidavits are false.

If Kelleher's version of the story is true, then Waggoner cannot be a protected purchaser, as it unquestionably would have received notice of an adverse claim to the bearer shares. n9

-----Footnotes-----

n9 ¶ Under § 8-105(a) of the Texas UCC, a person has notice of an adverse claim if:

- (1) the person knows of the adverse claim;
- (2) the person is aware of facts sufficient to indicate that there is a significant probability that the adverse claim exists and deliberately avoids information that would establish the existence of the adverse claim; or
- (3) the person has a duty, imposed by statute or regulation, to investigate whether an adverse claim exists, and the investigation so required would establish the existence of the adverse claim.

-----End Footnotes----- [\*54]

Waggoner offers several responses to Kelleher's factual contentions. First, he claims that even if the Court accepts that Kelleher called a meeting of JWV on June 25, 1998, issued the Resolution, and effected the share transfer to himself, these actions are unlawful under the law of Dominica.

Under **New York** UCC § 8-110, which, as noted previously, provides the choice of law rule, the law of Dominica governs whether an adverse claim can be asserted against a person to whom a transfer of a certificated security is registered, if the adverse claim is based on the fact that the adverse interest has been recorded on the books of the issuer. See *id.* & Official Comment 1. However, Kelleher's claim is not simply based on the fact that the interest has been recorded on the books, but on the contention that the Resolution and the Director's Minutes were sent to Waggoner and Duprier, and on alleged conversations between Kelleher and Waggoner. For this reason, Waggoner's response that the law of Dominica controls this question is insufficient.

Moreover, Waggoner is not correct that, even if Kelleher's version of the events is taken to be true, Kelleher's claim fails as a matter of law. [\*55] Waggoner contends that the share transfer action taken at the alleged meeting, memorialized in the Resolution, was invalid because (a) the change of the registered office from Dominica to Kelleher's address in Surrey, England was not permitted under § 38 of the International Business Companies Act of 1996 of Dominica (the "Act"); (b) the change of the registered agent, from Bruney to Kelleher, was not permitted under § 39 of the Act; (c) notice of the meeting was required to be given to Bruney, who as a matter of law remained the registered agent; (d) Bruney was not given notice; and (e) failure to give notice to Bruney invalidated the share transfer. The difficulty with this reasoning is that, as Kelleher points out, under § 60(3) of the Act, "the inadvertent failure of the directors to give notice of a meeting to a member, or the fact that a member has not received the notice, does not invalidate the meeting." Kelleher, predictably, claims that any failure to give notice was inadvertent. He also claims that copies of the Resolution, the Director's Minutes, and the share register reflecting Kelleher's legal ownership of the JWV shares were given to Brazie of BTCB in London, who [\*56] allegedly assured Kelleher that he would give them to Bruney, who would insure that they were filed with

the Registrar's office in Dominica. Kelleher suggests that BTCB "should be equitably estopped from attempting to profit at this stage from its own malfeasance," and claims that, in any event, he cured any defect by sending copies of all the relevant documents to the Registrar's office, which acknowledged receipt on June 29, 1999. It is undisputed that Kelleher was - for better or worse - the sole director of JVW, and as a matter of law it cannot be said that the share transfer was invalid.

However, Waggoner also urges the Court to disregard Kelleher's affidavits as self-serving and to ignore his submissions of documentary evidence as post-hoc fabrications. The difficulty with this, however, is that the same reasoning can be applied to Waggoner's affidavit and documentary evidence. Waggoner's story holds together better than Kelleher's, and Kelleher's documentary evidence is questionable. Unfortunately, the Court is constrained to resolve any doubts against the party seeking summary judgment. Waggoner's citation to Federal Deposit Insurance Corp. v. National Union Fire Insurance Co., 205 F.3d 66, 71 (2d Cir. 2000) [\*57] for the proposition that "unsubstantiated, self-serving testimony" does not create a genuine issue of material fact is inapposite. The testimony at issue in National Union was of a witness, Mr. Folks, who admitted possible knowledge of alleged wrongdoing and simply stated that he did not "recall" whether he had been informed of the wrongdoing. See *id.* This testimony was in contrast to the testimony of several other witnesses who swore that they had informed Mr. Folks of the alleged wrongdoing. See *id.* at 68-71. It is also noteworthy that the summary judgment motion in National Union was filed "after extensive discovery." *Id.* at 70. Here, by contrast, almost no discovery has taken place - including, significantly, no depositions - and Waggoner has not supplied any affidavits of other individuals to corroborate his version of the events.

Moreover, while there are numerous inconsistencies in Kelleher's submissions, Waggoner's submissions are not entirely free from confusion. As previously noted, the IBC Form on which Waggoner places so much reliance was, on its fact, signed on June 22, 1998 by Betts and Kelleher. Yet the documents creating [\*58] JVW were apparently drawn up on June 19, 1998. One must wonder how BTCB drew up those documents before it received the application to form the corporation.

Furthermore, with respect to the allegedly forged Transmittal Letter, while it appears to the relatively untrained eye of this Court that Kelleher's signature on the Letter resembles his signature on numerous other correspondence, this Court is no expert on handwriting, and Waggoner has not submitted the affidavit of a handwriting expert to substantiate his claim that Kelleher's signature on the Transmittal Letter is genuine.

With respect to Kelleher's claims that he never received the Waggoner June 24, 1998 Confirmation Letter, the debiting of JVW's account by \$ 6500 suggests that Kelleher received the letter but is not dispositive on the issue.

Nevertheless, even viewing Kelleher's affidavits and documentary evidence in the light most favorable to him, this evidence is hardly solid. It is further undermined by three documents in which Kelleher essentially admits to Waggoner's ownership of JVW. See Caruso Reply Aff. Ex. 1 (Kelleher to Caruso: "You know that Wagonwheel Trust (a BTCB arranged and managed Trust for Mr. Waggoner) [\*59] is now the new owner of the bearer shares of JVW Investment Ltd. . . ."); Waggoner Reply Aff. Ex. A (Kelleher to Waggoner: "I am also advised that it is advisable for you, as with other U.S. citizens of high net worth like yourself, that your bearer shares in the IBC are owned by a fully settled Family Trust or similar established by you to protect you and your family."); Caruso Reply Aff. Ex. 4 (Kelleher to Waggoner: "Your CD @ 6% interest which protects/insures your \$ 10 M investment is in the First Equity/Paine Webber account. . . ."). These documents are dated after July 6, 1998, and are thus irrelevant and inadmissible to show Waggoner's knowledge, but are admissible against Kelleher under Fed. R. Evid. 801(d)(2) as non-hearsay admissions of a party-opponent. Yet these letters do not constitute unqualified admissions of Waggoner's ownership, and Kelleher, once again, proffers explanations which raise questions of material fact. (See Kelleher Aff. # 3 PP 26-30.)

Finally, with regard to Waggoner's claims that the contents of the Resolution are inconsistent with other submissions by Kelleher and establish that the Resolution was created in 1999, Kelleher offers an affidavit [\*60] of John Carleton Paget, who swears that he saw the Resolution in July, 1998. In addition, Kelleher offers explanations for the alleged inconsistencies. (Kelleher Aff. # 3 PP 23-25.)

Because there are disputed issues of material fact regarding whether Waggoner had notice of Kelleher's claims of ownership of JVW, summary judgment is not appropriate at this stage of the litigation solely on the basis of Waggoner being a "protected purchaser" under the Texas U.C.C. n10

-----Footnotes-----

n10 This said, it bears noting that this case involves not simply a disagreement about what actually happened, or one party's inability to remember, but outright accusations of forgeries and lying. It is very likely that one party has engaged in dishonest conduct. As indicated above, the submissions suggest that Kelleher is that party. While the Court refrains from reaching any conclusions on this question at this point, if it turns out, upon further discovery in this case, that a party has not conducted itself during the course of this litigation in accordance with the Federal Rules, some form of sanctions may well be appropriate.

-----End Footnotes----- [\*61]

## 2. The Alleged Trust Fails for Lack of a Writing.

Kelleher contends that he is the trustee of the bearer shares, holding 20% of them for the benefit of Abbeyfield and 80% for the benefit of Waggoner. Waggoner contends that the arrangement between Waggoner and Kelleher is governed by the JPA, which established a trust for the exclusive benefit of Waggoner. As the JPA could only be modified in writing, and as no such modification ever took place, Kelleher's alleged trust fails.

Kelleher does not dispute that the JPA established a trust for Waggoner's benefit only, that the trust could only be modified in writing, and that the JPA was not modified with respect to Waggoner being the sole beneficiary of the trust. If the JPA governed the BTCB transaction, then, Kelleher would have no claim on the CD. However, Kelleher claims that the JPA did not govern the BTCB transaction and was in fact abandoned. This claim has no merit. In at least thirty documents submitted to the Court, Kelleher admitted that the parties were operating under the JPA with respect to the BTCB investment. (See, e.g., Caruso Reply Aff. Exs. 6-9.) Here, in contrast to the discussion in the previous subsection [\*62] regarding whether Waggoner is a protected purchaser, Kelleher's statement in his affidavit that the JPA was abandoned cannot create an issue of material fact in light of the overwhelming evidence that Kelleher considered the JPA to govern the BTCB transaction. See *Seshadri v. Kasraian*, 130 F.3d 798, 804 (7th Cir. 1997); *Reisner v. General Motors Corp.*, 511 F. Supp. 1167, 1175 (S.D.N.Y. 1981). Moreover, Kelleher's claims that the BTCB investment was "totally different" from previous proposed investments is belied by one of Kelleher's affidavits and by his pleadings in this action. (See *Kelleher Aff. # 1 P 9* (BTCB program "was similar to the other investments declined by Waggoner"); Answer and Counterclaims P 17 (same).)

Kelleher contends, in the alternative, that his own part performance of the JPA means that it is no longer subject to N.Y. G.O.L. § 15-301 prohibiting oral modification. The partial performance, however, must confer a benefit on the party against whom enforcement of § 15-301 is sought. See *Merrill Lynch Interfunding, Inc. v. Argenti*, 155 F.3d 113, 122 (2d Cir. 1998). Here, Kelleher's alleged partial [\*63] performance benefitted Kelleher, who purportedly became a shareholder at Waggoner's expense.

Because the JPA governed the BTCB transaction, and because Waggoner was the sole beneficiary of the trust established under the JPA, Kelleher does not have a beneficial ownership interest in

JVW or the CD. Thus, summary judgment for Waggoner is appropriate.

The Court has considered the numerous additional arguments put forth by Kelleher, including his claims that his beneficial ownership is otherwise established through a purported joint venture, and that the trust arrangement is governed by the N.Y. E.P.T.L. The Court finds these arguments meritless. Even if a joint venture existed between Kelleher and Waggoner, it did not apply to the BTCB transaction.

As for the contentions that Waggoner cannot maintain this action because he has claimed that Wagonwheel Trust owns the JVW shares, not Waggoner, Wagonwheel's ratification of this action is sufficient. To satisfy Kelleher's concerns that Wagonwheel Trust has not formally ratified this action, Wagonwheel is directed to file a formal affidavit with the Court ratifying this action.

**C. Kelleher's Claims Seeking an Accounting and for Conversion [\*64] Will Be Dismissed.**

\* Waggoner also seeks dismissal of the second and third of Kelleher's counterclaims, for an accounting and for conversion, on the basis that those claims are premised on Kelleher's alleged ownership interest in JVW. As set forth above, Kelleher does not have an ownership interest in JVW, and these counterclaims will therefore be dismissed.

**D. Kelleher's Counterclaim for Breach of Fiduciary Duty Will Not Be Dismissed.**

Waggoner seeks dismissal of Kelleher's Fourth Counterclaim on the grounds that (a) Kelleher's allegations are insufficient as a matter of law; and (b) that the claim, in essence, seeks a finder's fee and is barred by the Statute of Frauds. While Waggoner characterizes the counterclaim as seeking compensation for the reasonable value of Kelleher's services as a finder, on its face Kelleher is claiming that Waggoner breached the covenant of good faith required of joint venturers.

Waggoner cites *Baytree Associates, Inc. v. Forster*, 240 A.D.2d 305, 306, 659 N.Y.S.2d 19 (1st Dep't) for the proposition that a party's attempt to characterize an agreement as a joint venture would not preclude a court from determining that the agreement was in [\*65] fact a finder's agreement if the record supported such a finding. Yet Baytree was decided on summary judgment, whereas here (at least with respect to this counterclaim) Waggoner seeks dismissal on the pleadings. Nor does Baytree stand for the proposition that a joint venture cannot be formed if one party does not contribute capital. See *id.* On this counterclaim, the Court is constrained to accept Kelleher's allegation that he formed a joint venture with Waggoner. n11

-----Footnotes-----

n11 It should be noted, however, that Kelleher's allegations of a joint venture do not involve the BTCB transaction, which, as previously indicated, is governed exclusively by the JPA.

-----End Footnotes-----

¶Under New York law, "an oral agreement may be sufficient to create a joint venture . . . and the Statute of Frauds is generally inapplicable to such an agreement." *Unicorn Enterprises, Ltd. v. Stonewall Contracting Corp.*, 232 A.D.2d 404, 405, 648 N.Y.S.2d 133 (2d Dep't 1996).

The motion to dismiss Kelleher's Fourth Counterclaim is therefore [\*66] denied.

**Conclusion**

For the reasons set forth above, Kelleher's First, Second, and Third Counterclaims against Waggoner are dismissed. Waggoner's claims against Kelleher, and Kelleher's Fourth Counterclaim against Waggoner, are not dismissed. Shaw Pittman is not disqualified. Wagonwheel Trust is directed to file a formal affidavit ratifying this action.



2507

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It is so ordered.

**New York, N. Y.**

**August 16, 2000**

**Robert W. Sweet**

**U.S.D.J.**

Source: All Sources : /.../: **Federal and State Cases - After 1944** ⓘ  
Terms: **correspondent and new w/1 york and sweet and date geq (8/1/00)** (Edit Search)  
View: Full  
Date/Time: Wednesday, September 13, 2000 - 3:44 PM EDT

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**British Trade & Commerce Bank**  
*Licensed for Full Trust Business*

*EMENS Bldg., Dame Eugenie Charles Blvd., 5th floor  
 P.O. Box 2042  
 Roseau, Commonwealth of Dominica*

April 19, 1998

In order to protect assets properly, whether in BTCB or elsewhere you should consider setting-up a certain structure to assure privacy and avoid unnecessary reporting and taxation issues. There are no taxes on IBC of Trust income or capital gains in Dominica and the privacy laws are very tight. As discussed, the most attractive structure would be as illustrated on Attachment "A". The specifics are:

1. Immediately, establish an IBC in Dominica perhaps in same name as the one in which you have contractual identity and/or the funds could be received. This will allow an orderly and mostly invisible transition. This IBC will have an Account at BTCB in order to receive the proceeds of Programs and to disburse them as instructed. This IBC should be 100% owned by bearer shares to be held by the Business Trust. The fee for setting and filing the IBC is \$1,500, including Government filing and fees (in lieu of taxes) and routine Corporate Administration for the first year.
2. Immediately, establish a Business Trust (your choice of names) in Dominica. This trust will not hold any bank accounts nor hold any assets except the bearer shares of IBC. Any dividends from IBC will pass through Business Trust for immediate distribution in accord with the instructions that accompany the dividend. The fees for setting and filing such Trust are \$4,000, including Government fees and routine Trust Administration for the first year.
3. You should select an "Organizer" of the IBC and Business Trust, and should designate International Corporate Services Ltd (an IBC owned 100% by BTCB) as the Director-Designee for the IBC and as Trustee of the Business Trust. Any documents executed by ICS Ltd will first be provided for review by the Organizer, who will advise that "they see no reason why IBC should not execute such documents as provided to Organizer." ICS Ltd will not execute any documents without having received such review comments.
4. IBC's Accounts should be set-up with dual signatures required, including an officer of ICS Ltd and an officer of BTCB (usually myself as Vice President over all managed accounts).
5. One or more Asset Trusts (Your choice of structure, trustees, and such) should be established, filed and activated once proceeds from trading are disbursed by IBC. The fees for setting and filing such are \$4,000 each, including Government filing fees and routine Trust Administration for the first year.

6. Any interface with U.S. activities would be with these Asset Trusts, or in certain desirable cases, with other IBC's you may wish to set-up under those Asset Trusts and all of assets accruing to such interfaces would be from/through those Asset Trusts [e.g. such Trusts or their IBC's could purchase goods and services, hold international debit cards, reinvest assets, purchase and hold stocks or property, and such].
7. The IBC held under the Business Trust would be the entity that would enter into subsequent Trading Programs on a 50/50 cooperative venture with BTCCB and would receive all resulting "Investor" proceeds for distribution. Such IBC would operate under a Cooperative Venture Agreement and written Special Transaction Instructions, which assure that the Principal held or applied under any Programs would be limited to Blocked Funds in that IBC's Account(s), or, secured by a top Western European Bank 106<sup>th</sup> Guarantee.
8. This structure provides: a) access to immediate programs without any significant burden on your resources; b) assurance that the subject assets and earnings are always under joint control of ICS Ltd and BTCCB; c) accrual of substantial assets under the Asset Trusts with maximum flexibility on their utilization while maximizing the preservation of capital and earnings; and, all of the Privacy and fiscal advantages afforded by Dominican Law.
9. If you commence with another entity, any subsequent identity change is subject to penetration on the basis of "form over substance" claims.
10. The choice of structure is of course yours, however if any client entity is not domiciled in Dominica, our Board will not permit any Trading from the IBC Account in order to protect the bank and its client against "cross-jurisdictional" exposure/penetration.
11. If this is desirable to you, I can have the necessary forms sent by the Bank based upon what can you submit to me.

We trust that this information satisfies your request and we look forward to a mutually beneficial professional relationship. I will be happy to discuss this further.

2510

12/06 19:50 05:51 96. 90/21 TEL: 202 8791

From: DR. CHARLES L. BRAZIE TO: WENDY DE WALDEN

Date: 6/12/98 Time: 13:01:56

Page 1 of 2

**British Trade & Commerce Bank.**

*Licensed for Full Trust Business*

Dame Eugenia Charles Blvd. Bayfront, Roseau  
Camberwell of Dominica  
Ph: (787) 448-5410 Fax: (787) 448-5477  
E-Mail: [btcb@btcb.com](mailto:btcb@btcb.com) SWIFT: BTCB DM CM



June 12, 1998

Mr. Don Kelleher/J.V. Waggoner  
J.V.W. INVESTMENTS LTD  
Via: Wendy De Walden

Dear Messrs Kelleher and Waggoner:

In response to the information you submitted, please be advised that the steps to implement your requests (under the "walled structure") are as follows:

1. An account has been reserved pending your completion of the hereinbelow;
2. Please complete the attached IBC, Trust and A/C Opening Forms and submit them to the Bank along with the evidence that you have transferred: \$1,500 for establishing and filing the IBC, \$4,000 for establishing and filing the Trust, and a minimum deposit of \$5,000 on the Account.
3. For convenience, you can transfer the significant principal to be entered into a High Yield Income Program along with those minimal funds. (The principal will be held in the IBC Account subsequently entered into the most attractive Program available.)
4. The attached Cooperative Venture Agreement must be executed between said IBC and BTCS before we can place said principal into such HYIP. The attached Board Resolution and LOI must also be executed by said IBC. The organizer of said IBC must review that Agreement and those documents and send a letter to ICS/BTCS stating that he has "reviewed (such document) and can see no reason why such Document should not be executed by ICS Ltd for and on behalf off (IBC Name)."

All of this can be done immediately upon receipt of the above. I trust that this information satisfies your requirements, and we look forward to a mutually beneficial professional relationship.

Sincerely,

  
Charles L. Brazie, Ph.D.  
Vice President - Managed Accounts

cc

xxx

62828962118 3

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2511

**J. V. W. INVESTMENTS LTD**

EMENS BLDG., Dame Eugenia Charles Blvd, Bayfront  
Roseau, Commonwealth of Dominica

Phone: (767) 448-6410

Fax: (767) 448-6477

AFFIDAVIT

DATE : June 25, 1998  
TO : Program Manager  
RE : Application To Private Placement Investment Program  
: Transaction Code: VERMILLION-HLN-10M

Dear Sir:

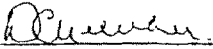
We, the undersigned, hereby confirm, under penalty of perjury and with full corporate responsibility, that the Investor package submitted to you for processing, including but not limited to the assets utilized, has not been and is not currently submitted to any other source for application to the Private Placement Investment Programs.

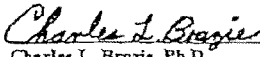
Furthermore, we hereby warrant and represent that, in the event we had previously submitted our Investor Package to any other source for application to Private Placement Investment Programs, that we subsequently have issued the required Cease and Desist Orders to that other source or sources.

Facsimile documents, when properly endorsed, are hereby declared to be treated as originals, and originals may be obtained upon request.

FOR AND ON BEHALF OF J. V. W.  
INVESTMENTS LTD BY:

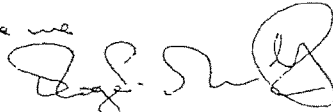
BY:

  
Donal C. Kelleher  
Sole Director (Trustee)  
Passport #: U.K. 500167267

  
Charles L. Brazis, Ph.D.  
BTCB Vice President  
Passport #: USA 014989065

Signed at Kingston upon Thames  
this 26th June 1998

before me



R. P. MacLavery

Notary Public

**J. V. W. INVESTMENTS LTD**

EMENS BLDG., Dame Eugenia Charles Blvd, Bayfront  
Roseau, Commonwealth of Dominica

Phone: (767) 448-6410

Fax: (767) 448-6477

LETTER OF INTENT

DATE : June 25, 1998  
TO : Program Manager  
RE : Private Placement Investment Program  
: Transaction Code: VERMILLION-HLN-10M

Dear Sir:

We, the undersigned, hereby confirm our full commitment and agreement to participate in an investment opportunity, subject to our acceptance of the terms, conditions and procedures that shall be outlined in the Private Placement Agreement.

Furthermore, we hereby warrant and represent that we have available for placement into the proposed investment, the sum of Ten Million United States Dollars (US\$10,000,000) of clean, clear funds, free of all liens and encumbrances and of non-criminal origin, and herewith attach documentary evidence of same. We further confirm that we are the beneficial owners of these cash funds, that we have full signatory authority and control thereof, and that such funds are available for immediate placement at our sole discretion.

We confirm and acknowledge, with full responsibility, that neither your Company nor anyone acting on your behalf has solicited us, that the documents that we shall receive shall not be deemed to be a solicitation of funds in connection with an Investment Program, and, that we are approaching you voluntarily for the purpose of securing participation in a bona fide Bank Secured High Yield Private Placement Program.

We are prepared to instruct our bank to act upon these funds as required pursuant to the specifics of this Program.

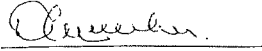
We hereby request information from you covering the terms, conditions and procedures of a Secured Investment and look forward to commencing the transaction, upon our acceptance of the Agreement.

Facsimile documents, when properly endorsed, are hereby declared to be treated as originals, and originals may be obtained upon request.

*OU*

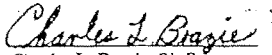
2513

FOR AND ON BEHALF OF J. V. W.  
INVESTMENTS LTD BY:




Donal C. Kelleher  
Sole Director (Trustee)  
Passport #: U.K. 500167267

BY:



Charles L. Brazie, Ph.D.  
BTCB Vice President  
Passport #: USA 014989065

*Signed at Kigali upon the  
this 26th June 1998*

*before me*  


R. P. MacLavery  
NOTARY PUBLIC

Attachments: Bank Proof of Funds  
Supplement to Letter of Intent  
Corporate Resolution  
Limited Power of Attorney  
Enlarged Copy of Passports  
Affidavit

2514

**J. V. W. INVESTMENTS LTD**

EMENS BLDG., Dame Eugenia Charles Blvd, Bayfront  
Roseau, Commonwealth of Dominica

Phone: (767) 448-6410

Fax: (767) 448-6477

SUPPLEMENT TO LETTER OF INTENT

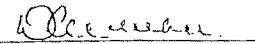
DATE : June 25, 1998  
TO : Program Manager  
RE : Private Placement Investment Program  
Transaction Code: VERMILLION-HLN-10M

Dear Sir:

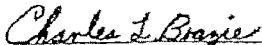
We, the undersigned, hereby confirm our full commitment and agreement that we wish to exchange our funds for a Top Asset Rated Bank Guarantee in the face amount of 106% of our funds for each entry, or re-entry, into the Program. We further understand that we shall be able to re-enter such Program twice, sequentially after our initial entry and completion of the Program and that we may re-enter with amounts in excess of the first entry of Funds.

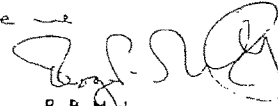
Facsimile documents, when properly endorsed, are hereby declared to be treated as originals, and originals may be obtained upon request.

FOR AND ON BEHALF OF J. V. W.  
INVESTMENTS LTD BY:

  
Donal C. Kelleher  
Sole Director (Trustee)  
Passport #: U.K. 500167267

BY:

  
Charles L. Brazie, Ph.D.  
BTCB Vice President  
Passport #: USA 014989065

*Signed at Roseau upon the*  
*26th June 1998*  
*for me*  
  
R. P. Macleverty  
Notary Public



2515

**J. V. W. INVESTMENTS LTD**

EMENS BLDG., Dame Eugenia Charles Blvd., Bayfront  
Roseau, Commonwealth of Dominica

Phone: (767) 448-6410

Fax: (767) 448-6477

RESOLUTION OF THE BOARD OF DIRECTORS RELATING TO  
PRIVATE PLACEMENT OF FUNDS

References:

- A. Minutes of the meeting of the Directors held on June 25, 1998.
- B. Articles of Incorporation of the corporation.

In accordance with the Articles of Incorporation of J. V. W. Investments Ltd, on the twenty-fifth day of June 1998, Mr. Donal C. Kelleher, its Sole Director, undertook the following corporate resolution, which is recorded as Reference A in Minutes of the Corporation Meeting Book:

"To utilize funds in the amount of at least Ten Million United States Dollars (US\$10,000,000) drawn on British Trade & Commerce Bank, EMENS BLDG., Roseau, Commonwealth of Dominica, and/or its correspondent Banks and to allow Mr. Donal C. Kelleher, Secretary & Director (Trustee), and/or Dr. Charles L. Brazie, Vice President of British Trade & Commerce Bank, with full signatory authority, to negotiate the final details and, thereafter, execute and enter into the Trading Contract(s) relating to the Private Placement of said funds into a fully Bank Guaranteed Investment Program(s). Additionally, Mr. Donal C. Kelleher, Secretary & Director (Trustee), and/or Dr. Charles L. Brazie, Vice President of British Trade & Commerce Bank, are empowered to open and manage bank accounts, to enter into fee agreements, to receive and distribute all profits from the programs, to enter into agreements as necessary, and to make selections as to which program or programs will best suit the investment of these funds.

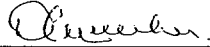
The necessary authority and powers required to undertake these tasks and responsibilities are hereby granted by us to Mr. Donal C. Kelleher, Secretary & Director (Trustee), and/or Dr. Charles L. Brazie, Vice President of British Trade & Commerce Bank, as set forth above.

It is therefore resolved that the named persons shall have the authority so empowered by this resolution."



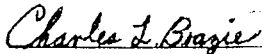
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FOR AND ON BEHALF OF J. V. W.  
INVESTMENTS LTD BY:



Donal C. Kelleher  
Sole Director (Trustee)  
Passport #: U.K. 500167267

BY:



Charles L. Brazie, Ph.D.  
BTCB Vice President  
Passport #: USA 014989065

*Signed at Kigali upon Rwanda  
this 26th June 1998*

*before me*



R. P. MacLavery  
NOTARY PUBLIC

Attachments:    **Bank Proof of Funds**  
                      **Supplement to Letter of Intent**  
                      **Corporate Resolution**  
                      **Limited Power of Attorney**  
                      **Enlarged Copy of Passports**  
                      **Affidavit**

2517

**J. V. W. INVESTMENTS LTD**

EMENS Bldg., Dame Eugénie Charles Blvd., Bayfront  
Roseau, Commonwealth of Dominica

Phone: (767) 448-6410

Fax: (767) 448-6477

LIMITED POWER OF ATTORNEY

The undersigned, J.V.W. Investments Ltd, hereby appoints and directs Lewis P. Malouf, USA Passport No. 036437944, as our authorized representative and lawful Attorney-In-Fact by granting unto him this Power of Attorney to represent the undersigned in the full and free access to interface directly with the Investment Program and to secure evaluation information and documentation on our behalf. However, this Limited Power of Attorney does not give Mr. Malouf the power to sign the Trading Agreement or access to any of our banking accounts.

I further grant to this Attorney-In-Fact full authority to act in our manner both proper and necessary to the exercise of the foregoing powers.

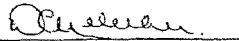
Effective Period: This Limited Power of Attorney shall become effective on this 25<sup>th</sup> day of June 1998, and shall remain in effect for a one (1) year and one (1) week.

The original or photocopy of this authority shall serve to notify and confirm to whomever it may concern as to the power and authority granted unto Lewis P. Malouf as if being the investor/client/owner of funds itself, with full access to the information and documentation, and shall be governed by the laws of the Commonwealth of Dominica.

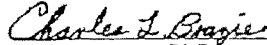
IN WITNESS WHEREOF THE UNDERSIGNED, WITH FULL AUTHORITY, HAS EXECUTED THIS LIMITED POWER OF ATTORNEY ON THE DATE SET FORTH BELOW AT ROSEAU, COMMONWEALTH OF DOMINICA.

FOR AND ON BEHALF OF J. V. W.  
INVESTMENTS LTD BY:

BY:



Donal C. Kelleher  
Sole Director (Trustee)  
Passport #: U.K. 500167267



Charles L. Brazic, Ph.D.  
BTCB Vice President  
Passport #: USA 014989065

Signed at Kingston upon Thames  
the 26<sup>th</sup> June 1998

Before me 

R. P. MacLeverty

Notary Public

2518

COOPERATIVE VENTURE AGREEMENT NO. 130001  
Transaction Code: VERMILLION-1

THIS AGREEMENT is entered into this twenty-fifth day of June 1993, by and between:  
J. V. W. INVESTMENTS LTD, having principle offices at the EMENS Building, Dame  
Eugenia Charles Boulevard, Bayfront, Roseau, Commonwealth of Dominica, W.I.  
Attention: Donal C. Kelleher, Sole Director  
Telephone: (767) 448-6410 Facsimile: (767) 448-6477  
(hereinafter "Client" shall mean J. V. W. INVESTMENTS LTD, its attorneys, affiliated  
companies, or designees/nominees).

AND

BRITISH TRADE & COMMERCE BANK, having principle offices at the EMENS  
Building, Dame Eugenia Charles Boulevard, Bayfront, Roseau, Commonwealth of Dominica,  
W.I.  
Attention: Dr. Charles L. Brazie, Vice President - Managed Accounts  
Telephone: (767) 448-6410 Facsimile: (767) 448-6477  
(hereinafter "BTCB" shall mean British Trade & Commerce Bank, its attorneys, affiliated  
companies, or designees/nominees, and "Parties" herein shall mean Client and BTCB).

WITNESSETH THAT:

WHEREAS, BTCB is a bank chartered and operating under the laws of the Commonwealth of  
Dominica and fully empowered to provide the accounts and conduct the activities envisioned  
herein; and

WHEREAS, BTCB has the legal capacity and authority to cause assets to be entered into  
certain established International Cash Management Scenarios involving Medium Term Notes  
("MTNs") issued by Top Twenty-five (25) Asset-rated Western European Banks; and

WHEREAS, BTCB has correspondent relationships with major world banks; has agreed to  
enter into the Managed Account Custody Agreement hereinbelow with Client; has opened an  
Account in the name of Client for the transactions envisioned hereunder; and has the ability to  
effect participation in such Scenarios, with attractive yields emitting from such Scenarios; and

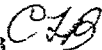
WHEREAS, BTCB has the legal capacity and authority to issue Certificates of Deposit  
("CD's") and other bank Instruments; and

WHEREAS, Client is an International Business Company that is organized and operated under  
the laws of the Commonwealth of Dominica; and

WHEREAS, Client will have on deposit at least Ten Million United States Dollars  
(US\$10,000,000) in its such Account that may be placed in such Scenarios, and warrants that  
such deposits are clean, clear and legally obtained funds of non-criminal origin; and

WHEREAS, BTCB and Client have determined to enter into a cooperative venture  
relationship in order to participate in such Scenarios in full accord with all applicable rules and  
regulations [including I.C.C. Publication 500/600]; and

BTCB



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Client



WHEREAS, BTCB, and Client intend to finance projects or to place appropriate funds into approved project funding sources from the profits arising from this AGREEMENT; and

WHEREAS, BTCB and Client, by entering into this AGREEMENT, do not intend to create a taxable partnership/corporation/entity, but rather intend to create a vehicle of cooperative enterprise in which the Parties have agreed to participate; and

WHEREAS, BTCB and Client, mutually desire to transact business with one another for the period specified in this AGREEMENT but not less than one (1) year; and

WHEREAS, this AGREEMENT, when signed, shall constitute that BTCB and Client, each, are fully responsible, ready, and able to fulfill their respective obligations and responsibilities hereunder.

NOW THEREFORE, in consideration of the foregoing, and the various covenants and undertaking herein, and for other good and valuable considerations, the value and the adequacy of which is acknowledged by each of the parties hereto upon execution of this AGREEMENT, BTCB and Client agree as set forth hereinbelow.

## 1. PURPOSE

- 1.1 The primary purpose of the Parties is to cause the funding of certain projects and programs with the net proceeds derived from participating in certain established International Cash Management Scenarios through financial mechanisms advantageous to the Parties and which comply with the rules and regulations from various jurisdictions and authorities that apply to such project financing. Significant proceeds from participating in such Scenarios, net of normal costs (scenario participation costs, service fees, Custodial and Transaction Fees and costs), shall be deposited into development trust/project funding accounts which shall be used to cause the funding of such worthwhile projects and programs.
- 1.2 Notwithstanding the foregoing, each of the Parties shall be paid Five (5.0) points from the proceeds of such Scenarios, as fees for services rendered. [Five (5.0) points are defined herein as Five Percent (5.0%) of such proceeds received from each trading cycle of such Scenarios.] These funds shall be owned exclusively by the paid party and the other party hereby waves any and all claim to such paid funds.
- 1.3 The remaining proceeds from participation in the Scenarios, as defined herein, shall be divided into two (2) parts upon their receipt. One (1) of these parts, which equals Fifty Percent (50%) of such remaining proceeds, shall be placed into Trust Accounts designated by BTCB and shall be used to fund projects/programs solely at the discretion of that Trust.
- 1.4 The remaining One (1) part, which equals the remaining Fifty Percent (50%) of such proceeds, shall be disbursed through a Business Trust and placed into Project Funding Accounts that shall fund qualified projects solely under the discretion of Client. The subject of this paragraph and that immediately preceding shall not be subject to any litigation or arbitration.

## 2. TRANSACTION SCENARIOS

- 2.1 Client has established a Custody/Transaction Account at BTCB for these Transactions, under the "Managed Account Custody Agreement" as set forth in EXHIBIT "A" attached hereto and made a part hereof.

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Client 


- 2.2 Client will cause the deposits into such Account the amount of at least Ten Million United States Dollars (US\$10,000,000) in exchange for a CD in the name of Client, which CD shall bear interest at the rate of Six Percent (6.0%) per annum, payable in arrears, and the term of such CD shall be for One (1) year. BTCB shall then cause such funds to be placed into such Scenarios. Client may increase the amounts on deposit with advanced notice to BTCB. The total amount of such funds on deposit shall be deemed the Account Principal.
- 2.3 BTCB shall place such Account Principal into such Scenarios and that participation shall be confirmed to the satisfaction of both Parties. The detailed activities to accomplish the intent of the paragraphs hereinabove are contained in the "Specific Transaction Instructions" set forth in EXHIBIT "B" attached hereto and made a part hereof.
- 2.4 If such Scenario shall provide a 106% Major Bank Instrument of Guarantee in exchange for such Account Principal, then that Instrument shall be exchanged for said CD and said CD shall be cancelled. Otherwise, when the cumulative disbursements to Client hereunder shall reach the amount of the Account Principal for which said CD has been issued, such CD shall be returned to BTCB and deemed paid in full and shall be cancelled.
- 2.5 The period of the AGREEMENT is for at least one (1) year, subject to BTCB's ability to place said assets in such Scenarios. If the ongoing distribution of proceeds, as defined hereunder, does not occur within forty (40) days of the initial placement of assets into such Scenarios or within ten (10) days of each subsequent month of participation in such Scenarios, Client may terminate this AGREEMENT without prejudice to itself and all such Account Principal shall be exchanged for said CD and any additional Client's proceeds, without additional set-off, reduction, or deduction, shall be distributed, immediately, to bank coordinates that will be provided by Client.
- 2.6 The proceeds from participating in such Scenarios for any given trading cycle shall be disbursed, as provided hereinabove, at the beginning of the next subsequent trading cycle.


### 3. DISPUTES

- 3.1 In the event of any dispute concerning any aspect of this AGREEMENT, including breach or alleged breach hereof, the Parties agree to have the matter arbitrated by a third party mutually agreed upon by the Parties. If the Parties cannot agree upon the arbitrator, the Parties agree to have the dispute arbitrated as fixed by the I.C.C. in accordance with the International Chamber of Commerce Rules of Conciliation and Arbitration (I.C.C. 447-2M, 1990 or latest revision in effect at the time of the dispute). The venue for such arbitration shall be the city of London and any such arbitration decision shall be final and binding on the Parties and may be enforced in any Court of Law having jurisdiction thereto.

### 4. CONFIDENTIALITY

- 4.1 The Parties agree: that any and all information disclosed, or to be disclosed, by any other party hereto, or by legal counsel or other associate; and, that any and all documents and procedures transmitted to each other for and in execution of this AGREEMENT are privileged and confidential and are to be accorded the highest secrecy. Accordingly, the I.C.C. rules and regulations pertaining to Non-Disclosure and Non-Circumvention shall be included herewith by reference hereto. Moreover, the Parties specifically:

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Client 


- A) Acknowledge and undertake for themselves, their legal counsel, employees, associates, officers, directors, trustees, bankers and/or representatives to treat any and all such information as privileged and confidential and not to disclose to any third party, directly or indirectly, or to use any such information for any purpose other than for accomplishment of the objectives of the business undertaken herein without the express, written prior consent of the party supplying that such information.
- B) Acknowledge that any unauthorized dealing or disclosures or uses of any such information obtained for and in execution of the present AGREEMENT shall constitute a breach of confidence and shall form the basis of an action for damages by the injured party with a view to compensate the injured party to the extent any financial reward might have accrued but for the unauthorized dealing, misuse of information, or breach of confidence and contract.

## 5. GENERAL TERMS

- 5.1 Each party, individually and separately, accepts liability for its own taxes, imposes, levies, duties, or other charges that may be applicable in the execution of its respective roles.
- 5.2 Each party recognizes the unique services rendered by their representatives and agree that each shall be responsible for the commissions and fees to which it has agreed in writing; and, that the party that has incurred any obligations shall indemnify and hold harmless the other party against any claim, demand, and/or expense, however arising.
- 5.3 This AGREEMENT is a full recourse, private, non-public agreement executed under the laws of the Commonwealth of Dominica, which be the jurisdiction governing the construction, interpretation, execution, validity, enforceability, performance, or any other matter in respect to this AGREEMENT, including breach or claim thereof.
- 5.4 Both parties acknowledge that they had adequate time and opportunity to consult with counsel of their choosing prior to execution hereof; that each fully understands the facts and has been fully informed as to any rights and obligations in connection therewith; and, that, having this knowledge or lack of knowledge by voluntary choice, each has executed this AGREEMENT freely and without reservation.
- 5.5 The Parties acknowledge and accept that the I.C.C. rules and regulations appertaining to Force Majeure shall be included herewith by reference hereto.
- 5.6 The AGREEMENT cannot be assigned, transferred or conveyed by either party without the expressed, written, prior consent of the other party.
- 5.7 No unauthorized communications by either party with any bank outside of these procedures is allowed without the prior written consent of the other party. Failure to observe this consideration will immediately cause this AGREEMENT to be deemed to have been breached.
- 5.8 Each party shall be solely responsible for its own, unique institutional costs, except as otherwise provided hereinabove.

## 6. COMPLETE AGREEMENT AND CONFORMING DOCUMENTS

- 6.1 This AGREEMENT reflects the complete understanding of the Parties on the matters hereto.

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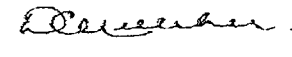
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Client 

- 5.2 A facsimile copy of a fully executed original of this document will be deemed an original, binding and enforceable document until otherwise agreed to by the Parties.
- 6.3 This AGREEMENT shall remain in full force and effect until completion of the transactions envisioned hereinabove and shall be binding upon BTCB and Client and their heirs, successors and assigns, agents, principles, and all other parties associated with or involved in the transactions.
- 6.4 This AGREEMENT may consist of one or more counterparts, all of which upon execution shall constitute one and the same AGREEMENT. The Parties acknowledge that a hard copy of this AGREEMENT may be signed by each respective party at different places and different times. Both Parties have the right to require courier delivery of the original AGREEMENT.
- 6.5 Each addendum, change, or modification to this AGREEMENT must be made in writing and approved and executed by the Parties as a condition precedent to the implementation and effect of such addendum, change, or modification.
- 6.6 If any of the provisions of this AGREEMENT are, or become, invalid by virtue of applicable law(s) or fail enforceability, then this AGREEMENT shall remain in full force. The invalid and/or unenforceable provision(s) shall be replaced by provisions mutually agreed between the Parties within the spirit and intent of the original provision.
- 6.7 The Parties hereby confirm that each is fully empowered, legally qualified, and duly authorized to execute and deliver this AGREEMENT and to be bound by its terms and conditions. All statements and representations under this AGREEMENT are made with full legal and corporate responsibility.

IN WITNESS WHEREOF, the Parties declare herein that they have signed hereinbelow in full and bonafides, thereby entering into this contractual commitment as defined and provided under the terms, conditions, and provisions of this AGREEMENT on the dates last written herein below.

DATE: June 25, 1998  
 FOR AND ON BEHALF OF  
 J. V. W. INVESTMENTS LTD  
 BY:



DONAL C. KELLEHER  
~~██████~~  
 SOLE DIRECTOR  
 EXHIBIT "A"

DATE: June 26, 1998  
 FOR AND ON BEHALF OF  
 BRITISH  
 TRADE & COMMERCE  
 BANK  
 BY:



CHARLES L. BRAZIE, Ph.D.  
 VICE PRESIDENT

BTCB 

Client 



MANAGED ACCOUNT CUSTODY AGREEMENT

To: British Trade & Commerce Bank  
 EMENS Bldg. Dame Eugenia Charles Blvd., Bayfront Roseau, Commonwealth of Dominica, W.I.

Gentlemen:

The undersigned hereby requests you to open and maintain a Custody Account in the name of the undersigned and to receive and hold therein as custodian, upon the following terms and conditions, cash and Investments (hereinafter defined).

**Transactions.** Subject to the provisions of this Agreement, you are authorized:

- (a) To receive all interest and dividends payable on Investments and to credit such interest and dividends to the account or accounts of the undersigned with you as are designated by an Authorized Person (hereinafter referred to as the "Cash Account");
- (b) To credit all proceeds received from sales and redemptions of Investments to the Cash Account;
- (c) To debit the Cash Account for the cost of acquiring Investments for the Custody Account;
- (d) To present obligations (including coupons) for payment upon maturity, when called for redemption and when income payments are due;
- (e) To exchange securities for other securities where the exchange is purely material;
- (f) To sell fractional interests resulting from a stock split or dividend;
- (g) To convert any currency received with respect to Investments in the Custody Account into another currency whenever it is practical or necessary to do so through customary banking channels. You shall incur no liability on account of any loss suffered or expense incurred as a result of such conversion, including without limitation losses arising from fluctuations in exchange rates affecting any such conversion;
- (h) On instructions of an Authorized Person or as otherwise provided hereunder, to purchase and sell Investments for the account of the undersigned;
- (i) To execute in the name of the undersigned, whenever you deem it appropriate, such ownership and other certificates as may be required to obtain payments with respect to, or to effect the sale, transfer or other disposition of Investments; and
- (j) To enter into spot or forward transactions for the purchase and/or sale of currencies for the account of the undersigned in connection with or in anticipation of the purchase or sale of securities.

"Investments" means securities of every type and description in any currency including but not limited to stocks, warrants, puts, calls, forwards, futures, options on futures, bonds, debentures, notes, unit trusts, precious metals and other commodities, bank deposits, mortgages and other obligations, and any documents of title, certificates, receipts, and other instruments evidencing ownership, or representing rights to receive, purchase or subscribe to, any of the foregoing, or evidencing or representing any other rights or interests therein.

**Instructions.**

You are authorized to accept and rely upon all written instructions which you believe in good faith are given by an Authorized Person. "Authorized Person" means the undersigned or other person or entity designated in a statement signed by the undersigned or (if the undersigned is a corporation) one or more officers, employees or agents of the undersigned authorized by a corporate resolution of the board of directors of the undersigned delivered to you or described as authorized in a certificate of the Secretary, Assistant Secretary, or Managing Director of the undersigned.

You may also rely on instructions when bearing the facsimile signature of any Authorized Person (supplemented by telephonic verification). In addition, you may rely on instructions received by telephone, telex, TWX, facsimile transmission, bank wire or other teleprocess acceptable to you which you believe in good faith to have been given by an Authorized Person or which are transmitted with proper testing or authentication pursuant to terms and conditions which you may specify. You

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may also rely on instructions transmitted electronically through a client data entry system or any similar instruction system acceptable to you. You shall incur no liability to the undersigned or otherwise as a result of any act or omission by you in accordance with instructions on which you are authorized to rely pursuant to the provisions of this paragraph unless your reliance is the result of your gross negligence or willful misconduct. You will incur no liability for the failure of any written confirmation to conform to the telephone instructions which you received or your failure to produce such confirmation at any subsequent time. Unless otherwise expressly provided, all authorizations and instructions shall continue in full force and effect until cancelled or superseded by subsequent authorizations or instructions received by your safekeeping account administrator.

The undersigned agrees that if you require test arrangements, authentication methods or other security devices to be used with respect to instructions which an Authorized Person may give, the undersigned shall safeguard any testkeys, identification codes or other security devices which you make available to any Authorized Person and agrees that the undersigned shall be responsible for any loss, liability or damage incurred by you or by the undersigned as a result of your acting in accordance with instructions from any unauthorized person using the proper security device. You may electronically record any instructions given by telephone, and any other telephone discussions with respect to the Custody Account or transactions pursuant to this Agreement.

#### **Registration.**

Unless you receive contrary instructions from an Authorized Person, you are authorized to keep securities in your own vaults registered in the name of your nominee or nominees or where securities are eligible for deposit in a securities depository, including without limitation The Depository Trust Company or the Federal Reserve Bank of New York, you may utilize any of the services of any such depository and permit the registration of registered securities in the name of its nominee or nominees, and the undersigned agrees to hold you and the nominees harmless from any liability as holders of record. The undersigned will accept the return or delivery of securities of the same class and denomination as those deposited with you by the undersigned or otherwise received by you for the Custody Account, and you need not retain the particular certificates so deposited or received.

If any securities registered in the name of your nominee or held in a securities depository and registered in the name of the depository's nominee are called for partial redemption by the issuer of such securities, you are authorized to allot the called portion to the respective beneficial holders of the securities in any manner deemed to be fair and equitable by you in your sole discretion.

#### **Statements.**

You will supply to the undersigned from time to time as mutually agreed upon a statement in respect to the investments held by you or by a subcustodian and an advice or notification of any transfers of investments to or from the Custody Account, indicating, as to investments acquired for the undersigned, the identity of the entities having physical possession of such investments. In the absence of the filing in writing with you by the undersigned of exceptions or objections to any such statement within sixty (60) days, the undersigned shall be deemed to have approved such statement, and you shall be released, relieved and discharged with respect to all matters and things set forth therein.

#### **Proxies, Redemptions and Securities Rights.**

You will send to the undersigned such proxies (signed in blank, if issued in the name of your nominee or a nominee of a securities depository) and communications with respect to securities in the Custody Account as call for voting or relate to legal proceedings within a reasonable time after sufficient copies are received by you for forwarding to customers. In addition, you shall follow coupon payments, redemptions, exchanges or similar matters with respect to securities in the Custody Account and advise the undersigned of rights issued, tendered offers or other discretionary rights with respect to such securities, in each case, of which you receive notice from the issuer of the securities or as to which notice is published in publications routinely utilized by you for this purpose, subject to any terms and conditions as you may put into effect from time to time.

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**Investments and Funds Held Abroad.**

Investments in the Custody Account shall be held in such country or other jurisdiction as shall be specified from time to time in instructions from an Authorized Person which are acceptable to you, provided that such country or other jurisdiction shall be one in which a principal trading market for such Investments is located or in which such Investments are to be acquired, sold, transferred or presented for payment. Funds shall be credited to an account in such amounts and in the country or other jurisdiction as shall be specified from time to time in instructions from an Authorized Person which are acceptable to you, provided that such country or other jurisdiction shall be one in which such cash is a legal currency for the payment of public or private debts.

The undersigned authorizes you to hold cash and investments for the Custody Account in accounts which have been established by you with one of your branches or with one or more subcustodians. "Subcustodian" means a branch of another U.S. bank, a foreign bank acting as custodian or a foreign securities depository in which you participate. You shall select in your sole discretion the branch or subcustodian in the custody of which any investment may be maintained or with which any funds may be deposited. Any entity so selected is authorized to hold such funds and investments in its account with any foreign securities depository in which it participates.

You shall not be liable for any loss resulting from the maintenance of any Investments in a foreign country, including, but not limited to, losses resulting from nationalization, expropriation, currency restrictions, acts of war or terrorism, insurrection, revolution, or acts of God.

**Overdrafts.**

The amount by which any payment made by you on behalf of the undersigned pursuant to this Agreement exceeds the available funds in the currency in the Cash Account shall be deemed a loan from you to the undersigned. Such loan shall be payable on demand and, in your discretion, shall bear interest at the rate customarily charge by you or your subcustodian on similar loans. In no event shall you have any duty to make any payment if such payment will exceed the funds available in the Cash Account.

**Reimbursement.**

If you choose to credit the Cash Account or the Custody Account on the payable date for interest, dividends or redemptions, the undersigned will return to you such amount or property credited promptly upon your oral or written notification that you have been unable to collect such amount or property in the ordinary course of transactions for the account of the undersigned. You shall have no duty to institute legal proceedings, file a claim or proof of claim in any insolvency proceeding or take any action beyond your ordinary collection procedures to collect such amounts or property.

**Crediting and Debiting Procedures.**

With respect to any Investment held in or to be acquired for the Custody Account you may, in your discretion, cause the Cash Account to be credited on the contractual settlement date with the proceeds of any sale or exchange of any Investment from the Custody Account and to be debited on the contractual settlement date for the cost of any investment purchased or acquired for the Custody Account. If a transaction with respect to which a credit or debit has been made fails to settle, you may reverse such credit or debit upon instructions of an Authorized Person. Alternatively, while you assume no affirmative duty to act in the absence of such instructions, you may reverse any such credit or debit if a transaction fails to settle within a period of time after the contractual settlement date which you in your sole discretion consider reasonable in the light of market conditions. If any Investments delivered pursuant hereto are returned by the recipient thereof, you may cause any such credits or debits to be reversed at any time. With respect to any transactions as to which you do not determine so to credit or debit the Cash Account, the proceeds from the sale or exchange of

Investments will be credited and the cost of such Investments purchased or acquired will be debited to the Cash Account on the date such proceeds or Investment are received by you.

Notwithstanding the preceding paragraph, settlement and payment for any Investment received for, and delivery of any Investment out of, the Custody Account may be effected in accordance with the customary or established trading or processing practices and procedures for such Investment in the jurisdiction or market in which the transaction occurs, including, without limitation, delivering such Investment to the purchaser thereof or dealer therefor (or to an agent for such purchaser or dealer) against a receipt with the expectation of receiving later payment for such Investment from such purchaser or dealer (or agent there of).

With respect to all transactions for the Custody Account, including, without limitation, dividend and interest payments and sales and redemptions of any Investment, availability of funds credited to the Cash Account will be based on the type of funds used in the trade settlement or payment, including, but not limited to, same day availability for federal or same day funds and next business day availability for clearing house or next day funds.

#### **Security and Set-Off.**

As security for any performance of my obligations under this Agreement, I grant a security interest in and pledge, transfer, and assign to you my right, title and interest in and to all cash, investments and other assets held by you or by any of your subsidiaries, affiliates or subcustodians (the "Collateral"). In addition, and without limiting the foregoing, I agree that you may set-off any and all of my obligations to you against any and all deposits of mine, whether general or special, with you or any of your subsidiaries, affiliates or subcustodians, wherever located and whether or not denominated in the same or different currencies. In the event that a debited deposit is maintained in a currency other than the currency of my obligation to you, such debit shall be made in the amount which, when converted to the currency of my obligation at your rate for purchasing such currency on the date of such debit, shall yield the amount then due and payable to you hereunder.

#### **Custodian Responsibility.**

You will use the same care with respect to the performance of your duties under this Agreement as you use in respect to your own property similar to that held hereunder, but you need not maintain any insurance for the benefit of the undersigned. Except as may be provided otherwise herein, you are authorized to execute instructions given by or on behalf of the undersigned and take other actions pursuant to this Agreement in accordance with your customary processing practices for customers similar to the undersigned and, in accordance with such practices, you may retain agents, including subsidiaries or affiliates of yours, to perform certain of such functions, notwithstanding that such retention may result in a gain or profit to you or to any of your subsidiaries or affiliates. All collection and receipt of funds or Investments and all payment and delivery of funds or Investments under this Agreement shall be made by you as the agent of the undersigned, at the risk of the undersigned. You will be liable to the undersigned only to the extent of actual damages suffered by the undersigned determined on the basis of the market value of the property which is the subject of the loss at the date of discovery of such loss, suffered or incurred as a result of gross negligence or willful misconduct on your part.

You will be responsible for only those duties stated in this Agreement or expressly contained in instructions to perform the services described herein given to you pursuant to the provisions of this Agreement and accepted by you and, without limiting the foregoing, you shall have no duty or responsibility:

- (a) to supervise the Investment of, or make recommendations with respect to the purchase, retention or sale of, any Investment relating to the Custody Account;
- (b) with regard to the Investment in the Custody Account as to which default in the payment of principal or interest has occurred, to give notice of default, make demand for payment or take any other action with respect to such default;

BTCB *PNB*

Client *PNB*

(c) for any act or omission, or for the solvency or notice to the undersigned of the solvency, of any subcustodian, securities depository broker or agent selected by you (in the absence of gross negligence or willful misconduct by you in such selection) or by the undersigned or any other person to effect any transaction for the Custody Account;

(d) to evaluate, or report to the undersigned regarding, the financial condition of any party to which you deliver investments or payment pursuant to this Agreement; or

(e) for any loss occasioned by delay in the actual receipt of notice by you or any payment, redemption or other transaction in respect to which you are authorized to take some action pursuant to this Agreement.

If the undersigned is a trust and provides you with a copy of its trust instrument, the undersigned understands and agrees that your review of such document is solely for the purpose of verifying the power of the trust to enter into and perform this Agreement and identifying the person(s) necessary to bind the trust, and that you assume no responsibility whatsoever for the proper administration of the trust.

**Conflicts of Interest.**

The undersigned understands there is a potential conflict of interest between you and the undersigned in that you shall provide similar services to other clients and to your own accounts. Therefore, you or these other Accounts may compete for the same Investments. Further, the undersigned is aware that you and/or your clients may continually develop investment strategies because of different financial positions or objectives, and such strategies could require investments that are different from or opposite to those of the undersigned. However, in view of the fact that a large number of these Investments are available and in view of market liquidity, the undersigned accepts the effects of such activities.

**Responsible as Principal.**

The undersigned will be responsible to you as principal for all obligations of the undersigned to you arising under or in connection with this Agreement, notwithstanding that the undersigned may be acting on behalf of other persons, and the undersigned warrants its authority to deposit in the Custody Account and Cash Account any Investments and funds which you or your agents receive therefor and to give instructions relative thereto. The undersigned further agrees that you shall not be subject to, nor shall your rights and obligations with respect to this Agreement and Custody Account be affected by any agreement between the undersigned and any such person, except as provided herein.

**Taxes.**

You are authorized and directed to claim exemption from transfer taxes on all transfers and deliveries of Investments held for our Custody Account.

If the undersigned is not a United States person or entity, you are hereby advised that the proceeds of any sale of a security to the issuer thereof in the context of a self-tender offer do not constitute dividends and you are hereby directed not to withhold taxes payable to the United States with respect to such proceeds. The undersigned hereby agrees to indemnify and hold you harmless from and against any and all damages, liabilities, costs, fees and expenses incurred by you as a result of not withholding such taxes.

You shall have no obligation to seek a refund of any taxes withheld against any dividend or interest paid on any Investment unless the undersigned provided you with all documents that you may reasonably require for that purpose.

BTCB 

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Client 

**Fees, Indemnification.**

The undersigned agrees to pay a monthly Custodial Fee. This monthly Fee shall equal One Fifth of One Percent (0.2%) of the combined average monthly balance(s) in the Custody Account(s) and the Cash Account(s) - (unless this combined balance is less than One Million USD (US\$1,000,000) in which case this monthly Fee shall equal One Third of One Percent (0.334%) of such balances). The undersigned also agrees to pay a Transaction Fee equal to One Half of One Percent (0.5%) of the Face Amount of any and all Investment(s) acquired/traded per tranche to provide for the cost of the activities envisioned in those Investment transactions. Notwithstanding these Fees, the undersigned agrees to pay you reasonable compensation for other services requested by the undersigned pursuant to this Agreement at the standard fee for such services of which you will notify the undersigned from time to time. The undersigned also agrees to hold you and your agents harmless from, and to indemnify and reimburse you and them for, all liability, loss and expense (including out-of-pocket and incidental expenses and legal fees) incurred by you or them in connection with the Custody Account or your acting under this Agreement, provided that you or they, as the case may be, have not acted with gross negligence or willful misconduct with respect to the events resulting in such liability, loss and expense.

**Termination.**

This Agreement may be terminated at any time by either party effective upon receipt by the other party of written notice of such termination or upon such subsequent date specified in such written notice. Upon such termination, you will within a reasonable time return to the undersigned or to whom we direct any Investments or other property then held by you in the Custody Account.

**Notices.**

Notices required hereunder shall be in writing, and delivered by mail, postage prepaid, to the following addresses (or to such other address as either party hereto may from time to time designate by notice duly given in accordance with this paragraph).

To the undersigned at: EMENS BLDG., Dame Eugenia Charles Blvd., Bayfront, P.O. Box N2042, Roseau, Commonwealth of Dominica, W.I.

To you, to the attention of Dr. Charles L. Brazie at: British Trade & Commerce Bank, EMENS BLDG., Dame Eugenia Charles Blvd., Bayfront, P. O. Box 2042, Roseau, Commonwealth of Dominica, W.I.

**Governing Law, Successors and Assigns.**

This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Dominica without giving effect to that Commonwealth's principles of conflicts of laws and will be binding on our and your respective successors and assigns.

**Source and Use of Funds.**

The undersigned warrants and attests: 1) that all assets deposited in this Custody Account or any other Accounts with you are good, clean, cleared, and legally obtained from non-criminal origins; and, 2) that neither these assets nor the profits or emissions derived from the activities envisioned hereunder have been, or will be, used for any criminal or illegal purpose, and not limited to but including any activities involving dealing with controlled substances, drugs, arms, munitions, or armaments.

**Liability and Ownership.**

As used herein, the term "undersigned" shall be deemed to include all signatories hereto, if more than one, in such event, the obligations, liabilities, representations and warranties of the undersigned shall be joint and several. If the undersigned consists of more than one person, the undersigned warrants

and represents that the cash in the Cash Account and the assets in the Custody Account are owned jointly with right of survivorship.

**Arbitration.**

Any controversy between you and the undersigned arising out of or relating to this Agreement, including breach or alleged breach, hereof, shall be resolved by arbitration by a third party mutually agreed upon by the you and the undersigned. In the event you and the undersigned cannot agree upon such an arbitrator, the matter shall be arbitrated as fixed by the I.C.C. in accordance with the International Chamber of Commerce Rules of Conciliation and Arbitration (I.C.C. 447-2M, 1990 or latest revision in effect at the time of the controversy). The venue for such arbitration shall be the city of London and any such arbitration decision shall be final and binding on all parties and may be enforced in any Court of Law having jurisdiction thereto.

**Disclosure.**

The undersigned understands that certain regulations may require that you disclose to the issuer of a security upon request the name and address of the undersigned and other positions with respect to securities held in the Custody Account, unless the undersigned objects to such disclosure and notifies you accordingly.

**Prior Proposals.**

This Agreement contains the complete agreement of the parties hereto with respect to the Custody Account (except as may be expressly provided to the contrary herein) and supersedes and replaces any previously made proposals, representations, warranties or agreements with respect thereto by either or both of the parties hereto, except that this Agreement does not modify any interest or rights in the assets in the Custody Account which was otherwise granted to you and does not supersede or replace any item that you may have provided to the undersigned describing your services with respect to securities with tender options. This Agreement shall become effective upon execution hereof by the undersigned and acceptance by you.

**Separability.**

Any provisions of this Agreement which may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

**Accounts.**

From time to time an Authorized Person may hereafter instruct you to open more than one Custody Account for the undersigned. Unless the undersigned and you otherwise agree, this Agreement will govern such accounts, in addition to the Custody Accounts which you are opening or currently maintain for the undersigned to which it is applicable.

**Special Terms.**

The following additional terms and provisions, if any, are included in and constitute a part of this Agreement:

SPECIFIC TRANSACTION INSTRUCTIONS ATTACHED AS EXHIBIT

BTCB *COB*

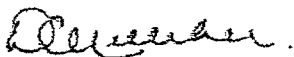
Client *DE*

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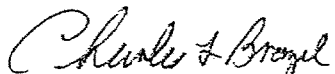
EXECUTED AND SUBMITTED on this twenty-fifth day of June 1998.

FOR AND ON BEHALF OF  
J. V. W. INVESTMENTS LTD  
BY:

ACKNOWLEDGED AND ACCEPTED  
FOR  
AND ON BEHALF OF BRITISH  
TRADE &  
COMMERCE BANK BY:




DONAL C. KELLEHER  
SOLE DIRECTOR  
EXHIBIT "B"



CHARLES L. BRAZIE, Ph.D.  
V. P. - MANAGED ACCOUNTS

BTCB 

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Client 



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SPECIFIC TRANSACTION INSTRUCTIONS


TO: BRITISH TRADE & COMMERCE BANK

As the Holder of Account Number 101-011200-9, we hereby advise you that, with respect to the transaction identified with the codes set forth hereinabove, we will participate in International Cash Management Scenarios (involving Instruments from Top-rated World Banks) that you will designate, under internationally accepted Format and Procedures (I.C.C. 500/600).

Therefore, we request that you:

- A) Incorporate these Instructions into our Managed Account Custody Agreement with you for these transactions.
- B) Receive, accept, transmit and acknowledge all communications and documents relating to these transactions, including:
  - 1. Deposits of funds into our Account [in exchange for your CD in our name, which CD shall bear interest at the rate of Six Percent (6.0%) per annum, payable in arrears, and the term of such CD shall be for One (1) year] as our Account Principal and the instructions herein concerning the use and/or disbursement of said Principal.
  - 2. Deposits of additional funds into this account. The original deposits plus any additional deposits shall be deemed as the Account Principal.
  - 3. Causing the placement of such Account Principal into Trading Scenarios within established Banks that will provide significant yield to us so that we may fund worthwhile international development projects. Such placement shall be in the form of "Blocked Funds" in an account in either our name and control or under BTCB's control, or shall be guaranteed by a major Bank Guarantee in face amount in excess of such placed Account Principal. From time to time when substantially higher yields can be obtained, such Account Principal can be combined with other of your Client Accounts for placement of such combined funds. In those cases similar measures shall apply to protect our Account Principal.
  - 4. In the event that a Major Bank Guarantee Instrument is received, such Instrument shall be exchanged for said CD and that CD shall be deemed paid in full and shall be cancelled. Otherwise, when the cumulative disbursements to Client hereunder shall reach the amount of the Account Principal for which said CD has been issued, such CD shall be returned to BTCB and deemed paid in full and shall be cancelled.
  - 5. Distributing the proceeds received from such placement as instructed in the Residual Distribution Instructions (ATTACHMENT "A," hereto).
- C) Acknowledge the receipt of such communications or documents to such organizations or institutions as we shall designate in the normal course of the above described transactions.

BTCB



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Client



- E) Disburse funds in accordance with provided instructions, orders or directives.
- F) Notify us, promptly, of the receipt and content of all such communications, documents and other relevant information, including time and place of settlement.
- G) Treat all such communications, documents and any information relating to the said transactions in strict confidence.

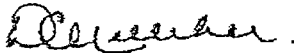
We further request that you recognize and acknowledge that disclosures, introductions, procedures, and other relevant information provided in the course of the completion of the transaction(s) contemplated are to be treated as confidential, and that you will not disclose, negotiate, contract or in any other manner deal with such without our expressed written approval.

Any changes to the foregoing instructions and directives must be signed by all signatories hereinbelow.

We agree to indemnify and hold the bank harmless against any and all claims, demand, actions, damages, costs and expenses, including court costs, attorney's fees and disbursements arising from or connected with the foregoing requests, excepting, however, any such as may arise through or be caused by fraudulent or willful misconduct or gross negligence on the part of the bank.

Please acknowledge your agreement to observe and perform the foregoing instructions and directives.

Yours faithfully,

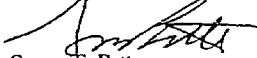


Donal C. Kelleher  
Sole Director


**ACKNOWLEDGEMENT AND ACCEPTANCE**

The undersigned bank officers, for and on behalf of British Trade & Commerce Bank, acknowledge and accept the foregoing instructions and directives, and with full corporate and banking responsibility and authority agree that the bank will endeavor to observe these instructions and directives.

Date: June 26, 1998



George E. Betts  
Vice President - Financial Comptroller

BTCB 

Client 

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ATTACHMENT "A"

RESIDUAL DISTRIBUTION INSTRUCTIONS

The funds deposited in this account shall be utilized/dispursed as provided hereinunder.

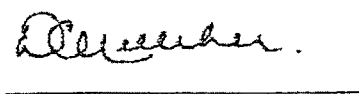
1. The Principal shall be retained for a period of one year from the initial deposit and used solely as provided in the SPECIFIC TRANSACTION INSTRUCTIONS in EXHIBIT "B" to which this attachment is appended.
2. The additional amounts resulting from participation in the International Cash Management Scenarios as provided therein less all applicable Custodial and Transaction Fees and costs are defined as the Residual Amounts and shall be disbursed as follows:

A. For each cycle for which such additional amounts are received, you shall distribute an amount equal to Five Percent (5%) of the Account Principal to your Bank and retain an equal amount to our account. Of the remaining residual amounts, Fifty Percent (50%) shall either be re-invested according to the schedule we shall provide or shall be disbursed to the Business Trust we shall designate along with the Distribution Instructions we shall provide.

B. All remaining residual amounts, in excess of the Principal and after deducting the amounts hereinabove, shall be disbursed to the following account coordinates in your bank:

A/C #:  
 A/C Name : (Developmental Trust Account Designated by BTCB)  
 Bank Office : Charles L. Brazie, Ph.D.

FOR AND ON BEHALF OF  
 J. V. W. INVESTMENTS LTD  
 BY:



DONAL C. KELLEHER  
 SOLE DIRECTOR

FOR AND ON BEHALF OF  
 BRITISH TRADE &  
 COMMERCE BANK  
 BY:




CHARLES L. BRAZIE, Ph.D.  
 VICE PRESIDENT

BTCB 

Client 

JVW Investments



**British Trade & Commerce Bank**  
*Licensed for full trust business*

**INTERNATIONAL BUSINESS COMPANY (IBC) ORDER FORM**

1. - Name, Authorized Capital and Activities of the Company

Proposed Name (please indicate three options):

First Option: JVW INVESTMENTS LTD.

Second Option: \_\_\_\_\_

Third Option: \_\_\_\_\_

Note: A Company must always end with the word(s) "Limited", "Corporation", "Societe Anonyme", "Sociedad Anonima" or an abbreviation thereof. The use of the words "Private", "Trust", "Bank", "Insurance", "Royal" or "Imperial" is not allowed.

Authorized Capital (US\$5,000 is the minimum recommended): US \$ 5,000.

Par Value of Shares \$ \_\_\_\_\_ each 1 BEARER SHARE HOLD AT BTCA FDC

Activities of the Company (purpose for which the Company is to be formed): JV WAGGONER

INVESTMENT.

2. - Ownership of the Company and other Required Services

Capital of the Company will be divided among the following shareholders:

Name	Passport #	Address	(%)	Position
<u>J. VIRGIL WAGGONER</u>	<u>13202 2516</u>	<u>1111 BAGBY STREET</u>	<u>100%</u>	<u>PRESIDENT</u>
		<u>SUITE 2420</u>		
		<u>HOUSTON TEXAS 77002</u>		

Other Services (Please indicate which of the following services will be required):

a) Directors (Financial statements Required)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b) Banking (Bank Mandate and Signature Card Required)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
c) Investment Management Accounts	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
d) Trustee Services	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Other Services: \_\_\_\_\_

BTCA Order Form 100 page 1 of 2

16/06/98

3. Non Shareholders Directors

Only in case that Directors are neither non Shareholders nor Directors Services by BTGB

Name	Passport #	Address	(%)	Position
DONAL C				
KELLEHER.	500167267	160 TUDOR DRIVE		DIRECTOR
		KINGSTON KT258G		(TRUSTEE)

4. Name and Address of Beneficial Owner

Name: J. VIRGIL WAGGONER  
Address: 1111 BAGBY ST  
SUITE 2470 HOUSTON TEXAS  
Phone: 713-651-3000 Fax: 713-651-0932

How should we communicate?  Fax  Phone  Mail  E-Mail (Address):

Special instructions: COMMUNICATE WITH TRUSTEE DONAL C KELLEHER.

5. Requirements

The following documents must be sent with this application, without which the IBC will not be incorporated:

- 1) Bank References of each Shareholder and Director
- 2) Photocopy of Passport of each Shareholder and Director

Note: When Directors Service is chosen no documentation for Directors is required.

DECLARATIONS

I/We certify that the information given is true and correct, that the persons mentioned do exist and they are persons with integrity and respectability. Furthermore I/We authorize the Bank to conduct the proper verification of the above information if necessary.

BENEFICIAL OWNER: D C KELLEHER  
Trustee  
for J. Virgil Waggoner  
Signature: [Signature]  
Date: [Date]

BTGB OFFICER: [Signature]  
Signature: [Signature]  
Date: 6/22/98

FOR BANK USE ONLY

Application Approved Number: 101-011200.9 Date: 6/22/98

Application Declined Reason: [Blank]

Application processed by: G. BETH Signature: [Signature]

BTGB MEMBER BTGB 00220

16/06/98



COMMONWEALTH OF DOMINICA

IN THE MATTER OF  
THE INTERNATIONAL BUSINESS COMPANIES ACT

AND

IN THE MATTER OF

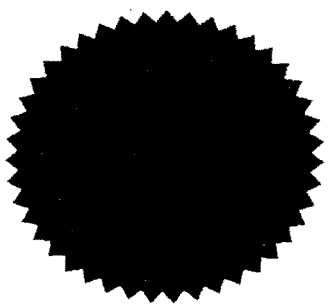
*Caribbean Jewellery  
Jamaica  
George Bell  
Vice President*



J.V.W INVESTMENT LTD

CERTIFICATE OF INCORPORATION

I DO HEREBY CERTIFY THAT J.V.W Investment Ltd is this day incorporated under the International Business Companies Act, 1996 and that the Company is limited by shares.



Given under my hand this  
19 day of June, 1998.

*Reginald Stewart*

REGISTRAR OF COMPANIES  
COMMONWEALTH OF DOMINICA

COMMONWEALTH OF DOMINICA  
INTERNATIONAL BUSINESS COMPANIES (IBC) ACT 1996  
COMPANY LIMITED BY SHARES  
MEMORANDUM OF ASSOCIATION  
OR

J.V.W INVESTMENT LTD



1. The name of the Company shall be J.V.W Investment Ltd.
2. The Registered Office of the Company will be situated at Roseau, Commonwealth of Dominica, West Indies.
3. The Registered Agent of the Company shall be Mr. Michael E. Bruneau.
4. The object of the Company is to engage in any act or activity that is not specifically prohibited under any written law, in force in the Commonwealth of Dominica.
5. The shares in the Company shall be issued in United States Dollar currency.
6. The authorized capital of the Company is \$5,000.00 divided into 5000 shares of No Par Value each and the shares shall be of one class.
7. The issues of shares shall be under the control of the Directors who may fix by resolution any designations, powers, preferences, rights, qualifications, limitations and restrictions to any shares issued.
8. All the shares shall be issued to bearer which shares be exchanged for registered shares and such registered shares may be exchanged for shares issued to bearer.
9. Any notice required by law to be given to members shall be given to the holders of shares issued to the bearer by serving the same on the Registered Agent of the Company or by advertisement in a newspaper circulated in Dominica.
10. The liability of the members of the Company is limited.
11. The Company shall not:-
  - (a) carry on business in Dominica with persons domiciled or resident in Dominica except as provided by the International Business Companies (IBC) Act 1996 or

- (b) own an interest in real property situated in Dominica other than an interest referred to in Subsection 5 (2) (c) of the International Business Companies (IBC) Act 1996 or
- (c) accept banking deposits or accept contracts of insurance or engage in trust business

We, the person, or several persons whose names and addresses are subscribed below are desirous of being formed into an International Business Company, in pursuance of the Memorandum of Association, and respectively agree to take the number of shares in the capital of the Company set out opposite our respective names.

NAME	DESCRIPTION	SUBSCRIBERS ADDRESS	SHARES SUBSCRIBED
For and on Behalf of International Corporate Services S.A.		Emens Building, Bayfront	one

  
Henry Boyer  
Director

Dated this 19<sup>th</sup> day of June, 1998

Signed before, and in the presence of:-

  
WITNESS  
George E Betts





British Trade & Commerce Bank  
Emilio D&G, Dame Eugenia Charles Blvd, Bayfront Plaza,  
Commonwealth of Dominica  
P.O. Box 2042 Phone: (767) 448-6410 Fax: 448-6477

Date: 06/22/98

*Fax Cover Sheet*

To: DONAL KELLEHER From: GEORGE BETTS  
Company: J.V.W INVESTMENT LTD Department: FINANCE  
Fax: 011-44-181-287-7623 1 Pages: 9  
Phone: Ref:

Urgent  Reply ASAP  Comment  Review

**COMMENTS:**

DEAR MR. KELLEHER

I AM FAXING THE FOLLOWING:

- 1. CERTIFICATE OF INCORPORATION FROM REGISTRAR OF COMPANIES (1 PAGE)
- 2. MEMORANDUM AND ARTICLES OF ASSOCIATION (7 PAGES)

I HAVE SENT THE SAME INFORMATION TO LAURIE BROWN WITH THE ACCOUNT AUTHORIZING RESOLUTION.

WE DO NOT ISSUE THE SHARES, UNLESS YOU SPECIFICALLY REQUEST THEM. YOU WILL SEE FROM THE MEMORANDUM AND ARTICLES THAT OUR MANAGEMENT COMPANY, INTERNATIONAL CORPORATE SERVICES, MERELY SUBSCRIBES TO THE SHARES. IF YOU WANT THEM ISSUED, WE CAN ISSUE THEM IN ANY NAME YOU CHOOSE. PLEASE ADVISE.

SINCERELY,

*George Betts*  
GEORGE BETTS

*copy to Laurie Brown*

*Forward for full Trust Business*

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*J.V.W Investments Ltd*

Emers Building, Dame Eugenia Charles Blvd,  
Bayfront Roseau, Commonwealth of Dominica.

Mr. George E. Betts.  
Vice - President Finance.  
British Trade & Commerce Bank .  
Emers Building, Dame Eugene Charles Blvd.  
Bayfront Roseau, Commonwealth of Dominica.

23.6.1998

Dear Mr. Betts,

Thank you for your letter of 22.6.1998 enclosing the registration document and memorandum and articles of association of J.V.W Investments Ltd. I thank you for your prompt attention to this matter.

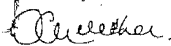
• Re : Shareholding & Directors: J.V.W Investments Ltd




I am sending you a Resolution of the Company - I trust that the wording is in order. If so please process same.

- When the bearer share certificate is issued I would request that the Secretary, International Corporate Services Ltd sends the following package of documents to the following coordinates:  
Mr. Donal C. Kelleher, Chairman - Abbeyfield Asset Management s.a. 160 Tudor Drive, Kingston KT2 5QG Surrey, UK.
  1. the bearer share certificate.
  2. 2 certified copies of the Certificate of Incorporation of the Company.
  3. 2 certified copies of the Articles of Incorporation and Memorandum.It would be helpful if you could also send me three sets of brochures of BCTB.
- I am sending you the resolution to add Mr. J. Virgil Waggoner as signatory to the SSBT Account for onward transmission to SSBT.  
I am sending you the account opening forms signed for J.V.W Investment's application for an account with BTCB. This account will be for profit receipt, reinvestment etc. and our long term business relations.
- We will wish to appoint auditors for the Company in due course - please provide us with a recommended firm known to your bank.
- I note that the necessary documents have been sent to Mrs. Brown at SSBT.

I expect that I shall be contacted by Dr. Brazic today to get the investment program underway. I am ready to issue the necessary documents and accordingly we are ready and available to go forward with you .

Yours sincerely,

  
Donal C. Kelleher.

NUMBER <div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto; text-align: center;">0001</div>	SHARES <div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto; text-align: center;">5000</div>	<p>ORGANIZED UNDER THE LAWS OF THE Commonwealth of Dominica</p> <div style="border: 1px solid black; padding: 5px; margin: 0 auto;"> <p><b>J.V.W INVESTMENT LTD</b></p> </div> <p style="font-size: small; margin-top: 5px;">The Company is authorized to issue 5,000 Shares - With US\$1.00 Per Value</p>
<p>THIS CERTIFIES THAT <u>THE BEARER</u> is the owner of <u>FIVE THOUSAND</u>          (<u>5000</u>) fully paid and non-assessable Shares of the above Company transferrable only on          the books of the Company by the holder hereof in person or by duly authorized Attorney upon          surrender of this Certificate properly endorsed.</p> <p>IN WITNESS WHEREOF, the said Company has caused this Certificate to be signed by its duly          authorized officers and to be sealed with the Seal of the Company.</p> <p>DATED: <u>June 25, 1998</u></p> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">   <hr style="width: 100%;"/> </div> <div style="text-align: center;">   <hr style="width: 100%;"/> </div> <div style="text-align: center;">   <hr style="width: 100%;"/> </div> </div>		

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Page 1 of 1

kelleher

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From: btcbank <btcbank@cwdom.dm>  
To: <abbyam@globanet.co.uk>  
Sent: 24 June 1998 14:43

DEAR MR. KELLEHER  
I RECEIVED YOUR FAX OF 23/6/98 AND YOUR E-MAIL OF SAME DATE.  
I AM FAXING A COPY OF OUR STANDARD CD TERMS. THE DOCUMENTS  
REQUESTED IN  
YOUR FAX ARE BEING PREPARED. PLEASE INSTRUCT LAURIE BROWN TO  
TRANSFER TO  
OUR ACCOUNT AT SSBT # 212.712.0602 USD\$6,500 TO COVER THE \$1,500 FOR  
FORMING J.V.W INVESTMENTS LTD (DOMINICA) AND THE \$5,000 MINIMUM  
ACCOUNT  
OPENING AMOUNT. THIS WILL ACTIVATE J.V.W INVESTMENTS LTD. SO THAT  
WE CAN  
ISSUE STOCK AND TURN THE OWNERSHIP OF THE COMPANY OVER TO YOU.  
ONCE THAT IS  
DONE I WILL SEND ALL THE DOCUMENTS REQUESTED IN YOUR FAX.

REGARDS,  
GEORGE BETTS

kelleher

---

From: Kelleher <abbyam@globalnet.co.uk>  
To: tomadobx <tomadobx@aol.com>  
Sent: 29 June 1998 22:45  
Subject: Fw: your message of 29 june

LISA

CONFIRMATION OF J.V.W INVESTMENTS ACCOUNT FOR THE CD TRANSFER  
ETC.

DONAL KELLEHER  
ABBYAM@GLOBALNET.CO.UK

-----Original Message-----

From: btcbank <btcbank@cwdom.dm>  
To: abbyam@globalnet.co.uk <abbyam@globalnet.co.uk>  
Date: 29 June 1998 21:31  
Subject: your message of 29 june

>DEAR DONAL  
>IN REPLY TO YOUR MESSAGE HERE ARE THE FOLLOWING:  
>1.BANK OUTLINE AND FINANCIAL STATEMENT OF BTCB BEING SENT TODAY BY  
FEDEX.  
>2.AIRWAY BILL # FOR STOCK CERT AND MEMO & ARTICLES PLUS ABOVE IS  
FED EX  
>400-5559-2423  
>3, JVV INVESTMENT ACCT # WITH BTCB IS 101-011200-9. BTCB ACCT # WITH  
SSBT  
>IS 212 712 0602  
>4. LETTER TO SSBT IS OK  
>5. I AM SENDING CD TO LAURIE BROWN VIA ONE OF OUR VICE-PRESIDENTS  
WHO IS  
>WORKING IN THE BAHAMAS AND TO WHOM I AM SENDING DOCUMENTS  
TODAY. SHE SHOULD  
>HAVE IT TOMORROW.  
>REGARDS,  
>GEORGÉ BETTS  
>

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# Suisse Security Bank & Trust

## SIGNATURE CARD

Account Number

80117701

Citibank 111 Wall St  
SSBT A/C 36021989

Title of Account: J.V.W INVESTMENTS LTD

Authorized Account Signatory is as follows:

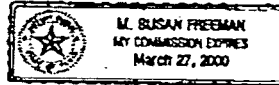
Name: J. VIRGIL WAGGONER Signature:



Title: SIGNATORY

NOTARY:

*M. Susan Freeman*



SUISSE SECURITY BANK & TRUST - client cash ledger transaction report

Jul 7, 1998

Account number: 212.727.1202 Account type: Cash: type 7  
 Starting book balance: 0.00 Starting available balance: 0.00 Starting date: Jun 18, 1998  
 Ending book balance: 10,261,079.63 Ending available balance: 10,261,079.63 Ending date: Jul 7, 1998

Value date	Available date	Check no.	Amount	Description
Jun 18, 1998	Jun 19, 1998		0	REFERENCE: N/A BENEFICIARY: JVV Investments
Jun 24, 1998	Jun 24, 1998		-25.00	CHARGE TYPE: BI: phone/fax REFERENCE: fax a/c statement: as per client's tel. request
Jun 24, 1998	Jun 24, 1998		-6,500.00	BY ORDER OF: CLIENT REFERENCE: Book transfer: as per e-mail request
Jun 29, 1998	Jun 29, 1998		-25.00	CHARGE TYPE: BI: phone/fax REFERENCE: faxed statement as per client's request: 6/26/98
Jun 30, 1998	Jun 30, 1998		22,190.88	BY ORDER OF: Suisse Security Bank & Trust REFERENCE: Cash interest for period: 06/01/98 to 06/30/98
Jun 30, 1998	Jun 30, 1998		-21.25	BY ORDER OF: Suisse Security Bank & Trust REFERENCE: Monthly account fee

2545

SUISSE SECURITY BANK & TRUST S.A.



(10)

DK 00235

*J.V.W Investments Ltd*Emens Building, Dame Eugenia Charles Blvd,  
Bayfront Roseau, Commonwealth of Dominica

Board Meeting of the Directors of J.V.W Investment Ltd

A meeting of the Board of Directors met on 2nd July and the following was agreed.

**Suisse Security Bank & Trust.**

An account was opened at SSBT upon the recommendation of Mr. George Betts of British Trade & Commerce Bank of Emens Building Dominica. Mrs. Brown is the officer. The current balance in the account is USD 10,261,079.63. This includes an interest payment of USD 22,190.88 at the agreed rate of 6% annual credited and compounded daily for the period from 18th June 1998. The signatories on the account are Mr. Kelleher and Mr. Waggoner.

Mr. Betts has negotiated with Mrs. Brown the exchange details with respect to a Certificate of Deposit against cash of 10,000,000 USD. Mr. Betts has issued the CD directly to BTCB for verification and authentication.

An instruction has been issued to Mrs. Brown on 30th June to exchange 10,000,000 USD from the above account into a BTCB account number 212.7120602 for the benefit of JVW - number 101.011200.9 at SSBT.

Mrs. Brown today refused to transfer the cash funds against the CD - stating that SSBT senior management had decided not to proceed. Since BTCB are responsible for the exchange - BTCB must rectify the position. Mr. Betts agreed to do so. Mr. Betts has agreed to locate and assign a lawyer for the work.

**British Trade & Commerce Bank.**

An account was opened - number 101.011200.9 at BTCB for the benefit of JVW. 6,500 USD was transferred on 24th June from SSBT. The signatories on the account are Mr. Kelleher and Mr. Waggoner.

A contract was agreed with BTCB on 26th June. This follows the commitment from BTCB to provide high yielding programs for Mr. Waggoner from 12th June. Profits arising from this contract are to be shared 80% to Mr. Virgil Waggoner and 20% to Abbeyfield Asset Management s.a. The profits are to be placed gross into Abbeyfield Trust ( a trust to be established by BTCB - instructions already issued. ) and then distributed to Mr. Waggoner's designated account and to Abbeyfield Finance.

The private placement scenario which was to be put into effect following the Board Resolution of 25th June is being followed up by BTCB - Dr. Brazie is in London to place funds.

Returns to JVW after SSBT paid - provided by schedule from Dr. Brazie are - from date of receipt of funds at SSBT Cycle 1: 2 banking days - : 2.1 MUSD to Abbeyfield Trust. + 112,000 USD to JVW account at BTCB.

Cycle 2: 2 banking days - : 3.6 MUSD to Abbeyfield Trust. + 176,000 USD to JVW account at BTCB

Cycle 3: 2 banking days - : 5.2 MUSD to Abbeyfield Trust. + 275,000 USD to JVW account at BTCB

Cycle 4: 2 banking days - : 8.7 MUSD to Abbeyfield Trust. + .....

The above return will adequately meet the requirements of JVW and Abbeyfield's commitments for projects and obligations. This schedule is approved.

GP  
set 11/1

*DM*



2547

**J.V.W. INVESTMENT LTD**  
Emens Bldg. Dame Eugenia Charles Blvd.  
Bayfront Roseau Commonwealth of Dominica

Mrs. Laurie Brown  
Suisse Security Bank and Trust  
Orissa House. East Bay Street.  
Nassau Bahamas.

2.7.1998

Transaction Code : Wag/abby/10M 5.98

Dear Mrs. Brown,

I believe there has been a small misunderstanding which can easily be cleared up regarding our transaction. First, your bank has been highly recommended to us and chosen because of its good reputation and use of Ernest and Young as accountants. The emphasis of your bank on its level of privacy, as well as the fact that you "do not engage in loans or mortgages", but concentrate on high level transactions, appealed to us.

Because your bank's literature mentioned "privacy and confidentiality," it did not seem necessary to go into any detail about the business plans of JVW Investments Ltd. However, if you require such information, I am pleased to provide the following: We are engaged in project finance relating to the specific expertise of Mr. Waggoner who took Sterling Chemicals Company public on the New York Stock exchange. Now that he is retired, he plans to fund a number of special projects relating to the chemical, petrochemical, pharmaceutical and waste producing plants. These projects may involve new technological advances which are inherently proprietary and which he wishes to maintain as confidential. Naturally, there are competitors and other who might be curious as to the nature of his projects and his interest in expansion in Third World countries.

Your bank was recommended as a place where he could start up and maintain his project finance accounts with confidentiality. I point out two very critical points which may not have been clear.

First, our intent is that, from the outset, we will be increasing the level of our deposits at your bank, rather than decreasing them. As our additional project financing funds arrive from his European partner, the JVW Investments Ltd. account will have more funds on deposit, rather than fewer. In fact, we anticipate that the average daily balance over the course of the year will steadily increase, with some deductions occasionally to fund a specific plant.

Second, it is not our plan to have "funds there for a short time" and that "all of the funds are on their way out;" rather we are starting with a base of \$10 million (whether in cash or CD) which we plan to keep on deposit in your bank, and add other funds to it. Further, even the \$10 million cash will also remain in your bank (either as cash or bank instrument) maintained by BTCB FBO our company, and to which further partner funds from Europe will be added as well. BTCB is in charge of arranging the European partner's participation and funding.



2548

From: DR. CHARLES L. BRAZIE To: DON KELLEHER

Date: 7/13/98 Time: 10:58:24

Page 1 of 1

**FACSIMILE COVER PAGE**

To : DON KELLEHER

From : DR. CHARLES L. BRAZIE

Sent : 7/13/98 at 10:58:20

Pages : 1 (including Cover)

Subject

Dear Donal,

In response to your fax this morning, please be advised as follows;

I am waiting for further information on the "leverage situation" expected this a.m.;

In case that situation will require a few days before the banking is available to us (which I expect will be the case), we will then follow the Prudential route for a cycle or so.

Accordingly, please be advised:

- 1) That Global Investment Fund S.A. is a Dominican IBC that is wholly owned by International Corporate Services LTD, which is wholly owned by BTCB, and BTCB is the Trustee of the Bearer Shares of Global;
- 2) That Global is a "pooling" entity for HYIP's for BTCB clients;
- 3) That the account at Prudential/Chase is solely in Global's name and under my sole signature;
- 4) That such account operates solely on a "Blocked/Reserved Funds" basis and thus is on a strict non-depletion basis; and
- 5) That the trades are based upon approximately 55% Net Return/Cycle to the investor-side (to be split between BTCB and J.V.W. weekly) for up to 4 cycles.

The bank coordinates for transfer to that, OR the other leveraged, program will be provided after my discussions later this morning with leveraged program.

Best regards,

Chuck

2549

*J. V. W. INVESTMENTS LTD*  
Emerys Building, Dame Eugenia Charles Blvd,  
Bayfront Roseau, Commonwealth of Dominica.

242

Mr. Harajchi, Chairman  
Suisse Security Bank & Trust.  
Orissa House.  
East Bay Street.  
Nassau, Bahamas.

27.8.1998

Dear Mr. Harajchi,

Re: Account J.V.W Investments Ltd  
Account Number : 212.727.1202  
Transaction Code : Wag/abby/10M 5.98

RE: SSBT's Refusal to Submit a July account statement as required by law.

Your bank has made no response to our letter of 13th August 1998. You have made no response regarding your failure to provide us with a July account statement as required by law.

Since the August Statement of our Account is due next week, we repeat our statement from previous letters:

"Since you have not issued the required statement, and you have let stand our earlier communications about not having the funds, we now take this as an admission by your bank. Obviously you are now admitting that you do not have the funds available in your bank to pay the \$10,000,000 because you cannot produce a statement of the JVW Investment Ltd account with accumulated interest as required by law."

We received recently the audited balance sheet for your bank from public records. You had refused to issue us with a copy upon request. You advised us that the balance sheet was confidential and protected by Bahamian Laws - that was false.

Having now read the balance sheet, we understand why you chose to conceal it. Your bank is extremely small with very little cash or assets and your bank is indeed far smaller than the size of our deposit.

Your profits and liabilities are a concern and give us cause to doubt the stability and liquidity of your bank.

Provide immediately our account statement and interest credited.

Sincerely yours,

*Donal C. Kelleher*

Donal C. Kelleher.

cc. Office of Bank Supervision

Sidney S. Collie

DK 00168

2550

From: DR. CHARLES L. BRAZIE To: DON KELLEHER

Date: 9/2/98 Time: 13:23:30

Page 1 of 1



**British Trade & Commerce Bank**  
*Licensed for Full Trust Business*

Dame Eugenia Charles Blvd, Bayfront, Roseau  
Commonwealth of Dominica  
Ph: (767) 448-8410 Fax: (767) 448-8477  
E-Mail: [btbank@btbank.dm](mailto:btbank@btbank.dm) SWIFT: BTCS DM DM

Donal C. Kelleher  
J. V. W. Investment Ltd

September 1, 1998

Dear Donal:

In response to your facsimile message of yesterday, we have all been following the status of the transfer of your funds to your account at BT&CB after you elected to open a J.V.W. account at SSBT and move such funds into that account directly. We are pleased to hear that transfer of such funds to BT&CB may, finally, be pending. The costs and impacts, both direct and indirect, of that situation on BT&CB have been extensive, and we can imagine that there have been comparable effects on others.

As you know, the subject CD has been sitting in the J.V.W. account at First Equity for some time, and we are anxious to receive the underlying funds into the J.V.W. account at BT&CB so that we may finally have the opportunity to convert this costly series of events into the revenue envisioned opportunities.

When we receive notice that the funds have been released and are transferring to the J.V.W. Account at BT&CB (per the routing instructions we provided), BT&CB will advise its correspondent to expect such funds. Your contact regarding the transfer and receipt of such funds at BT&CB shall continue to be myself or George Betts.

BT&CB has been able to preserve access to such investment opportunities - in spite of the false starts in the movement of these funds and the dynamics of the HYIPs. Once the funds have been received at BT&CB, we will, expeditiously, convert this situation to an attractive earnings opportunity for all concerned. Only then we can specify the envisioned schedule of returns. Once the investment scenario produces the envisioned earnings, we will all, finally, be able to recover costs and lose profits.

We look forward to, at long last, establishing a mutually beneficial professional relationship. I will be returning to the Bank on September 14<sup>th</sup> and, in the interim, can be reached through the coordinates listed below.

Sincerely,

Charles L. Brazie, Ph.D.  
Vice President - Managed Accounts  
Phone: (703) 256-8483  
Fax: (703) 256-1596  
Cellular: (703) 304-8236

**J. V. W. INVESTMENTS LTD**

EMENS BLDG., Dame Eugénie Charles Blvd., Bayfront  
Roseau, Commonwealth of Dominica

Phone: (767) 448-6410

Fax: (767) 448-6477

September 15, 1998

Mr. Donal Kelleher  
J. V. W. Investments Ltd.

RE: Partial Participation in HYIP's

Dear Donal,

I have received your communications of the last two days. We do not use Lotus so WordPerfect or MS Word is preferable.

I have calls into both of the Program Managers of Global Investment Fund S.A.'s on-going HYIP's regarding increasing Principal Participation, in order to best utilize JVV's partial release of funds from SSBT.

As we discussed, these accounts, and trading agreements, are in Global's name. Global is wholly owned by ICS/BTCB and serves as a "pooling" and "masking" entity for funds from other IBC clients - under the same strict non-depletion account rules in the JVV/BTCB CV Agreement. In order for JVV to participate in these on-going Global transactions, if that becomes necessary, we would need the attached Resolution from JVV. That would be much faster than trying to establish new JVV Accounts and Trading Agreements with those Programs. Note: BTCB would still retain the fiduciary responsibility over these funds under the existing CV Agreement.

Please advise on this matter and, if you choose the more expeditious route, please execute the attached and forward to us.

FOR AND ON BEHALF OF J. V. W. INVESTMENTS LTD  
BY:

*Charles L. Brazie*  
Charles L. Brazie, Ph.D.  
BTCB Vice President

- \* Call to Brogie -
  - 1) Immediate commencement upon receipt of LOI + funds.
  - 2) Return min 25% / wk compounded interest (possibly 30%) after BTCB takes their share per contract.
  - 3) Quotations issued (copy to OCA)
  - 4) Can take additional amounts - profits adjusted pro rata to amount in custody etc.
  - 5) Upon OCA being obtained - success program (blended HIC) will be utilized. (or funds can also be aggregated).
- Docs will be issued by lunch later today.

2552



**British Trade & Commerce Bank**  
*Licensed for Full Trust Business*

Emerson Bldg., Dame Eugenia Charles Bld., Bayfront,  
Roseau Commonwealth of Dominica,  
PO Box 2042, Phone: (767) 448-6410 Fax: 448-6477  
e-mail: btcbank@btcb.com.dm - SWIFT: BT&CBMDM

September 21, 1998

Mr. Emil J. Jutroski  
Vice President  
Tucker Anthony  
New York, N.Y.

Sent via fax 212-225-8855

Dear Mr. Jutroski:

Last week, Paine Webber returned some securities sent by your Firm via the Bank of New York to the account of J.V.W Investment Ltd. here at our British Trade & Commerce Bank. (Our accounts are handled by Correspondent Services Corporation, a wholly owned subsidiary of Paine Webber.)

The wiring coordinates used last week by Tucker Anthony were:

Bank of New York, NY ABA Number 021 000 018  
Beneficiary: Correspondent Services Corp. Acct No.: 8900 186968  
For further credit British Trade & Commerce Bank Acct. No.: IE 12307-1-45  
Final Credit FBO J.V.W Investment Ltd. Acct. No.: 101-11200-9

In order that we may be better prepared to solve any difficulties that may arise with Paine Webber, could you please fax to me: 1) the exact name of the mutual funds shares you attempted to transfer and 2) the number of shares. However, we understand that you may be liquidating the securities into cash which, of course, will solve the problem.

Thank you for your assistance. I am currently working in Miami at our subsidiary First Equity Corporation of Florida, 444 Brickell Ave., so please contact me at 305-349-1536 or respond by fax to 305-349-1510.

Sincerely,

George E. Betts  
Vice President-Financial Comptroller

J 00004

2553

*J.V.W Investment Ltd*  
Emens Building, Dame Eugenia Charles Blvd.  
Bayfront Roseau, Commonwealth of Dominica

September 23, 1998

Dear Donal:

In response to your memo, I am aware of the multiple actions and possible future actions that may be appropriate regarding the additional \$8 million to be received quickly in order to make certain of the contract profits I have been promised-----not what "I am expecting" rather what has been contracted. I want this project expedited and the delays/excuses ended. As my trustee, you must hurry to get my \$50 million in profits to me this year.

The Bahamas must be so unregulated that it is difficult for "political pressure" to succeed. You and BTCB, using the political avenue and local lawyers, have had almost 3 months to fix things and not succeeded. Therefore, legal action may be the only thing this bank understands, particularly if the investigators gain reliable information about SSBT assets outside the Bahamas.

Also, I expect my share of any unjust profits recovered in concert with BTCB from SSBT's temporary and illegal confiscation of the account assets. I am aware of a Maraeva injunction and its potential. I read the information sent on the two lawyers. In my experience, these so-called "joint efforts" are not as successful as having one appointed counsel and any other attorney working at the lead counsel's direction (as counsel). Even this approach may increase the legal fees. They both seem qualified, but the New York firm is better qualified and is U.S. based to make communications much easier.

Lisa has conveyed to me your strong recommendation of the London firm. She explained about the time zone situation and the Federal Express situation making it more effective for you if we use London. One firm has to be the lead and I insist on the New York firm. It may be appropriate for the London firm to be involved, but the New York firm will decide to what extent, and the London firm may assist Shaw Pittman, who will set the schedule and control the actions. If utilized to provide specified help, the London firm will send their bills to and through the New York firm.

I have spoken with Ken Caruso (who is head of Shaw Pittman's New York office) personally and am satisfied that his action orientation and confidentiality will meet my expectations. This should not be a problem for you. The jurisdictional areas, as you explained, are in the Bahamas, New York, and maybe Geneva. Furthermore, since the New York firm has a London office, you will have a London office to work with if necessary. We don't have any "six inch nails for the coffin," but I told Lisa that you and she are to work in as cost-effective a manner as possible and still get the job done.

By the way, I have just become aware of the recent B.S. from SSBT about the forged instructions and the lying to the brokerage firm that SSBT is "waiting on instructions from JVW." This has to be fraudulently illegal and must be dealt with immediately. I am not taking any mutual fund shares directly, and that's final!

Sincerely,



J. Virgil Waggoner  
JVW:sf

cc: Lisa Duperier  
Ken Caruso

W 030630

*J.V.W. Investment Ltd*

Emons Building, Dame Eugenia Charles Blvd.  
Bayfront Roseau, Commonwealth of Dominica

Dear Donal:

In response to your memo, I am aware of the multiple actions and possible future actions that may be appropriate regarding the additional \$8 million to be received quickly in order to make certain of the contract profits I have been promised -- not what "I am expecting" rather what has been contracted. I want this project expedited and the delays/excuses ended. As my trustee, you must hurry to get my \$50 million in profits to me this year.

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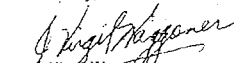
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By the way, I have just become aware of the recent B.S. from SSBT about the forged instructions and the lying to the brokerage firm that SSBT is "waiting on instructions from JWV." This has to be fraudulently illegal and must be dealt with immediately. I am not taking any mutual fund shares directly, and that's final!

Sincerely,

  
J. Virgil Wagoner  
JWV:sf

cc: Lisa Duperier  
Ken Caruso



2555

Oct-26-98 10:06P ConAm, Inc.

+1 202 3190519

P.01

*J.V.W Investment Ltd*  
Eneas Building, Dame Eugenia Charles Blvd.  
Bayfront Roseau, Commonwealth of Dominica

10-26-98

Dear Donal:

3 pages total

Please let me know as soon as your e-mail is working again. In the meantime, we shall continue to communicate via fax.

Your cover sheet makes the following point,

"as I informed you earlier.... the text in this document is precisely the same document you already had in June."

This is categorically not the case. A comparison of the two shows me now why I never knew about the 5% or the 50%/50% split until the last 3 weeks. You never, ever sent me the contract. You sent only an excised version of Exhibit A and B unlabeled.

As I stated, it is important that we both be working off the same document—the one you initiated, and the one you believe is the contract under which you as J.V.W Trustee have been operating under since June 1998 with BTCB. I assume this document that I am seeing for the first time dated June 25 and June 26 is the operative document.

Accordingly, I will study the new material further and we can discuss it tomorrow when you return from the seminar. Alternatively, you might try calling me during your afternoon.

Attached is the chronology for changes. This refers to pages 5 of 6 and 6 of 6.

1. You confused Sept. 25 and Oct. 2. See changes.
2. See general edits as written directly on the pages.
3. See note on page 6 regarding the Addendum. Why don't the numbers just follow on in order? An addendum is listed at the end. We are not going to go back and insert it into the middle in various places—as we decided too confusing.
4. Before you leave for your seminar, send me the revised/corrected pages 5-6 via fax. Also please fax me the exhibits for the Addendum.

27/10 '98 04:27

TX/BX NO. 9313

P.001

2556

*J.V.W Investment Ltd*

Emens Building, Dame Eugenia Charles Blvd.  
Bayfront Roseau, Commonwealth of Dominica

Tucker Anthony  
ATTN : MR. NICK BONADIS

By Fax : 001 212 225 7838

Re : Suisse Security Bank & Trust - Nassau Bahamas

Dear Mr. Bonadis,

The Minister of Finance of the Bahamas, Mr. William Allen notified us yesterday of the transfer of funds from Tucker Anthony and also advised us to contact your firm directly.

You advised Ms. Duperler of J.V.W Investment that you had already wired \$7 Million for our benefit - but that Paine Webber had returned the funds because of a discrepancy in the wiring instructions. So that we can clear up that transfer for the record at British Trade & Commerce Bank: kindly provide me with a copy of those previous wiring details.

You also advised Ms. Duperler this morning that your firm had already remitted last week \$3 Million for our benefit. We did not receive those funds. Could you please provide the wiring instructions so that we can locate same.

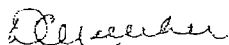
As Trustee, here are the fully detailed wiring instructions which have been previously filed with SSBT directly:

Bank Name: Bank of New York NY  
ABA Number : 021 000 018  
Beneficiary : Correspondent Services Corp  
Account Number : 8900 186968  
for further credit: British Trade & Commerce Bank  
Account Number : IE 12307 - 1- 45  
Final Credit : For the benefit of J.V.W Investment Ltd  
Account Number : 101 - 11200 - 9

Kindly confirm by return facsimile to +44 181 287 7621 your acknowledgment of these instructions and further by phone at +44 181 286 2072. Please also forward to me details of your newly issued wiring instructions this morning so that I can coordinate the transfer.

Thank you.

Sincerely yours,



D.C. Kelleher, B.E. F Inst Mgt M Inst OD  
Director & Trustee  
Tel: +44 181 546 5284  
Fax: +44 181 287 7621  
E-Mail: dck@comp.bahamaspost.com

J 00002

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

CORRESPONDENT SERVICES  
CORPORATION,

Interpleader-Plaintiff,

v.

J.V.W. INVESTMENTS LTD., FIRST  
EQUITIES CORPORATION OF FLORIDA, J.V.  
WAGGONER, AND DONAL KELLEHER,

Interpleader-Defendants.



99 Civ. 8934 (RWS)

**AFFIDAVIT OF  
MICHAEL E. BRUNEY**

MICHAEL E. BRUNEY, being duly sworn, deposes and says:

1. I am a barrister and solicitor practicing at Bruney's Law Offices, 12 Virgin Lane, Roseau, Commonwealth of Dominica. I am duly licensed to serve as a Registered Agent for companies registered under the International Business Companies Act (1996) ("IBC Act").

2. Due to my previous appointment and service as the Registrar of Companies of the Commonwealth of Dominica, ongoing arrangements had been established between my law office and British Trade & Commerce Bank ("BTCB"). Pursuant to that arrangement, I accepted the task of being the Registered Agent for JVW Investment, Ltd. of Dominica ("JVW"). I was JVW's initial Registered Agent, and I remain the only Registered Agent that JVW has had. On the morning of June 18, 1998, I filed for the creation of JVW under the IBC Act with the Registrar of Dominica. We received rapid processing, and the Registrar completed the certification of the IBC's formation on June 19, 1998.

3. On Monday, June 22, 1998, I was officially notified to that effect, and the formal copies of the accepted Memorandum of Association and the Articles of Association were

provided to the Registered Office by the Registrar in document form, having been stamped on June 19, 1998. An original of said documents was placed on file in the Registered Office of JVW, Emens Building, Roseau, Dominica, and a copy was provided to me as Registered Agent. These documents, as required by law, formally included my name as the duly Registered Agent at 12 Virgin Lane, Roseau, Dominica, and the duly Registered Office in Roseau, Commonwealth of Dominica. The Memorandum authorized 5000 shares.

4. Herry Royer of ICS Ltd., Director of JVW, notified me of a Director's meeting called on June 23, 1998. In a Memorandum of Directors filed with the Registered Office on that same date, Donal Ciaran Kelleher replaced ICS Ltd. as Sole Director (Trustee), such new appointment being made by the subscriber of record in the Memorandum and Articles, ICS Ltd. for the Subscriber, Owner, and Member, Mr. J. Virgil Waggoner. The initially subscribed one share was reallocated into one bearer share certificate for the full 5000 shares, which was issued in paper document form, Certificate No. 0001, and was held by BTCB for J. Virgil Waggoner, the beneficial owner of JVW Investment, Ltd. of Dominica.

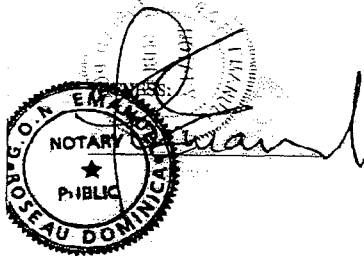
5. I am informed by ICS Ltd that pursuant to the request of the Member and Beneficial Owner (Mr. J. Virgil Waggoner), and instruction of the Director (Trustee), said Bearer Share Certificate was sent out by Federal Express on June 26, via JVW's Sole Director (Trustee), Donal C. Kelleher, to Mr. Waggoner.

6. The law of the Commonwealth of Dominica and JVW's Memorandum of Association require that the Registered Agent be notified of JVW Members meeting. I never received any notice from Donal C. Kelleher or anyone else regarding a meeting of the Members and Directors on June 25, 1998.

7. On November 11, 1998, Waggoner, the Sole Member of JVW and holder of Bearer Share Certificate No. 0001 (5000 shares), notified the Registered Agent, as required, that a Members meeting had been called to create Waggonwheel Trust and replace Donal Ciaran Kelleher with ICS Ltd. as director of JVW.

8. The Registered Office has provided me, as the Registered Agent, with copies of certain records of JVW, including copies of the Memorandum of Association, the Articles of Association, and the Share Register. Copies of those records are attached hereto as Exhibit A. Those records show that J. Virgil Waggoner was the sole shareholder of JVW at all times until November 11, 1998, when the shares were transferred to Waggonwheel Trust, and that Waggonwheel Trust has remained the sole shareholder of JVW since that time.

9. On or about September 3, 1999, an *Order As To Service of the United States District Court for the Southern District of New York* was served at the Registered Office of JVW in Dominica: Emens Building, Bayfront, Roseau, Dominica. A copy was provided to the Registered Agent.



  
MICHAEL E. BRUNEY

2560

**WAGONWHEEL TRUST**

EMENS BLDG., Dame Eugenia Charles Blvd., Bayfront  
Roseau, Commonwealth of Dominica

Phone: (767) 448-6410

Fax: (767) 448-6477

November 11, 1998

Mr. Donal C. Kelleher, Chairman  
Abbeyfield Asset Management S.A.  
Wickhams Cay 1, Road Town  
Tortola, British Virgin Islands  
Fax : 011-44-181-287-7621

RE : J.V.W. Investment Ltd.

Dear Mr. Kelleher:

Wagonwheel Trust, organized and operating under the laws of the Commonwealth of Dominica, is the holder of all Bearer Shares of J.V.W. Investment Ltd., an International Business Company, organized and operating under the laws of the Commonwealth of Dominica. In that capacity and acting according to its duties and responsibilities and under the advice of the Organizer of Wagonwheel Trust, the Trustees have resolved on this eleventh day of November 1998 as follows:

1. To appoint and designate International Corporate Services, Ltd., an International Business Company, organized and operating under the laws of the Commonwealth of Dominica, as Sole Director of J.V.W. Investment Ltd. as provided under the Articles of Incorporation of such Company;
2. To remove Mr. Donal C. Kelleher, holder of U.K. Passport No. [REDACTED] as Director of J.V.W. Investment Ltd. and to relieve him of all further duties and/or authorities granted thereto in such capacity as Director or acting under the title of Director (Trustee);
3. To appoint Ms. Lisa D. Duperier, holder of U.S. Passport No. [REDACTED] as Secretary and non-voting Officer of J.V.W. Investment Ltd. and to authorize and instruct Ms. Duperier to fulfill all duties and responsibilities normally assigned to that office and to coordinate all corporate matters relating to the

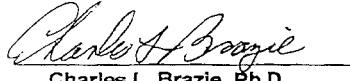
Redacted Information  
in Subcommittee Files

implementation of that certain Cooperative Venture Agreement No.130001,  
and

4. To instruct International Corporate Services Ltd, as sole Director-Designee, to adopt all necessary resolutions to effect the orderly change in Directors of J.V.W. Investment Ltd.

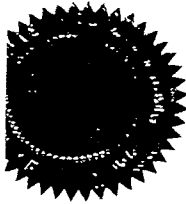

The Trustees further resolve that these actions are to be taken immediately.

FOR AND ON BEHALF OF WAGONWHEEL  
TRUST BY ITS TRUSTEE, BRITISH TRADE &  
COMMERCE BANK, BY:



Charles L. Brazie, Ph.D.  
Vice President-Managed Accounts  
USA Passport #: 014989065

NOTARY



**J. V. W. INVESTMENT LTD**

EMENS BLDG., Dame Eugenia Charles Blvd., Bayfront  
Roseau, Commonwealth of Dominica

Phone: (767) 448-6410

Fax: (767) 448-6477

**RESOLUTION OF THE MEMBERS OF THE CORPORATION**

References:

- A. Minutes of the meeting of the Members held on November 11, 1998.
- B. Articles of incorporation of J.V.W. Investment Ltd.

In accordance with Article 7 of the Articles of Incorporation of J.V.W. Investment Ltd., on the eleventh day of November 1998, Wagonwheel Trust, Sole Member of the said Corporation, passed the following corporate resolution, which is recorded as Reference A in Minutes of the Corporation Meeting Book:

"To appoint and designate International Corporate Services, Ltd., an International Business Company, organized and operating under the laws of the Commonwealth of Dominica, as Sole Director of J.V.W. Investment Ltd. as provided under the Articles of Incorporation of such Company;

To remove Mr. Donal C. Kelleher, holder of U.K. Passport No. [REDACTED] as Director of J.V.W. Investment Ltd. and to relieve him of all further duties and/or authorities granted thereto in such capacity as Director or acting under the title of Director (Trustee);

To appoint Ms. Lisa D. Duperier, holder of U.S. Passport No. [REDACTED] as Secretary and non-voting Officer of J.V.W. Investment Ltd. and to authorize and instruct Ms. Duperier to fulfill all duties and responsibilities normally assigned to that office and to coordinate all corporate matters relating to the implementation of that certain Cooperative Venture Agreement No.130001; and

To instruct International Corporate Services Ltd, as sole Director-Designee, to adopt all necessary resolutions to effect the orderly change in Directors of J.V.W. Investment Ltd.

It is further resolved that the above actions be effected immediately."

Redacted Information  
in Subcommittee Files



There being no further business at the meeting, it was closed, and in witness thereof, on the date first written above.

FOR AND ON BEHALF OF J.V.W. INVESTMENT LTD.  
BY WAGONWHEEL TRUST BY ITS TRUSTEE,  
BRITISH TRADE & COMMERCE BANK, BY:

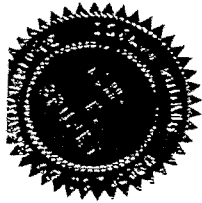


NAME: CHARLES L. BRAZIE, PH.D.  
TITLE: VICE PRESIDENT  
DATE: NOVEMBER 11, 1998

SEAL:



NOTARY:  
Michael E. Bruney  
Phone: (767) 448-0200  
Fax : (767) 448-0202



2564

J. Virgil Waggoner

Mr. Donal C. Kelleher  
Chairman, Abbeyfield Asset Management, S.A.  
Wickhams Cay I, Tortola, British Virgin Islands

November 10, 1998

Dear Donal:

I am extremely disappointed in the course of events surrounding your attempts to invest my funds, including your refusal to implement my instructions to add myself and Kevin Quisenberry as Directors to JVW Investment Ltd. Following your suggestion from our last conversation, I called BTCB directly to assess the situation. The information I learned from BTCB, as well as from other sources, forces me to conclude that you have misrepresented many essential facts and issues, including misrepresenting BTCB's position on key issues, misrepresenting the risks to which you were subjecting my funds, and in fact, misrepresenting the essential facts that are the basis of our relationship, including the misrepresentation, among others, that Abbeyfield had already negotiated the bank contract terms, and the high yield program was simply a matter of implementation.

Be advised that I no longer consider myself bound by the Joint Participation Agreement dated April 14, 1998 and its Addendum and Exhibits as executed between J. Virgil Waggoner and Abbeyfield Asset Management, in view of your material and substantial misrepresentations and breaches of your undertakings pursuant to the Agreement, including but not limited to the following:

- Failure to achieve any earnings by the stated date of September, 1998.
- You placed my funds at risk by arranging for my \$10 million plus in cash to be transferred from NatWest to SSBT on June 16, 1998 (Value date approximately June 18, 1998) to banking coordinates you signed for without having a signed contract in place with BTCB; BTCB contract with Abbeyfield dated June 26, 1998.
- Failure to "arrange for the funds to be transferred to the required transacting account....." In fact, that Cooperative Venture Agreement's contract terms show that you did not follow the procedures that BTCB specified for the account set-up, transfer of funds, and exchange of such funds for the CD.
- Misrepresenting that the invested funds were already trading and earning 25% per week.

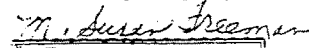
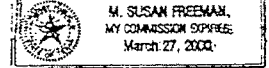
I note that in addition you have misrepresented the source of the \$25,000 sent to Shaw Pittman, telling me first that the legal fees were being paid jointly by BTCB and JVW, then that fees were to be paid by Abbeyfield and BTCB jointly. I now learn that BTCB disclaims any and all responsibility for the legal fees, and that the \$25,000 came from my funds alone. Moreover, BTCB disclaims any and all responsibility for the shortfall in capital funds because of the circumstances noted above—which has delayed the transaction. It is shocking to me that you continue to allow me to operate in these sensitive matters on the basis of your misrepresentation concerning the other party's basic positions.

Finally, I find myself in a bit of a dilemma, in that I am simultaneously considering legal action against you, and at the same time pursuing legal action against SSBT in which I may need your help, (however objectionable your conduct may have been). It also appears that any judgment against SSBT might be paid more readily than a judgment against you. Accordingly, I am willing to consider a settlement and general release agreement with you, if Shaw Pittman feels this would be advantageous in pursuing the case against SSBT. Any settlement would be contingent on factors such as your participation in the lawsuit.

Sincerely,

  
J. Virgil Waggoner

This is a true and exact copy  
of this originally signed letter.

1111 Bagby, Suite 2420, Houston, Texas 77002  
Tel:(713) 651-3003; Fax:(713) 651-0732

DK 00095

PRIVATE & CONFIDENTIAL MEMO TO:  
 J. VIRGIL WAGGONER - FROM DONAL KELLEHER

Dear Virgil, 11.11.1998  
 I received your memo last evening with surprise. I did not refuse to have you and Kevin appointed as directors of the JVM. I advised you with due care that it was not in your best interest to be directors. (see my memo following). I was informed by Lisa that you personally were undergoing having medical heart tests and that you were away and would not be back in your office until Wednesday - that was why you did not ask my advice. I must say that I take the greatest exception to the insulting remarks which you made against me personally as contained in your inaccurate and poorly structured memo. Keep it in your mind as you read through this memo that Lisa knew best the every single tiny detail relating to these affairs and she had been the one reporting to you. Moreover you spoke to Dr. Brazie who has managed account responsibility only in a limited field and not the broad scope of the bank and your responsibilities and you based your comment on that conversation.

Trading Program  
 The Program Contract and Bank confirmation of the availability of the program was issued formally by BTCE on 12th June 1998 (the contract was subsequently dated as a clean agreed document for signature on 26th June). This was after acceptance of my enquiry by BTCE bank commitment prior to 12th June when you wanted to abandon Bower Cotton - BC's program did not meet your criteria. I formally accepted to proceed with BTCE on 12th June 1998. You checked up on that with Dr. Brazie on Monday night and he sent you directly a copy of the agreement - good. Thereafter BTCE efficiently placed the monies into a program by 25th June. BTCE immediately travelled to London and made the program ready, along with other funds, to accept JVM funds (bank lawyers, compliance alerted, profit forecasts scheduled and agreed etc). BTCE alone spent over £,000 £ for that effort.

SSBT refused to transfer the money to BTCE in exchange for the CD - July Ind. BTCE and the traders then cancelled our program and left London very happy.

There is therefore NO breach or misrepresentation in the foregoing - on the contrary - BTCE and I worked efficiently and professionally - the program was just a matter of implementation as you see.

Bank Accounts

I offered you an account in your name and control at Natwest Isle of Man. I got specially for you and sent you the account opening documents - you chose not to accept my suggestion. Frankly if you had we would not be all in the soup with SSBT, trading would have closed in July and everybody would be happy not trying to edge us out on the cheap. We had then a choice offered by BTCE of two bank accounts at SSBT - - either a subaccount of BTCE at SSBT or our own account at SSBT - - after detailed discussion between you Lisa and I -- it was agreed by us jointly to accept the JVM account at SSBT. BTCE then went ahead with the procedures. The suggestion to utilise the JVM account at SSBT was specifically promulgated by G. Betts. Dr. Brazie who you spoke to did not agree with that arrangement - he preferred only the subaccount - which was unacceptable to you - G. Betts as the Financial man had the say. BTCE actually chose and set up the account as you can see.

Procedures

- G. Betts - V. President finance BTCE handled this personally and was involved in every single step of the procedure. It was not the first time that G. Betts had done such a transaction. The account was arranged by BTCE for us at SSBT. The methodology of the exchange of the cash against funds was prearranged directly between G Betts and SSBT. I followed Betts daily

**PRIVATE & CONFIDENTIAL MEMO TO:  
J. VIRGIL WAGGONER - FROM DONAL KELLEHER**

guidelines. The transfer of the CD was made by Betts / Hines / BTCB. It had nothing to do with Dr. Brazie.

SSBT defaulted as we know in their agreement with BTCB and with our company as well. Even the President of BTCB got involved and could not get SSBT to transfer the funds to BTCB. BTCB had other funds "blown" also by SSBT. Thereafter you know the saga neither the Prime Minister, the Attorney General or everybody else that we could think of would assist that crook Karajchi.

There is NO breach or misrepresentation in the foregoing from my side. BTCB actually set up and monitored the existence as you say.

**\* Funds trading in September**

As soon as SZM was received by BTCB from SSBT - BTCB agreed to engrass that amount with their other funds in "ready trading" ongoing HYIPs - I was informed in writing - September 15th letter from BTCB. I further confirmed by writing BTCB's conversation for commencement of trading and discussed and agreed in very great depth the trading procedure "sweep" of BTCB in that account. Again documents and instructions were rushed to BTCB on 15th September for the existing program.

BTCB then changed the projection to "may" pay the following week. BTCB expected the sweep and gave chapter and verse of trading managers location

"Broken ear drum, on the plane, deputy standing in etc etc - all recorded in my files. They all well expected the sweep to close. As outlined before the sweep profits would be credited the following week.

I had the misfortune to not paraphrase one conversation with you on the matter. That is miscommunication of the precise substance of the ongoing transaction which has been commenced - not misrepresentation on my part. I trust that Dr. Brazie put your mind at ease there when you raised the subject on Monday night about the existing Fed Program.

There is NO breach or misrepresentation in the foregoing from my side.

**\* Failure to annulate earnings -**

You have received 6% on your \$10 Million plus your portion on the cash in the current BTCB contract so far of 24,000 USD ( 80% ) which is enroute to you. Additionally there is interest due from SSBT ( 80% of ) and a claim for loss and expense. You also received \$22,000 USD interest from SSBT for the month of June even though you were also receiving interest on the CD for part of that month - you never even offered me my proportion (20%) of the \$13,000 USD due to me. You received a factual report from Dr. Brazie on Monday night which corresponds entirely with the report on the Fed program which the funds are committed to - I presume from your silence that was in accordance with the reports that I had been relaying to you. In accordance with the contract conditions, there is no breach or misrepresentation from my side.

**\* Existing Contract -**

I do not accept your view that you should not be bound by the existing CPA ; nor do I accept any similar view, if you were to make it, for that matter with respect to the existing JWV - CV with BTCB. Anyhow I wonder what this is all about since we have a viable program which I set up already at BTCB with transparency and equitable conduct in mind and for which BTCB holds irrevocable instructions to disburse 80% to you and 20% to Abbeyfield as the bank's fiduciary obligation - I cannot reconcile your view on this.

**\* Legal fee -**

In my conference call with Lisa and SPPT it was stated that you had already appointed SPPT in some phone call the night previously. Lisa asked me to send 25,000 USD to SPPT and I was given the bank co-ordinates (after

PRIVATE & CONFIDENTIAL MEMO TO:  
 J. VIRGIL WAGGONER - FROM DONAL KELLEHER

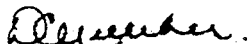
my cash cost of \$25 per 10 or so phone calls to BTCB it was received by SPPT). The \$25,000 USD cash did not come from your funds ( you have a CD for your funds already earning interest - you cannot have both funds and cash) - it came from trading funds; it will be extremely unwise to advocate otherwise - I have cautioned Lisa about that many a time. It was my understanding that JMW and BTCB were sharing the legal bills the costs coming out of the program. BTCB / Betts had previously in conference with Lisa, promulgated that JMW and BTCB should join against SSBT in the USA. What should have happened was that you / Lisa should have consulted with BTCB when you appointed SPPT. Instead of presenting it as a fait accompli. Then you would have nailed BTCB good and proper. Subsequently in the spread sheet I offered to take your burden from my profits in the program - I threw that genuine gesture in my face now. Anyhow I have not heard a single word or proposal from SPPT regarding the proposed collection and Marleva for the 2.5M\$ in the Bahamas.

Management  
 I wanted to send you the memo below on Monday ( I sent it to Lisa yesterday but she was busy and could not check it - so she said ). So I'm sending you that memo in any event - it contains an explanation of the advice that I got relating to concerns on tax and management - I'm sure you'll find it of use. It explains why I advised you that it was not advisable for either you or Kevin to be Directors of the IBC. I am glad to hear that you have now asked BTCB for structuring advice and note that you have issued some further instructions into BTCB for JMW which Lisa has been following up for implementation (what exactly are those instructions may I dare ask ?).

BTCB's position -  
 The facts relating to BTCB and their association with SSBT speak for themselves - BTCB chose SSBT, BTCB offered us two alternate accounts, BTCB had major accounts with SSBT before JMW came along, BTCB were not able to get us our money back - even though G. Betts set up the CD exchange, BTCB were negotiating directly with Marajchi and BTCB knew the Central Bank etc. BTCB's only other solution in June - a subaccount at SSBT would have yielded the same mess. On Capital you are safe anyhow - you have your CD. There can be no misrepresentation whatsoever on my side.

Legal Action -  
 If you wish to proceed with legal action against us - we are advised that we will win - and win handsomely. I will assist you with the legal pursuit of all necessary parties. You have made an offer of settlement and general release. Since you and Lisa have already made moves into BTCB ( to whom I introduced you both ) it is best that we tackle this problem itself as soon as possible. I will review any business settlement and general release you might make. I await therefore the receipt of same at your earliest convenience.

Yours sincerely,



Donal C. Kelleher

2568

Dec-18-98 11:35A BT&C Bank/Trust

(767) 448-6477

P.01



**British Trade & Commerce Bank**

*Licensed for Full Trust Business*

Emerys Bldg., Dame Eugenia Charles Blvd., Roseau  
Roseau, Commonwealth of Dominica,  
PO Box 2042, Phone: (767) 448-6470 Fax: 448-6477  
E-mail: btcbank@btcbm.com - SWIFT: BTCSBMDM

December 15, 1998

Mr. Donal C. Kelleher, Chairman  
Abbeyfield Asset Management S.A.  
Wickhams Cay 1, Road Town  
Tortola, British Virgin Islands

Sent via fax to 011-44-181-227-7621

Dear Mr. Kelleher:

British Trade & Commerce Bank has been advised through International Corporate Services Ltd. the sole Director of J.V.W Investment Ltd. that with effect from November 11, 1998 you have been removed as the Director (Trustee) of J.V.W Investment Ltd.

You are no longer authorized to make or receive any inquiries regarding transactions at this Bank. You have categorically and emphatically not received any notice from the Bank of two disbursements of profits during the month of December. Again, contrary to your direct statement, you have not confirmed neither this conversation nor any other with the Bank, nor received any confirmation from us.

You have also been told previously that there are no irrevocable payment instructions on file. Furthermore, the Subscriber specifically forbade any further decrease in his already eroded principal as would have been the case if another \$30,000 had been deducted from the principal.

In view of this, we demand that you cease and desist from any and all further contact with British Trade & Commerce Bank, its officers, directors, employees or anyone else associated with the Bank. Any discussion with you by any of the people associated with the Bank could subject them to a violation of the secrecy laws of Dominica which is punishable by a US\$15,000 fine and two years imprisonment.

Sincerely,  
For and on behalf of  
British Trade & Commerce Bank

  
George E. Betts  
Executive Vice President

16/12 '98 16:45

TX/RX NO.9417

P.001

2569

MEMO TO:  
George Betts BTCB - Vice - President Finance  
FROM DONAL KELLEHER

Re : JVM Investment Ltd & BTCB Account Number : 101-011200-9

Attn : George Betts

Dear George,

19.1.1999

As account signatory on the above account - I would remind you that I have not received any statement of account since 31.10.1998 despite having requested same on three occasions. Please provide me with a statement by return.

I have been informed by Mr. Waggoner's office that you have not disbursed or earned any profits yet from our contract. When are we likely to receive payment ? - your advice by return is requested.

Yours sincerely,



Donal C. Kelleher.

sent by e-mail for security.

DK 00074

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

CORRESPONDENT SERVICES  
CORPORATION,

Interpleader-Plaintiff,

v.

J.V.W. INVESTMENTS LTD., FIRST  
EQUITIES CORPORATION OF FLORIDA, J.V.  
WAGGONER, AND DONAL KELLEHER,

Interpleader-Defendants.



99 Civ. 8934 (RWS)

AFFIDAVIT OF  
MICHAEL E. BRUNEY

MICHAEL E. BRUNEY, being duly sworn, deposes and says:

1. I am a barrister and solicitor practicing at Bruney's Law Offices, 12 Virgin Lane, Roseau, Commonwealth of Dominica. I am duly licensed to serve as a Registered Agent for companies registered under the International Business Companies Act (1996) ("IBC Act").

2. Due to my previous appointment and service as the Registrar of Companies of the Commonwealth of Dominica, ongoing arrangements had been established between my law office and British Trade & Commerce Bank ("BTCB"). Pursuant to that arrangement, I accepted the task of being the Registered Agent for JVW Investment, Ltd. of Dominica ("JVW"). I was JVW's initial Registered Agent, and I remain the only Registered Agent that JVW has had. On the morning of June 18, 1998, I filed for the creation of JVW under the IBC Act with the Registrar of Dominica. We received rapid processing, and the Registrar completed the certification of the IBC's formation on June 19, 1998.

3. On Monday, June 22, 1998, I was officially notified to that effect, and the formal copies of the accepted Memorandum of Association and the Articles of Association were



provided to the Registered Office by the Registrar in document form, having been stamped on June 19, 1998. An original of said documents was placed on file in the Registered Office of JYW, Emens Building, Roseau, Dominica, and a copy was provided to me as Registered Agent. These documents, as required by law, formally included my name as the duly Registered Agent at 12 Virgin Lane, Roseau, Dominica, and the duly Registered Office in Roseau, Commonwealth of Dominica. The Memorandum authorized 5000 shares.

4. Herry Royer of ICS Ltd., Director of JYW, notified me of a Director's meeting called on June 23, 1998. In a Memorandum of Directors filed with the Registered Office on that same date, Donal Ciaran Kelleher replaced ICS Ltd. as Sole Director (Trustee), such new appointment being made by the subscriber of record in the Memorandum and Articles, ICS Ltd. for the Subscriber, Owner, and Member, Mr. J. Virgil Waggoner. The initially subscribed one share was reallocated into one bearer share certificate for the full 5000 shares, which was issued in paper document form, Certificate No. 0001, and was held by BTCB for J. Virgil Waggoner, the beneficial owner of JYW Investment, Ltd. of Dominica.

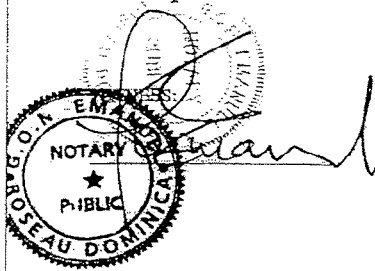
5. I am informed by ICS Ltd that pursuant to the request of the Member and Beneficial Owner (Mr. J. Virgil Waggoner), and instruction of the Director (Trustee), said Bearer Share Certificate was sent out by Federal Express on June 26, via JYW's Sole Director (Trustee), Donal C. Kelleher, to Mr. Waggoner.


6. The law of the Commonwealth of Dominica and JYW's Memorandum of Association require that the Registered Agent be notified of JYW Members meeting. I never received any notice from Donal C. Kelleher or anyone else regarding a meeting of the Members and Directors on June 25, 1998.

7. On November 11, 1998, Waggoner, the Sole Member of JVW and holder of Bearer Share Certificate No. 0001 (5000 shares), notified the Registered Agent, as required, that a Members meeting had been called to create Waggonwheel Trust and replace Donal Ciaran Kelleher with ICS Ltd. as director of JVW.

8. The Registered Office has provided me, as the Registered Agent, with copies of certain records of JVW, including copies of the Memorandum of Association, the Articles of Association, and the Share Register. Copies of those records are attached hereto as Exhibit A. Those records show that J. Virgil Waggoner was the sole shareholder of JVW at all times until November 11, 1998, when the shares were transferred to Waggonwheel Trust, and that Waggonwheel Trust has remained the sole shareholder of JVW since that time.

9. On or about September 3, 1999, an *Order As To Service of the United States District Court for the Southern District of New York* was served at the Registered Office of JVW in Dominica: Emens Building, Bayfront, Roseau, Dominica. A copy was provided to the Registered Agent.



  
MICHAEL E. BRUNEY

2573

*Abbeyfield Asset Management S.A.*

Wickham Cayl. Road Town  
Tortola British Virgin Islands



Chairman  
British Trade & Commerce Bank  
444 Brickell Avenue Suite P-6  
Miami FL 33131

*Repeat Demand: 14.5.99*  
*ca.*

Attn: Rudolfo Requena Perez Esq.

By Fax:

13th April 1999.

Respond to fax ( US ) : 630 214 5989

Re: Contract - Joint Participation Agreement - Waggoner - Abbeyfield  
Contract - Vermillion - C130001

Statement of Final Account - Period Ended 5.4.1999.

Dear Mr. Requena,

I refer to my previous letters to your staff and to your bank. Your bank is, as you know, in ongoing breach of it's obligations under the above contract and moreover in ongoing breach of it's fiduciary obligations to the undersigned as account signatory with your bank.

The sum over due and payable to Abbeyfield by British Trade and Commerce Bank is we repeat :

USD - 58,660,200 ( Fifty Eight Million, Six Hundred and sixty thousand, two hundred dollars ).

The sum overdue and payable to JVV Investment Ltd has already been notified to you.

It is to be noted that from those sums - VAT and Corporation Tax is payable to the UK Customs and Excise and to the UK Inland Revenue.

Prompt settlement of the above amount and attention to the matters in other correspondence is demanded..

Yours sincerely,

Donal C. Kelleher B.E. F Inst Mgt M Inst OD

Chairman

Copy: J. Virgil Waggoner.

3 pages (Repeat of email dated 4.3.99).  
copy of

DK 00396

Associate Companies: Station 2000 Finance Ltd. Abbeyfield Finance s.a.  
Tel: 070 500 86021 Fax: 001 630 214 5989 E Mail: Abbyam@globalnet.co.uk  
Member of Emerging Markets Traders Association

STATION 2000

2574

**ROBERT F. GARNER**

*Attorney & Counselor at Law*

Telephone: +1 336-621-3890

Fax: +1-336-621-8202

E-Mail: robertgarner@usa.net

*Delivery Address*  
*Mailing Address*  
3415 Yanceyville Street  
Greensboro, NC 27405

Post Office Box 13002  
Greensboro, NC 27415-3002

June 28<sup>th</sup>, 1999

Rudy Gerlich, Esq.  
Deputy General Counsel  
PaineWebber, Incorporated  
Wehawken, NJ 07087

RE: J.V. W Investment Ltd., a Commonwealth of Dominica, W.I. Corporation,  
J. Virgil Waggoner, President  
and First Equity Corporation of Florida, Account No.: IE 12349-05

Dear Mr. Gerlich:

The above matter has been referred to my offices for disposition as I serve as Corporate Counsel for First Equity Corporation of Florida of Miami, Florida (FECF).

It is not the position of FECF to determine what, if any, arrangements may have existed between Mr. Donal C. Kelleher, a British Citizen and the principal of J.V. W Investment Ltd., a Commonwealth of Dominica International Business Corporation, prior to November 24<sup>th</sup>, 1998. The only concern of my client relates to the current ownership of a certain Certificate of Deposit in the amount of \$10 Million USD issued by British Trade & Commerce Bank and held in the above referenced account at your facility (copy attached) as clearing agent for FECF.

The current question is a simple matter of documentation. The answer to the matter is held in your files (copy attached). Whatever authority that Mr. Kelleher may have had over the funds of J.V. W Investment Ltd. ceased on November 24<sup>th</sup>, 1998 when Mr. J. Virgil Waggoner, President and Kevin Quisenberry, Treasurer became the sole signatories on account numbered IE-12349-05. Also note that ownership is no longer a PaineWebber issue since the Certificate of Deposit ceased

W 000912

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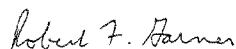
to be operative on June 25<sup>th</sup>, 1999 and reverted to a savings account held at British Trade & Commerce Bank in Roseau, Commonwealth of Dominica. As such, any claims that Mr. Kelleher may have against J.V. W International Ltd. would need to be filed with the officers of British Trade and Commerce Bank, and not with First Equity Corporation of Florida or with the Correspondent Services Corporation Division of PaineWebber, Incorporation.

I can tell you that Mr. Kelleher has been directly provided with more than ample notice of his removal from whatever position(s) he may have held with J.V. W Investment Ltd. as far back as November 24<sup>th</sup>, 1998, and as late as April 21, 1999 by legal authority in the Commonwealth of Dominica. He was again given notice to cease his communications with First Equity Corporation of Florida as late as June 11<sup>th</sup>, 1999, as he no longer has a lawful standing with this account.

If you need additional documentation of these notices to him or copies of relevant documents, I would be pleased to seek permission to share this additional information with you upon your written request.

Should you wish to discuss this matter further, you may reach me at First Equity Corporation's offices during the coming business week at 305-960-2100 or by fax at 305-960-2120.

Cordially yours,



ROBERT F. GARNER  
Attorney-at-law

Enclosures

cc: Mr. Julian L. Alfonso, First Equity Corporation, Compliance Department  
Mr. J. Virgil Waggoner, President, J.V. W Investment Ltd.  
Ms. Lisa D. Duperier, Secretary, J.V. W Investment Ltd.  
Michael E. Bruney, Esq., Attorney, British Trade & Commerce Bank  
Mr. George E. Betts, Vice President, British Trade & Commerce Bank

W 000913

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Legal

PaineWebber Incorporated  
1200 Harbor Boulevard  
Weehawken, NJ 07087-0791  
Tel: 902-6122  
201-617-8485 Fax

Rudolph Getlach, Jr.  
*Deputy General Counsel*  
*Senior Vice President*

**PaineWebber**

June 30, 1999

**VIA FACSIMILE TRANSMISSION**  
**and REGULAR MAIL**

Robert F. Garner, Esq.  
P.O. Box 13002  
3415 Yanceyville Street  
Greensboro, NC 27405

Re: J.V.W Investment Ltd., a Commonwealth  
of Dominica, W.I. Corporation, et al.

Dear Mr. Garner:

I write in response to your letter of June 28, 1999, a copy of which is attached hereto.

Correspondent Services Corp. ("CSC") has notified your client and others that it has received conflicting claims as to who has authority over J.V.W Investment Ltd.'s ("JVW") account at First Equity Corporation ("First Equity") which currently contains a British Trade and Commerce Bank ("BTCB") Certificate of Deposit. Notwithstanding your contention to the contrary, to date, CSC does not believe that it has received documentation and information sufficient to resolve these conflicting claims. In any event, we continue to view this as a dispute between JVW and Mr. Kelleher, one in which CSC is not the appropriate arbiter, and urge the parties to resolve the matter among themselves.

You state that the CD "ceased to be operative" on June 25, and "reverted to a savings account held at" BTCB. We express no comment on whether the CD has, in fact, reverted to a savings account at BTCB. We agree with you, however, that CSC obviously has no role to play in how or whether Mr. Kelleher and JVW pursue those funds at BTCB. CSC similarly has no authority or control over how BTCB may disburse those funds.

W 000916

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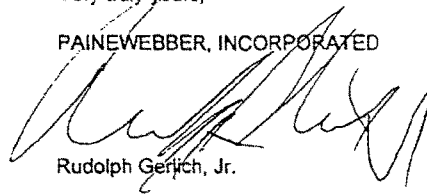
Page 2  
June 30, 1999

CSC will continue to hold the physical certificate of deposit in its role as clearing broker and custodian for First Equity. However, given your representation on behalf of First Equity that the CD has "ceased to be operative", CSC will treat the CD as "expired" and reflect the CD as having a "zero" value on JWW's monthly account statement at First Equity, which is scheduled to be mailed out shortly.

If you have any questions, please do not hesitate to contact me at (201) 352-6322.

Very truly yours,

PAINWEBBER, INCORPORATED



Rudolph Gerjich, Jr.

Enclosure

cc: Mr. Julian L. Alfonso, First Equity Corporation, Compliance Department  
Mr. J. Virgil Waggoner, President, J.V.W Investment Ltd.  
Ms. Lisa D. Duperier, Secretary, J.V. W Investment Ltd.  
Michael E. Bruney, Esq., Attorney, British Trade & Commerce Bank  
Mr. George E. Betts, Vice President, British Trade & Commerce Bank  
Mr. Donal C. Kelleher

W 000917

COMMONWEALTH OF DOMINICA

AFFIDAVIT OF WAGONWHEEL TRUST

For the United States District Court,  
Southern District of New York  
RE: 99 Civ. 8934 (RWS)

*RE: Correspondent Services Corporation, Interpleader-Plaintiff*

*V. Donal Kelleher, JVW Investments Ltd, First Equities Corp. of Florida, J.V. Waggoner, Interpleader-Defendants*

*And: Suisse Security Bank & Trust, Additional Defendant on the Cross-Claims*

I, Michael E. Bruney, Attorney at Law, of the City of Roseau, Commonwealth of Dominica, hereby swear and state as follows:-

1. I am the Protector of the Wagonwheel Trust of Dominica, an officer of the Court, and former government official, Registrar of Companies, of the Commonwealth of Dominica.
2. As the Protector, so recorded in the Deed of Trust for the Wagonwheel Trust, I have the ultimate, legal responsibility for the Trust under the laws of Dominica. Wagonwheel Trust currently holds the bearer shares of JVW Investment, Ltd., an International Business Company, formed and operated under the laws of the Commonwealth of Dominica.
3. Wagonwheel Trust is aware of particulars of the interpleader action in the United States District Court, Southern District of New York. The purpose of this affidavit is to state specifically that Wagonwheel Trust has ratified the actions taken in the lawsuit and has agreed to be bound by any judgment resulting from the lawsuit. As the holder of the shares of JVW Investment Ltd of Dominica, the Wagonwheel Trust has also ratified the authority of Mr. J. Virgil Waggoner and Shaw Pittman to conduct the lawsuit.

Sworn by Michael E. Bruney  
at Roseau, Dominica the 17<sup>th</sup> day of  
April, 2001

Before me:

*Rohan A. David*  
Rohan A. David  
NOTARY PUBLIC

*[Handwritten signature]*





2579

FRED THOMPSON, TENNESSEE, CHAIRMAN  
WILLIAM V. ROTH, JR., DELAWARE  
TED STEVENS, ALASKA  
SUSAN M. COLLINS, MAINE  
GEORGE V. VONNOVICH, OHIO  
PETE V. DOMENICI, NEW MEXICO  
THAD COCHRAN, MISSISSIPPI  
ARLEN SPECTER, PENNSYLVANIA  
JUDD GREGG, NEW HAMPSHIRE  
JOSEPH I. LIEBERMAN, CONNECTICUT  
CARL LEVIN, MICHIGAN  
DANIEL K. AKAKA, HAWAII  
RICHARD J. DURBIN, ILLINOIS  
ROBERT C. TORRICELLI, NEW JERSEY  
MAX CLELAND, GEORGIA  
JOHN EDWARDS, NORTH CAROLINA  
HANNAH S. SISTARE, STAFF DIRECTOR AND COUNSEL  
JOYCE A. RECHTSCHAFFEN, MINORITY STAFF DIRECTOR AND COUNSEL

## United States Senate

COMMITTEE ON  
GOVERNMENTAL AFFAIRS  
WASHINGTON, DC 20510-6250

August 21, 2000

Mr. Christopher Lunn  
Chief Executive Officer  
Suisse Security Bank and Trust  
Nassau, Bahamas

Sent By Fax to 242-356-4281

Dear Mr. Lunn:

Pursuant to our telephone conversation earlier today and the ongoing investigation by the U.S. Senate Governmental Affairs Permanent Subcommittee on Investigations into money laundering in the correspondent banking field, we would appreciate receiving the following information from Suisse Security Bank and Trust (SSBT):

- (1) all account opening documentation related to the account opened for JWV Investment Ltd. on 6/18/98, including any documentation related to the role of British Trade and Commerce Bank (BTCB) or BTCB employees, including Charles Brazie and George Betts, in opening this account;
- (2) all instructions provided to SSBT regarding the investment of more than \$10 million deposited into this account in 1998, including any documentation related to any role to be played by BTCB in the investment decisions;
- (3) all promotional, informational or other materials provided by BTCB with respect to high yield investment opportunities available to its clients;
- (4) all documentation related to SSBT's concerns about possible money laundering involving the \$10 million deposit, including any report made to government authorities;
- (5) all documentation related to instructions by BTCB to transfer the monies invested on behalf of the account to another financial institution, and SSBT concerns about these transfer instructions; and
- (6) a copy of the report and any attachments or documentation issued by outside auditors regarding SSBT's actions in this matter.

Because of ongoing civil litigation filed in U.S. federal court detailing the ownership of and transactions involving the account at SSBT, Correspondent Services Corp. v. J.V.W. Investments Ltd., First Equities Corp. Of Florida, J.V. Waggoner, and Donal Kelleher, (Case No. 99-CIV-8934)(U.S. District Court for the Southern District of New York), we understand that customer confidentiality has already been abandoned in this matter. In addition, you indicated during our

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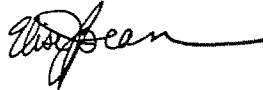
Mr. Christopher Lunn  
August 21, 2000  
Page Two

telephone conversation that it was your understanding that BTCB had never been a correspondent bank or direct client of SSBT; if additional research indicates that information is incorrect, please let me know.

We would appreciate SSBT's providing the requested information by August 31, 2000. Because these matters may be addressed in a public setting, this letter is intended to provide SSBT with the opportunity to present this and any other information to the Subcommittee that it believes would lead to a more accurate understanding of SSBT's role in these matters. Please send the requested documents and any other information to my attention at the Permanent Subcommittee on Investigations, 193 Russell Senate Office Building, Washington, D.C. 20510, or fax them to my attention at (202) 224-1972. I can also be reached at (202) 224-9505.

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Bean", with a long horizontal flourish extending to the right.

Elise J. Bean  
Deputy Chief Counsel to the Minority  
Permanent Subcommittee on Investigations

cc: Rena Johnson, Acting Staff Director and Chief Counsel for the Majority


**SUISSE SECURITY BANK & TRUST, LTD.**

Orissa House, East Bay Street Phone (242) 356-3488 E-mail: info@sabt.com  
 P. O. Box N-4801 Fax (242) 356-4281 Website: www.sabt.com  
 Nassau, Bahamas

29<sup>th</sup> August, 2000.

BY HAND

Ms. Elise J. Bean  
 Deputy Chief Counsels to the Minority U. S. Senate  
 Permanent Sub-Committee on Investigations -- Minority Office  
 Committee on Governmental Affairs  
 195 Russell senate Office Building  
 Washington, D. C. 20510-6250

Dear Ms. Bean,

**Re: Suisse Security Bank & Trust Ltd. Customer's Bank Account**

We refer to our earlier telephone conversation and your subsequent facsimile message dated August 21st, 2000. In specific, your request for information in connection with on-going investigations by the U. S. Senate Governmental Affairs Permanent Sub-Committee on investigations into money laundering in the correspondent banking field.

We have taken under advisement your comments as it relates to a continued civil litigation filed in the United States Federal Court detailing the ownership of transactions involving Suisse Security Bank & Trust Ltd. and requesting any and/or all bank records regarding the same. Notwithstanding this, as we endeavour to cooperate with you, we have referred the matter to our Attorneys for their opinion. Our legal Counsel has opined that Suisse Security Bank & Trust Ltd. is not at liberty to disclose any and/or all information relating to any customer of the Bank and hence to do so would expose the Bank to severe sanctions as the said Bank would contravene Bahamian Banking Laws pursuant to the Bank Act Chapter 285 and the Bank & Trust Companies Regulation Act 287. Kindly note that we are extremely anxious to cooperate with your office in this most important matter, but by the very same token, Suisse Security Bank & Trust Ltd is obliged to respect the laws of the Commonwealth of Bahamas. We advise that having regard to the aforementioned restrictions imposed by law, we are further fettered from distributing the report issued by our external auditors as again this information shall at all material times be kept within the ambit of the Bank as it relates to the respective customer's bank account.

...2

Post-It* Fax Note	7671	Date	29-8	# of pages	7
To	Elise J. Bean	From	Christopher Lane		
Co./Dept	Deputy Chief Counsel	Co.	SSBT		
Phone #		Phone #	242 356 3488		
Fax #	242 356 4281	Fax #	242 356 4281		

-2-

Ms. Elise J. Bean  
Washington, D. C. 20510-6250

29<sup>th</sup> August, 2000

We wish to further advise that in your quest to obtain the relevant bank records you should either make an application by way of the Mutual Legal Assistance Treaty through the Attorney General Office which exists between our respective Governments or retain the services of a local Attorney within The Bahamas whom will make the requisite application before a Judge in Chambers within the Supreme Court. On receiving the relevant Court Order we will subsequently be under a legal obligation to furnish you with any and/or all documents specified within the said Order.

Further more, with a view to assisting yourselves in this regard, a report was made by Suisse Security Bank & Trust Ltd. to the Central Bank of The Bahamas concerning this matter pursuant to the legal requirement laid down by the Bahamian anti-money laundering legislation, that is, The Money Laundering (Proceeds of Crime) Act, 1996, and The Money Laundering (Proceeds of Crime) Regulations, 1996. Notwithstanding this, a further report was made to The Office of the Attorney General and the Royal Bahamas Police Force who were instructed to carry out a complete investigation in this regard. The investigations revealed that Suisse Security Bank & Trust Ltd. had not committed any act of wrong doing. In fact, the findings were that the said Suisse Security Bank & Trust Ltd. at all material times acted properly and within the scope of account mandates together with complying with Bahamian Banking and Money Laundering legislations.

In closing we wish to make it clear that Suisse Security Bank & Trust Ltd. has neither since nor now involved itself with any acts of Money Laundering activities or with any persons, customers or entities with dubious characters backgrounds or circumstances. In fact to the contrary, as Suisse Security Bank & Trust Ltd. is fully committed to the fight against acts of criminality which includes money laundering and to this end have put in place a strict anti-money laundering policies coupled with a complete compliment of staff trained in the areas of money laundering detection and prevention and thus applying the "know your customer rule". We will continue to work closely with law officials both locally and internationally so as to foster our efforts in the fight against money laundering activities.

We trust that whilst we were unable at this time to provide you with documentation as requested, we stand ready and able to comply with your request once we have been furnished with the requisite Court Orders.

...3

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08/30/2000 12:41 12423564281

SUISSE SECURITY BANK

PAGE 03

-3-

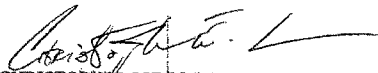
Ms. Elise J. Bean  
Washington, D. C. 20510-6250

29<sup>th</sup> August, 2000

In the meantime, we enclose herewith a copy of the relevant Sections from the Bank Act and the Bank & Trust Companies Regulations Act for your ease of reference.

Should there be any further concerns and/or questions regarding the above-mentioned, kindly contact our bank without hesitation.

Yours faithfully,  
**SUISSE SECURITY BANK & TRUST LTD**

  
CHRISTOPHER LUNN (MR.)  
Chief Executive Officer

## BANKS AND TRUST COMPANIES. ICH.287. 4177

## CHAPTER 287.

## BANKS AND TRUST COMPANIES.

AN ACT TO REGULATE BANKING BUSINESS AND TRUST COMPANIES WITHIN THE BAHAMAS AND OTHER MATTERS RELATED THERETO.

64 of 1965.  
34 of 1968.  
20 of 1969.  
15 of 1971.  
3 of 1974.  
E.L.A.O., 1974.  
3 of 1980.  
S.I. 86 of 1982.  
5 of 1985.  
Short title.

[28th October, 1965.]

1. This Act may be cited as the Banks and Trust Companies Regulation Act.

2. In this Act, unless the context otherwise requires—

Interpretation.

“authorised agent” means a person designated by a bank or trust company under the provisions of section 4 of this Act;

“bank” means any person carrying on banking business;

“banking business” means the business of receiving on current savings, deposit or other similar account money which is repayable by cheque or order or other instructions and which may be invested by way of advances to customers or otherwise;

“company” means a company incorporated either under the laws of The Bahamas or under the laws of any other country or place;

“licence” means a licence granted under section 4 of this Act or deemed to be so granted in accordance with that section;

“licensee” means any person holding a licence under the provisions of this Act;

“Minister” means the Minister of Finance;

20 of 1969, s. 2.

“person” includes any body of persons corporate or unincorporate;

“prescribed” means prescribed by regulations made under this Act;

“trust business” means the business of acting as trustee, executor or administrator;

BANKS AND TRUST COMPANIES. [CH.287,

4185

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positors or other

creditors or is either in The Bahamas or elsewhere  
contravening the provisions of this or any other Act or of  
any Order or regulations made under this Act, or of any  
term or condition subject to which the licence was issued,  
the Minister may from time to time as may to him seem  
necessary, require that licensee forthwith to take such  
steps as he may consider necessary to rectify the matter  
or may make an order revoking the licence of such  
licensee and requiring its business in The Bahamas to be  
wound up.

X 10.—(1) No person who has acquired information  
in his capacity as—

Preservation of  
secrecy  
3 of 1980, s. 2.

(a) director, officer, employee or agent of any  
licensee or former licensee;

(b) counsel and attorney, consultant or auditor  
of the Central Bank of The Bahamas, established  
under section 3 of the Central Bank of The Bahamas  
Act, or as an employee or agent of such counsel and  
attorney, consultant or auditor;

Ch. 321

(c) counsel and attorney, consultant, auditor,  
accountant, receiver or liquidator of any licensee or  
former licensee or as an employee or agent of such  
counsel and attorney, consultant, auditor, account-  
ant, receiver or liquidator;

(d) auditor of any customer of any licensee or  
former licensee or as an employee or agent of such  
auditor;

(e) the Inspector under the provisions of this  
Act,

shall, without the express or implied consent of the  
customer concerned, disclose to any person any such  
information relating to the identity, assets, liabilities,  
transactions, accounts of a customer of a licensee or  
relating to any application by any person under the  
provisions of this Act, as the case may be, except—

(i) for the purpose of the performance of  
his duties or the exercise of his func-  
tions under this Act, if any; or

(ii) for the purpose of the performance of  
his duties within the scope of his  
employment; or

BANKS.

[CH.285.]

4163

## CHAPTER 285.

## BANKS.

## AN ACT RELATING TO BANKS AND BANKING.

[23rd August, 1909.]

4 of 1909.  
10 of 1944.  
43 of 1964.  
65 of 1965.  
E.L.A.C., 1974.  
3 of 1987.  
Short title.

1. This Act may be cited as the Banks Act.
2. In this Act, unless the context otherwise requires—
- “bank” means any person carrying on banking business;
- “banking business” means the business of receiving on current, savings, deposit or other similar account money which is repayable by cheque or order and which may be invested by way of advances to customers or otherwise;
- “cashier” includes the cashier of any branch or agency of a bank;
- “court” means the Supreme Court;
- “manager” includes the manager of any branch or agency of a bank;
- “Minister” means the Minister responsible for Banks;
- “Registrar” means the Registrar General;
- “Registry” means the Registry of Records.
3. The provisions of this Act shall apply to every bank in The Bahamas.
- 4.—(1) Every bank commencing to carry on business in The Bahamas after the coming into operation of this Act, shall, within three days after commencing to carry on such business, cause to be filed in the Registry a copy of the Act, charter or certificate of incorporation of such bank.
- (2) Every such bank shall, in like manner, cause to be filed in the Registry copies of any further Act, charter

Interpretation.

E.L.A.O., 1974.

Application of Act.

Certified copies of Acts, charters or certificates of incorporation to be recorded.



4168

CH.285.]

BANKS.

*s of 1987, s. 2.*

thereof which he knows to be false in any material particular shall be guilty of an indictable offence against this Act and shall be liable on conviction to a fine not exceeding eight thousand dollars or to imprisonment for a term not exceeding two years or to both such fine and imprisonment.

*Preservation of  
secrecy,  
05 of 1965, s. 9.*

19.—(1) Except for the purpose of the performance of his duties or the exercise of his functions under this Act or when lawfully required to do so by any court of competent jurisdiction in The Bahamas or under the provisions of any law, no person shall disclose any information relating to the affairs of a bank or of a customer of a bank which he has acquired in the performance of his duties or the exercise of his functions under this Act.

*s of 1987, s. 2.*

(2) Every person who contravenes the provisions of subsection (1) of this section shall be guilty of an offence against this Act and shall be liable on summary conviction to a fine not exceeding four thousand dollars or to a term of imprisonment not exceeding one year or to both such fine and imprisonment.

2588



P. O. Box N-4868  
Nassau, N.P. Bahamas  
Tel: (242) 322-2193  
Cable: CENTRAL BANK  
Fax: (242) 322-4321  
Telex: 20115/20542

Our Ref: 402.898

15<sup>th</sup> September, 2000

Via Facsimile: (202) 224-1972  
(Total pages: 2)

Ms. Elise Bean  
United States Senate  
PERMANENT SUBCOMMITTEE ON  
INVESTIGATIONS – Minority Office  
Committee on Governmental Affairs  
193 Russell Senate Office Building  
Washington, D.C. 20510

Dear Madam,

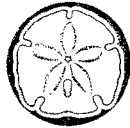
**Re: Suisse Security Bank & Trust Limited**

We refer to your facsimile message dated 2<sup>nd</sup> August, 2000 with attached documents concerning the Suisse Security Bank & Trust Ltd (the bank).

On receipt of a complaint from Mr. D.C. Kelleher, Director and Trustee of J. V. W. Investments Ltd. regarding delay/non-payment by the bank of their alleged one-day call deposit in the amount of \$10 million and on receipt of a suspicious transaction report from the bank vis-à-vis the relatives transaction, Central Bank had the matter investigated through the External Auditing agency of Ernst & Young as well as via Police authorities through Attorney General. The basis of suspicion reportedly arose from the fact that the bulk of the money which was deposited on 18<sup>th</sup> June, 1998 was sought to be transferred to another bank in Dominica on the 30<sup>th</sup> June, 2000, i.e. soon after the opening of the account(s). The Police authorities after the investigation later ruled out the possibility of funds being the proceeds of money laundering. Messrs Ernst & Young as per their findings ruled out any possibility of irregularity on the part of the bank vis-à-vis the opening and conduct of the accounts of the company and have confirmed that the bank is not exposed to any contingent liability requiring provisions therefor.

BSD Facsimile: (242) 356-4324

**THE CENTRAL BANK OF THE BAHAMAS**



Ms. Elise Bean  
Page 2  
15<sup>th</sup> September, 2000



They also stated that the company did open both a trading account along with a cash account (instead of one-day call money account as alleged by Mr. Kelleher) and that transactions on the accounts were supported by authorizations and were consistent with the mandates on record.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Iqbal Singh".

Iqbal Singh  
Manager  
Bank Supervision Department

IS/iml

STW196 96 1123 2451 000 DIRECT INQUIRIES TO: (954) 971-9890  
 BRITISH TRADE & COMMERCE BANK  
 240 SOUTH ST. ROAD 7  
 NORTH LAUDERDALE, FLORIDA 33068  
 SMONG BLDG. DAMS EUGENIA CHARLES 0010140000  
 BLVD. BAYFRONT FROM 10/01/98 THRU 10/31/98 8  
 ROSSAU, DOMINICA, WI

NUMBER OF ITEMS ENCLOSED: 14

DATE POSTED	DESCRIPTION OF TRANSACTIONS	CHEQS	DEPOSITS	BALANCE
10/19	WIRE 7682 FEE	35.00		3,550,353.26
10/19	WIRE 7677	353.26		3,550,000.00
10/19	WIRE 7651 MCKELLAS AS SOLICITORS UNIT	3,500,000.00		50,000.00
10/20	WIRE 4438		415,000.00	465,000.00
10/20	WIRE 4498 FEE	10.00		464,990.00
10/20	AUTO TRANSFER TO ACCT. --0010140002	414,990.00		50,000.00
10/21	AUTO TRANSFER FROM ACCOUNT 0010140002		247,055.00	297,055.00
10/21	WIRE 4504 DENNEL FINANCE LTD		16,390.00	313,445.00
10/21	WIRE 4505 DENNEL FINANCE LTD		31,590.00	345,035.00
10/21	WIRE 4504 FEE	10.00		345,025.00
10/21	WIRE 4505 FEE	10.00		345,015.00
10/21	WIRE 7696 FEE	15.00		345,000.00
10/21	WIRE 7696	295,000.00		50,000.00
10/22	AUTO TRANSFER FROM ACCOUNT 0010140002		166,646.09	216,646.09
10/22	WIRE 4426		9,633.91	226,280.00

Redacted Information  
in Subcommittee Files

**SECURITY BANK N.A.**  
**OUTGOING DOMESTIC WIRE TRANSFER REQUEST AND AUTHORIZATION**

10.. 19.. 98 DATE TIME: : AMOUNT \$ 3,500,000.00

OUTGOING WIRE - CHANGE CUSTOMER LISTED BELOW  
 INTERNATIONAL DEPARTMENT WIRE (CHANGE INTERNATIONAL DEPARTMENT CLEARING ACCOUNT)

DOMESTIC WIRE IN DOLLARS FOREIGN WIRE: DESCRIBE CURRENCY:

**INFORMATION ABOUT THE BANK TO RECEIVE THE WIRE**

RECEIVING BANK'S NAME: NATIONAL WESTMINSTER BANK PLC RECEIVING BANK'S "ABA" NUMBER: #

131 EDIF. UNIT STREET CODE, IF APPLICABLE: # NWBK02LB SORT CODE: 60-24-25

BRANCH NAME OR ADDRESS OF RECEIVING BANK, IF ANY: 3 THE BROADWAY, WOODFORD GREEN, ESSEX IG8 0EN

CITY: LONDON STATE: COUNTY: UNITED KINGDOM

**INFORMATION ABOUT THE BENEFICIARY OF THE WIRE**

NAME OF BENEFICIARY (PERSON/COMPANY TO RECEIVE WIRE): MCELWAIN'S SOLICITORS UNITED STATES DOLLAR ACCOUNT

ACCOUNT NUMBER RECEIVING BENEFICIARY'S ACCOUNT NUMBER: # TYPE OF ID, IF FUND: # NUMBER

ADDRESS (IF APPLICABLE): CITY: STATE: COUNTY: 3 Rushcutters Court No. 2 Boatlifter Way London SK16 1WH UNITED KINGDOM

FOR FURTHER CREDIT TO NAME: # NUMBER

BY ORDER OF NAME: BRITISH TRADE & COMMERCE BANK # NUMBER

SPECIAL INSTRUCTIONS, IF ANY: REF: FUNDS TRANSFER

**INFORMATION AND AUTHORIZATION ABOUT CUSTOMER'S ACCOUNT TO DEBIT**

NAME OF CUSTOMER'S ACCOUNT TO CHARGE OR GENERAL LEDGER ACCOUNT TO DEBIT: BRITISH TRADE & COMMERCE BANK

ACCOUNT NUMBER TO CHARGE (JEDI#): # 0400101400-01

WIRE AMOUNT \$	3,500,000.00
WIRE FEES	35.00
OTHER	
TOTAL AMOUNT \$	3,500,035.00

**CUSTOMER'S AUTHORIZATION**  
 I authorize Security Bank to transfer my funds as set forth in the instructions noted herein, including debiting my account and agree that such transfer of funds is subject to the Bank's agreement as noted in the back of this form.

**FAX ATTACHED**  
**CUSTOMER'S SIGNATURE**

WIRE SENT BY: DATE WIRE SENT: TIME WIRE SENT: WIRE NUMBER (#)

**OFFICER APPROVED TRANSACTION**  
 THIS MUST BE PLACED ON ACCOUNT BY BRANCH OFFICER ONLY  
 DEPARTMENT (HOW TRAINED HERE):  
 NOTE:  
 "ABA" BANK NUMBER HAS BEEN VERIFIED  
 HOLD HAS BEEN PLACED ON ACCOUNT  
 APPROVING OFFICER:

Redacted Information in Subcommittee Files

STMT96 96 1123 2453 000 DIRECT INQUIRIES TO: (954) 971-9890  
 SECURITY BANK N.A.  
 150 SOUTH STANIS ROAD 7  
 NORTH LAUDERDALE, FLORIDA 33068  
 BRITISH TRADES & COMMERCE BANK  
 1000 WING ROSSIGNA CHARLES  
 BLVD. BAYFRONT  
 ROSEAU, DOMINICA, WI 001014000  
 FROM 10/01/98 THRU 10/31/98  
 10  
 NUMBER OF ITEMS ENCLOSED: 14

CHK-01 ACCOUNT NO. 00101400 01

ACCOUNT TRANSACTIONS DETAIL		CHECKS (-)	DEPOSITS (+)	BALANCE
DATE POSTED	DESCRIPTION OF TRANSACTIONS			
10/23	WIRE 7710 PABLO URBANO	10,000.00		50,000.00
10/26	DEPOSIT		158,171.00	208,171.00
10/26	WIRE 4433		470,900.00	378,171.00
10/26	WIRE 4437 FEE	10.00		6,878,151.00
10/26	WIRE 7723 FEE	15.00		6,878,136.00
10/26	WIRE 7724 FEE	35.00		6,878,101.00
10/26	WIRE 7725 FEE	35.00		6,878,066.00
10/26	WIRE 7724	5,000.00		6,873,066.00
10/26	WIRE 7725	5,000.00		6,868,066.00
10/26	WIRE 7723	55,000.00		6,813,066.00
10/26	AUTO TRANSFER TO ACCT. --0010140002		6,763,066.00	50,000.00
10/27	DEPOSIT		1,300.00	51,300.00
10/27	WIRE 4444		20,000.00	71,300.00
10/27	WIRE 4445		120,500.00	191,800.00
10/27	WIRE 4444 FEE	10.00		181,790.00

Redacted Information  
 in Subcommittee Files







2595

Oct-27-98 13:08 FAX 3059716071 SECURITY BANK NA @004  
Oct-26-98 01:38P BT&C Bank/Trust (767) 448-6477 P.01



**British Trade & Commerce Bank**

EMENS Building, Dame Eugenia Charles Blvd., Bayfront  
Roseau, Commonwealth of Dominica, P.O. Box: 2042

**FAX COVER**

Date: 10/26/98

<b>TO:</b> FERNANDO GONZALEZ	<b>FROM:</b> GEORGE BETTS
<b>COMPANY:</b> SECURITY BANK N.A.	<b>FAX N°:</b> (767) 448-6477
<b>FAX N°:</b> 305-374-4207	<b>PHONE N°:</b> (767) 448-6410
<b>PHONE N°:</b> 305-374-3722	<b>Pages:</b> 1

NOTES:  Urgent  For your review  Reply ASAP  Please comment

DEAR FERNANDO:

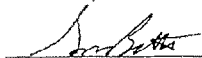
PLEASE MAKE THE FOLLOWING WIRE TRANSFER FROM OUR ACCOUNT 0400101400-01:

FIRST UNION NATIONAL BANK, NC  
ABA#: 053-000-219  
BENEFICIARY: ROBERT F. GARNER ATTY-AT-LAW, TRUST ACCOUNT  
ACCOUNT NO.: 202-0000-3571-000, AMOUNT: USD\$6,500,000  
REF: FUNDS TRANSFER - BT&C

**Redacted Information  
in Subcommittee Files**

TEST KEY FOR ABOVE WIRES BASED ON USD\$6,500,000. DATED OCTOBER 26, 1998 IS [REDACTED]

SINCERELY,

  
\_\_\_\_\_  
GEORGE BETTS,  
EXECUTIVE VICE PRESIDENT

TEST KEY VERIFIED BY:	[Signature]
DATE:	10/26/98

*Licensed for Full Trust Business.*

*FAXED  
12:45 PM  
10*

**SECURITY BANK N.A.**  
**OUTGOING DOMESTIC WIRE TRANSFER REQUEST AND AUTHORIZATION**

DATE: 10-27-98 TIME: : AMOUNT \$ 6,500,000.00

OUTGOING WIRE - CHARGE CUSTOMER LISTED BELOW  
 INTERNATIONAL DEPARTMENT WIRE (CHARGE INTERNATIONAL DEPARTMENT CLEARING ACCOUNT)  
 DOMESTIC WIRE (USDOLLARS) FOREIGN WIRE: DESCRIBE CURRENCY

**INFORMATION ABOUT THE BANK TO RECEIVE THE WIRE**

RECEIVING BANK'S NAME: FIRST UNION NATIONAL BANK RECEIVING BANK'S "ABA" NUMBER: 053 000 219  
 TEST CODE, IF ANY: # SWIFT CODE, IF APPLICABLE: #  
 BRANCH NAME OR ADDRESS OF RECEIVING BANK, IF ANY:  
 CITY: STATE: NC COUNTRY:

**INFORMATION ABOUT THE BENEFICIARY OF THE WIRE**

NAME OF BENEFICIARY (PERSON / COMPANY TO RECEIVE WIRE): ROBERT F. GARNEE ATTY-AT-LAW, TRUST ACCT.  
 ACCOUNT NUMBER (RECEIVING BENEFICIARY'S ACCOUNT NUMBER): # 202-000-3571-000 TYPE OF ID, IF FUND: #  
 ADDRESS (IF APPLICABLE): CITY: STATE: COUNTY:  
 FOR FURTHER CREDIT TO (NAME): # NUMBER:  
 BY ORDER OF (NAME): BRITISH TRADE & COMMERCE BANK # NUMBER:  
 SPECIAL INSTRUCTIONS, IF ANY: REF: FUNDS TRANSFER-BTCB

**INFORMATION AND AUTHORIZATION ABOUT CUSTOMER'S ACCOUNT TO DEBIT**

NAME OF CUSTOMER'S ACCOUNT TO CHARGE OR GENERAL LEDGER ACCOUNT TO DEBIT: BRITISH TRADE & COMMERCE BANK  
 ACCOUNT NUMBER TO CHARGE (DEBIT): # 0400101400-00

WIRE AMOUNT \$	6,500.000.00
WIRE FEES	0.15.00
OTHER	
TOTAL AMOUNT \$	6,500.015.00

**CUSTOMER'S AUTHORIZATION**  
 I authorize Security Bank to transfer my funds as set forth in the instructions noted herein, including debiting my account and agree that such transfer of funds is subject to the Bank's agreement as noted in the back of this form.

FAX ATTACHED  
 CUSTOMER'S SIGNATURE

**APPROVING OFFICER:** [Signature] SIGNATURE OF OFFICER

**VERIFIED BY:** [Signature] SIGNATURE OF OFFICER

WIRE SENT BY: [Signature] FIB  
 DATE WIRE SENT: OCT 27 1998  
 TIME WIRE SENT: 188  
 WIRE NUMBER (#): 7734



FIRST UNION NATIONAL BANK  
IRVING PARK

PAGE 001 0002020000357100  
35 003 130  
0

ROBERT F GARNER ATTY AT LAW  
TRUST ACCOUNT  
P O BOX 13002  
GREENSBORO NC 27415

STATEMENT DATE 10/30/1998

~~~~~ CUSTOMER INFORMATION ~~~~~

CHECKING & INVESTMENT ACCOUNTS  
FIRST UNION NATIONAL BANK  
CHARLOTTE NC 28268-0851  
1-800-733-3862

CONSUMER LOAN ACCOUNTS  
FIRST UNION NATIONAL BANK  
VA - 0343  
PO BOX 13327  
ROANOKE VA 24040-0343  
1-800-347-1131

LOST OR STOLEN 24 HOUR BANKING CARD  
FIRST UNION CARD PRODUCTS  
POST OFFICE BOX 553966  
CHARLOTTE NC 28256-3966  
24 HOURS A DAY, 365 DAYS A YEAR  
1-800-359-3863

REVOLVING CREDIT  
FIRST UNION CARD PRODUCTS  
POST OFFICE BOX 563966  
CHARLOTTE NC 28256-3966  
24 HOURS A DAY, 365 DAYS A YEAR  
1-800-359-3862

~~~~~ LAWYERS TRUST IOLTA ~~~~~

FOR: ROBERT F GARNER ATTY AT LAW  
TRUST ACCOUNT

ACCOUNT NUMBER 2020090357100

|                                       |               |                                   |            |
|---------------------------------------|---------------|-----------------------------------|------------|
| PREVIOUS STATEMENT BALANCE 09/30/1998 | 200.00        | TAXPAYER ID NUMBER                | 56-1401145 |
| 2 DEPOSITS/CREDITS                    | 6,500,010.00+ | -----INTEREST INFORMATION-----    |            |
| 1 CHECKS/DEBITS                       | 961.96-       | ANNUAL PERCENTAGE YIELD EARNED    | 1.36%      |
| SERVICE CHARGE                        | 10.00-        | NUMBER OF DAYS IN INTEREST PERIOD | 30         |
| INTEREST PAID                         | 961.96+       | AVERAGE INTEREST BALANCE          | 866,866.66 |
| ENDING STATEMENT BALANCE 10/30/1998   | 5,500,200.00  | TOTAL INTEREST EARNED             | 961.96     |
| AVERAGE BALANCE                       | 866,866.66    | YEAR TO DATE INTEREST             | 963.74     |
|                                       |               | MINIMUM BALANCE                   | 200.00     |

-----DEPOSITS/CREDITS-----

| DATE  | AMOUNT       | DESCRIPTION   |
|-------|--------------|---|
| 10/27 | 6,500,000.00 | FUNDS TRANSFER (ADVICE 981027015594)<br>SENT TO ROBERT F GARNER A/<br>BNF=<br>OBI=REP: FUNDS TRANSFER-BTCB<br>RFB=7734 10/27/98 02:48PM |
| 10/30 | 10.00        | IOLTA SERVICE CHARGE TRANSFER   |
| 10/30 | 961.96       | INTEREST FROM 10/01/1998 THROUGH 10/30/1998   |

-----DEBITS-----

| DATE  | AMOUNT | DESCRIPTION             |
|-------|--------|-------------------------|
| 10/30 | 10.00  | SERVICE CHARGE          |
| 10/30 | 961.96 | IOLTA INTEREST TRANSFER |

-----DAILY BALANCE SUMMARY-----

| DATE  | AMOUNT       | DATE  | AMOUNT       |
|-------|--------------|-------|--------------|
| 10/27 | 6,500,200.00 | 10/30 | 5,500,200.00 |

-----INTEREST RATE SUMMARY-----

| DATES         | RATE | DATES         | RATE |
|---------------|------|---------------|------|
| 10/01 - 10/26 | 1.34 | 10/27 - 10/30 | 1.35 |

-----SERVICE CHARGE SUMMARY-----

| TRANSACTION DATE               | AMOUNT       | TRANSACTION DATE | AMOUNT     |
|--------------------------------|--------------|------------------|------------|
| 10/30/98                       | 10.00        | AVERAGE BALANCE  | 866,866.66 |
|                                |              | MINIMUM BALANCE  | 200.00     |
| INCOMING FED WIRE              | 1 AT 10.000, |                  |            |
| CUSTOMERSERVICE/BRANCH INQUIRY | 1 AT .000,   |                  |            |



Lawyers Trust Iolta  
 002 2020000357100 003 130 0 35 Replacement Statement 001

Other Withdrawals and Service Fees

| Date  | Amount       | Description  |
|-------|--------------|--|
| 11/03 | 6,500,000.00 | INVL FUNDS TRANSFER (ADVICE 981103010186)<br>SENT TO UBS AG - ZURICH /UBS BAHNHOFSTRASS<br>BNF=ROBERT MCKRELLAR RFB=981103000782<br>AMT= 6500000.00 CUR=USD RATE=<br>REF=981103000782 11/03/98 12:37PM |
| 11/30 | 14.00        | SERVICE CHARGE   |
| 11/30 | 722.25       | IOLTA INTEREST TRANSFER  |
| Total |              | \$6,500,736.25   |

Service Fees

| Description        | Quantity | Amount | Total        |
|--------------------|----------|--------|--------------|
| OUTGOING FED WIRES | 1        | 14.00  | 14.00        |
| Total              |          |        | \$14.00      |
| Average balance    |          |        | \$629,232.25 |
| Minimum balance    |          |        | \$200.00     |

Daily Balance Summary

| Dates | Amount | Dates | Amount |
|-------|--------|-------|--------|
| 11/03 | 200.00 | 11/30 | 200.00 |

2599

FIRST UNION NATIONAL BANK NC Fulltran Run 26-APR-1999 23:01 Page 6289  
FULL TRANSACTION REPORT For 26-APR-1999

<<< TRN: 990426-003043 >>>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\* ( Bank : 001 )

SRC:FED CALLER: EXT:  
RPT# AMT:6,000,000.00 , CUR:USD TRDR#  
TEST: VAL:// TYP:FTR/ FNDS:S CHG:DB:N CD:A COM:N CBL:N  
-----  
DBT A/026005092 CDT D/2020000357100/ ADV:LTR  
DEPT:0000005 DEPT:0000539  
FIRST UNION BANK INTERNATIONAL ROBERT F GARNER ATTORNEY AT LAW  
180 MAIDEN LANE 3415 YANCEYVILLE STREET  
NEW YORK, NY USA 10038 GREENSBORO NC 27405  
SNDR REF NUM:9904260115001528  
ORDERING BNK:  
UBS AG (FORMERLY UNION BANK OF SWIT  
45 BAHNHOFSTRASSE 8021 ZURICH SWITZ  
ERLAND  
ORIG:  
ROBERT MCKELLAR

REF NUM:5257116ZU0188491  
BANK TO BANK INFO:  
1990426011586000

\*\*\*\* MESSAGE TEXT \*\*\*\*

{1100}02P N  
{1110}04260855FT01  
{1120}19990426E3QPAA1C00019104260855FT01  
{1510}1000  
{1520}19990426B1Q8961C001528  
{2000}000600000000  
{3100}026005092FIRSTUNION NY\*  
{3320}9904260115001528\*  
{3400}053000219FIRST UNION CHAR\*  
{3600}CTR  
{4200}D2020000357100\*  
ROBERT F. GARNER TRUSTEE ATTORNEY A\*  
T LAW\*  
{4320}5257116ZU0188491\*  
{5000} \*  
ROBERT MCKELLAR\*  
{5100} \*  
UBS AG (FORMERLY UNION BANK OF SWIT\*  
45 BAHNHOFSTRASSE 8021 ZURICH SWITZ\*  
ERLAND\*  
{6500}1990426011586000\*

MESSAGE HISTORY SEQUENCE



Lawyers Trust Iolta  
 001 2020000357100 003 130 0 35 Replacement Statement 001

ROBERT F GARNER ATTY AT LAW  
 TRUST ACCOUNT CS  
 P O BOX 13002  
 GREENSBORO NC 27415

Lawyers Trust Iolta 4/01/1999 thru 4/30/1999

Account number: 2020000357100  
 Account holder(s): ROBERT F GARNER ATTY AT LAW  
 TRUST ACCOUNT  
 Taxpayer ID Number: 561401145

Account Summary

Opening balance 4/01 \$11,130.54  
 Deposits and other credits 6,000,004.57 +  
 Interest paid 4.57 +  
 Other withdrawals and service fees 6,000,009.14 -  
 Closing balance 4/30 \$11,130.54

Deposits and Other Credits

| Date  | Amount         | Description  |
|-------|----------------|--|
| 4/26  | 6,000,000.00   | FUNDS TRANSFER (ADVICE 990426003043)<br>RCVD FROM FIRST UNION BANK /UBS AG (FORMERLY<br>ORG=ROBERT MCKELLAR<br>RFB=5257116200188491 OBI=<br>RFP=9904260115001528 08:55AM |
| 4/30  | 4.57           | INTEREST FROM 04/01/1999 THROUGH 04/30/1999  |
| 4/30  | 4.57           | IOLTA SERVICE CHARGE TRANSFER  |
| Total | \$6,000,009.14 |  |

Interest

Number of days this statement period 30  
 Annual percentage yield earned 0.50 %  
 Average interest balance \$11,130.54  
 Interest earned this statement period \$4.57  
 Interest paid this statement period \$4.57  
 Interest paid this year \$92.76

Interest Rate Summary

| Dates       | Rate % | Dates | Rate % | Dates | Rate % |
|-------------|--------|-------|--------|-------|--------|
| 4/01 - 4/30 | 0.50   |       |        |       |        |



Lawyers Trust Iolta  
 002 2020000357100 003 130 0 35 . Replacement Statement 001

Other Withdrawals and Service Fees

| Date  | Amount       | Description   |
|-------|--------------|---|
| 4/26  | 6,000,000.00 | FUNDS TRANSFER (ADVICH 990426017897)<br>RCVD FROM ROBERT F GARNER A/<br>ORG=<br>RFB= OBI=<br>REF= 01:46PM |
| 4/30  | 4.57         | IOLTA INTEREST TRANSFER   |
| 4/30  | 4.57         | SERVICE CHARGE  |
| Total |              | \$6,000,009.14  |

Service Fees

| Description     | Quantity | Amount | Total       |
|-----------------|----------|--------|-------------|
| WAIVED          |          | 19.43  | 19.43       |
| ASSESSED        |          | 4.57   | 4.57        |
| Total           |          |        | \$24.00     |
| Average balance |          |        | \$11,130.54 |
| Minimum balance |          |        | \$11,130.54 |

Daily Balance Summary

| Dates | Amount    | Dates | Amount    | Dates | Amount |
|-------|-----------|-------|-----------|-------|--------|
| 04/26 | 11,130.54 | 04/30 | 11,130.54 |       |        |

FIRST UNION NATIONAL BANK NC Fulltran Run 26-APR-1999 23:01 Page 38279  
 FULL TRANSACTION REPORT For 26-APR-1999

<<< TRN: 990426-017897 >>>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\* ( Bank : 001 )

SRC:PHN CALLER:GARNER, ROBERT F. EXT:  
 RPT# AMT:6,000,000.00 CUR:USD TRDR#  
 TEST: VAL:// TYP:FTR/ FNDS:S CHG:DB:A CD:A COM:N CBL:N  
 -----  
 DBT D/2020000357100/ CDT D/003:0009983871373/ ADV:PHN  
 DEPT:DPE BRITISH TRADE & COMMERCE BANK  
 ROBERT F GARNER ATTORNEY AT LAW C/O FEC FINANCIAL HOLDINGS INC  
 3415 YANCEYVILLE STREET 444 BRICKELL AVE STE P16  
 GREENSBORO NC 27405 MIAMI, FL 33131  
 SPECIAL INSTRUCTIONS: SPECIAL INSTRUCTIONS:  
 FAX CUSTOMER FAX WIRE TO 305 960 2120  
 ALT FAX NUMBER 767 448 6477

\*\*\*\* MESSAGE TEXT \*\*\*\*

MESSAGE HISTORY SEQUENCE  
 -----

001 is the owning bank. Priority: Delivery ACK:  
 REP\_INDEX REF #: 990426017897 26-APR-1999 13:23:07.97  
 MTRANSPTRENT\_LOG OPRID: 007700 TIME: 26-APR-1999 13:23:07.97  
 \*SYS\_MEMO AUTOTRIEVE VLD call returned V, no address.  
 \*SYS\_MEMO AUTOTRIEVE VLD call returned new bank or id D/  
 0009983871373; id was 003:D/998387  
 \*SYS\_MEMO 1373  
 \*SYS\_MEMO AUTOTRIEVE VLD call returned V, no address.  
 003 \*DDA\_INQ\_DBT INQ\_DBT AMOUNT: 6000000.00  
 003 \*DDA\_INQ\_CDT INQ\_CDT AMOUNT: 6000000.00  
 \*DBT\_AUT  
 \*MEMO 001:351 - IMCB VM ROBERT GARNER, 1:35\1102 DMP  
 CALLBACKQ PURGED  
 Memo: Rsn: ACNRP  
 MTRANSCALLBACK\_LOG OPRID: 001351 TIME: 26-APR-1999 13:32:53.86  
 Memo: BUSY by 001351 at 26-APR-1999 13:32:53.84  
 \*DBT\_AUT  
 CALLBACKQ PURGED  
 Memo: Rsn: ACNRP  
 MTRANSCALLBACK\_LOG OPRID: 001351 TIME: 26-APR-1999 13:45:55.43  
 Memo: Contact: GARNER, ROBERT F., Via-Pin  
 \*SYS\_MEMO Message checked by STOP filter - NO MATCH.  
 DDA\_AUTQ DEQ TEXT: 990426017897AMOUNT: 6000000.00  
 DDA\_PDM\_02 SEQ #: 845 26-APR-1999 13:45:55.74 Info: PD  
 \*DDA SAM\_DBT AMOUNT: 6000000.00  
 DDA\_POST\_02 SEQ #: 845 26-APR-1999 13:45:58.76 Info: PD  
 Memo: Dbt posted with tran cd: 990426017897  
 DDA\_PDM\_02 SEQ #: 846 26-APR-1999 13:45:58.77 Info: PC  
 DDA\_POST\_02 SEQ #: 846 26-APR-1999 13:46:01.94 Info: PC  
 Memo: Cdt posted with tran cd: 990426017897  
 PAYADVQ DEQ TEXT: 990426017897AMOUNT: 6000000.00





CAP Account Statement 04/01/1999 thru 04/30/1999  
 3 9983871373 FL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983871373  
 Brokerage Account number: 17624265  
 Taxpayer ID: 00-000-0000

Account Activity continued

| Trans Type/<br>Date Check Number | Description                  | Quantity | Price/<br>Amount | Add          | Subtract  | Daily Cash<br>Balance |
|----------------------------------|------------------------------|----------|------------------|--------------|-----------|-----------------------|
| 4/13 99104234                    | WIRE TRANSFER TR# 020312     |          |                  |              | 14,000.00 | 1,908.19              |
| 4/16                             | DEPOSIT - CHECKING (2 ITEMS) |          |                  | 75,000.00    |           | 76,908.19             |
| 4/26                             | WIRE TRANSFER TR# 031137     |          |                  | 167,445.00   |           |                       |
| 4/26                             | WIRE TRANSFER TR# 017897     |          |                  | 6,000,000.00 |           |                       |
| 4/26 99117687                    | WIRE TRANSFER FEE TR# 026994 |          |                  |              | 18.00     |                       |
| 4/26 99117688                    | WIRE TRANSFER FEE TR# 027080 |          |                  |              | 18.00     |                       |
| 4/26 99117691                    | WIRE TRANSFER FEE TR# 023845 |          |                  |              | 18.00     |                       |
| 4/26 99117693                    | WIRE TRANSFER FEE TR# 023309 |          |                  |              | 18.00     |                       |
| 4/26 99117695                    | WIRE TRANSFER FEE TR# 023635 |          |                  |              | 18.00     |                       |
| 4/26 99117697                    | WIRE TRANSFER FEE TR# 023053 |          |                  |              | 18.00     |                       |
| 4/26 99117699                    | WIRE TRANSFER FEE TR# 023137 |          |                  |              | 18.00     |                       |
| 4/26 99117701                    | WIRE TRANSFER FEE TR# 021893 |          |                  |              | 18.00     |                       |
| 4/26 99117703                    | WIRE TRANSFER FEE TR# 023462 |          |                  |              | 18.00     |                       |
| 4/26 99117705                    | WIRE TRANSFER FEE TR# 022564 |          |                  |              | 18.00     |                       |
| 4/26 99117707                    | WIRE TRANSFER FEE TR# 022397 |          |                  |              | 18.00     |                       |
| 4/26 99117702                    | WIRE TRANSFER TR# 023462     |          |                  |              | 22,000.00 |                       |
| 4/26 99117690                    | WIRE TRANSFER TR# 023845     |          |                  |              | 30,000.00 |                       |
| 4/26 99117698                    | WIRE TRANSFER TR# 023137     |          |                  |              | 62,000.00 |                       |

Account Activity continued on next page



CAP Account Statement 04/01/1999 thru 04/30/1999  
 4 9983871373 FL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983871373  
 Brokerage Account number: 17624265  
 Taxpayer ID: 00-000-0000

Account Activity continued

| Trans Type/<br>Date Check Number | Description                  | Quantity | Price/<br>Amount | Add      | Subtract     | Daily Cash<br>Balance |
|----------------------------------|------------------------------|----------|------------------|----------|--------------|-----------------------|
| 4/26 99117692                    | WIRE TRANSFER TR# 023309     |          |                  |          | 76,000.00    |                       |
| 4/26 99117694                    | WIRE TRANSFER TR# 023635     |          |                  |          | 100,000.00   |                       |
| 4/26 99117704                    | WIRE TRANSFER TR# 022564     |          |                  |          | 167,445.00   |                       |
| 4/26 99117700                    | WIRE TRANSFER TR# 022893     |          |                  |          | 170,000.00   |                       |
| 4/26 99117695                    | WIRE TRANSFER TR# 023053     |          |                  |          | 200,000.00   |                       |
| 4/26 99117706                    | WIRE TRANSFER TR# 022397     |          |                  |          | 200,000.00   |                       |
| 4/26 99117686                    | WIRE TRANSFER TR# 026994     |          |                  |          | 1,000,000.00 |                       |
| 4/26 99117689                    | WIRE TRANSFER TR# 027090     |          |                  |          | 1,000,000.00 | 3,216,710.19          |
| 4/27                             | WIRE TRANSFER TR# 018358     |          |                  | 2,500.00 |              |                       |
| 4/27 99118411                    | WIRE TRANSFER FEE TR# 013846 |          |                  |          | 18.00        |                       |
| 4/27 99118413                    | WIRE TRANSFER FEE TR# 013718 |          |                  |          | 18.00        |                       |
| 4/27 99118414                    | WIRE TRANSFER FEE TR# 014066 |          |                  |          | 18.00        |                       |
| 4/27 99118418                    | WIRE TRANSFER FEE TR# 013937 |          |                  |          | 18.00        |                       |
| 4/27 99118420                    | WIRE TRANSFER FEE TR# 015241 |          |                  |          | 18.00        |                       |
| 4/27 99118422                    | WIRE TRANSFER FEE TR# 015116 |          |                  |          | 18.00        |                       |
| 4/27 99118423                    | WIRE TRANSFER FEE TR# 014898 |          |                  |          | 18.00        |                       |
| 4/27 99118426                    | WIRE TRANSFER FEE TR# 027946 |          |                  |          | 18.00        |                       |
| 4/27 99118427                    | WIRE TRANSFER FEE TR# 015325 |          |                  |          | 18.00        |                       |

Account Activity continued on next page



CAP Account Statement 04/01/1999 thru 04/30/1999  
 5 9983871373 PL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983871373  
 Brokerage Account number: 17624265  
 Taxpayer ID: 00-000-0000

Account Activity continued

| Trans Type/<br>Date Check Number | Description                  | Quantity | Price/<br>Amount | Add | Subtract  | Daily Cash<br>Balance |
|----------------------------------|------------------------------|----------|------------------|-----|-----------|-----------------------|
| 4/27 99118430                    | WIRE TRANSFER FEE TR# 015444 |          |                  |     | 18.00     |                       |
| 4/27 99118432                    | WIRE TRANSFER FEE TR# 014224 |          |                  |     | 18.00     |                       |
| 4/27 99118434                    | WIRE TRANSFER FEE TR# 012945 |          |                  |     | 18.00     |                       |
| 4/27 99118437                    | WIRE TRANSFER FEE TR# 014351 |          |                  |     | 18.00     |                       |
| 4/27 99118415                    | WIRE TRANSFER TR# 014066     |          |                  |     | 250.00    |                       |
| 4/27 99118421                    | WIRE TRANSFER TR# 015116     |          |                  |     | 339.20    |                       |
| 4/27 99118428                    | WIRE TRANSFER TR# 015325     |          |                  |     | 662.1     |                       |
| 4/27 99118411                    | WIRE TRANSFER TR# 013718     |          |                  |     | 1,551.00  |                       |
| 4/27 99118435                    | WIRE TRANSFER TR# 013094     |          |                  |     | 1,685.00  |                       |
| 4/27 99118417                    | WIRE TRANSFER TR# 013846     |          |                  |     | 2,500.00  |                       |
| 4/27 99118433                    | WIRE TRANSFER TR# 012945     |          |                  |     | 2,500.00  |                       |
| 4/27 99118436                    | WIRE TRANSFER TR# 014351     |          |                  |     | 5,094.40  |                       |
| 4/27 99118429                    | WIRE TRANSFER TR# 015444     |          |                  |     | 10,302.30 |                       |
| 4/27 99118416                    | WIRE TRANSFER TR# 013937     |          |                  |     | 11,000.00 |                       |
| 4/27 99118431                    | WIRE TRANSFER TR# 014424     |          |                  |     | 18,000.00 |                       |
| 4/27 99118419                    | WIRE TRANSFER TR# 015241     |          |                  |     | 20,539.00 |                       |
| 4/27 99118425                    | WIRE TRANSFER TR# 027546     |          |                  |     | 22,045.00 |                       |
| 4/27 99118434                    | WIRE TRANSFER TR# 014898     |          |                  |     | 30,000.00 | 3,092,448.10          |

Account Activity continued on next page



CAP Account Statement 04/01/1999 thru 04/30/1999  
 6 9983871373 FL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983871373  
 Brokerage Account number: 17624265  
 Taxpayer ID: 00-000-0000

Account Activity continued

| Trans Type/<br>Date Check Number | Description                  | Quantity | Price/<br>Amount | Add | Subtract | Daily Cash<br>Balance |
|----------------------------------|------------------------------|----------|------------------|-----|----------|-----------------------|
| 4/28 99119855                    | WIRE TRANSFER FEE TR# 025860 |          |                  |     | 18.00    |                       |
| 4/28 99119857                    | WIRE TRANSFER FEE TR# 024814 |          |                  |     | 18.00    |                       |
| 4/28 99119859                    | WIRE TRANSFER FEE TR# 004714 |          |                  |     | 18.00    |                       |
| 4/28 99119861                    | WIRE TRANSFER FEE TR# 005655 |          |                  |     | 18.00    |                       |
| 4/28 99119863                    | WIRE TRANSFER FEE TR# 005161 |          |                  |     | 18.00    |                       |
| 4/28 99119865                    | WIRE TRANSFER FEE TR# 021054 |          |                  |     | 18.00    |                       |
| 4/28 99119867                    | WIRE TRANSFER FEE TR# 021648 |          |                  |     | 18.00    |                       |
| 4/28 99119869                    | WIRE TRANSFER FEE TR# 023499 |          |                  |     | 18.00    |                       |
| 4/28 99119871                    | WIRE TRANSFER FEE TR# 021249 |          |                  |     | 18.00    |                       |
| 4/28 99119873                    | WIRE TRANSFER FEE TR# 023419 |          |                  |     | 18.00    |                       |
| 4/28 99119875                    | WIRE TRANSFER FEE TR# 021990 |          |                  |     | 18.00    |                       |
| 4/28 99119876                    | WIRE TRANSFER FEE TR# 021466 |          |                  |     | 18.00    |                       |
| 4/28 99119878                    | WIRE TRANSFER FEE TR# 022215 |          |                  |     | 18.00    |                       |
| 4/28 99119881                    | WIRE TRANSFER FEE TR# 006592 |          |                  |     | 18.00    |                       |
| 4/28 99119866                    | WIRE TRANSFER TR# 021648     |          |                  |     | 2,000.00 |                       |
| 4/28 99119880                    | WIRE TRANSFER TR# 006592     |          |                  |     | 2,970.00 |                       |
| 4/28 99119874                    | WIRE TRANSFER TR# 021590     |          |                  |     | 3,500.00 |                       |
| 4/28 99119872                    | WIRE TRANSFER TR# 023418     |          |                  |     | 4,000.00 |                       |

Account Activity continued on next page



CAP Account Statement 04/01/1999 thru 04/30/1999  
 7 9983871373 FL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983871373  
 Brokerage Account number: 17624265  
 Taxpayer ID: 00-000-0000

Account Activity continued

| Trans Type/<br>Date Check Number | Description                   | Quantity | Price/<br>Amount | Add      | Subtract   | Daily Cash<br>Balance |
|----------------------------------|-------------------------------|----------|------------------|----------|------------|-----------------------|
| 4/28 99119852                    | WIRE TRANSFER TR# 005151      |          |                  |          | 5,000.00   |                       |
| 4/28 99119858                    | WIRE TRANSFER TR# 004714      |          |                  |          | 7,500.00   |                       |
| 4/28 99119877                    | WIRE TRANSFER TR# 021466      |          |                  |          | 10,793.26  |                       |
| 4/28 99119870                    | WIRE TRANSFER TR# 013249      |          |                  |          | 13,500.00  |                       |
| 4/28 99119860                    | WIRE TRANSFER TR# 005655      |          |                  |          | 25,000.00  |                       |
| 4/28 99119854                    | WIRE TRANSFER TR# 025850      |          |                  |          | 35,000.00  |                       |
| 4/28 99119879                    | WIRE TRANSFER TR# 022215      |          |                  |          | 10,000.00  |                       |
| 4/28 99119868                    | WIRE TRANSFER TR# 023439      |          |                  |          | 75,000.00  |                       |
| 4/28 99119856                    | WIRE TRANSFER TR# 024814      |          |                  |          | 167,445.00 |                       |
| 4/28 99119864                    | WIRE TRANSFER TR# 022094      |          |                  |          | 220,000.00 | 2,470,387.84          |
| 4/29 99120607                    | WIRE TRANSFER TR# 012040      |          |                  |          | 75,000.00  | 2,395,387.84          |
| 4/30                             | CAP ACCOUNT INTEREST/DIVIDEND |          |                  | 1,074.54 |            |                       |
| 4/30                             | DEPOSIT - CHECKING (6 ITEMS)  |          |                  | 5,500.00 |            |                       |
| 4/30 99121837                    | WIRE TRANSFER FEE TR# 033882  |          |                  |          | 18.00      |                       |
| 4/30 99121838                    | WIRE TRANSFER FEE TR# 033452  |          |                  |          | 18.00      |                       |
| 4/30 99121840                    | WIRE TRANSFER FEE TR# 033157  |          |                  |          | 18.00      |                       |
| 4/30 99121839                    | WIRE TRANSFER TR# 033452      |          |                  |          | 10,000.00  |                       |
| 4/30 99121836                    | WIRE TRANSFER TR# 033882      |          |                  |          | 20,000.00  |                       |

Account Activity continued on next page



CAP Account Statement 04/01/1999 thru 04/30/1999  
 8 9983871373 FL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983871373  
 Brokerage Account number: 17624265  
 Taxpayer ID: 00-000-0000

Account Activity continued

| Trans Type/<br>Date Check Number | Description              | Quantity | Price/<br>Amount | Add             | Subtract        | Daily Cash<br>Balance |
|----------------------------------|--------------------------|----------|------------------|-----------------|-----------------|-----------------------|
| 4/30 99121841                    | WIRE TRANSFER TR# 033167 |          |                  |                 | 35,000.00       | 2,335,908.38          |
| 4/30                             | Closing Balance 4/30     |          |                  | \$ 6,251,519.54 | \$ 3,830,552.35 | \$ 2,335,908.38       |

Summary of Deposits

| Date  | Description                   | Amount          | Check Ref Number |
|-------|-------------------------------|-----------------|------------------|
| 4/16  | DEPOSIT - CHECKING (2 ITEMS)  | 75,000.00       | 32830758         |
| 4/26  | WIRE TRANSFER TR# 031137      | 167,445.00      |                  |
| 4/26  | WIRE TRANSFER TR# 017897      | 6,000,000.00    |                  |
| 4/27  | WIRE TRANSFER TR# 018358      | 2,500.00        |                  |
| 4/30  | CAP ACCOUNT INTEREST/DIVIDEND | 1,074.54        |                  |
| 4/30  | DEPOSIT - CHECKING (5 ITEMS)  | 5,500.00        | 3031805803       |
| Total |                               | \$ 6,251,519.54 |                  |

Summary of Withdrawals

| Date Check Number | Description                         | Expense<br>Tracking Category | Amount    | Check Ref Number |
|-------------------|-------------------------------------|------------------------------|-----------|------------------|
| 4/02              | MINIMUM BALANCE FEE FOR PRIOR MONTH |                              | 15.00     |                  |
| 4/13              | WIRE TRANSFER FEE TR# 020312        |                              | 18.00     | 99104233         |
| 4/13              | WIRE TRANSFER TR# 020312            |                              | 14,000.00 | 99104234         |
| 4/25              | WIRE TRANSFER FEE TR# 026994        |                              | 18.00     | 99117687         |

Account Activity continued on next page

FIRST UNION NATIONAL BANK NC Fulltran Run 18-OCT-1999 22:49 Page 7030  
FULL TRANSACTION REPORT For 15-OCT-1999

<<< TRN: 991015-003381 >>>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\* ( Bank : 001 )

SRC: FED CALLER: EXT: TRDR#  
RPT# AMT: 999,976.00 CUR: USD  
TEST: VAL:// TYP: FTR/ FNDS: S CHG: DB: N CD: A COM: N CBL: M

-----  
DBT A/ [REDACTED] CDT D/2020000357100/ ADV: LTR  
DEPT: 0000005 DEPT: 0000539  
FIRST UNION BANK INTERNATIONAL ROBERT F GARNER ATTORNEY AT LAW  
180 MAIDEN LANE 3415 YANCEYVILLE STREET  
NEW YORK, NY USA 10038 GREENSBORO NC 27405  
SNDR REF NUM: 991014162001457  
ORDERING BNK:  
UBS AG HEAD OFFICE ZURICH, SWITZERL  
AND

ORIG:  
INSTRUCTIONS

REF NUM: 3410287200172521  
BANK TO BANK INFO:  
1991014162078000

**Redacted Information  
in Subcommittee Files**

\*\*\*\* MESSAGE TEXT \*\*\*\*

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{1130}10150902FT01  
{1120}19991015E3QFAALC00026810150902FT01  
{1510}1000  
{1520}1999101506B7001C001457  
{2000}000099997600  
{3100}026005092FIRSTUNION NY\*  
{3320}9910141620001457\*  
{3400}053000219FIRST UNION CHAR\*  
{3600}CTR  
{4200}02020000357100\*  
ROBERT F. GARNER TRUSTEE ATTORNEY A\*  
T LAW\*  
{4320}3410287200172521\*  
{5000} \*  
INSTRUCTIONS\*  
{5100} \*  
UBS AG HEAD OFFICE ZURICH, SWITZERL\*  
AND\*  
{6500}1991014162078000\*

MESSAGE HISTORY SEQUENCE  
-----



Lawyers Trust Iolta  
 001 2020000357100 003 130 0 35 . Replacement Statement 001

ROBERT F GARNER ATTY AT LAW  
 TRUST ACCOUNT CB  
 P O BOX 13002  
 GREENSBORO NC 27415

Lawyers Trust Iolta 10/01/1999 thru 10/29/1999

Account number: 2020000357100  
 Account holder(s): ROBERT F GARNER ATTY AT LAW  
 TRUST ACCOUNT  
 Taxpayer ID Number: 561401145

Account Summary

|                                    |                |
|------------------------------------|----------------|
| Opening balance 10/01              | \$2,630.54     |
| Deposits and other credits         | 1,000,000.00 + |
| Interest paid                      | 50.26 +        |
| Other withdrawals and service fees | 1,000,074.26 - |
| Closing balance 10/29              | \$2,606.54     |

Deposits and Other Credits

| Date  | Amount         | Description   |
|-------|----------------|---|
| 10/15 | 999,976.00     | FUNDS TRANSFER (ADVICE 991015003381)<br>SENT TO ROBERT F GARNER A/<br>SNF=<br>OBI=<br>RFB=9910141620001457 10/15/99 09:02AM |
| 10/29 | 24.00          | IOLTA SERVICE CHARGE TRANSFER   |
| 10/29 | 50.26          | INTEREST FROM 10/01/1999 THROUGH 10/29/1999   |
| Total | \$1,000,050.26 |   |

Interest

|                                       |              |
|---------------------------------------|--------------|
| Number of days this statement period  | 29           |
| Annual percentage yield earned        | 0.50         |
| Average interest balance              | \$126,494.23 |
| Interest earned this statement period | \$50.26      |
| Interest paid this statement period   | \$50.26      |
| Interest paid this year               | \$159.43     |

Interest Rate Summary

| Dates         | Rate % | Dates | Rate % | Dates | Rate % |
|---------------|--------|-------|--------|-------|--------|
| 10/01 - 10/29 | 0.50   |       |        |       |        |





Lawyers Trust Iolita  
 002 2020000357100 003 130 0 35 . Replacement Statement 001

Other Withdrawals and Service Fees

| Date  | Amount       | Description   |
|-------|--------------|---|
| 10/19 | 1,000,000.00 | FUNDS TRANSFER (ADVICE 991019025290)<br>SENT TO BRITISH TRADE & C/<br>BNF=<br>OBI=<br>RFB= 10/19/99 03:42PM |
| 10/29 | 24.00        | SERVICE CHARGE  |
| 10/29 | 50.26        | IOLITA INTEREST TRANSFER  |
| Total |              | \$1,000,074.26  |

Service Fees

| Description        | Quantity | Amount | Total        |
|--------------------|----------|--------|--------------|
| OUTGOING FED WIRES | 1        | 14.00  | 14.00        |
| INCOMING FED WIRES | 1        | 10.00  | 10.00        |
| Total              |          |        | \$24.00      |
| Average balance    |          |        | \$140,549.16 |
| Minimum balance    |          |        | \$2,606.54   |

Daily Balance Summary

| Dates | Amount       | Dates | Amount   | Dates | Amount   |
|-------|--------------|-------|----------|-------|----------|
| 10/15 | 1,002,606.54 | 10/19 | 2,606.54 | 10/29 | 2,606.54 |

FIRST UNION NATIONAL BANK NC Fulltran Run 20-OCT-1999 22:52 Page 54224  
 FULL TRANSACTION REPORT For 19-OCT-1999

<<< TRN: 991019-025290 >>>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\* ( Bank : 001 )

SRC:PHN CALLER:GARNER, ROBERT F. EXT:  
 RPT# AMT:1,000,000.00 CUR:USD TRDR#  
 TEST: VAL:// TYP:FTR/ FNDS:S CHQ:DB:A CD:A COM:N CDL:N  
 -----  
 DST D/202000357100/ CDT D/003:0009983871373/ ADV:PHN  
 DEPT:DPE BRITISH TRADE & COMMERCE BANK  
 ROBERT F GARNER ATTORNEY AT LAW C/O PEC FINANCIAL HOLDINGS INC  
 3415 YANCEYVILLE STREET 444 BRICKELL AVE STE P16  
 GREENSBORO NC 27405 MIAMI, FL 33131  
 SPECIAL INSTRUCTIONS: SPECIAL INSTRUCTIONS:  
 FAX CUSTOMER FAX WIRE TO 305 960 2120  
 ALT FAX 011 767 448 6477

\*\*\*\* MESSAGE TEXT \*\*\*\*

MESSAGE HISTORY SEQUENCE

-----  
 001 is the owing bank. Priority: Delivery ACK:  
 REF\_INDEX REF #: 991019025290 19-OCT-1999 15:40:33.20  
 MTRANSFTREAT\_LOG OPRID: 001332 TIME: 19-OCT-1999 15:40:33.20  
 \*SYS\_MEMO AUTOTRIEVE VLD call returned V, no address.  
 \*SYS\_MEMO AUTOTRIEVE VLD call returned V, no address.  
 003 \*DDA\_INQ\_DBT INQ\_DBT AMOUNT: 1000000.00  
 003 \*DDA\_INQ\_CDT INQ\_CDT AMOUNT: 1000000.00  
 \*DET\_AGT  
 CALLBACK FURGED  
 Memo: Rsn: ACKRF  
 MTRNSCALLBACK\_LOG OPRID: 001304 TIME: 19-OCT-1999 15:42:20.86  
 Memo: Contact: GARNER, ROBERT F., Via Fin  
 \*SYS\_MEMO Message checked by STOP filter - NO MATCH.  
 \*SYS\_MEMO Message checked by STOP filter - 19-OCT-1999 15:42:  
 20.91  
 DDA\_AUTO DEQ TEXT: 991019025290AMOUNT: 1000000.00  
 DDA\_PDM\_01 SEQ #: 2878 19-OCT-1999 15:42:21.02 Info: PD  
 \*DDA SAM\_DBT AMOUNT: 1000000.00  
 DDA\_POST\_01 SEQ #: 2878 19-OCT-1999 15:42:23.09 Info: PD  
 Memo: Dbt posted with tran cd: 991019025290  
 DDA\_PDM\_01 SEQ #: 2879 19-OCT-1999 15:42:23.09 Info: PC  
 DDA\_POST\_01 SEQ #: 2879 19-OCT-1999 15:42:26.20 Info: PC  
 Memo: Cdc posted with tran cd: 991019025290  
 PAYADVQ DEQ TEXT: 991019025290AMOUNT: 1000000.00  
 PAYADV\_LOG OPRID: \$\$\$PAY TIME: 19-OCT-1999 15:42:26.31  
 003 PAYADV\_LOG OPRID: \$\$\$PAY TIME: 19-OCT-1999 15:42:26.31  
 SYSPRFBAL FRF\_DDA\_DBT AMOUNT: 1000000.00  
 \*CROSS\_CLR SAM\_CDT AMOUNT: 1000000.00  
 SYSPRFBAL FRF\_GL\_CDT AMOUNT: 1000000.00  
 003 \*CROSS\_CLR SAM\_DBT AMOUNT: 1000000.00  
 003 SYSPRFBAL FRF\_GL\_DBT AMOUNT: 1000000.00

CF22958:20000725004295:9999 scanned on IMAGEMANAGER by Operator IMAGEMANAGER on Jul 25, 2000 at 03:59:13 PM - Page 38 of 151.



CAP Account Statement 10/01/1999 thru 10/31/1999  
 5 9983871373 FL R 0 REPLACEMENT STATEMENT 003

CAP Account number: 9983871373  
 Brokerage Account number: 17624265  
 Taxpayer ID: 30-000-0000

ACCOUNT ACTIVITY continued

| Trans Type/<br>Date Check Number | Description                   | Quantity | Price/<br>Amount | Add          | Subtract | Daily Cash<br>Balance |
|----------------------------------|-------------------------------|----------|------------------|--------------|----------|-----------------------|
| 10/12                            | WIRE TRANSFER TR# 038459      |          |                  | 6,000.00     |          |                       |
| 10/12                            | DEPOSIT - CHECKING (17 ITEMS) |          |                  | 8,850.00     |          |                       |
| 10/12                            | DEPOSIT - CHECKING (11 ITEMS) |          |                  | 11,250.00    |          | 36,743.16             |
| 10/13 99287748                   | WIRE TRANSFER FEE TR# 026836  |          |                  |              | 18.00    |                       |
| 10/13 99287750                   | WIRE TRANSFER FEE TR# 026928  |          |                  |              | 18.00    |                       |
| 10/13 99287752                   | WIRE TRANSFER FEE TR# 026741  |          |                  |              | 18.00    |                       |
| 10/13 99287749                   | WIRE TRANSFER TR# 026928      |          |                  | 1,000.00     |          |                       |
| 10/13 99287751                   | WIRE TRANSFER TR# 026741      |          |                  | 2,000.00     |          |                       |
| 10/13 99287747                   | WIRE TRANSFER TR# 026836      |          |                  | 3,000.00     |          | 30,609.16             |
| 10/14 99288638                   | WIRE TRANSFER FEE TR# 009864  |          |                  |              | 18.00    |                       |
| 10/14 99288637                   | WIRE TRANSFER TR# 009864      |          |                  |              | 1,000.00 | 29,611.16             |
| 10/15 99289691                   | WIRE TRANSFER TR# 017632      |          |                  |              | 2,010.00 | 27,601.16             |
| 10/19                            | WIRE TRANSFER TR# 025290      |          |                  | 1,000,000.00 |          |                       |
| 10/19                            | DEPOSIT - CHECKING (2 ITEMS)  |          |                  | 21,150.00    |          | 1,048,811.16          |
| 10/21 99295346                   | WIRE TRANSFER FEE TR# 025239  |          |                  |              | 18.00    |                       |

Account Activity continued on next page

FIRST UNION NATIONAL BANK NC Fulltran Run 25-NOV-1999 00:19 Page 56265  
FULL TRANSACL CN REPORT For 23-NOV-1999

<<< TRN: 991123-026005 >>>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\* ( Bank : 001 )

SRC: FID CALLER: EXT: TRDR#  
RPT# AMT: 589,109.00 CUR: USD  
TEST: VAL: // TYP: FTR/ FBDS: S CHG: DB: N CD: A COM: N CBL: N

-----  
\*DRT A/ [REDACTED] CDT D/2020000357100/ ADV: LTR  
DEPT: 0000539  
BANK AUDI ROBERT F GAMER ATTORNEY AT LAW  
NEW YORK, NY 3415 YANCEYVILLE STREET  
GREENSBORO NC 27405  
SNDR REF NUM: 9911230067 BNF: /2020000357100 CHG: BK?  
ORDERING BNK: ROBERT F GAMER TRUST  
BANK AUDI

ORIG TO BNF INFO:  
ORIG: RE GENBRA TRADING LTD/GENBRA/MH1/50  
MIRANDA HOLDINGS INC. 000/EMEX1102991

BANK TO BANK INFO:  
BNF ADD ATTORNEY AT LAW OUR REF P 2  
33213

**Redacted Information  
in Subcommittee Files**

\*\*\*\* MESSAGE TEXT \*\*\*\*

{1100}02P N  
{1110}11231500FT01  
{1120}1999112383QPAA1C00149511231500FT01  
{1510}:000  
{1520}199911238106581D0000057  
{2000}000058910900  
{3100}026006237BANK AUDI\*  
{3220}9911230067\*  
{3400}053000219FIRST UNION CHAR\*  
{3600}CTR  
{4100} -  
YR GREENSBORO NC\*  
\*  
\*  
\*  
{4200}0202 0000 3571 00\*  
ROBERT F GAMER TRUST\*  
\*  
\*  
\*  
[5000] \*  
MIRANDA HOLDINGS INC. \*  
\*  
\*  
\*



Lawyers Trust Iolta  
 001 2020000357100 003 130 0 35 . Replacement Statement 001

ROBERT F GARNER ATTY AT LAW  
 TRUST ACCOUNT CB  
 P O BOX 13002  
 GREENSBORO NC 27415

Lawyers Trust Iolta 10/30/1999 thru 11/30/1999

Account number: 2020000357100  
 Account holder(s): ROBERT F GARNER ATTY AT LAW  
 TRUST ACCOUNT  
 Taxpayer ID Number: 561401145

Account Summary

|                                    |              |
|------------------------------------|--------------|
| Opening balance 10/30              | \$2,606.54   |
| Deposits and other credits         | 589,119.00 + |
| Interest paid                      | 59.13 +      |
| Other withdrawals and service fees | 69.13 -      |
| Closing balance 11/30              | \$591,715.54 |

Deposits and Other Credits

| Date  | Amount       | Description   |
|-------|--------------|---|
| 11/23 | 589,109.00   | FUNDS TRANSFER (ADVISE 991123026005)<br>SENT TO ROBERT F GARNER A/<br>RNF-ROBERT F GARNER TRUST<br>OBL-RE GENBRA TRADING LTD/GENBRA/AMI/50<br>RFB-9911230067 11/23/99 03:15PM |
| 11/30 | 10.00        | IOLTA SERVICE CHARGE TRANSFER   |
| 11/30 | 59.13        | INTEREST FROM 10/30/1999 THROUGH 11/30/1999   |
| Total | \$589,178.13 |   |

Interest

|                                       |              |
|---------------------------------------|--------------|
| Number of days this statement period  | 32           |
| Annual percentage yield earned        | 0.50 %       |
| Average interest balance              | \$134,895.40 |
| Interest earned this statement period | \$59.13      |
| Interest paid this statement period   | \$59.13      |
| Interest paid this year               | \$218.56     |

Interest Rate Summary

| Dates         | Rate % | Dates | Rate % | Dates | Rate % |
|---------------|--------|-------|--------|-------|--------|
| 10/30 - 11/30 | 0.50   |       |        |       |        |



Lawyers Trust Iolita  
 001 2020000357100 003 130 0 35 Replacement Statement 001

ROBERT F GARNER ATTY AT LAW  
 TRUST ACCOUNT CB  
 P O BOX 13002  
 GREENSBORO NC 27415

Lawyers Trust Iolita 12/01/1999 thru 12/31/1999  
 Account number: 2020000357100  
 Account holder(s): ROBERT F GARNER ATTY AT LAW  
 TRUST ACCOUNT  
 Taxpayer ID Number: 561401145

Account Summary

Opening balance 12/01 \$591,715.54  
 Deposits and other credits 48,320.58 +  
 Interest paid 194.37 +  
 Other withdrawals and service fees 625,229.37 -  
 Closing balance 12/31 \$15,002.12

Deposits and Other Credits

| Date  | Amount      | Description  |
|-------|-------------|--|
| 12/01 | 35,891.10   | FUNDS TRANSFER (ADVICE 991201024901)<br>SENT TO ROBERT F GARNER A/<br>BNF=<br>OBI=REF: GENBRA TRADING / GENBRA AMI 50<br>RFB=19991201124241PB 12/01/99 01:45PM |
| 12/30 | 12,395.48   | FUNDS TRANSFER (ADVICE 991230004282)<br>SENT TO ROBERT F GARNER A/<br>BNF=<br>OBI=<br>RFB=9912301568001983 12/30/98 09:07AM                                    |
| 12/31 | 34.00       | IOLITA SERVICE CHARGE TRANSFER   |
| 12/31 | 194.37      | INTEREST FROM 12/01/1999 THROUGH 12/31/1999  |
| Total | \$48,514.95 |  |

Interest

Number of days this statement period 31  
 Annual percentage yield earned 1.38 %  
 Average interest balance \$166,372.15  
 Interest earned this statement period \$194.37  
 Interest paid this statement period \$194.37  
 Interest paid this year \$412.93

Interest Rate Summary

| Dates         | Rate % | Dates         | Rate % | Dates         | Rate % |
|---------------|--------|---------------|--------|---------------|--------|
| 12/01 - 12/01 | 0.50   | 12/02 - 12/09 | 1.49   | 12/10 - 12/31 | 1.00   |



Lawyers Trust Iolita  
 002 2020000357100 003 130 0 35. Replacement Statement 001

Other Withdrawals and Service Fees

| Date  | Amount       | Description   |
|-------|--------------|---|
| 12/10 | 625,000.00   | FUNDS TRANSFER (ADVISE 991210007851)<br>SENT TO BRITISH TRADE & C/<br>RNF=<br>OBI=<br>RFB= 12/10/99 10:25AM |
| 12/31 | 34.00        | SERVICE CHARGE  |
| 12/31 | 194.37       | IOLTA INTEREST TRANSFER   |
| Total | \$625,228.37 |   |

Service Fees

| Description       | Quantity | Amount | Total        |
|-------------------|----------|--------|--------------|
| OUTGOING FED WIRS | 1        | 14.00  | 14.00        |
| INCOMING FED WIRS | 2        | 10.00  | 20.00        |
| Total             |          |        | \$34.00      |
| Average balance   |          |        | \$184,857.96 |
| Minimum balance   |          |        | \$2,606.64   |

Daily Balance Summary

| Dates | Amount     | Dates | Amount    |
|-------|------------|-------|-----------|
| 12/01 | 627,606.64 | 12/30 | 15,002.12 |
| 12/10 | 2,606.64   | 12/31 | 15,002.12 |

FIRST UNION NATIONAL BANK NC Fulltran Run 13-DEC-1999 23:13 Page 16330  
 FULL TRANSACTION REPORT For 10-DEC-1999

<<< TRN: 991210-007851 >>>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\* ( Bank : 001 )

SRC:PHN CALLER:GARNER, ROBERT F. EXT:  
 RPT# AMT:625,000.00 CUR:USD TRDR#  
 TEST: VAL:// TYP:PTR/ FNDS:S CHG:DB:A CD:A COM:N CBL:N  
 -----  
 DBT D/2020000357100/ CDT D/003:0009983871373/ ADV:PHN  
 DEPT:DPE BRITISH TRADE & COMMERCE BANK  
 ROBERT F GARNER ATTORNEY AT LAW C/O FBC FINANCIAL HOLDINGS INC  
 3415 YANCEYVILLE STREET 444 BRICKELL AVE STE P16  
 GREENSBORO NC 27405 MIAMI, FL 33131  
 SPECIAL INSTRUCTIONS: SPECIAL INSTRUCTIONS:  
 FAX CUSTOMER FAX CUSTOMER SHIFT RELEASE TO  
 PROCSSS  
 ALT FAX 011 767 448 6477

\*\*\*\* MESSAGE TEXT \*\*\*\*

MESSAGE HISTORY SEQUENCE

-----  
 001 is the owing bank. Priority: Delivery ACK:  
 REF\_INDEX REF #: 991210007851 10-DEC-1999 10:18:35.59  
 MTRANSPTRNT\_LOG OPRID: 001751 TIME: 10-DEC-1999 10:18:35.59  
 \*SYS\_MEMO AUTOTRIEVE VLD call returned V, no address.  
 \*SYS\_MEMO AUTOTRIEVE VLD call returned new bank or id D/  
 0009983871373; id was 003.D/998387  
 \*SYS\_MEMO 1373  
 \*SYS\_MEMO AUTOTRIEVE VLD call returned V, no address.  
 003 \*DDA\_INQ\_DBT INQ\_DBT AMOUNT: 625000.00  
 003 \*DDA\_INQ\_CDT INQ\_CDT AMOUNT: 625000.00  
 \*DBT\_AUT  
 CALLBACKQ PURGED  
 Memo: Rsn: ACRFP  
 MTRANSCALLBACK\_LOG OPRID: 001348 TIME: 10-DEC-1999 10:25:24.10  
 Memo: Contact: GARNER, ROBERT F., Via-Pin  
 \*SYS\_MEMO Message checked by STOP filter - NO MATCH.  
 \*SYS\_MEMO Message checked by STOP filter - 10-DEC-1999 10:25:  
 24.15  
 DDA\_AUIQ EBQ TEXT: 991210007851:AMOUNT: 625000.00  
 DDA\_PDM\_02 SEQ #: 242 10-DEC-1999 10:25:24.27 Info: PD  
 \*DDA SAM\_DBT AMOUNT: 625000.00  
 DDA\_POST\_02 SEQ #: 242 10-DEC-1999 10:25:26.41 Info: PD  
 Memo: Dbc posted with tran cd: 991210007851  
 DDA\_PDM\_02 SEQ #: 243 10-DEC-1999 10:25:26.41 Info: PD  
 DDA\_POST\_02 SEQ #: 243 10-DEC-1999 10:25:29.53 Info: PD  
 Memo: Cdt posted with tran cd: 991210007851  
 PAYADVQ DSQ TEXT: 991210007851:AMOUNT: 625000.00  
 PAYADV\_LOG OPRID: \$\$\$PAY TIME: 10-DEC-1999 10:25:29.73  
 003 PAYADV\_LOG OPRID: \$\$\$PAY TIME: 10-DEC-1999 10:25:29.73  
 SYSFRFBAL PRF\_DDA\_DBT AMOUNT: 625000.00  
 \*CROSS\_CLR SAM\_CDT AMOUNT: 625000.00





CAP Account Statement 12/01/1999 thru 12/31/1999  
 3 9983871373 FL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983871373  
 Brokerage Account number: 17624265  
 Taxpayer ID: 00-000-0000

ACCOUNT ACTIVITY

Daily Activity

| Date  | Trans Type/<br>Check Number | Description   | Quantity | Price/<br>Amount | Add        | Subtract  | Daily Cash<br>Balance |
|-------|-----------------------------|---|----------|------------------|------------|-----------|-----------------------|
| 12/01 |                             | Beginning Balance   |          |                  |            |           | \$ 74,951.22          |
| 12/01 |                             | DEPOSIT - CHECKING (34 ITEMS)                                   |          |                  | 11,850.00  |           |                       |
| 12/01 |                             | DEPOSIT - CHECKING (4 ITEMS)                                    |          |                  | 13,122.09  |           | 99,923.31             |
| 12/02 |                             | DEPOSIT - CHECKING (34 ITEMS)                                   |          |                  | 12,350.00  |           | 112,273.31            |
| 12/07 | 99342922                    | WIRE TRANSFER FEE TR# 006928                                    |          |                  |            | 18.00     |                       |
| 12/07 | 99342921                    | WIRE TRANSFER TR# 006928  |          |                  |            | 65,000.00 | 47,255.31             |
| 12/08 | 99343654                    | DEPOSITED ITEM RETURNED FEE ADV<br>SVC - 031 TR# 00000000798111 |          |                  |            | 6.00      |                       |
| 12/08 | 99343653                    | WIRE TRANSFER FEE TR# 025001                                    |          |                  |            | 18.00     |                       |
| 12/08 | 99343656                    | WIRE TRANSFER TR# 025001  |          |                  |            | 2,000.00  |                       |
| 12/08 | 99343655                    | DEPOSITED ITEM RETURNED ADV # 79<br>- 031 TR# 00000000798111    |          |                  |            | 3,622.05  | 41,609.22             |
| 12/10 |                             | WIRE TRANSFER TR# 007330  |          |                  | 10,000.00  |           |                       |
| 12/10 |                             | WIRE TRANSFER TR# 007851  |          |                  | 625,000.00 |           |                       |
| 12/13 | 99345548                    | WIRE TRANSFER FEE TR# 020759                                    |          |                  |            | 18.00     |                       |
| 12/10 | 99345550                    | WIRE TRANSFER FEE TR# 032328                                    |          |                  |            | 18.00     |                       |
| 12/10 | 99345549                    | WIRE TRANSFER TR# 032328  |          |                  |            | 30,000.00 |                       |

Account Activity continued on next page



Lawyers Trust Iolta  
 002 2020000357100 003 130 0 35 Replacement Statement 001

Other Withdrawals and Service Fees

| Date  | Amount     | Description   |
|-------|------------|---|
| 6/05  | 5,000.00   | INTL FUNDS TRANSFER (ADVICS 000605009361)<br>SENT TO FIRST UNION BANK /ROYAL BANK OF SCO<br>ENF=MR. SK MOSS RFB=<br>AMT= 5000.00 CUR=USD RATE=<br>REF= 06/05/00 01:33PM |
| 6/30  | 0.74       | XOLTA INTEREST TRANSFER   |
| 6/30  | 0.74       | SERVICE CHARGE  |
| Total | \$5,001.48 |   |

Service Fees

| Description            | Quantity | Amount | Total    |
|------------------------|----------|--------|----------|
| OUTGOING FED WIRES     | 1        | 14.00  | 14.00    |
| Total                  |          |        | \$14.00  |
| Total fees charged     |          |        | \$0.74   |
| Total fees not charged |          |        | \$13.26  |
| Average balance        |          |        | \$968.78 |
| Minimum balance        |          |        | \$302.12 |

Daily Balance Summary

| Dates | Amount | Dates | Amount | Dates | Amount |
|-------|--------|-------|--------|-------|--------|
| 06/05 | 302.12 | 06/30 | 302.12 |       |        |

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Senate Permanent Subcommittee  
On Investigations  
EXHIBIT # 57m-1.

**Exhibit 57m-1.**

**KPJ Trust/Tiong documents**

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**JOINT VENTURE AGREEMENT**

Transaction Code:

Redacted Information  
in Subcommittee FilesThis Agreement, made this 15<sup>th</sup>. Day of September of 1998, by and between:

- I) **TUNG MING TIONG**, holder of Malaysian Passport No. [REDACTED], and with principal place of business is at 92 Taman Golfview, Jalan Duta, 88300 Luyang, Kota Kinabalu, Sabah, Malaysia, at (hereinafter called "Funder") of the first part; and
- II) **KPJ TRUST S.A.**, represented by Michael Dibble, with British Passport No. [REDACTED], and/or assigns, and whose principal place of business is Emcns Blvd., Dame Eugenia Charles Blvd, Bayfront, Roseau, Commonwealth of Dominica, (hereinafter called "Manager"), of the second part.

**WITNESSES THAT:**

**WHEREAS** the parties hereto have decided to pursue Joint Venture business activities, related to placement of funds in the amount of United States Dollars ONE MILLION (US\$ 1,000,000), (hereinafter the "Assets"), for their mutual benefits as set forth in this Agreement;

**AND WHEREAS** both parties to this agreement, FUNDER and MANAGER, represent and warrant, to have full and complete legal authority to enter into this Agreement;

**AND WHEREAS** the FUNDER represents and warrants, and MANAGER relies upon such representations and warranties by FUNDER, that:

- \* The Assets are under the sole control of the FUNDER;
- \* The Assets are now free and clear of liens or encumbrances of any kind;
- \* The Assets are clean, clear and non-criminal origin;
- \* The FUNDER desires to place the Assets in a Private Placement Profit Sharing Program (herein "Program") for the benefit of the Parties hereto as specified herein;

After the Program agrees to accept the Assets into the Program, and after approving all elements of the proposed placement of funds in a Program, FUNDER will cause the Assets to be entered into the Program in accordance with terms satisfactory to the parties hereto, and the PROGRAM.

**AND WHEREAS** MANAGER represents and warrants that he has the know-how, expertise, contacts and business relationships to arrange for the Assets to be considered by the Program for placement in said Program, subject to the approval of all terms and conditions thereof by FUNDER and MANAGER, and further subject to the successful completion of necessary due diligence by the Program.

Initials Party 1

SJT

Page 1 of 5

Initials Party 2 *AK*

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**JOINT VENTURE AGREEMENT**

Page - 2 -

**AND WHEREAS** the foregoing recital are by both parties hereto acknowledged as being binding upon them in the same way as if they had been set forth as covenants in this Agreement:

**NOW THEREFORE**, in consideration of the promises, undertakings and mutual covenants herein, and other good and valuable consideration, the sufficiency of which by both parties is hereby acknowledged, the parties hereto **AGREE AS FOLLOWS**:

**TERMS AND CONDITIONS:**

**1. QUALITY AND SPECIFICATIONS:**

1.0 The Assets consist of:

- 1.1 Cash on deposit: ONE MILLION DOLLARS USD (US\$ 1,000,000.00)
- 1.2 Name of Bank: HONGKONG AND SHANGHAI BANKING CO
- 1.3 Address of Bank: SINGAPORE OFFICE
- 1.4 Bank Officer: MS. FLORENCE CHIA (phone # 65-530-5000 Ext. 5417)
- 1.5 Account Name: TUNG MING TIONG
- 1.6 Account Number: [REDACTED] and [REDACTED]

**JOINT VENTURE RELATIONSHIP:**

- 1.0 **MANAGER** and **FUNDER** will cooperate in applying for the entry of Assets into an acceptable Program requiring the Assets to be transferred for a period of 40 weeks only from the date of closing for the purposes of this transaction.
- 2.0 **FUNDER** covenants and agrees to promptly provide **MANAGER** and the **PROGRAM** bank with access to all relevant documents, banks and/or individuals to attest to and affirm **FUNDER'S** sole control over the assets, and the clean, clear, unencumbered, indisputable ownership of the assets, and of the non criminal origin of the Assets.

Initials Party 1

*JJ*

Page 2 of 5

Initials Party 2 *ht*

(14)

**JOINT VENTURE AGREEMENT**

Page - 3 -

3.0 Trading profits from placement in the Program have been represented to the Owner of the Funds ("Funder) to be as follows: ONE HUNDRED FIFTY PERCENT (150%) during the duration of the program (40 weeks), which will be distributed on a monthly basis, during the term of the Contract.

Any guarantees of profits shall be by the Program's Bank in accordance with the Program Contract, and special instructions for payments of profits shall be lodged with MANAGER and the Program's Bank on or prior to closing.

4.0 Nothing herein shall be interpreted as constituting a partnership agreement between the parties hereto nor a guarantee of any particular profit level.

**SPECIAL PROVISIONS:**

1.0 If a situation arises requiring the parties to prepare and execute a supplemental agreement and/or addendum to clarify and/or amplify any matter not adequately dealt with herein, or which has been overlooked or inadvertently missed herein, then by mutual consent of both parties such supplemental agreement and/or addendum shall be prepared and executed.

2.0 This Agreement and/or any supplemental agreements and/or addenda, executed and transmitted by facsimile, shall be considered original documents.

**TERM AND CLOSING DATE:**

1.0 The Term of this Agreement shall be for the term of the Program, and any renewals or extensions thereof if the parties so agree.

2.0 The closing date hereof shall be the date of the acceptance of the Assets into the Program.

**OTHER CONDITIONS:**

1.0 The parties hereto are individually and separately liable and responsible for:

1.1 The payment of their own taxes, duties, local and/or national, which might be levied against either of them during the term hereof;

Initials Party 1



Page 3 of 5

Initials Party 2



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**JOINT VENTURE AGREEMENT**

Page - 4 -

- 1.2 The payment of any fees payable respectively to third parties with whom either party might have contracted.
- 2.0 In the case of any disagreement arising out of this Agreement, the parties shall submit this disagreement to an acceptable International Arbitration Committee for arbitration, and the parties agree to abide by any decision reached by such Arbitration Committee.
- 3.0 Any Notice required to be given hereunder shall be considered to have been received if the party giving such Notice transmits it by fax to the fax number provided by each party to the other for such purpose.
- 4.0 This Agreement initialed on each page by FUNDER and MANAGER, shall constitute the entire agreement between the parties. No verbal representation, warranties or statements by anyone shall have any force or effect whatsoever on this Agreement unless set forth in writing herein.
- 5.0 Generally recognized INTERNATIONAL FORCE MAJEURE exceptions and INTERNATIONAL NON-CIRCUMVENTION and NON-DISCLOSURE provisions specifically ICC (Paris, France) Rules and Regulations, updated amendments thereto, non-disclosure and non-circumvention clauses in their entirety without exception, for a term of five (5) years are hereby made a part hereof by reference, and shall apply hereto.
- 6.0 This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective nominees, representatives, successors and assigns.

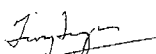
IN WITNESS WHEREOF FUNDER and MANAGER have executed this Agreement, on the year and date first above-written.


FUNDER

MR. TIONG TUNG MING

Malaysia

WITNESS

By:   
 Tiong Tung Ming  
 Passport No.                     

By:   
 Please Print Name: JOSEPHINE de los REYES ARANAS  
 Passport No.                     

Initials Party 1 J.T.M.

Initials Party 2 J.R.

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FROM : DATA LIGHT SDN BHD

PHONE NO. : +

Sep. 17 2008 08:19PM P1

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JOINT VENTURE AGREEMENT  
Page-5-

MANAGER:

MR. MICHAEL DIBBLE  
London, England

By: Michael Dibble  
Michael Dibble  
Passport No. [REDACTED]

WITNESS

By: BS Glencross  
Please Print Name BS GLENCROSS  
Passport No. 006772864 UK

Initials Party 1

MD

Page 5 of 5

Initials Party 2

BS



#### 02 #### FT PROD:#### FT INCOMING ####NORMAL MSG/ACCTS ENTRY####  
(3100) Sender: 021001088 MARINE NYC (2000) Amount: \$999,988.00  
(3400) Receiver: 067010512 SECURITY N LAUDERD (3600) Bus Function Code: CTR  
(1510) Type Code: 1000  
(5000) Originator: TIONG TUNG MING

Redacted Information  
in Subcommittee Files

(6000) ORG to BNF Info: FFC101-011140-4 KPJ TR SR FVG TUNG  
MING TIONG, TRN CODE:HP TMT 1(TIONG)

(5100) Originator's FI: [REDACTED]  
HONGKONG SHANGHAI BANKING CORP LTD  
GENERAL ACCOUNT  
10 COLLYER QUAY #101 OCEAN BUILDING  
SINGAPORE 0184

(4200) Beneficiary: D042010140001

-----  
BRITISH TRADE AND COMMERCE BANK

(4320) Ref for BNF: TT ACUS69004MNY  
(6500) FI to FI Info: PLS CONFIRM VIA RET ADV OF YR UNDERTA  
KING TO RET THE FUNDS TO THR HOME  
AC UPON CHPTN OF THE ONE YR SVGS TE  
RM RTTN 444 BRICKELL AVE  
TLX

(6410) BNF Adv Info: 19980921B108984C000682  
(1520) INAD: 2641571855000000  
(3320) Sender Ref: 09210912FT01  
(1110) Timestamp: 19980921F60C611D0000209210912F 01  
(1120) ORAD:  
#####

C

4255  
44255

96 1135 2388 000 DIRECT INQUIRIES TO: (954) 971-9890  
 SECURITY BANK N.A.  
 15 SOUTH STATE ROAD, 7  
 NORTH LAUDERDALE, FLORIDA 33068  
 BRITISH TRADS & COMMERCE BANK  
 EMENS BLDG. DAME EUGENIA CHARLES  
 0010140000  
 FROM 09/01/98 THRU 09/30/98  
 ROSEAU, DOMINICA, WI

NUMBER OF ITEMS ENCLOSED: 1

| DATE POSTED | DESCRIPTION OF TRANSACTIONS | CHECKS (-) | DEPOSITS (+) | BALANCE      |
|-------------|-----------------------------|------------|--------------|--------------|
| 09/18       | TRADE & COMMERCE B          |            |              | 50,000.00    |
| 09/21       | WIRE 7457                   |            |              |              |
| 09/21       | WIRE 4252                   |            | 6,018.75     | 56,018.75    |
| 09/21       | WIRE 4251                   |            |              |              |
| 09/21       | WIRE 4257                   |            | 190,748.58   | 246,767.33   |
| 09/21       | WIRE 4255                   |            | 400,000.00   | 646,767.33   |
| 09/21       | WIRE 4255                   |            | 999,980.00   | 1,646,747.33 |
| 09/21       | WIRE 4251 FEE               | 10.00      |              | 1,646,737.33 |
| 09/21       | WIRE 4252 FEE               | 10.00      |              | 1,646,727.33 |
| 09/21       | WIRE 4255 FEE               | 10.00      |              | 1,646,717.33 |
| 09/21       | WIRE 4257 FEE               | 10.00      |              | 1,646,707.33 |
| 09/21       | WIRE 7457 FEE               | 15.00      |              | 1,646,692.33 |
| 09/21       | WIRE 7458 FEE               | 15.00      |              | 1,646,677.33 |
| 09/21       | WIRE 7459 FEE               | 15.00      |              | 1,646,662.33 |
| 09/21       | WIRE 7460 FEE               | 15.00      |              | 1,646,647.33 |
| 09/21       | WIRE 7461 FEE               | 15.00      |              | 1,646,632.33 |
| 09/21       | WIRE 7465 FEE               | 35.00      |              | 1,646,597.33 |

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FROM : DATALIGHT SDN BHD  
Oct-09-98 02:54A BT&C Bank/Trust

PHONE NO. : +

Sep. 17 2008 09:05PM P2

(767) 448-6477



**British Trade & Commerce Bank.**

*Licensed for Full Trust Business*

Emens Bldg., Dame Eugénie Charles Bldg. Bayfront  
Roseau Commonwealth of Dominica  
PO Box 2042, Phone: (767) 448-6410, Fax: (767) 448-6477  
e-mail: btcbank@cwdom.dm - SWIFT: BTCD01DM

The Manager  
Hong Kong Shanghai Banking Corp.  
10 Collyer Quay 0101  
Ocean Building  
Singapore 004  
Sent via Fax #011-65-332-3660  
Dear Sirs,

Please accept this letter as a confirmation of the receipt funds in the amount of US\$999,970 (net charges) from Ming Tung Tien in favor of KPJ S.A. (#101-011140-4) on 21<sup>st</sup> September 1998.

Please be advised that we duly undertake to return the above US\$999,970 to your bank on 21<sup>st</sup> September, 1999

Should there be any questions, please do not hesitate to contact us.

Regards,

George Betts  
Vice President / Financial Comptroller

RECEIVED 2008 SEP 17 09:05 PM

2630

09/22/98 13:38 FAX 3059716071 SECURITY BANK NA @003  
Sep-22-98 12:58P BT&C Bank/Trust (767) 448-6477 P.01



**British Trade  
& Commerce Bank**

EMENS Building, Dame Eugenie Charles Blvd., Bayfront  
Roseau, Commonwealth of Dominica. P.O Box: 2042

**FAX COVER**  
Date:09/22/98

|                 |                    |                  |                |
|-----------------|--------------------|------------------|----------------|
| <b>TO:</b>      | FERNANDO GONZALEZ  | <b>FROM:</b>     | GEORGE BETTS   |
| <b>COMPANY</b>  | SECURITY BANK N.A. | <b>FAX N°:</b>   | (767) 448-6477 |
| <b>FAX N°</b>   | 305-374-4207       | <b>PHONE N°:</b> | (767) 448-6410 |
| <b>PHONE N°</b> | 305-374-3722       | <b>Pages:</b>    | 1              |

NOTES:  Urgent  For your review  Reply ASAP  Please comment

DEAR FERNANDO:


PLEASE MAKE THE FOLLOWING TRANSFER FROM OUR ACCOUNT 0400101400-01.

UNITED BANK, RUSTENBURG, SOUTH AFRICA  
BENEFICIARY: W. H. KEYSER  
ACCOUNT NO.: 904-7360296, AMOUNT: USDS200,000  
REF: K. P. J. TRUST S.A.

TEST KEY FOR ABOVE WIRES BASED ON USDS200,000 DATED SEPTEMBER 22, 1998 IS [REDACTED]

**Redacted Information  
in Subcommittee Files**

SINCERELY,

  
GEORGE BETTS,  
VICE PRESIDENT

DATE: 9/22/98  
[Handwritten initials]

SECURITY BANK N.A.  
OUTGOING DOMESTIC WIRE TRANSFER REQUEST AND AUTHORIZATION

9-22-98 DATE TIME: AMOUNT \$ 200,000.00  
 OUTGOING WIRE - CHANGE CUSTOMER LISTED BELOW  
 INTERNATIONAL DEPARTMENT TIME (CHANGE INTERNATIONAL DEPARTMENT CLEARING ACCOUNT)  
DOMESTIC WIRE (US DOLLARS) FOREIGN WIRE: DESCRIBE CURRENCY

INFORMATION ABOUT THE BANK TO RECEIVE THE WIRE  
RECEIVING BANK'S NAME: UNITED BANK RECEIVING BANK'S "ABA" NUMBER:  
STREET CODE, IF ANY: STREET CODE, IF APPLICABLE:  
CITY: RUSTENBURG STATE: SOUTH AFRICA

INFORMATION ABOUT THE BENEFICIARY OF THE WIRE  
NAME OF BENEFICIARY (PERSON / COMPANY TO RECEIVE WIRE): W. H. KEYSER  
ACCOUNT NUMBER (RECEIVING BENEFICIARY'S ACCOUNT NUMBER):  
ADDRESS (IF APPLICABLE): CITY: STATE: COUNTRY:  
FOR FURTHER CREDIT TO NAME: NUMBER:  
BY ORDER OF NAME: NUMBER:  
BRITISH TRADE & COMMERCE BANK  
SPECIAL INSTRUCTIONS, IF ANY: RFP K.P.J. TRUST S.A.

7477 INFORMATION AND AUTHORIZATION ABOUT CUSTOMER'S ACCOUNT TO DEBIT  
NAME OF CUSTOMER'S ACCOUNT TO CHARGE OR GENERAL LEDGER ACCOUNT TO DEBIT: BRITISH TRADE & COMMERCE BANK  
ACCOUNT NUMBER TO CHARGE (CHECK): # 0400101400-01

WIRE AMOUNT \$ 200,000.00  
WIRE FEES 35.00  
OTHER  
TOTAL AMOUNT \$ 200,035.00

CUSTOMER'S AUTHORIZATION  
I authorize Security Bank to transfer any funds as set forth in the instructions noted herein, including debiting my account and agree that such transfer of funds is subject to the Bank's agreement as noted in the back of this form.

FAX ATTACHED  
CUSTOMER'S SIGNATURE

OFFICIAL APPROVING TRANSACTION  
HOLD MUST BE PLACED ON ACCOUNT BY BRANCH OFFICER OR BY  
DEPARTMENT HEAD RELATING TO:  
NOTE:  
 ABA BANK NUMBER HAS BEEN VERIFIED  
 HOLD HAS BEEN PLACED ON ACCOUNT  
APPROVING OFFICER:

WIRE SYSTEMS  
TIME SENT BY: 11:30  
DATE WIRE SENT: 9/22/98  
TIME WIRE SENT: 11:30  
WIRE NUMBER: 7477  
VERIFIED BY: [Signature]

Redacted Information  
in Subcommittee Files

96 1135 2390 000 DIRECT INQUIRIES TO: (954) 971-9890  
 SECURITY BANK N.A.  
 1600 S.W. 15TH AVENUE  
 NORTH LAUDERDALE, FLORIDA 33068

BRITISH TRADE & COMMERCE BANK  
 12  
 0010140000  
 FROM 09/01/98 THRU 09/30/98

ROSEAU, DOMINICA, WI

NUMBER OF ITEMS ENCLOSED: 1

CHKG-01 ACCOUNT NO. 00101400 01

-----ACCOUNT TRANSACTIONS DETAIL-----

| DATE POSTED | DESCRIPTION OF TRANSACTIONS                    | CHECKS (-) | DEPOSITS (+) | BALANCE    |
|-------------|--|------------|--------------|------------|
| 09/22       | TRADE & COMMERCE B<br>WIRE 7479<br>W.H. KEYSER | 200,000.00 |              | 50,000.00  |
| 09/23       | AUTO TRANSFER FROM<br>ACCOUNT 0010140002       |            | 51,350.00    | 101,350.00 |
| 09/23       | WIRE 4278                                      |            | 3,500.00     | 104,850.00 |
| 09/23       | WIRE 4278 FEE                                  | 10.00      |              | 104,840.00 |
| 09/23       | WIRE 7495 FEE                                  | 15.00      |              | 104,825.00 |
| 09/23       | WIRE 7496 FEE                                  | 15.00      |              | 104,810.00 |
| 09/23       | WIRE 7496                                      | 4,810.00   |              | 100,000.00 |
| 09/23       | WIRE 7495                                      | 50,000.00  |              | 50,000.00  |
| 09/24       | WIRE 4293                                      |            | 500,000.00   | 550,000.00 |
| 09/24       | WIRE 4293 FEE                                  | 10.00      |              | 549,990.00 |
| 09/24       | AUTO TRANSFER TO<br>ACCT. --0010140002         |            | 499,990.00   | 50,000.00  |
| 09/28       | AUTO TRANSFER FROM<br>ACCOUNT 0010140002       |            | 218,071.10   | 268,071.10 |
| 09/28       | WIRE 4307                                      |            | 2,207.70     | 270,278.80 |
| 09/28       | WIRE 4310                                      |            | 9,832.80     | 280,111.60 |
| 09/28       | WIRE 4296                                      |            | 10,000.00    | 290,111.60 |

Redacted Information  
in Subcommittee Files

2633

001

Independent Bankers' Bank of Florida  
Foreign Wire Advice

Security Bank N.A.

We have credited your DDA account : ██████████  
\$200,000.00

on: 9/28/98

Wire Description: WIRE RETURNED - BANK UNABLE TO LOCATE  
ACCOUNT

Please retain this advice to verify against your statement.

9/29 #7479

Redacted Information  
in Subcommittee Files

96 1135 2393 000 DIRECT INQUIRIES TO: (854) 971-9890

SECURITY BANK N.A.  
NORTH LAUDERDALE, FLORIDA 33068  
BRITISH TRADE & COMMERCE BANK  
EMENS BLDG., DAMS SUGENIA CHARLES  
ROSEAU, DOMINICA, WI

0010140000  
FROM 09/01/98 THRU 09/30/98

NUMBER OF ITEMS ENCLOSED: 1

CKG-01 ACCOUNT NO. 00101400 01

-ACCOUNT TRANSACTIONS DETAIL-

| DATE POSTED | DESCRIPTION OF TRANSACTIONS              | CHECKS (-) | DEPOSITS (+) | BALANCE    |
|-------------|--|------------|--------------|------------|
| 09/28       | WIRE 7523                                | 47,000.00  |              | 203,000.00 |
| 09/28       | WIRE 7511<br>TEMLIER CAISSE SA           | 153,000.00 |              | 50,000.00  |
| 09/29       | WIRE 7498 9/23/98                        |            | 8,460.00     | 58,460.00  |
| 09/29       | WIRE 4319                                |            | 20,000.00    | 78,460.00  |
| 09/29       | WIRE 7478<br>M.H. REISER                 |            | 200,000.00   | 278,460.00 |
| 09/29       | WIRE 4319 FEE                            | 10.00      |              | 278,450.00 |
| 09/29       | WIRE 7534 FEE                            | 15.00      |              | 278,435.00 |
| 09/29       | WIRE 7532 FEE                            | 35.00      |              | 278,400.00 |
| 09/29       | WIRE 7532<br>STEWART ROSS                | 1,591.38   |              | 276,808.62 |
| 09/29       | WIRE 7534                                | 24,990.00  |              | 251,818.62 |
| 09/29       | AUTO TRANSFER TO<br>ACCT.--0010140002    | 201,818.62 |              | 50,000.00  |
| 09/30       | AUTO TRANSFER FROM<br>ACCOUNT 0010140002 |            | 9,288.30     | 59,288.30  |
| 09/30       | WIRE 7551 FEE                            | 15.00      |              | 59,273.30  |
| 09/30       | WIRE 7553 FEE                            | 15.00      |              | 59,258.30  |
| 09/30       | WIRE 7553                                | 2,062.80   |              | 57,195.50  |

Redacted Information  
in Subcommittee Files



2635

01/14/99 15:16 FAX 3059716071 SECURITY BANK NA @012  
Jan-14-99 12:53P BT&C E k/Trust (767) 44 6477 P.03



**British Trade & Commerce Bank**

EMENS Building, Dame Eugenia Charles Blvd., Bayfront  
Roseau, Commonwealth of Dominica, P.O Box 2042

**FAX COVER**

Date:01/14/99

|                 |                    |                |                |
|-----------------|--------------------|----------------|----------------|
| <b>TO:</b>      | FERNANDO GONZALEZ  | <b>FROM:</b>   | GEORGE BETTS   |
| <b>COMPANY</b>  | SECURITY BANK N.A. | <b>FAX N°:</b> | (767) 448-6477 |
| <b>FAX N°</b>   | 305-374-4207       | <b>PHONE</b>   | (767) 448-6410 |
|                 |                    | <b>N°:</b>     |                |
| <b>PHONE N°</b> | 305-374-3722       | <b>Pages:</b>  | 1              |

**NOTES:**     Urgent     For your review     Reply ASAP     Please comment

Comments:

DEAR FERNANDO:  
PLEASE MAKE THE FOLLOWING WIRE TRANSFERS FROM OUR ACCOUNT 0400101400-01.

CHASE MANHATTAN BANK, BRANCH 14, NY  
ABA#: 021-000-021  
BENEFICIARY: MASTERCARD INTERNATIONAL  
ACCOUNT NO.: [REDACTED], AMOUNT: USD\$175,000  
REF: RISK COLLATERAL - BTCB

*Handwritten:* JAN 14 1999 *Wied*

NATIONS BANK, ANNANDALE, VA. 22003  
ABA# 051-000-017  
BENEFICIARY: MARY C. BRAZIE  
ACCOUNT NO.: [REDACTED] AMOUNT: USD\$9,401.30  
REF: C. BRAZIE PHONE (JULY - NOV'98); SUPPLIES & EXPENSE REIMB

ROYAL BANK OF SCOTLAND, 43 CURZON STREET, LONDON.  
SORT CODE: 16-00-79  
BENEFICIARY: R. J. ROETERS-VAN LENNEP C/O STEWART MOSS  
6 GREAT NORTHWAY, LONDON, NM14JB  
ACCOUNT NO.: [REDACTED], AMOUNT: USD\$5,000  
REF: C/O R. J. ROETERS-VAN LENNEP - K.P.I. TRUST S.A.

**Redacted Information  
in Subcommittee Files**

TEST KEY FOR ABOVE WIRES BASED ON USD\$189,401 DATED JANUARY 14,1999 IS [REDACTED]

SINCERELY,

*[Signature]*  
GEORGE BETTS  
EXECUTIVE VICE-PRESIDENT

DATE RECEIVED BY: *[Signature]*  
DATE: 1/14/99

*Licensed for Full Trust Business.*

BRITISH TRADE & COMMERCE BANK  
 EMENS BLDG. DAME EUGENIA CHARLES  
 BLDV. BAYFRONT  
 ROSEAU, DOMINICA, WI

0010140000  
 FROM 01/01/99 THRU 01/31/99

NUMBER OF ITEMS ENCLOSED: 11

CKG-01 ACCOUNT NO. 00101400 01

-----ACCOUNT TRANSACTIONS DETAIL-----

| DATE POSTED | DESCRIPTION OF TRANSACTIONS         | CHKS      | DEPOSITS  | BALANCE    |
|-------------|-------------------------------------|-----------|-----------|------------|
| 01/15       | WIRE 6224 APS STEWART MOSS          | 2,314.62  |           | 104,366.30 |
| 01/15       | WIRE 6227                           | 2,365.00  |           | 102,001.30 |
| 01/15       | WIRE 6235 MARY BRADIE               | 3,100.00  |           | 98,901.30  |
| 01/15       | WIRE 6234 RALPH HINES               | 4,000.00  |           | 94,901.30  |
| 01/15       | WIRE 6225 RJ ROETS RS VAN LENNEP    | 5,000.00  |           | 89,901.30  |
| 01/15       | WIRE 6222                           | 6,000.00  |           | 83,901.30  |
| 01/15       | WIRE 6237 MAVIS BRITS/LAVERN S      | 7,000.00  |           | 76,901.30  |
| 01/15       | WIRE 6223                           | 7,500.00  |           | 69,401.30  |
| 01/15       | WIRE 6226 MARY C PRAZIE             | 9,401.30  |           | 60,000.00  |
| 01/15       | WIRE 6234 RODOLFO RIZUENA           | 10,000.00 |           | 50,000.00  |
| 01/19       | WIRE 4956                           |           | 10,000.00 | 60,000.00  |
| 01/19       | WIRE 4956 FEB                       |           | 10.00     | 59,990.00  |
| 01/19       | AUTO TRANSFER TO ACCT. --0010140002 |           | 9,990.00  | 50,000.00  |
| 01/20       | AUTO TRANSFER FROM                  |           | 48,723.00 | 98,723.00  |

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 in Subcommittee Files

2637

From: SAMUEL SOH OF R B C Group USA To: SECURITY BANK

Date: 22 FEB 1999 Time: 09:58 AM

Page: 1 of 4

FROM : DATALIGHT SDN BHD

PHONE NO. : +

Feb. 22 1999 09:58PM P1

**TIONG TUNG MENG**

Sabah, Malaysia

Fax No : [REDACTED]  
Tel No : [REDACTED]

**Mr. Michael Dibble**  
Director  
European Office  
KPJ Trust S.A.  
18 Lambolle Place  
London NW3 4PG  
Via Facsimile: 44-181-205-3848 & Registered Post

**Redacted Information  
in Subcommittee Files**

**Messrs George Betts & Charles L. Brazie**  
British Trade & Commerce Bank  
Emens Building, dame Eugene Charles Blvd.  
Bayfront, Roseau  
Commonwealth of Domenica  
Via Facsimile : 1-767-448-6477 & Registered Post

**Branch Manager**  
Security Bank N.A.  
444 Brickell Avenue  
Miami, Florida 33131 USA  
Via Facsimile : 1-305-374-4207 & Registered Post

Gentlemen:

February 22, 1999

Re : Account with Security Bank N A.  
No : 101-011140-4 (KPJ Trust S.A.)

Pursuant to a joint venture Agreement between me and KPJ Trust S.A. dated September 15, 1998, on September 1998 a transfer of US \$ 1 million was made from my account at Hongkong & Shanghai Banking Corporation (HSBC) in Singapore to my sub-account, with KPJ Trust S.A. held with the British Trade & Commerce Bank account, at the Security Bank N.A., Miami, Florida.

The HSBC noted in the said transfer, that the funds were to be retained conditional upon an undertaking by the receiving bank, that is the Security Bank, to return the same a year later.

On a fax letter without an issue date from Mr. George Betts Vice President and Financial Controller of BRTC to the manager of the HSBC, transmitted on October 7, 1998, the

2638

From: SAMUEL SOH Of: R B C Group USA To: SECURITY BANK

Date: 2/23/99 Time: 8:34:18 AM

Page 2 of 2

FROM : DATALIGHT SON BHD

PHONE NO. : +

Feb. 22 1999 09:58PM P2

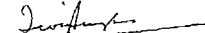
September 21, 1998 was noted. However this undertaking was not issued by the Security Bank or acknowledged by them.

In accordance with the aforementioned Agreement, monthly or periodic reports were to be issued on the investment value of the account and the reported profits be distributed forthwith,

As of January 26, 1999, having received no statement on the status of the account a letter request for the immediate return of funds were issued to KPJ Trust S.A.. This request as of this date, has not been executed and as result the parties involved are not only in breach of Agreement but of their fiduciary duty as enabled by their licencing and or regulatory authorities, which by copy of this letter this matter is brought to their attention for corrective action.

Furthermore, the investment funds and the earned profits are hereby requested to be returned to the account on record, immediately and in any case not later than three international business days from to date, failing which the law enforcement authorities in the Commonwealth of Dominica, USA and UK will be dully notified.

Yours truly,



Tung Ming Tiong

cc: **Ms. L. Mignon Wade**  
Senior Director- Bank Supervision  
Eastern Caribbean Central Bank  
P.O. Box 89 Basseterre, St. Kitts, West Indies  
Via Facsimile : 1-869-465-5614 & Registered Post

**Ms. Lucilla Lewis**  
Manager, International Business Unit  
Ministry of Finance, Industry and Planning  
Government Headquarters  
Kennedy Avenue Roseau, Commonwealth of Dominica  
Via Facsimile : 1-767-448-0054 & Registered Post

**National Banks Office of the Comptroller of the Currency**  
245 Peach St. Centre Ave. NE  
Suite 600 Marquis One Tower Atlanta, GA 30303  
Via Facsimile : 1-713-336-4301 & Registered Post

**Mr. Richard Farrant**  
Managing Director  
The Financial Services Authority (FSA)  
25 The North Colonnade Canary Wharf, London E14 5HS

2639



**British Trade & Commerce Bank.**  
*Licensed for Full Trust Business.*

Emens Bldg., Dame Eugenia Charles Blvd. Bayfront,  
Roseau Commonwealth of Dominica.  
PO Box 2042, Phone: (767) 448-6410 Fax: 448-6477  
E-mail: btcbank@cwdom.dm - SWIFT: BTCBDMDM

February 25, 1999

Mr. Fernando Gonzalez  
Security Bank N.A.  
444 Brickell Ave.  
Miami, Fl. 33131

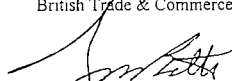
Dear Mr. Gonzalez:

We are in receipt of a letter from a Mr. Tiong Tung Ming in which he made certain allegations with regard to funds transferred to our account with your Bank and indicated that he thought his account was with Security Bank.

Please be advised that we have written to Mr. Tiong Tung Ming to clarify his relationship with our Bank, copies of which have been furnished to you. This is to advise you that as far as British Trade and Commerce Bank is concerned your institution has nothing to do with this matter and as our correspondence has indicated, we are seeking a complete retraction from Mr. Tiong Tung Ming with regard to his allegations.

Please do not hesitate to contact me if you have any further questions.

Sincerely,  
For and on behalf of  
British Trade & Commerce Bank

  
George E. Betts  
Executive Vice President



**British Trade & Commerce Bank**

*Licensed for Full Trust Business*

Dame Eugenia Charles Blvd. Bayfront, Roseau

Commonwealth of Dominica

Ph: (767) 443-6410 Fax: (767) 443-6477

E-Mail: [btcbank@cwdom.dm](mailto:btcbank@cwdom.dm) SWIFT: BT&CB DM DM

February 25, 1999

KPJ TRUST S.A.  
EMENS BLDG.  
Dame Eugenia Charles Boulevard  
Roseau, Commonwealth of Dominica  
Attn. Michael Dibble / Fax: 011-44-181-203-7571

Gentlemen:

In spite of our letter of February 22, 1999 responding to your request, we are in receipt of two (2) letters from a Tiong Tung Ming which have been circulated to a number of other entities.


It would appear that said individual may have a client relationship with KPJ Trust S.A., but Tiong Tung Ming is not known to British Trade & Commerce Bank and obviously has no client relationship with our Bank. We must insist that you officially inform Mr. Tiong Tung Ming:


1. That the funds you have placed on deposit with British Trade & Commerce Bank remain on deposit and are secure, as indicated by the account statements provided to you;
2. That he has no client relationship, whatsoever, with British Trade & Commerce Bank and that we are prohibited from responding to any of his concerns or inquiries; and
3. That he must issue an immediate letter stating that he has no client relationship with British Trade & Commerce Bank and retracting his implications and allegations regarding British Trade & Commerce Bank in those two letters.

We are most disturbed by the letters written by this individual and the implications that British Trade & Commerce Bank has not performed in accordance with banking standards. Your very clear and strongly written letter and his subsequent retraction letter must be circulated to all the parties to whom Tiong Tung Ming has transmitted the above referenced two (2) letters.

We trust that our position in this matter is clearly understood and we expect KPJ Trust S.A. to, immediately, resolve these issues to our satisfaction. Failing this, we will have no choice but to seek full recourse as provided under contract and law.

Sincerely,

  
Rodolfo Requena Perez  
President

  
George E. Betts  
Executive Vice President

2641

From: SAMUEL SOH OF R B C Group USA To: Security Bank N.A.

Date: 2/27/99 Time: 1:23:20 PM

Page 1 of 3

**TIONG TUNG MING**

[REDACTED]  
[REDACTED]  
[REDACTED]  
Sabah, Malaysia

Fax No. [REDACTED]  
Tel No. [REDACTED]

**Mr. Michael Dibble**  
Director  
European Office  
KPI Trust S.A.  
18 Lambolle Place  
London NW3 4PG  
Via Facsimile : 44-181-205-3848 & Registered Post

**Redacted Information  
in Subcommittee Files**

**Messieurs George Betts & Charles L. Brazie**  
British Trade & Commerce Bank  
Emens Building, dame Eugene Charles Blvd.  
Bayfront, Roseau  
Commonwealth of Dominica  
Via Facsimile : 1-767-448-6477 & Registered Post

**Branch Manager**  
Security Bank N.A.  
444 Brickell Avenue  
Miami, Florida 33131 USA  
Via Facsimile : 1-305-374-4207 & Registered Post

Gentlemen:

February 27, 1999

Re: Account with Security Bank N.A.  
No : 101-011140-4 (KPI Trust S.A.)

This acknowledges receipt of a letter from G. Betts & R. R. Parez of British Trade and Commerce Bank (BTCB) to KPI Trust S.A. dated February 25, 1999, drafted in response, to quote BTCB's said letter, "Two (2) letters from a Tiong Tung Ming" who "may have a relationship with KPI Trust S.A." but "is not known to British Trade & Commerce".

For the record:

1. In the Agreement dated September 1998, between me and KPI Trust S.A., giving rise to the transfer of the said funds to the KPI Trust S.A. account with the PROGRAM Bank, the latter being the British Trade & Commerce Bank as evidenced by the attachment to the said contract stating the "Banking Coordinates for the Transfer of Funds" and confirmed by the transfer of said funds.

2. G. Betts in a letter to the Hong Kong Shanghai Banking Corp. Transmitted on October 7, 1998, acknowledges receipt of funds in the amount of US \$999,970 from Mr. Tung Ming Tiong for the account of KPJ Trust S.A. (#101-011140-4), at the Security Bank N.A. and undertakes to return the same back to Mr. Tiong's account on September 21, 1999.

For Mr. Betts to state that "this individual" that is me, Mr. Tiong, "is not known to British Trade & Commerce Bank" is untrue and a spurious attempt to deny BTCB's custodial duties to unsuspecting parties who are not familiar with the facts, as well as mask BTCB's contractual duties in their capacity as the private placement Program Bank.

3. The request in the above letter for me "to issue an immediate letter stating that (I have) no client relationship with British Trade and Commerce Bank and retracting (my) implications and allegations regarding British Trade & Commerce Bank in those two letters" amounts to asking me to make untrue statements and release my right to my funds and my right to demand their return.

Please note that as of this writing:

- a. I have not received nay advise that my funds have been returned,
- b. I have not received a statement on the status and investment value on my account, and
- c. I have not received any specific reference to a clause of a contract I have executed which prohibits me from demanding the value in my account, the payment of the earned investment profits or the return of my funds in their absence.

I would like to stress, that this letter, as well as, my letters of February 22, 1999 and February 23, 1999 are written for no improper purpose, and in my sole interest to recover my asset as of my letter request January 26, 1999, to which I received no reply till your response to my letter of February 22, 1999, dated the same date which did not address my demand.

It is with great dismay that I find myself with no explanation as to my above noted points (a), (b), and (c).

By copy of this and my last two letters to the parties below I simply ask them in the performance of their function to establish the answers to the above points. Such answers are in the interest of the very purpose of their function. To re-iterate, my request is for no improper purpose.

Your Truly

Tiong Tung Ming





2643

From: SAMUEL SCH OF R B C Group USA To: Security Bank N.A.

Date: 2/27/99 Time: 1:23:20 PM

Page 3 of 3

cc. **Ms. L. Mignon Wade**  
Senior Director-Bank Supervision  
Eastern Caribbean Central Bank  
P.O. Box 89 Basseterre, St. Kitts, West Indies  
Via Facsimile : 1-869-465-5614 & Registered Post

**Ms. Lucilla Lewis**  
Manager, International Business Unit  
Ministry of Finance, Industry and Planning  
Government Headquarters  
Kennedy Avenue Roseau, Commonwealth of Dominica  
Via Facsimile : 1-767-448-0054 & Registered Post

**National Banks Office of the Comptroller of the Currency**  
245 Peach St. Centre Ave. NE  
Suite 600 Marquis One Tower Atlanta, GA 30303  
Via Facsimile : 1-713-336-4301 & Registered Post

**Mr. Richard Farrant**  
Managing Director  
The Financial Services Authority (FSA)  
25 The North Colonnade Canary Wharf, London E14 5HS  
Via Facsimile : 44-171-676-1099 & Registered Post



**British Trade & Commerce Bank.**  
Licensed for Full Trust Business.

Emans Bldg., Dame Eugenia Charles Blvd., Bayfront,  
Roseau, Commonwealth of Dominica.  
PO Box 2042, Phone: (767) 448-6410 Fax: 448-6477  
E-mail: btcbank@cwdom.dm - SWIFT: BTCDMDM

March 15, 1999

Mr. Tiong Tung Ming

██████████  
██████████  
██████████

Sabah, Malaysia

**Redacted Information  
in Subcommittee Files**

Sent via fax: ██████████

Dear Sir:

I am in receipt of your latest letter of February 27, 1999 and wish to provide you with more details to explain the status of your account with our Bank.

You are correct when you state that we confirmed to Hong Kong Shanghai Banking Corp. that the transfer of \$999,970 would be held in the account of KPJ Trust S.A. for one year and would be returned on September 21, 1999. That is true and will happen. I wish to point out that the account of KPJ Trust S.A. is with British Trade & Commerce Bank and not with Security Bank N.A. The funds were merely wired to us through Security Bank. KPJ Trust does not have any account relationship with Security Bank nor does Security Bank have any knowledge of any confirmation to Hong Kong Shanghai Banking Corp. Therefore, please do not send copies of any further correspondence to them since they are not involved, nor should they be. I would now like to explain the details of your account and how the banking relationship functions with respect to KPJ Trust S.A.

Under the Dominican banking laws, our client is KPJ Trust and we can only take instruction from the person(s) authorized to act on behalf of KPJ Trust. I have reviewed our file and do not find any authorization to provide you with information. All information regarding the account is supplied to the authorized representatives, hence the comment from Mr. Perez and I that we do not have a client relationship with you. It is against the law for the Bank or any of its' Officers, Directors or Employees to provide any information to anyone with regard to any affairs or activities of any Bank clients. As a matter of fact, I am only writing to you because Mr. Dibble has given me express permission to do so.

We have furnished Mr. Dibble with updates on the account and continue to do so on a regular basis. If you wish to have the same updates please have Mr. Dibble authorize us to provide you with the same information we give him or anything else you may desire. We are not trying to keep information from anyone, just to comply with the laws of Dominica.

The funds of KPJ Trust are fully invested under our Managed Accounts Contract with them and under the terms of that contract any early withdrawal will forego any earnings and profits.



**British Trade & Commerce Bank.**  
Licensed for Full Trust Business.

Emens Bldg., Dame Eugenia Charles Blvd. Bayfront,  
Roseau, Commonwealth of Dominica.  
PO Box 2042. Phone: (767) 448-6410 Fax: 448 6477  
E-mail: btcbank@owdom.dm - SWIFT: BTCBOMDM

If KPJ Trust elects to withdraw its' funds then have them advise us and we will promptly terminate the Managed Account contract and return the funds.

Our Bank is not trying to keep anything from the persons who have a legal right to know and act. However, we must be careful to operate within the laws of Dominica for the protection of all concerned.

I hope this clarifies the situation for you. Please contact Mr. Dibble if you wish to change the arrangement KPJ Trust has with our Bank.

Sincerely,  
For and on behalf of  
British Trade & Commerce Bank

George E. Betts  
Executive Vice President

Cc: By fax to following:  
Fernando Gonzalez  
Comptroller  
Security Bank N.A.  
444 Brickell Ave.  
Miami, Fl. 33131  
Fax: 305-374-4207

Ms. L. Mignon Wade  
Senior Director-Bank Supervision  
Eastern Caribbean Central Bank  
St. Kitts

Fax: 869-465-5614

Ms. Lucilla Lewis  
Manager, International Business Unit  
Ministry of Finance, Industry and Planning  
Government Headquarters  
Roseau, Commonwealth of Dominica  
Fax: 767-446-0054

National Banks Office of the  
of the Currency  
245 Peach St.  
Atlanta, Ga.  
Fax: 713-336-4301

Mr. Richard Farrant  
Managing Director  
The Financial Services Authority  
London E145HS  
Fax: 44-171-676-1099

Mr. Michael Dibble  
KPJ Trust S.A.  
London NW34PG  
Fax: 44-181-205-3848

**TIONG TUNG MING**

██████████  
 ██████████  
 Sabah, Malaysia

Fax No. : ██████████  
 Tel No. : ██████████

**Mr. Michael Dibble**  
 Director  
 European Office  
 KPI Trust S.A.  
 18 Lamballe Place  
 London NW3 4PG  
 Via Facsimile : 44-181-205-3848 & Registered Post

Redacted Information  
 in Subcommittee Files

**Mesieurs George Betts & Charles L. Brazie**  
 British Trade & Commerce Bank  
 Emerys Building, Dame Eugene Charles Blvd.  
 Bayfront, Roseau  
 Commonwealth of Dominica  
 Via Facsimile : 1-767-448-6477 & Registered Post

**Branch Manager**  
 Security Bank N.A.  
 444 Brickell Avenue  
 Miami, Florida 33131 USA  
 Via Facsimile : 1-305-374-4207 & Registered Post

Gentlemen:

March 16, 1999

Re: Account with Security Bank N.A.  
 No : 101-011140-4 (KPI Trust S.A.)

I acknowledge receipt of a letter from G. Betts of British Trade and Commerce Bank (BTCB) to me dated March 15, 1999 and note:

1. When the funds were transferred to Security Bank N.A. it was so noted on the wire transfer that they were to be retained upon the receiving bank's undertaking to return them at their anniversary. Such undertaking was to be issued by the Security Bank N.A. on behalf of their client KPI Trust and BTCB, such undertaking was issued belatedly from BTCB and not from the Security Bank N.A.
2. My agreement with KPI Trust S.A. obligates the latter to pay and hence report the earned yields on the account, monthly. I have yet to receive any monthly yields or their reports and we are currently in the sixth month of the contract.

3. **My funds were received:**

by the Security Bank N.A. subject to them, on behalf of their beneficiary (BTCB) undertake to return them to the sending bank, the Hong Kong and Shanghai Banking Corp., at their anniversary;

for my account with:

KPJ Trust S.A. under my contract dated September 15, 1998,

and benefit of BTCB:

under their invitation to manage the funds under contract to KPJ Trust S.A., which, I understand, is not yet drafted.

I trust this clarifies our relationship.

## 4. There is no restriction in my contract with KPJ Trust S.A.:

- a. forbidding the recall of my capital during the course of the contract with any penalties, or the
- b. forfeiting my earned profits as penalty for recalling my capital.

## 5. The claimed Managed Accounts Contract between KPJ Trust S.A. and BTCB is not privy to me and if such contract exacts restrictions without my consent on my funds outside the terms of my contract with KPJ Trust S.A. this constitutes unauthorized action and a flagrant abuse of entrusted assets, fraudulent misrepresentations and gross negligence and shall be deemed as basis for civil liability in addition to any criminal penalties that ought to be brought by the authorities.

Once more, I demand the return of my capital forthwith, together with interest and earned profits. In the alternative, I demand a statement of earned interest and profits and the payment of same to me forthwith and full disclosure of all undertakings and obligations which my funds are encumbered by.

Please govern yourselves accordingly.

Your Truly



Tiong Tung Ming

2648

-16-99 11:49 FROM-SECURITY B.

954-971 .9.

T-623 P.03/03 F-323

cc. **Ms. L. Mignon Wade**  
Senior Director-Bank Supervision  
Eastern Caribbean Central Bank  
P.O. Box 89 Basseterre, St. Kitts, West Indies  
Via Facsimile : 1-869-465-3614 & Registered Post

**Ms. Lucilla Lewis**  
Manager, International Business Unit  
Ministry of Finance, Industry and Planning  
Government Headquarters  
Kennedy Avenue Roseau, Commonwealth of Dominica  
Via Facsimile : 1-767-448-0054 & Registered Post

**National Banks Office of the Comptroller of the Currency**  
245 Peach St. Centre Ave. NE  
Suite 600 Marquis One Tower Atlanta, GA 30303  
Via Facsimile : 1-770-336-4301 & Registered Post

**Mr. Richard Farrant**  
Managing Director  
The Financial Services Authority (FSA)  
25 The North Colonnade Canary Wharf, London E14 5HS  
Via Facsimile : 44-171-676-1099 & Registered Post

2649

Mar 17 99 11:04a

Rodd R. Buell

(305) 448 0994

P.3

**RODD R. BUELL**

ATTORNEY AT LAW  
A PROFESSIONAL ASSOCIATION

MIRACLE PLAZA BUILDING  
2355 SALZEDO STREET, SUITE 202  
CORAL GABLES, FLORIDA 33134-5035

TELEPHONE (305) 443-1997  
TELEPHONE (305) 448-1991  
FACSIMILE (305) 448-0994  
E-MAIL: BUELLLAW@AOL.COM

VIA FAX: [REDACTED]

March 17, 1999

Mr. Tiong Tung Ming  
[REDACTED]  
[REDACTED]  
[REDACTED]

Sabah, Malaysia

Re: Security Bank, N.A.

Dear Mr. Ming:

Please be advised that I represent Security Bank, N.A., and have received your correspondence of February 22, 1999, and February 23, 1999 addressed to KPJ Trust, S.A., British Trade and Commerce Bank, and Security Bank, N.A.

Please be advised that no undertaking existed, as stated in your correspondence, on behalf of Security Bank to retain or return funds to you. Security Bank had no relationship with you nor with KPJ Trust, but merely maintained a checking account for British Trade and Commerce Bank. Pursuant to wire transfer, Security Bank received from Hong Kong Shanghai Banking Corporation Ltd. funds in the amount of \$999,980.00 for credit to the account of British Trade and Commerce Bank.

Please be advised that Security Bank has never maintained an account in your name, and the account information you provide in your correspondence is not a Security Bank account number.

**Redacted Information  
in Subcommittee Files**

2650

Mar 17 99 11:05a

Rodd R. Buell

(305) 448 0994

P.4

Mr. Tiong Tung Ming

(2)

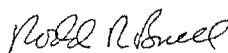
March 17, 1999

Security Bank specifically rejects any suggestion that it undertook to hold, maintain or otherwise deal with these funds other than to receive them through the above referenced wire transfer and credit such funds to the account of British Trade and Commerce Bank.

Furthermore, we have received advices from British Trade and Commerce Bank with respect to their request of February 25, 1999, to you for a complete retraction of your allegations, and we would join in the same in so far as it pertains to Security Bank, N.A.

British Trade and Commerce bank has further advised that Security Bank has "nothing to do with this matter" between you and KPJ Trust. On March 15, 1999, you were further advised by British Trade and Commerce Bank that KPJ Trust has no account relationship with Security Bank, "nor does Security Bank have any knowledge of any confirmation to Hong Kong Shanghai Banking Corporation. Therefore, please do not send copies of any further correspondence to them since they are not involved, nor should they be" (see enclosed letter of March 15, 1999).

Very truly yours,



Rodd R. Buell, P.A.

RRB/dh

RODD R. BUELL



2651

Mar-22-99 10:29A BT&C Bank/Trust

(757) 448-6477

P.01



**British Trade & Commerce Bank.**  
*Licensed for Full Trust Business.*

Emens Bldg., Dame Eugenia Charles Blvd. Bayfront,  
Roseau Commonwealth of Dominica,  
PO Box 2042, Phone: (767) 448-6410 Fax: 448-6477  
E-mail: btcbank@wdom.dm - SWIFT: BTCBOMDM

March 20, 1999

Mr. Tiong Tung Ming  
[REDACTED]  
[REDACTED]  
[REDACTED]

Sabah, Malaysia

Sent via fax: [REDACTED]

Dear Sir:

I am in receipt of your letter of March 16, 1999 and can only repeat what I stated in my letter of March 15, 1999. Under the Banking Laws of Dominica I am not at liberty to discuss any affairs of our clients except with the authorized signatories on the account. Also, I must remind you that the account 101-11140-4 is with British Trade & Commerce Bank and not with Security Bank N.A. as I stated in my letter of March 15, 1999.

In order to put this matter to rest I suggest you contact Mr. Dibble and ask him to contact us to provide you with any information he thinks you are entitled to receive or he can authorize you to be a signatory on the account at which time we will make all the information available to you.

As I indicated before British Trade & Commerce Bank is under contract with KPJ Trust S.A. for the management of their funds and all our contacts and dealings are with the authorized representatives of KPJ Trust. It must remain that way because of the laws of Dominica relating to financial institutions.

Sincerely,  
For and on behalf of  
British Trade & Commerce Bank

George E. Bcitts  
Executive Vice President

**Redacted Information  
in Subcommittee Files**

Cc: Attached List

Mar-22-99 10:29A ,BT&amp;C Bank/Trust



**British Trade & Commerce Bank.**  
*Licensed for Full Trust Business.*

Emens Bldg., Dame Eugenia Charles Blvd. Bayfront,  
 Roseau Commonwealth of Dominica.  
 PO Box 2042. Phone: (767) 448-6410 Fax: 448-6477  
 E-mail: btcbank@cwdom.dm - SWIFT: BTCBCMDM

Mr. Michael Dibble  
 Director  
 European Office  
 KPJ Trust S.A.  
 18 Lambolle Place  
 London NW3 4PG  
 Fax: 011-44-181-205-3848

Mr. Fernando Gonzalez  
 Security Bank N.A.  
 444 Brickell Ave.  
 Miami, Fl. 33131  
 Fax: 1-305-374-4207

Ms. Mignon Wade  
 Senior Director-Bank Supervision  
 Eastern Caribbean Central Bank  
 P.O. Box 89, Basseterre, St. Kitts, W.I.  
 Fax: 1-869-465-5614

Ms. Lucilla Lewis  
 Manager, International Business Unit  
 Ministry of Finance, Industry and Planning  
 Government Headquarters, Kennedy Ave.  
 Roseau, Commonwealth of Dominica  
 Fax: 1-767-448-0054

National Banks Office of the Comptroller of the Currency  
 245 Peach St. Centre Ave. NE  
 Suite 600, Marquis One Tower  
 Atlanta, Ga. 30303  
 Fax: 1-713-336-4301

Mr. Richard Farrant  
 Managing Director  
 The Financial Services Authority  
 25 The North Colonnade Canary Wharf  
 London E14 5HS  
 Fax: 011-44-171-676-1099

2653

**KPJ TRUST S.A.**  
Emens Bldg. Dame Eugénia  
Charles Blvd Bay Front Roseau  
Commonwealth of Dominica.

British Trade & Commonwealth Bank  
Roseau Commonwealth of Dominica  
BY FAX 001767 448 6477

May 10 1999

Gentlemen,

RE: RETURN OF FUNDS PRIOR TO TERM OF DEPOSIT

The comments in the letter of April 26, 1999 signed by Charles L. Brazier Ph.D your Vice President-Managed Accounts were duly noted and considered. Therefore, time was given for the profits and payment schedule to be evidenced in order that our position and that of Mr Tiong could be reviewed.

However, two weeks after this letter and a week later for the profits and payments schedule to be advised, nothing at all has materialized, not even the courtesy of a letter to explain the delay.

There can now be no possible excuse or reason for this company or Mr Tung Ming Tiong to give any undertaking to release your Bank against all and any claims for Profits or liabilities. Eight months is a very long time in a financial transaction for nothing to happen. The creditability and capability of those alleging its viability becomes questionable.

That he is to wait for other entities to commit their Funds to Global Investment SA and also release The British Trade & Commerce Bank from any obligation before he can receive his funds is unacceptable.

This is not our problem. Our relationship is with the British Trade & Commerce Bank and not Global Investment SA. It is of great concern that the Bank cannot return Mr Tiongs funds immediately from other sources.

Subsequent demands have been ignored in the past for the return of Mr Tiongs Funds. Whatever the reasons maybe for this they will not be tolerated now. It is insisted that a degree of courtesy and respect be given for the immediate return of his Funds without any further delay. If not returned immediately he reserves the right to take any necessary steps to recover his Funds.

Yours truly,



Michael Dibble


**British Trade & Commerce Bank.**
*Licensed for Full Trust Business*

Dame Eugénie Charles Blvd. Bayfront, Roseau

Commonwealth of Dominica

Ph: (767) 448-6410 Fax: (767) 448-6477

 E-Mail: [btbank@cwdom.dm](mailto:btbank@cwdom.dm) SWIFT: BT&C DM DM

May 11, 1999

KPJ TRUST S.A.  
 EMENS BLDG.  
 Roseau, Commonwealth of Dominica  
 Attn. Michael Dibble  
 Fax: 011-44-181-205-3848

Re: Your Letter of Today regarding of funds prior to the one (1) year term of deposit with our Bank

Gentlemen:

We have reviewed today's letter, regarding your request for remittance of the referenced funds. As we discussed previously, please be advised as follows:

1. We understand that you wish to request return of those funds premature to completion of the term of the Cooperative Venture Agreement. Your funds will be made available for release, as soon as we receive additional funds from other entities and those are committed to Global Investment Fund S.A. to replace your funds.
2. If earnings have not yet been disbursed to Global Investment Fund S.A. from such investment program prior to such replacement, **those replacement funds will then assume the full participation position of the referenced funds, including all earnings participation in such investment program.**
3. If earnings have been disbursed to Global Investment Fund S.A. from such investment program prior to such replacement, **those replacement funds will then assume the participation position of the referenced funds from the time of such replacement, including the subsequent earnings participation in such investment program.**
4. Regardless of the above, these funds will not be reverted prior to the one year term, **unless and until we receive a complete release against any and all claims for any earnings or liabilities, including subsequent earnings, signed by yourself and Mr. Tjong Tung Ming, prior to our remittance of such principal funds. That we will be happy to revert those funds upon completion of these conditions, is a gross understatement.**

2655

FROM : MAXIMA PHONE NO.  
MAY 21 1999 11:58AM P83

May. 21 1999 11:58AM P83

5. We remind all parties that the Cooperative Venture Agreement, in accordance with appropriate law, is a best efforts profit sharing agreement and does not stipulate any minimum earnings rate nor any periodic return. If other agreements were executed between parties, they do not involve or commit British Trade & Commerce Bank.
6. In accord with our standard Cooperative Venture Agreements, in addition to responding to specific client inquiries or requests for account statements, British Trade & Commerce Bank provides all Managed Account Clients written reports on earnings as they are realized.

We trust that our position in this matter is clearly understood and we will proceed as above and advise you of status.

Sincerely,



Charles L. Brazie, Ph.D.  
Vice President - Managed Accounts

cc: Michael Bruney, Attorney-at-Law

2656

FROM : MAXIMA

PHONE NO. :

May 21 1999 11:55AM Pg1

**KPJ TRUST S.A.**  
Emens Bldg. Dame Eugenia  
Charles Blvd Bay Front Roseau  
Commonwealth of Dominica

Sam Soh  
RBC GROUP USA  
BY FAX [REDACTED]

May 21 1999

Dear Sam Soh

TUNG MING TIONG \$USD1MILLION

Please find attached last communications sent to and received from Dr Chuck Brazie. As expected no courtesy or proper and correct communication. As stated on the telephone we are using present and past relationships to have the activities of Global Investment SA and Chuck Brazie investigated.

This activity is informal until we are aware of all the facts. When we know what they are will take the necessary actions with your guidance and Mr Tiongs approval.

Since Rosemarie is already in the United States she will talk direct with a major Fed Officer who has just recently retired whose connections are impeccable and others who have volunteered to assist.

Will keep you informed of all developments but unfortunately we do not know the time frame this will take but it will not be unreasonable.

Yours most sincerely,

  
Michael Dibble

**Redacted Information**  
in Subcommittee Files

2657

FAX COVER

To: Rosemarie Roeters Van Lennep

Fax Number : 1-303-394-1127

R B C Group USA Inc.  
549 N. Goldenrod Rd.  
Suite 12  
Orlando, FL 32807

TEL: 407-381-0669 FAX: 407-380-9574  
Email: samsoh@k2services.com

Subject : BTCB / KPJ Trust's contract with Mr. Tiong

Pages including cover page: 1

Date : 10/14/99

Time : 8:08:38 AM

Dear Ms. Rosemarie,

Thank you for calling me on Tuesday to inform us that the Transaction for Mr. Tiong has been completed as of last Friday (Oct. 8, 99) that Mr. Tiong shall receive his investment capital along with profit by Wednesday (Oct. 13, 99).

It is another disappointment promised by BTCB, here is a brief history of promised made and broken by BTCB and its associates:

10/7/98 Mr. George Betts made the statement to HSBC that BTCB acknowledge received Mr. Tiong's fund on Sept. 21, 1998 and that BTCB duly undertake to return Mr. Tiong's fund on Sept. 21, 1999.

3/15/99 Mr. George Betts re-iterate the statement to Mr. Tiong that his fund will be returned on Sept. 21, 1999. and stated that is true and will happen.

9/21/99 Nothing happened.

10/6/99 I called and talked to Mr. George Betts; he told me that the transaction has completed and Mr. Tiong's fund will be returned by Friday (10/8/99), Mr. Tiong will receive the confirmation of wire transfer.

10/8/99 Nothing happened.

10/11/99 I called to Mr. George Betts left message to the secretary of Mr. George Betts to return my call regarding to Mr. Tiong's fund.

10/12/99 Ms. Rosemarie called and assured me that Mr. Tiong's fund is safe and the transaction was completed as last Friday. Mr. Tiong's capital and profit will be wired back by Wednesday (10/13/99).

10/13/99 Nothing happened again.

We demand an open and detail explanation on paper from KPJ Trust / BTCB to Mr. Tiong why this happened and what is the remedy has been taken by KPJ Trust / BTCB.

Sincerely,

Samuel Soh

08/05/99 11:21 FAX NO. 4239 TX/RX NO. 4239 P.001

AUG-05-99 10:40A ST&C Bank/Trust (787) 448-6477 P.01



Wells Fargo Bank  
Commerce Bank  
Branch: 512, Davis Express Center Bldg. Dayton Avenue  
Cincinnati, OH 45202  
P.O. Box 2002, Phone (787) 448-6477 Fax 448-6477

Date: 08/05/99

Fax Cover Sheet

|            |                    |             |                |
|------------|--------------------|-------------|----------------|
| To:        | FERNANDO GONZALEZ  | From:       | GEORGE BEETS   |
| Company:   | SECURITY BANK N.A. | Department: | FINANCE        |
| Fax:       | 1-202-374-4297     | Pages:      | ONE            |
| Telephone: | 1-202-375-5152     | Rate:       | FUND TRANSFERS |

CONFIDENTIAL WARNING: This message is intended only for the individual or entity to which it is addressed and contains information that is privileged and confidential. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of the communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the above address at our cost.

REURJRMANBDO  
PLEASE MAKE THE FOLLOWING WIRE TRANSFERS FROM OUR ACCOUNT NO. 80061

Redacted Information  
in Subcommittee Files

RECEIVED ON 8/5/99

WELLS FARGO BANK, 400 17<sup>TH</sup> STREET, DENVER, COLORADO  
ADAM 191-200-008  
ROMANCIK, A. ROBERTA VAN LERIEP  
ACCOUNT NO. 80061-0011 UNDEPOSITED  
BIC: FJFJUS33

TEST KEY (REDACTED) WIRE BASED ON USDCSS 506 DATED AUGUST 5, 1999

GEORGE BEETS  
EXECUTIVE VICE-PRESIDENT

Licensed for Full Trust Business



STATE 96 1107 2486 000 DIRECT INQUIRIES TO: (305) 374-3722

BANK OF AMERICA COMMERCIAL BANK  
SOUTH PLAZA  
SOUTH PLAZA  
ROSELAND, DOMINICA, WI

001016000  
FROM 08/01/98 THRU 08/31/98

NUMBER OF ITEMS ENCLOSED: 10

| DATE  | DESCRIPTION      | AMOUNT     | CHECKS | DEPOSITS | BALANCE    |
|-------|------------------|------------|--------|----------|------------|
| 08/05 | 07906050004<br>M | 18,000.00  |        |          | 300,135.00 |
| 08/05 | 07906050008<br>M | 25,000.00  |        |          | 275,135.00 |
| 08/05 | 07906050009<br>M | 25,000.00  |        |          | 250,135.00 |
| 08/05 | 07906050003<br>M | 200,000.00 |        |          | 50,135.00  |
| 08/05 | IN906050001<br>W |            | 10.00  |          | 50,125.00  |
| 08/05 | IN906050008<br>W |            | 10.00  |          | 50,115.00  |
| 08/05 | IN906050004<br>W |            | 10.00  |          | 50,105.00  |
| 08/05 | 07906050003<br>W |            | 15.00  |          | 50,090.00  |
| 08/05 | 07906050004<br>W |            | 15.00  |          | 50,075.00  |
| 08/05 | 07906050005<br>W |            | 15.00  |          | 50,060.00  |
| 08/05 | 07906050006<br>W |            | 15.00  |          | 50,045.00  |
| 08/05 | 07906050007<br>W |            | 15.00  |          | 50,030.00  |
| 08/05 | 07906050008<br>W |            | 15.00  |          | 50,015.00  |

CRG-01 ACCOUNT NO. 00101400 01

ACCOUNT TRANSACTIONS DETAIL

DEBIT CREDIT

DEBIT CREDIT

DEBIT CREDIT

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2660

10/15/99 FRI 10:45 FAX 3033941257 R-R-VAN-LENNEP @001  
ent By: BRITISH TRADE AND COMMERCE BANK; 1 767 448 8477; Oct-14-99 4:44PM; Page 1/2



**British Trade & Commerce Bank**  
Emery Bldg., Dame Egeria Charles Blvd., Bayfront Resort,  
Commonwealth of Dominica  
P.O. Box 2042, Phone: (767) 448-8410 Fax: 448-8477

Date: 10/14/99

*Fax Cover Sheet*

To: ROSEMARIE VAN LENNEP From: GEORGE BETTS  
Company: KPJ TRUST Department:  
Fax: 303-394-1257 Pages: 1  
Phone: Ref:

Confidentiality Caution: This message is intended only for the use of the individual or entity to which it is addressed and contains information that is privileged and confidential. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message, it has been intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the above address at our cost.

**COMMENTS:**

DEAR ROSEMARIE:

THANK YOU FOR FORWARDING ME A COPY OF MR. SOH'S FAX TO YOU REGARDING MR. TIONG'S FUNDS IN KPJ TRUST. MR. SOH HAS QUITE ACCURATELY INDICATED DATES AND EVENTS THAT HAVE TAKEN PLACE OVER THE LAST YEAR. WE WERE QUITE PREPARED TO SEND THE FUNDS TO MR. TIONG ON 10/6/99 WHEN I TALKED WITH MR. SOH. HOWEVER, AFTER TALKING TO HIM WE DECIDED TO TALK WITH YOU AND HAVE YOU DISCUSS THE SITUATION WITH MR. SOH TO SEE IF MR. SOH AND MR. TIONG WOULD LIKE TO BEAR WITH US FOR A FEW DAYS TO TRY AND GET HIM EARNINGS ON HIS INVESTMENT. AS YOU ARE AWARE THE FUNDS ARE BLOCKED IN THE ACCOUNT FOR THE INVESTMENT AND IF WE RETURN THEM THEN WE HAVE TO REPLACE THEM WITH OTHER FUNDS AND MR. TIONG WILL NOT RECEIVE THE EARNINGS, THE REPLACEMENT FUNDS WILL. WE DIDN'T WANT TO DO THAT SINCE WE WANTED MR. TIONG TO RECEIVE HIS EARNINGS.

FORTUNATELY, MR. SOH AGREED TO LEAVE THE FUNDS FOR A FEW DAYS SO THE EARNINGS WILL BE PAID TO MR. TIONG. THE PROBLEM WE FACE AND CONTINUE TO FACE IS THAT IT IS NOT POSSIBLE TO GIVE AN EXACT DATE WHEN THE EARNINGS WILL BE AVAILABLE. THE INVESTMENT MANAGER HAS TOLD US THAT EVERYTHING IS ALL RIGHT AND THAT IT IS JUST A QUESTION OF A SHORT TIME WHEN THE RETURNS WILL BE PAID. PLEASE CONVEY TO MR. SOH THAT AS SOON AS WE HAVE A CONCRETE

*Licensed for Full Trust Business*

2661

10/15/99 FRI 10:48 FAX 3033941257 R-R-VAN-LENNEP 002  
Sent By: BRITISH TRADE AND COMMERCE BANK; 1 767 448 6477; Oct-14-99 4:44PM; Page 2/2

October 14, 1999

DATE WE WILL NOTIFY YOU SO YOU CAN NOTIFY HIM. AS WE  
HAVE BEEN TOLD THE DATE IS IMMINENT AND SHOULD BE WITHIN  
A FEW DAYS.

WE ARE SORRY WE CANNOT BE MORE PRECISE BUT THE  
SITUATION IS NOT IN THE CONTROL OF THE BANK AND WE CAN  
ONLY PASS ON THE INFORMATION THAT IS GIVEN TO US. PLEASE  
REASSURE MR. SOH AND MR. TIONG THAT THEIR FUNDS ARE  
BLOCKED IN THE INVESTMENT ACCOUNT AND ARE FULLY  
COMMITTED TO THE INVESTMENT AND ARE TOTALLY SECURE  
AND UNDER THE CONTROL OF THE BANK. PLEASE ALSO CONVEY  
THAT WE ARE SURE THEY WILL BE PLEASED WITH THEIR RETURN  
FOR THE LAST YEAR.

SINCERELY,

GEORGE BETTS

2662

FAX COVER

|                                  |  |
|----------------------------------|--|
| To: Rosemarie Roeters Van Lennep | <b>R B C Group USA Inc.</b><br>549 N. Goldenrod Rd.<br>Suite 12<br>Orlando, FL 32807 |
| Fax Number : 1-303-394-1127      | TEL: 407-381-0669    FAX: 407-380-9574<br>Email: samsoh@k2services.com               |

Subject : Third request from Mr. Tiong

Pages including cover page: 1                      Date : 10/24/99                      Time : 11:26:30 AM

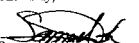
Dear Ms. Rosemarie,

This is the Third request from Mr. Tiong that KPJ Trust reply in writing regarding the status of his capital and profit.

You and Mr. George Betts of BTCB said it is imminent that BTCB shall return Mr. Tiong's capital along with his profit in just few days; now it has been two weeks lapsed! How long is "A FEW DAYS" ?

Yesterday, you've told me that Mr. Chuck Brezie, CEO of BTCB said " Mr. Tiong definite will get paid before the end of this month". You'll put all these in writing to Mr. Tiong, yet we have not received any reply from KPJ Trust. We do hope Mr. Brezie's word carry some weight, and we demand to put all these promises on paper from the Owner / Trustee of KPJ Trust immediately.

Sincerely,

  
Samuel Soh

2663

10/24/99 SUN 14:28 FAX 3033941257

R-R-VAN-LENNEP

001

Rosemarie, Roeters-van Lennep  
Denver, Colorado, USA  
Phone #: 303 [REDACTED]  
Cell phone #: 303 [REDACTED]  
Fax #: 303 [REDACTED]

facsimile transmittal

Redacted Information  
in Subcommittee Files

|       |                                   |        |                |
|-------|-----------------------------------|--------|----------------|
| To:   | Mr. Tiong and Mr. Soh             | Fax:   | 407 [REDACTED] |
| From: | R. Roeters van Lennep             | Date:  | 10/24/99       |
| Re:   | Your Investment with KPJ Trust SA | Pages: | 1              |

Urgent       For Review       Please Comment       Please Reply       Please Recycle

Dear Mr.,

I apologize for my late response, due to the fact that I was busy with a client here in Denver. As promised, the Bankers of BTCB Bank called me late on Friday evening to inform me, that they expect the payouts on the Investment during the following week. I want to assure you, that there is no reason at all, to be suspicious of the transaction, as there is no reason for me to believe that there is any substantial problem. As I explained this morning, in order to release Mr. Tiong's funds, the CD has to be released from the transacting bank. I understand that this might be a little complicated to understand, but I am satisfied, that the procedure the bank is following is according to the investment rules and regulations. I will be in touch with you, the next 48 hours, for further update.

Sincerely

*Rosemarie Roeters-van Lennep*

*[Handwritten Signature]*



FIRST UNION NATIONAL BANK FL Fulltran Run 2-NOV-1999 23:50 Page 43796  
 FULL TRANSACTION REPORT For 1-NOV-1999

<<< TRN: 991101-020452 >>>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\* ( Bank : 003 )

SRC:PHN CALLER:ROYER, HENRY EXT:  
 RPT# AMT:110,000.00 CUR:USD TRDR#  
 TEST: VAL:// TYP:PTR/1000 FNDS:S CHG:DB:A CD:N CCM:N CBL:N  
 -----  
 DBT D/0009983871373/ CDT \*A. DEPT:0000001660 ADV:PED  
 BRITISH TRADE & COMMERCE BANK DEPT:0000001660  
 C/O FEC FINANCIAL HOLDINGS INC WELLS FARGO BANK  
 444 BRICKELL AVE STE P16 SAN FRANCISCO, CA  
 MIAMI, FL 33131  
 SPECIAL INSTRUCTIONS: BNF: R. ROETERS VAN LENNEP CHG: BK?N  
 ALT PHN 0 767 448 6410

\*\*\*\* CREDIT PAYMENT MESSAGE TEXT \*\*\*\*

{1510} Type/Subtype Code:  
 Type Code: 10 (Transfer of funds)  
 Subtype Code: 00 (Regular transfer)  
 {2000} Amount: \$110,000.00  
 {3100} Sending Bank:  
 ABA number: 063000021  
 Short name: FIRST UNION JAX  
 ABA lookup (REL): FIRST UNION OF FLORIDA  
 JACKSONVILLE, FL  
 {3320} Sender Reference: 991101020452  
 {3400} Receiving Bank:  
 ABA number: 121000248  
 Short name: WELL FARGO SF  
 ABA lookup: Address not on file  
 {3600} Business Function Code: CTR (Customer transfer)  
 {4200} Beneficiary: D/  
 R. ROETERS VAN LENNEP  
 {5000} Originator:  
 D/0009983871373  
 BRITISH TRADE & COMMERCE BANK  
 C/O FEC FINANCIAL HOLDINGS INC  
 444 BRICKELL AVE STE P16  
 MIAMI, FL 33131

Redacted Information  
 in Subcommittee Files

\*\*\*\* MESSAGE TEXT \*\*\*\*



CAP Account Statement 11/01/1999 thru 11/30/1999  
 3 9983871373 FL R 0 REPLACEMENT STATEMENT 003

CAP Account number: 9983871373  
 Brokerage Account number: 17624165  
 Taxpayer ID: 00-000-0000

ACCOUNT ACTIVITY

Daily Activity

| Trans Type/<br>Date Check Number | Description                   | Quantity | Price/<br>Amount | Add       | Subtract   | Daily Cash<br>Balance |
|----------------------------------|-------------------------------|----------|------------------|-----------|------------|-----------------------|
| 11/01                            | Beginning Balance             |          |                  |           |            | \$ 589,525.99         |
| 11/01                            | DEPOSIT - CHECKING (13 ITEMS) |          |                  | 11,450.00 |            |                       |
| 11/01 99306899                   | WIRE TRANSFER FEE TR# 029376  |          |                  |           | 18.00      |                       |
| 11/01 99306900                   | WIRE TRANSFER FEE TR# 020176  |          |                  |           | 18.00      |                       |
| 11/01 99306901                   | WIRE TRANSFER FEE TR# 020292  |          |                  |           | 18.00      |                       |
| 11/01 99306902                   | WIRE TRANSFER FEE TR# 020452  |          |                  |           | 18.00      |                       |
| 11/01 99306903                   | WIRE TRANSFER FEE TR# 019677  |          |                  |           | 18.00      |                       |
| 11/01 99306908                   | WIRE TRANSFER TR# 019677      |          |                  |           | 2,080.00   |                       |
| 11/01 99306907                   | WIRE TRANSFER TR# 020176      |          |                  |           | 2,150.00   |                       |
| 11/01 99306904                   | WIRE TRANSFER TR# 029376      |          |                  |           | 50,000.00  |                       |
| 11/01 99306905                   | WIRE TRANSFER TR# 020252      |          |                  |           | 53,830.00  |                       |
| 11/01 99306906                   | WIRE TRANSFER TR# 020452      |          |                  |           | 110,000.00 | 382,825.99            |
| 11/02                            | WIRE TRANSFER TR# 013073      |          |                  | 1,520.00  |            |                       |
| 11/02 99307957                   | WIRE TRANSFER FEE TR# 019652  |          |                  |           | 18.00      |                       |
| 11/02 99307958                   | WIRE TRANSFER FEE TR# 002785  |          |                  |           | 18.00      |                       |
| 11/02 99307960                   | WIRE TRANSFER FEE TR# 003101  |          |                  |           | 18.00      |                       |
| 11/02 99307961                   | WIRE TRANSFER FEE TR# 003049  |          |                  |           | 18.00      |                       |

Account Activity continued on next page

FIRST UNION NATIONAL BANK FL Fulltran Run 29-NOV-1999 23:39 Page 24579  
 FULL TRANSACTION REPORT For 26-NOV-1999

<< TRN: 991126-011690 >>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\*

{ Bank : 003 }

SRC:PHN CALLER:ROYER, HENRY EXT:  
 RPT# AMT:175,000.00 CUR:USD TRDR#  
 TEST: VAL:// TYP:FTR/1000 FNDS:S CHG:DB:A CD:Y COM:N CBL:N  
 -----  
 DDT D/0009983871373/ CDT \*A ██████████ ADV:FED  
 BRITISH TRADE & COMMERCE BANK DSPT:0000001600  
 C/O FEC FINANCIAL HOLDINGS INC WELLS FARGO BANK  
 444 BRICKELL AVE STE P16 SAN FRANCISCO, CA  
 MIAMI, FL 33131  
 SPECIAL INSTRUCTIONS: BNF: ██████████ CHG: BK?N  
 ALT PHN 0 767 448 6410 R. ROETERS VAN LENNEP

\*\*\*\* CREDIT PAYMENT MESSAGE TEXT \*\*\*\*

{1510} Type/Subtype Code:  
 Type Code: 10 (Transfer of funds)  
 Subtype Code: 00 (Regular transfer)  
 {2000} Amount: \$175,000.00  
 {3100} Sending Bank:  
 ABA number: 063000021  
 Short name: FIRST UNION JAX  
 ABA lookup (REL): FIRST UNION OF FLORIDA  
 JACKSONVILLE, FL  
 .  
 {3320} Sender Reference: 991126011690  
 {3400} Receiving Bank:  
 ABA number: 121000248  
 Short name: WELLS FARGO SF  
 ABA lookup: Address not on file  
 {3600} Business Function Code: CTR (Customer transfer)  
 {4200} Beneficiary: D/ ██████████  
 R. ROETERS VAN LENNEP  
 {5000} Originator: D/0009983871373  
 BRITISH TRADE & COMMERCE BANK  
 C/O FEC FINANCIAL HOLDINGS INC  
 444 BRICKELL AVE STE P16  
 MIAMI, FL 33131

\*\*\*\* MESSAGE TEXT \*\*\*\*

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CAP Account Statement 11/01/1999 thru 11/30/1999  
 6 9983871373 FL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983871373  
 Brokerage Account number: 17624265  
 Taxpayer ID: 00-000-0000

ACCOUNT ACTIVITY continued

| Trans Type/<br>Date Check Number | Description                   | Quantity | Price/<br>Amount | Add           | Subtract      | Daily Cash<br>Balance |
|----------------------------------|-------------------------------|----------|------------------|---------------|---------------|-----------------------|
| 11/19                            | WIRE TRANSFER TR# 006400      |          |                  | 12,145.00     |               |                       |
| 11/19                            | DEPOSIT - CHECKING (1 ITEM)   |          |                  | 100,000.00    |               | 365,394.99            |
| 11/22                            | WIRE TRANSFER TR# 031751      |          |                  | 778.00        |               | 367,172.99            |
| 11/24                            | DEPOSIT - CHECKING (23 ITEMS) |          |                  | 11,925.00     |               | 379,097.99            |
| 11/26 99331523                   | WIRE TRANSFER FEE TR# 011690  |          |                  |               | 18.00         |                       |
| 11/26 99331524                   | WIRE TRANSFER TR# 011690      |          |                  |               | 175,000.00    | 204,079.99            |
| 11/29                            | DEPOSIT - CHECKING (1 ITEM)   |          |                  | 60,000.00     |               |                       |
| 11/29 99334167                   | WIRE TRANSFER FEE TR# 004824  |          |                  |               | 18.00         |                       |
| 11/29 99334168                   | WIRE TRANSFER TR# 004824      |          |                  |               | 40,000.00     | 224,061.99            |
| 11/30                            | CAP ACCOUNT INTEREST/DIVIDEND |          |                  | 907.23        |               |                       |
| 11/30 99335030                   | WIRE TRANSFER FEE TR# 011578  |          |                  |               | 18.00         |                       |
| 11/30 99335029                   | WIRE TRANSFER TR# 011578      |          |                  |               | 150,000.00    | 74,951.22             |
| 11/30                            | Closing Balance 11/30         |          |                  | \$ 290,150.23 | \$ 804,725.00 | \$ 74,951.22          |

Account Activity continued on next page

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TIONG TUNG MING

Sabah, Malaysia

Fax No:

Tel. No:

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Mr. George Betts  
Vice President & Financial Controller  
British Trade & Commerce Bank  
Emens building, Dame Eugene Charles blvd  
Bayfront, Roseau  
Commonwealth of Domenica

Via Facsimile  
1-767-448-6477

December 29, 1999

Dear Mr. Betts

Re: Account with Security Bank N.A. No: 101-011140-4 (KPJ Trust S.A.)  
Pursuant to Transaction Code: HP-TMT-1, as per my Contract with KPJ Trust S.A.,  
dated September 15, 1998 and consequent Placement of US \$ 1 million with British  
Trade and Commerce Bank on September 21, 1998, at the aforementioned account.

Further to our correspondence to date, on the referred matter, and in view of the fact that:

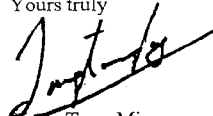
1. The anniversary for the deposit of the investment funds, and by our right and your undertaking for the return of same, was September 21, 1999. Now well past three months that date, you are in default of your commitment to return the same, as per your letter undertaking to our banker, the HSBC, transmitted via facsimile on October 7, 1998. Said undertaking was in place of the one to have been issued by the Security Bank N.A. as per the wire transfer instructions from my bank HSBC, Singapore, of September 21, 1998. However I accepted the same, in good faith.
2. You have not provided any evidence of the placement of the said funds with Global Investment Funds S.A., as you have so claimed in writing, and have not reported any earnings therefrom, despite repeated promises of a forthcoming Schedule of Disbursements dating back to April 28, 1999 in your letter to KPJ Trust SA and over the phone to my agent in USA.
3. You have not acknowledged in writing my instructions for the disbursement of the investment yields and the return of the principal as per my letter of direction dated October 18, 1999, and have provided no responsible undertaking as to the envisaged timing for the return of the investment funds and their earned yields;

I find myself in the untenable position of considering you actions professionally negligent, irresponsible, abusive of other people's property and fraudulent to the extent that this is no longer a torturous civil matter but a criminal one which may merit the attention of the authorities, however regrettable such resort may be.

I would therefore ask that you govern yourself accordingly and provide me with a fixed Schedule of Disbursement for the return of the capital and the profits, on or before January 7, 2000 to avert the embarrassing and costly consequences.

2669

Yours truly



Hong Tung Ming

cc: KPJ Trust S.A.  
Denver Colorado, USA  
Via Facsimile ++ 1-303-394-1127

BTCB Financial  
444 Brickell Ave.  
Miami, Fl 33131  
Via Facsimile: ++ 1-305 960 2120

Mr. Fernando Gonzalez  
Branch Manager  
Security Bank N.A.  
444 Brickell Ave.  
Miami, FL  
Via Facsimile: ++ 1-305-374-4207

Ms. L. Mignon Wade  
Senior Director - Bank Supervision  
Eastern Carribean Central Bank  
P.O. Box 89 Bassetterre, St. Kitts, West indies  
Via Facsimile: ++ 1-869-465-5614

National Banks Office of the Comptroller of the Currency  
245 Peach St. Centre Ave. NE  
Suite 600 Marquis One Tower  
Atlanta, GA 30303  
Via Facsimile: ++ 1-713-336-4301

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Senate Permanent Subcommittee  
On Investigations  
EXHIBIT # 57m-2.

**Exhibit 57m-2.**

**Brett/Bailett documents**



**INDUSTRIAL DE VENEZUELA**

MIAMI AGENCY

1101 BRICKELL AVENUE, SUITE 500 • MIAMI, FLORIDA 33131 • (305) 374-5060 • FAX (305) 374-5176 • TELEX 153785 BIVAMA

| NAME & ADDRESS   |
|--|
| BRITISH TRADE AND COMMERCE BANK<br>EMMENS BUILDING, BAYFRONT<br>ROSEAU<br>COMMONWEALTH OF DOMINICA |

| ACCOUNT NO. | STATEMENT DATE | PAGE |
|-------------|----------------|------|
| 062020001   | 4/30/98        | 3    |

| OPENING BALANCE |
|-----------------|
| 100,000.00      |

| DATE    | VALUE DATE | DESCRIPTION | DEBITS       | CREDITS      | BALANCE      |
|---------|------------|-------------|--------------|--------------|--------------|
| 4/17/98 |            |             |              | 3,312,114.70 | 300,114.70   |
| 4/17/98 |            |             | 990.25       |              | 368674.69    |
| 4/17/98 |            |             | 10.00        |              | 368674.69    |
| 4/17/98 |            |             | 20,000.00    |              | 368674.69    |
| 4/17/98 |            |             | 10.00        |              | 368674.69    |
| 4/17/98 |            |             | 3,566,764.69 |              | 100,000.00   |
| 4/20/98 |            |             |              | 2,500,000.00 | 260,000.00   |
| 4/20/98 |            |             |              | 10,000.00    | 261,000.00   |
| 4/20/98 |            |             |              | 26,000.00    | 263,600.00   |
| 4/20/98 |            |             |              | 3,568,010.61 | 620,400.61   |
| 4/20/98 |            |             | 10.00        |              | 620,400.61   |
| 4/20/98 |            |             | 6,104,000.61 |              | 100,000.00   |
| 4/21/98 |            |             |              | 30,000.00    | 130,000.00   |
| 4/21/98 |            |             |              | 10,000.00    | 140,000.00   |
| 4/21/98 |            |             |              | 20,000.00    | 160,000.00   |
| 4/21/98 |            |             |              | 10,000.00    | 170,000.00   |
| 4/21/98 |            |             |              | 25,000.00    | 195,000.00   |
| 4/21/98 |            |             |              | 20,000.00    | 215,000.00   |
| 4/21/98 |            |             |              | 10,000.00    | 225,000.00   |
| 4/21/98 |            |             |              | 6,104,690.44 | 632,950.44   |
| 4/21/98 |            |             | 10,000.00    |              | 631,950.44   |
| 4/21/98 |            |             | 20.00        |              | 631,950.44   |
| 4/21/98 |            |             | 6,219,670.44 |              | 100,000.00   |
| 4/22/98 |            |             |              | 15,000.00    | 115,000.00   |
| 4/22/98 |            |             |              | 6,220,405.29 | 633,505.29   |
| 4/22/98 |            |             | 1,815.00     |              | 633,590.29   |
| 4/22/98 |            |             | 10.00        |              | 633,580.29   |
| 4/22/98 |            |             | 20,000.00    |              | 631,580.29   |
| 4/22/98 |            |             | 10.00        |              | 631,570.29   |
| 4/22/98 |            |             |              |              | 6,313,570.29 |

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W/T RCVD-FFC AURORA INVSTMTS.

|                 |  |
|-----------------|--|
| OPENING BALANCE |  |
| TOTAL DEBITS    |  |
| TOTAL CREDITS   |  |
| ENDING BALANCE  |  |
| AVERAGE BALANCE |  |

UNLESS ALTERATIONS, FORGERIES, ERRORS OR OTHER DISCREPANCIES ARE REPORTED TO US WITHIN 10 DAYS OF RECEIPT, WE SHALL CONSIDER STATEMENTS TO BE CORRECT.

STW196 96 1123 2452 000 DIRECT INQUIRIES TO: (954) 971-9890  
 SECURITY BANK N.A.  
 1450 SOUTH STATE ROAD 7  
 NORTH LAUDERDALE, FLORIDA 33068  
 BRITISH TRADE & COMMERCE BANK  
 EMENS BLDG. DAME EUGENIA CHARLES  
 BLVD. BAYFRONT  
 ROSEAU, DOMINICA, WI  
 0010140000  
 FROM 10/01/88 THRU 10/31/88

NUMBER OF ITEMS ENCLOSED: 14

CKG-01 ACCOUNT NO. 00101400 01

| -ACCOUNT TRANSACTIONS DETAIL- |  | DEBITS     | DEPOSITS  | BALANCE    |
|-------------------------------|--|------------|-----------|------------|
| POSTED                        | DESCRIPTION OF TRANSACTIONS              | CHECKS     |           |            |
| 10/22                         | WIRE 4513<br>ARTHUR W. HOGAN             |            | 10,500.00 | 236,780.00 |
| 10/22                         | MISCELLANEOUS DEBIT                      | 20,000.00  |           | 216,780.00 |
| 10/22                         | WIRE 4513 FEE                            | 10.00      |           | 216,770.00 |
| 10/22                         | WIRE 4426 FEE                            | 10.00      |           | 216,760.00 |
| 10/22                         | WIRE 7703 FEE                            | 15.00      |           | 216,745.00 |
| 10/22                         | WIRE 7704 FEE                            | 15.00      |           | 216,730.00 |
| 10/22                         | WIRE 7705 FEE                            | 15.00      |           | 216,715.00 |
| 10/22                         | WIRE 7706 FEE                            | 15.00      |           | 216,700.00 |
| 10/22                         | WIRE 7707 FEE                            | 15.00      |           | 216,685.00 |
| 10/22                         | WIRE 7707                                | 1,685.00   |           | 215,000.00 |
| 10/22                         | WIRE 7703 EUROPEAN<br>FEDERAL CREDIT BK  | 10,000.00  |           | 205,000.00 |
| 10/22                         | WIRE 7704 EUROPEAN<br>FEDERAL CREDIT BK  | 10,000.00  |           | 195,000.00 |
| 10/22                         | WIRE 7706 EUROPEAN<br>FEDERAL CREDIT BK  | 20,000.00  |           | 175,000.00 |
| 10/22                         | WIRE 7705                                | 125,000.00 |           | 50,000.00  |
| 10/23                         | AUTO TRANSFER FROM<br>ACCOUNT 0010140002 |            | 26,216.07 | 76,216.07  |
| 10/23                         | MISCELLANEOUS DEBIT                      | 4,658.03   |           | 71,558.04  |
| 10/23                         | MISCELLANEOUS DEBIT                      | 11,523.04  |           | 60,035.00  |
| 10/23                         | WIRE 7710 FEE                            | 35.00      |           | 60,000.00  |

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STMT96 96 1123 2453 000 DIRECT INQUIRIES TO: (954) 971-9890  
 SECURITY BANK N.A.  
 1450 SOUTH STATE ROAD 7  
 NORTH LAUDERDALE, FLORIDA 33068  
 BRITISH TRADE & COMMERCE BANK  
 0010140000  
 FROM 10/01/98 THRU 10/31/98  
 10  
 BLVD BAYFRONT  
 SUSENYA CHARLES  
 ROSEAU, DOMINICA, WI  
 NUMBER OF ITEMS ENCLOSED: 14

| CRG-01                        |   | ACCOUNT NO. 00101400 01 |              |
|-------------------------------|---|-------------------------|--------------|
| -ACCOUNT TRANSACTIONS DETAIL- |   |                         |              |
| DATE POSTED                   | DESCRIPTION OF TRANSACTIONS             | CHECKS                  | DEPOSITS     |
|                               |   |                         | BALANCE      |
| 10/23                         | WIRE 7710<br>PABLO URBANO               | 10,000.00               | 50,000.00    |
| 10/26                         | DEPOSIT                                 |                         | 158,171.00   |
| 10/26                         | WIRE 4433                               |                         | 170,000.00   |
| 10/26                         | WIRE 4437 BRITISH<br>TRADE & COMMERCE B | 6,500,000.00            | 6,878,171.00 |
| 10/26                         | WIRE 4433 FEE                           | 10.00                   | 6,878,161.00 |
| 10/26                         | WIRE 4437 FEE                           | 10.00                   | 6,878,151.00 |
| 10/26                         | WIRE 7723 FEE                           | 15.00                   | 6,878,136.00 |
| 10/26                         | WIRE 7724 FEE                           | 35.00                   | 6,878,101.00 |
| 10/26                         | WIRE 7725 FEE                           | 35.00                   | 6,878,066.00 |
| 10/26                         | WIRE 7724                               | 5,000.00                | 6,873,066.00 |
| 10/26                         | WIRE 7725                               | 5,000.00                | 6,868,066.00 |
| 10/26                         | WIRE 7723 NAT'L BK                      | 55,000.00               | 6,813,066.00 |
| 10/26                         | AUTO TRANSFER TO<br>ACCT. --0010140002  | 6,763,066.00            | 50,000.00    |
| 10/27                         | DEPOSIT                                 |                         | 1,300.00     |
| 10/27                         | WIRE 4444                               |                         | 20,000.00    |
| 10/27                         | WIRE 4445 DENVER<br>H. HOPKINS JR & AR  | 140,800.00              | 181,800.00   |
| 10/27                         | WIRE 4444 FEE                           | 10.00                   | 181,790.00   |

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2675

##### FT PRD ##### FT INCHING #####NORMAL MSG/ACCTG ENTRY#####  
Sender: 325070768 WMR (2000) Amount: \$250,000.00  
Receiver: 067010712 SECURITY H LAUDERD (3600) Bus Function Code: CTR  
Type Code: 1000  
Originator: ██████████  
NEWCASTLE ENTERPRISES  
SCOTT BRELL  
-----  
SWF to SWF Info: REF AURORA INVESTMENTS  
Beneficiary: 00400101400-01  
BRITISH TRADE & COMMERCE BANK  
SWAD: 19981208L1LFA3C000510  
Sender Ref: 0511206  
Timestamp: 12061519FT01  
CMTD: 19981208F60C611C00000612081519FT01  
#####

4724  
Called

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96 1127 2519 000 DIRECT INQUIRIES TO: (305) 374-3722

BRITISH TRADE & COMMERCE BANK  
5MENS BLDG. DAME SUGENIA CHARLES  
BLVD. BAYFRONT  
ROSEAU, DOMINICA, WI  
0010140000  
FROM 12/01/98 THRU 12/31/98  
5  
NUMBER OF ITEMS ENCLOSED: 14

| DATE POSTED | DESCRIPTION OF TRANSACTIONS           | CHECKS     | DEPOSITS   | BALANCE    |
|-------------|---------------------------------------|------------|------------|------------|
| 12/08       | WIRE 6024 FEE                         | 35.00      |            | 83,000.00  |
| 12/08       | WIRE 6024                             | 3,000.00   |            | 80,000.00  |
| 12/08       | WIRE 6030 APS MARKING                 | 10,000.00  |            | 70,000.00  |
| 12/08       | WIRE 6025 FMGT-7 LIMITED PARTNERSHI   | 20,000.00  |            | 50,000.00  |
| 12/09       | WIRE 4724 NEWCASTL E ENTERPRISES      |            | 250,000.00 | 300,000.00 |
| 12/09       | WIRE 4724 FEE                         | 10.00      |            | 299,990.00 |
| 12/09       | WIRE 6029 FEE                         | 15.00      |            | 299,975.00 |
| 12/09       | WIRE 6030 FEE                         | 15.00      |            | 299,960.00 |
| 12/09       | WIRE 6030 REPUBLIC PRODUCTS CORP.     | 23,785.00  |            | 276,175.00 |
| 12/09       | WIRE 6029 NTL COMMERCIAL BK           | 25,000.00  |            | 251,175.00 |
| 12/09       | AUTO TRANSFER TO ACCT. --0010140002   | 201,175.00 |            | 50,000.00  |
| 12/10       | AUTO TRANSFER FROM ACCOUNT 0010140002 |            | 13,283.87  | 63,283.87  |
| 12/10       | WIRE 4731                             |            | 14,408.68  | 77,692.55  |
| 12/10       | MISCELLANEOUS DEBIT                   | 7,667.55   |            | 70,025.00  |
| 12/10       | WIRE 4731 FEE                         | 10.00      |            | 70,015.00  |
| 12/10       | WIRE 6034 FEE                         | 15.00      |            | 70,000.00  |

CGG-01 ACCOUNT NO. 00101400 01

-----ACCOUNT TRANSACTIONS DETAIL-----

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2677

01/14/99 15:18 FAX 3059716071 SECURITY BANK NA  
Jan-14-99 12:52P BT&C Bank/Trust (767) 448-6477 P.02



**British Trade & Commerce Bank**

EMENS Building, Dame Eugenie Charles Blvd., Bayfront  
Roseau, Commonwealth of Dominica, P.O Box: 2342

FAX COVER  
Date:01/14/99

|                                    |                                 |
|------------------------------------|---------------------------------|
| <b>TO:</b> FERNANDO GONZALEZ       | <b>FROM:</b> GEORGE BETTS       |
| <b>COMPANY:</b> SECURITY BANK N.A. | <b>FAX N°:</b> (767) 448-6477   |
| <b>FAX N°:</b> 305-374-4207        | <b>PHONE N°:</b> (767) 448-6410 |
| <b>PHONE N°:</b> 305-374-3722      | <b>Pages:</b> 1                 |

NOTES:  Urgent  For your review  Reply ASAP  Please comment

DEAR FERNANDO:

PLEASE MAKE THE FOLLOWING WIRE TRANSFERS FROM OUR ACCOUNT 0400101400-01:

WASHINGTON TRUST BANK, 717 W. SPRAGUE - MAIN BRANCH, SPOKANE, WA  
 ABA#: 125-100-089  
 BENEFICIARY: BAILETT INTERNATIONAL, 7910 MAPLE STREET, SPOKANE, WA  
 ACCOUNT NO: 100-186-5864, AMOUNT: US\$100,000  
 REF: AURORA INVESTMENTS S.A. *JAN 14 1999*

SECURITY BANK NA, 444 BRICKELL AVE, MIAMI  
 ABA#: 067-010-512  
 BENEFICIARY: DONALD SCHWARTZ  
 ACCOUNT NO: 040-00048-2006, AMOUNT: US\$10,000  
 REF: ASSET ENHANCEMENTS S.A.

ROYAL BANK OF SCOTLAND, 43 CURZON STREET, LONDON W1Y7RF  
 SORT CODE: 16-00-79  
 BENEFICIARY: STEWART MOSS, 6 GREAT NORTHWAY, LONDON, NM41JB  
 ACCOUNT NO: [REDACTED], AMOUNT: US\$2,314.62  
 REF: EXPENSE REIMBURSEMENT - 11/29/98 TO 1/02/99

TEST KEY FOR ABOVE BASED ON USDS112,314.62 DATED JANUARY 14, 1999 IS [REDACTED]

SINCERELY,

*[Signature]*  
 GEORGE BETTS  
 EXECUTIVE VICE-PRESIDENT

*[Stamp]*  
 JAN 14 1999

*Licensed for Full Trust Business*

Redacted Information  
in Subcommittee Files

01/14/99 15:18 FAX 3659716071

SECURITY BANK NA

001

**SECURITY BANK N.A.**  
**OUTGOING DOMESTIC WIRE TRANSFER REQUEST AND AUTHORIZATION**

01 -- 14-- 99 :DATE TIME: : AMOUNT \$ 100,000.00

OUTGOING WIRE - CHARGE CUSTOMER LISTED BELOW  
 INTERNATIONAL DEPARTMENT WIRE (CHARGE INTERNATIONAL DEPARTMENT CLEARING ACCOUNT)  
 DOMESTIC WIRE (US DOLLARS) FOREIGN WIRE: DESCRIBE CURRENCY

**INFORMATION ABOUT THE BANK TO RECEIVE THE WIRE**

RECEIVING BANK'S NAME: WASHINGTON TRUST BANK RECEIVING BANK'S "ABA" NUMBER: 125-100-089  
 TEST CODE, IF ANY: # SHIFT CODE, IF APPLICABLE: #  
 BRANCH NAME OR ADDRESS OF RECEIVING BANK, IF ANY: 717 W. SPRAGUE MAIN BRANCH

CITY: SPOKANE STATE: WA COUNTRY: \_\_\_\_\_

**INFORMATION ABOUT THE BENEFICIARY OF THE WIRE**

NAME OF BENEFICIARY (PERSON / COMPANY TO RECEIVE WIRE): BALLET INTERNATIONAL  
 ACCOUNT NUMBER (BENEFICIARY'S ACCOUNT NUMBER): # 100-186-5864 TYPE OF ID, IF PUID: # NUMBER: \_\_\_\_\_

ADDRESS (IF APPLICABLE): CITY: SPOKANE STATE: WA COUNTRY: \_\_\_\_\_  
7910 MAPLE STREET

FOR/WHICH CREDIT TO (NAME): # NUMBER: \_\_\_\_\_  
 BY ORDER OF (NAME): BRITISH TRADE & COMMERCE BANK # NUMBER: \_\_\_\_\_

SPECIAL INSTRUCTIONS, IF ANY: BRF - ANDORA INVESTMENTS - S.A.

**INFORMATION AND AUTHORIZATION ABOUT CUSTOMER'S ACCOUNT TO DEBIT**


NAME OF CUSTOMER'S ACCOUNT TO CHARGE OR GENERAL LEDGER ACCOUNT TO DEBIT: BRITISH TRADE & COMMERCE BANK

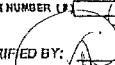
ACCOUNT NUMBER TO CHARGE (DEBIT): # 0400101400-01

|                        |                   |
|------------------------|-------------------|
| WIRE AMOUNT \$         | 100,000.00        |
| WIRE FEES              | 15.00             |
| OTHER                  |                   |
| <b>TOTAL AMOUNT \$</b> | <b>100,015.00</b> |

**CUSTOMER'S AUTHORIZATION**  
 I authorize Security Bank to transfer my funds as set forth in the instructions noted herein, including debiting my account and agree that such transfer of funds is subject to the Bank's agreement as noted in the back of this form.

**FAX ATTACHED**  
**CUSTOMER'S SIGNATURE**

**OFFICER APPROVING TRANSACTION**  
 HOLD MUST BE PLACED ON ACCOUNT BY BRANCH OFFICER OR BY DEPARTMENT HEAD INITIATING WIRE.  
 NOTE:  ABA BANK NUMBER HAS BEEN VERIFIED  
 HOLD HAS BEEN PLACED ON ACCOUNT  
 APPROVING OFFICER: 

**DATE DEPARTURE USA ONLY**  
 WIRE SENT BY: \_\_\_\_\_  
 DATE WIRE SENT: \_\_\_\_\_  
 TIME WIRE SENT: \_\_\_\_\_  
 WIRE NUMBER (13): 6013  
 VERIFIED BY: 

STMT96 96 1094 2377 000 DIRECT INQUIRIES TO: (305) 374-3722

BRITISH TRADE & COMMERCE BANK  
 8885 BLDG. DAME EUGENIA CHARLES  
 BLVD. BAYFRONT  
 ROSEAU, DOMINICA, WI

ACCOUNT NO. 00101400 01  
 FROM 01/01/99 THRU 01/31/99  
 NUMBER OF ITEMS ENCLOSED: 11

| -ACCOUNT TRANSACTIONS DETAIL- |  | CHECKS     |  | DEPOSITS   |  | BALANCE    |
|-------------------------------|--|------------|--|------------|--|------------|
| DATE                          | DESCRIPTION OF TRANSACTIONS              |            |  |            |  |            |
| 01/12                         | MRS 4923                                 |            |  | 13,000.00  |  | 73,000.00  |
| 01/12                         | MRS 4923 FEE                             | 10.00      |  |            |  | 72,990.00  |
| 01/12                         | MRS 4925 FEE                             | 10.00      |  |            |  | 72,980.00  |
| 01/12                         | AUTO TRANSFER TO<br>ACCT. --0010140002   | 22,980.00  |  |            |  | 50,000.00  |
| 01/13                         | DEPOSIT                                  |            |  | 175,000.00 |  | 225,000.00 |
| 01/13                         | MRS 4931                                 |            |  | 8,930.20   |  | 233,930.20 |
| 01/13                         | MRS 4931 FEE                             | 10.00      |  |            |  | 233,920.20 |
| 01/13                         | MRS 6205 FEE                             | 15.00      |  |            |  | 233,905.20 |
| 01/13                         | MRS 6206 FEE                             | 15.00      |  |            |  | 233,890.20 |
| 01/13                         | MRS 6205                                 | 1,461.37   |  |            |  | 232,428.83 |
| 01/13                         | MRS 6206                                 | 3,446.61   |  |            |  | 228,982.22 |
| 01/13                         | AUTO TRANSFER TO<br>ACCT. --0010140002   | 178,982.22 |  |            |  | 50,000.00  |
| 01/14                         | AUTO TRANSFER FROM<br>ACCOUNT 0010140002 |            |  | 265,050.00 |  | 315,050.00 |
| 01/14                         | MRS 4936                                 |            |  | 10,000.00  |  | 325,050.00 |
| 01/14                         | MRS 4937                                 |            |  | 10,000.00  |  | 335,050.00 |
| 01/14                         | MRS 4938                                 |            |  |            |  | 325,050.00 |
| 01/14                         | MRS 4938 BALANCE                         |            |  |            |  | 225,050.00 |

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FIRST UNION NATIONAL BANK FL Fulltran Run 28-APR-1999 23:03 Page 47142  
 FULL TRANSACTION REPORT For 28-APR-1999

<<< TRN: 990428-022094 >>>

\*\*\*\* MESSAGE ENVELOPE \*\*\*\* ( Bank : 003 )

SRC:PHN CALLER:ROYER, HENRY EXT:  
 RPT# AMT:220,000.00 CUR:USD TRDR#  
 TEST: VAL:// TYP:FTR/ FNDS:S CHG:DB:A CD:N CCM:N CBL:N  
 -----  
 DBT D/0009983871373/ CDT P/001.0509/ ADV:CHP  
 BRITISH TRADE & COMMERCE BANK DEPT. ██████████  
 C/O FEC FINANCIAL HOLDINGS INC FIRST UNION BANK INTERNATIONAL  
 444 BRICKELL AVE STE F16 180 MAIDEN LANE  
 MIAMI, FL 33131 NEW YORK, NY USA 10038  
 SPECIAL INSTRUCTIONS: INTER BK./██████████ WIR:  
 ALT PHONE NUMBER 767 448 6410 CANADIAN IMPERIAL BANK OF COMMERCE  
 ATRIUM ON BAY  
 595 BAY STREET  
 TORONTO, CA  
 BNF BANK./██████████ WIR: .  
 CIBC  
 BERNARD AVE BRANCH  
 KELOWNA BC CANADA  
 BNF./██████████ CHG: BK?N  
 BEARLSTO & CO TRUST  
  
 ORIG TO BNF INFO:  
 AURORA INVESTMENTS S.A.

Redacted Information  
 in Subcommittee Files

\*\*\*\* CREDIT PAYMENT MESSAGE TEXT \*\*\*\*

CHIPS 10 - PAYMENT MESSAGE

201 Transmission Data:  
 Format version: 01 Value date: 1999/04/28  
 Send participant: 0285  
 211 Payment Disposition Data:  
 Receive participant: 0509  
 Beneficiary type: N (Non-bank)  
 Compression flag: 2 (Compress response)  
 Disposition flag: 2 (Store and attempt release)  
 260 Amount: \$220000.00  
 270 PSN: 000661  
 320 SWIFT field 2c: 990428022094  
 402 Intermediary Bank: ██████████ (No CHIPS lookup)  
 CANADIAN IMPERIAL BANK OF COMMERCE  
 ATRIUM ON BAY  
 595 BAY STREET  
 TORONTO, CA  
 412 Beneficiary's Bank: ██████████ (No CHIPS lookup)  
 CIBC  
 BERNARD AVE BRANCH

CF22058200072401445:9999 scanned on IMAGEMANAGER by Operator IMAGEMANAGER on Jul 25, 2000 at 03:59:13 PM - Page 121 of 151.



CAP Account Statement 04/01/1999 thru 04/30/1999  
 7 9983871373 F U R U REPLACEMENT STATEMENT 003

CAP Account number: 9983871373  
 Brokerage Account number: 17624265  
 Taxpayer ID: 00-000-0000

Account Activity continued

| Trans Type/<br>Date Check Number | Description                   | Quantity | Price/<br>Amount | Add      | Subtract   | Daily Cash<br>Balance |
|----------------------------------|-------------------------------|----------|------------------|----------|------------|-----------------------|
| 4/28 99119852                    | WIRE TRANSFER TR# 005161      |          |                  |          | 5,000.00   |                       |
| 4/28 99119858                    | WIRE TRANSFER TR# 004714      |          |                  |          | 7,500.00   |                       |
| 4/28 99119877                    | WIRE TRANSFER TR# 021466      |          |                  |          | 10,793.26  |                       |
| 4/26 99119870                    | WIRE TRANSFER TR# 023149      |          |                  |          | 13,500.00  |                       |
| 4/28 99119860                    | WIRE TRANSFER TR# 005655      |          |                  |          | 25,000.00  |                       |
| 4/28 99119854                    | WIRE TRANSFER TR# 025860      |          |                  |          | 35,000.00  |                       |
| 4/28 99119879                    | WIRE TRANSFER TR# 022715      |          |                  |          | 50,000.00  |                       |
| 4/26 99119868                    | WIRE TRANSFER TR# 023439      |          |                  |          | 75,000.00  |                       |
| 4/28 99119856                    | WIRE TRANSFER TR# 024814      |          |                  |          | 167,445.00 |                       |
| 4/28 99119854                    | WIRE TRANSFER TR# 022094      |          |                  |          | 120,000.00 | 2,470,387.84          |
| 4/29 99120607                    | WIRE TRANSFER TR# 012040      |          |                  |          | 75,000.00  | 2,395,387.84          |
| 4/30                             | CAP ACCOUNT INTEREST/DIVIDEND |          |                  | 1,074.54 |            |                       |
| 4/30                             | DEPOSIT - CHECKING (S ITEMS)  |          |                  | 5,500.00 |            |                       |
| 4/30 99121837                    | WIRE TRANSFER FEE TR# 033082  |          |                  |          | 18.00      |                       |
| 4/30 99121838                    | WIRE TRANSFER FEE TR# 033452  |          |                  |          | 18.00      |                       |
| 4/30 99121840                    | WIRE TRANSFER FEE TR# 033167  |          |                  |          | 18.00      |                       |
| 4/30 99121839                    | WIRE TRANSFER TR# 013452      |          |                  |          | 10,000.00  |                       |
| 4/30 99121836                    | WIRE TRANSFER TR# 013882      |          |                  |          | 20,000.00  |                       |

Account Activity continued on next page

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Senate Permanent Subcommittee  
On Investigations  
EXHIBIT # 57m-3.

**Exhibit 57m-3.**

**Vector Medical Technology documents**



MAR 9 - 1999



Department of State

I certify the attached is a true and correct copy of the Amended and Restated Articles of Incorporation, filed on January 29, 1999, for GLOBAL MEDICAL TECHNOLOGIES, INC. which changed its name to VECTOR MEDICAL TECHNOLOGIES, INC., a Florida corporation, as shown by the records of this office.

The document number of this corporation is P98000026433.

Given under my hand and the Great Seal of the State of Florida at Tallahassee, the Capitol, this the Fourth day of February, 1999



CR2022 (1-99)

*Katherine Harris*

Katherine Harris  
Secretary of State



FLORIDA DEPARTMENT OF STATE  
Katherine Harris  
Secretary of State

February 4, 1999

MYRA MAHONEY  
POST OFFICE BOX 14610  
FORT LAUDERDALE, FL 33302-4610

Re: Document Number P98000026433

The Amended and Restated Articles of Incorporation for GLOBAL MEDICAL TECHNOLOGIES, INC. which changed its name to VECTOR MEDICAL TECHNOLOGIES, INC., a Florida corporation, were filed on January 29, 1999.

The certification you requested is enclosed.

Should you have any questions concerning this matter, please telephone (850) 487-6050, the Amendment Filing Section.

Velma Shepard  
Corporate Specialist  
Division of Corporations

Letter Number: 499A00004971

VECTOR MEDICAL TECHNOLOGIES, INC. (a development stage company)

## CONSOLIDATED BALANCE SHEETS

|   | December 31,      |                     |
|---|-------------------|---------------------|
|   | 1998              | 1999                |
| <b>Assets</b>   |                   |                     |
| Current assets:   |                   |                     |
| Cash and cash equivalents   | \$ 158,000        | \$ 2,843,000        |
| Other current assets  | —                 | 9,000               |
| Total current assets  | 158,000           | 2,852,000           |
| Furniture, fixtures and equipment, net  | —                 | 53,000              |
| Other assets  | —                 | 88,000              |
| <b>Total assets</b>   | <b>\$ 158,000</b> | <b>\$ 2,993,000</b> |
| <b>Liabilities and Stockholders' Equity</b>   |                   |                     |
| Current liabilities:  |                   |                     |
| Notes payable   | \$ 300,000        | \$ —                |
| Accounts payable  | —                 | 55,000              |
| Accrued interest  | —                 | 300,000             |
| Other accrued expenses  | —                 | 42,000              |
| Total current liabilities   | 300,000           | 397,000             |
| Commitments and contingencies   |                   |                     |
| Minority interest   | —                 | —                   |
| Stockholders' equity:   |                   |                     |
| Preferred stock, \$.001 par value; 10,000,000 shares authorized, no shares issued and outstanding   | —                 | —                   |
| Common stock, \$.001 par value, 50,000,000 shares authorized, 6,050,000 shares issued and outstanding at December 31, 1998; 14,192,644 shares issued and outstanding at December 31, 1999 | 6,000             | 14,000              |
| Additional paid-in capital  | (6,000)           | 8,756,000           |
| Deficit accumulated during the development stage  | (142,000)         | (6,174,000)         |
| Total stockholders' equity  | (142,000)         | 2,596,000           |
| <b>Total liabilities and stockholders' equity</b>   | <b>\$ 158,000</b> | <b>\$ 2,993,000</b> |

See accompanying notes.

## CONSOLIDATED STATEMENTS OF OPERATIONS

|                                  | Period from<br>March 20, 1998<br>(inception) to<br>December 31, 1998 | Year ended<br>December 31,<br>1999 | Period from<br>March 20, 1998<br>(inception) to<br>December 31, 1999 |
|----------------------------------|--|------------------------------------|--|
| Revenue                          | \$ —   | \$ —                               | \$ —   |
| Cost of sales                    | —  | —                                  | —  |
| Gross profit                     | —  | —                                  | —  |
| Expenses:                        |  |                                    |  |
| Research and development         | —  | 901,000                            | 901,000  |
| General and administrative       | 142,000  | 2,937,000                          | 3,079,000  |
| Interest, net of interest income | —  | 465,000                            | 465,000  |
| Equity-based compensation        | —  | 1,729,000                          | 1,729,000  |
|                                  | 142,000  | 6,032,000                          | 6,174,000  |
| Net loss                         | \$(142,000)  | \$(6,032,000)                      | \$(6,174,000)  |

See accompanying notes.

VECTOR MEDICAL TECHNOLOGIES, INC. (a development stage company)

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

|  | Common Stock |           | Additional<br>Paid-in<br>Capital | Deficit Accumulated<br>During The<br>Development Stage | Total        |
|--|--------------|-----------|----------------------------------|--|--------------|
|  | Shares       | Amount    |                                  |  |              |
| Balance at inception<br>(March 20, 1998) |              | \$ —      | \$ —                             | \$ —   | \$ —         |
| Issuance of common<br>stock to founders  | 6,050,000    | 6,000     | (6,000)                          | —  | —            |
| Net loss                                 |              | —         | —                                | (142,000)  | (142,000)    |
| Balance at December 31, 1998             | 6,050,000    | 6,000     | (6,000)                          | (142,000)  | (142,000)    |
| Issuance of common stock for cash        | 3,030,769    | 3,000     | 7,038,000                        | —  | 7,041,000    |
| Issuance of common<br>stock to founders  | 5,100,000    | 5,000     | (5,000)                          | —  | —            |
| Exercise of warrants                     | 11,875       | —         | —                                | —  | —            |
| Equity-based compensation                | —            | —         | 1,729,000                        | —  | 1,729,000    |
| Net loss                                 | —            | —         | —                                | (6,032,000)  | (6,032,000)  |
| Balance at December 31, 1999             | 14,192,644   | \$ 14,000 | \$ 8,756,000                     | \$ (6,174,000)   | \$ 2,596,000 |

See accompanying notes.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

|  | Period from<br>March 20, 1998<br>(inception) to<br>December 31, 1998 | Year ended<br>December 31,<br>1999 | Period from<br>March 20, 1998<br>(inception) to<br>December 31, 1999 |
|--|--|------------------------------------|--|
| <b>Operating activities:</b>   |  |                                    |  |
| Net loss   | \$(142,000)  | \$(6,032,000)                      | \$(6,174,000)  |
| Adjustments to reconcile net loss to net cash<br>used in operating activities: |  |                                    |  |
| Depreciation and amortization  | —  | 10,000                             | 10,000   |
| Equity-based compensation  | —  | 1,729,000                          | 1,729,000  |
| Changes in operating assets and liabilities:                                   |  |                                    |  |
| Increase in other current assets   | —  | (9,000)                            | (9,000)  |
| Increase in accounts payable   | —  | 55,000                             | 55,000   |
| Increase in accrued expenses   | —  | 342,000                            | 342,000  |
| Net cash used in operating activities  | (142,000)  | (3,905,000)                        | (4,047,000)  |
| <b>Investing activities:</b>   |  |                                    |  |
| Purchase of furniture, fixtures and equipment                                  | —  | (63,000)                           | (63,000)   |
| Payments for other assets  | —  | (88,000)                           | (88,000)   |
| Net cash used in investing activities  | —  | (151,000)                          | (151,000)  |
| <b>Financing activities:</b>   |  |                                    |  |
| Proceeds from issuance of common stock   | —  | 7,041,000                          | 7,041,000  |
| Proceeds from borrowings   | 300,000  | 200,000                            | 500,000  |
| Repayment of borrowings  | —  | (500,000)                          | (500,000)  |
| Net cash provided by financing activities                                      | 300,000  | 6,741,000                          | 7,041,000  |
| Net increase in cash and cash equivalents                                      | 158,000  | 2,685,000                          | \$ 2,843,000   |
| Cash and cash equivalents at beginning of period                               | —  | 158,000                            | —  |
| Cash and cash equivalents at end of period                                     | \$ 158,000   | \$ 2,843,000                       | \$ 2,843,000   |
| <b>Supplemental disclosure of cash flow information:</b>                       |  |                                    |  |
| Cash payments during the year for:   |  |                                    |  |
| Interest   | \$ —   | \$ 200,000                         | \$ 200,000   |

See accompanying notes.

VECTOR MEDICAL TECHNOLOGIES, INC. (a development stage company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

» 1. ORGANIZATION AND SUMMARY OF  
SIGNIFICANT ACCOUNTING POLICIES

General

Vector Medical Technologies, Inc. (the "Company") is a development stage biopharmaceutical technology company focused on the commercial development and marketing of a revolutionary non-invasive transdermal delivery system for a wide variety of high molecular weight drugs. The Company is pursuing this technology principally to enable non-invasive delivery of macromolecule drugs currently administered by injection. The Company's primary efforts are directed toward the transdermal delivery of insulin, used by diabetics, and calcitonin, used to treat osteoporosis. The Company, through its collaboration and business relationships with various physicians, researchers, medical institutions and others, plans to develop and market a variety of products for the transdermal delivery of these macromolecule drugs.

The Company was incorporated in the state of Florida on March 20, 1998 as Global Medical Technologies, Inc. and changed its name to Vector Medical Technologies, Inc. effective September 28, 1998.

The Company is subject to all the risks inherent in an early stage company in the biopharmaceutical industry as outlined below.

The biopharmaceutical industry is subject to rapid and technological change. The Company has numerous competitors, including major pharmaceutical and chemical companies, specialized biotechnology firms, universities and other research institutions. These competitors may succeed in developing technologies and products that are more effective than any that are being developed by the Company or that would render the Company's technology and products obsolete and non-competitive. Many of these competitors have substantially greater financial and technical resources and production and marketing capabilities than the Company. In addition, many of the Company's competitors have significantly greater experience than the Company in pre-clinical testing and human clinical trials of new or improved pharmaceutical products and in obtaining Food and Drug Administration ("FDA") and other regulatory approvals on products for use in health care. The Company is aware of various products under development or manufactured by competitors which may use therapeutic approaches that compete directly with certain of the Company's product candidates. The Company has limited experience in conducting and managing pre-clinical testing necessary to enter clinical trials required to obtain government approvals and has limited experience in conducting clinical trials. Accordingly, the Company's competitors may succeed in obtaining FDA approval for products more rapidly than the Company, which could adversely affect the Company's ability to further develop and market its

products. If the Company commences significant commercial sales of its products, it will also be competing with respect to manufacturing efficiency and marketing capabilities, areas in which the Company has limited or no experience.

#### Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its majority-owned joint venture with TNI Pharmaceuticals, Inc. (See Note 2). All significant intercompany accounts and transactions have been eliminated in consolidation.

The Company's consolidated financial statements for the year ended December 31, 1999 have been prepared on a going concern basis which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company incurred a net loss of \$6,032,000 for the year ended December 31, 1999 and as of December 31, 1999 had an accumulated deficit of \$6,174,000. The Company expects to incur substantial expenditures to further the commercial development of its products. The Company's working capital at December 31, 1999 will not be sufficient to meet such objectives. In the period from January 1, 2000 through March 31, 2000, the Company sold an additional 1,642,000 shares of its common stock which resulted in additional net proceeds of approximately \$7,600,000. The Company anticipates that these net proceeds, together with its working capital at December 31, 1999, will be sufficient to meet its obligations through January 1, 2001. Management recognizes that the Company must generate additional resources to successfully commercialize its products. Management plans include the sale of additional equity securities, alliances or other partnerships with entities interested in and resources to support the

further development of its products as well as other business transactions to assure continuation of the Company's development and operations. However, no assurances can be given that the Company will be successful in raising additional capital or entering into business alliances. Further, there can be no assurance, assuming the Company successfully raises additional funds or enters into a business alliance, that the Company will achieve profitability or positive cash flow.

#### Cash and Cash Equivalents

Cash in excess of daily requirements invested in short-term investments with maturities of three months or less is considered to be cash equivalents for financial statement purposes. Deposits in banks may exceed the amount of insurance provided on such deposits. The Company performs reviews of the creditworthiness of its depository banks. The Company has not experienced any losses on its deposits of cash.

#### Furniture, Fixtures and Equipment

Furniture, fixtures and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets which range from three to seven years. Leasehold improvements are stated at cost and amortized over the shorter of the estimated useful lives of the assets or the lease term. Routine maintenance and repairs are charged to expense as incurred and major renovations or improvements are capitalized.

#### Intellectual Property

Intellectual property, consisting of patents and other proprietary technology, are stated at cost and amortized on a straight line basis over the estimated useful life.



VECTOR MEDICAL TECHNOLOGIES, INC. (a development stage company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Accounting for Stock-Based Compensation**

Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* ("SFAS No. 123") establishes the use of the fair value based method of accounting for stock-based compensation arrangements, under which compensation cost is determined using the fair value of stock-based compensation determined as of the grant date, and is recognized over the periods in which the related services are rendered. SFAS No. 123 also permits companies to elect to continue using the intrinsic value accounting method specified in Accounting Principles Board Opinion No. 25 to account for stock-based compensation related to option grants and stock awards to employees. The Company has elected to retain the intrinsic value based method for such grants and awards and will disclose the pro-forma effect of using the fair value based method to account for its

stock-based compensation to employees. As a result of granting stock warrants to employees with an exercise price below the fair value of the shares on the date of grant, the Company has recognized compensation expense in 1999.

The Company has granted stock purchase warrants to independent consultants and contractors and values these warrants using the fair value based method prescribed by SFAS No. 123. The compensation cost so determined is recognized over the period the services are provided which usually results in compensation cost being recognized at the date of the grant.

**Research and Development Expenses**

Research and development expenditures, including payments to collaborative research partners and royalty payments for licensed technology, are charged to expense as incurred.

**Financial Instruments**

The carrying amount of financial instruments including cash and cash equivalents, accounts receivable and accounts payable approximate fair value as of December 31, 1998 and 1999.

» 2. COLLABORATIVE LICENSE AND  
RESEARCH/DEVELOPMENT AGREEMENTS

The Company has entered into a number of contractual relationships, and also has a number of proposed arrangements, for technology licenses and research and development projects as follows:

The Company has entered into a Licensing Agreement dated April 13, 1999 with SMLX, Inc. whereby the Company has been granted an exclusive license to certain assets of SMLX, Inc. related to the transdermal delivery of high molecular weight drugs and other natural and synthetic materials for a period of ten years. The Company will pay to SMLX, Inc. a royalty based on sales (as defined) with a minimum royalty payment of \$900,000 annually for a period of four years. The Company has an option to purchase the licensed assets at a defined purchase price based on the preceding year's sales volume during this four year period with all royalty payments made during this four year period credited towards the purchase price.

The Company has entered into a Research Agreement with the University of Miami, Department of Medicine covering a clinical research study for the transdermal delivery of insulin to be conducted on behalf of the Company. The amount of the study is \$374,000 and covers the period beginning on January 1, 2000 and ending on December 30, 2000.

The Company has entered into a Joint Venture Agreement with TNI Pharmaceuticals, Inc. ("TNI"). The joint venture is 70% owned by the Company and 30% owned by TNI; however, the Company is obligated to provide all funding. Distributions, if any, from the joint venture will be made (i) to the Company to reimburse it for all funds advanced to the joint venture plus a 12% preferred return and (ii) thereafter, allocated to the joint venture partners in proportion to their ownership interests. The joint venture was formed with the objective of developing, manufacturing and selling products and technology regarding methionine enkephalin ("MEK") as well as the use of endogenous enkephalins and endorphins to stimulate the immune system of individuals, all delivered via a transdermal delivery system. The joint venture will have the exclusive rights to distribute MEK on a worldwide basis. The joint venture will be directed by a management team appointed by the Company. Each of the joint venture parties will continue to own the assets that were brought to the joint venture; however, the Company has an option whereby it may purchase, at any time, the MEK technology at its fair market value. Additionally, should TNI develop new technologies that stimulate the immune system of individuals, the Company will have the right of first refusal to obtain the worldwide distribution rights.

VECTOR MEDICAL TECHNOLOGIES, INC. (a development stage company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## &gt;&gt; 3. PRODUCT LIABILITY

The Company is insured with respect to product liability risks on a claims-made basis. Management is not aware of any claims against the Company which may have a material impact on the Company's financial position or results of operations.

## &gt;&gt; 4. FURNITURE, FIXTURES AND EQUIPMENT

Furniture, fixtures and equipment consist of the following at December 31, 1999:

|   |                  |
|---|------------------|
| Furniture and equipment                   | \$ 63,000        |
| Leasehold improvements                    | <u>        </u>  |
|   | 63,000           |
| Accumulated depreciation and amortization | <u>(10,000)</u>  |
|   | <u>\$ 53,000</u> |

## &gt;&gt; 5. LEASES

The Company is obligated under an operating lease agreement for its administrative offices. The lease is for a three year term beginning April 1, 1999 with a three year renewal term. Annual future minimum lease obligations for this lease, including renewals, as of December 31, 1999 are as follows:

| Year ending December 31. | Operating Lease  |
|--------------------------|------------------|
| 2000                     | \$109,000        |
| 2001                     | 115,000          |
| 2002                     | 120,000          |
| 2003                     | 126,000          |
| 2004                     | 133,000          |
| 2005                     | 34,000           |
|                          | <u>\$637,000</u> |

Rent expense for the year ended December 31, 1999 was \$79,000.

» 6. STOCKHOLDERS' EQUITY

The Company has 10,000,000 shares of preferred stock authorized with a par value of \$0.01. The Board has the authority to issue the shares in one or more series and to fix the designations, preferences, powers and other rights as it deems appropriate. No shares of preferred stock have been issued.

The Company has 50,000,000 shares of common stock authorized with a par value of \$0.01. Each share of common stock has one vote per share for the election of directors and all other items submitted to a vote of stockholders. The common stock has cumulative voting rights but does not have preemptive, redemption or conversion rights.

In the period April 1, 1999 through December 31, 1999, the Company raised net proceeds of approximately \$ 7,041,000 in connection with the sale of 3,030,769 shares of common stock and 79,758 stock warrants which enable the holders to purchase shares of common stock for \$1 for a five year period from date of issuance. Additionally, during the period from January 1, 2000 through March 31, 2000, the Company raised additional net proceeds of approximately \$7,600,000 in connection with the sale of approximately 1,642,000 shares of common stock and approximately 62,000 stock warrants which enable the holders to purchase shares of common stock for \$1 for a five year period from date of issuance.

The Company has issued stock warrants to certain employees, vendors and independent contractors. The warrants are immediately exercisable for a period of ten

years and enable the holders to purchase shares of the Company's common stock at exercise prices ranging from \$0.25-\$1.00. The fair value per warrant based on the Black-Scholes valuation method ranges from \$1.73 to \$2.31. The cost of these warrants was treated as compensation and, accordingly, the Company recorded an expense of \$1,729,000 in 1999.

During the period from January 1, 2000 through March 31, 2000, the Company issued approximately 548,000 additional warrants to certain employees which enable the holders to purchase shares of the common stock at an exercise price of \$0.25. The fair value of the warrants based on the Black-Scholes valuation method is \$4.81 and the Company will recognize an expense of approximately \$2,638,000 in the three months ended March 31, 2000 related to these warrants.

The fair value for these warrants was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: risk-free interest rate of 6.52%; dividend yield of 0%; a weighted average expected warrant life of four years; and a minimal volatility factor since the Company's stock is not actively traded on an established public market.

The pro forma effects of adopting SFAS No. 123's fair value based method for the year ended December 31, 1999 was not materially different from the corresponding APB Opinion No. 25 intrinsic value methodology because the warrants to employees were granted at exercise prices below fair market value and were immediately vested. Consequently, the Company recognized current compensation expense related to these warrants.

VECTOR MEDICAL TECHNOLOGIES, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At December 31, 1999, the following summarizes the outstanding warrants:

|  | Shares Under<br>Warrants | Weighted Average<br>Exercise Price |
|--|--------------------------|------------------------------------|
| Warrants outstanding at<br>March 20, 1998<br>(date of inception) | —                        | —                                  |
| Granted  | —                        | —                                  |
| Balance at December 31,<br>1998                                  | —                        | —                                  |
| Granted in connection<br>with stock sold                         | 79,758                   | \$1.00                             |
| Granted to employees<br>and others                               | 826,000                  | \$0.53                             |
| Exercisable at<br>December 31, 1999                              | 905,758                  |                                    |

The weighted average grant date fair value of all warrants granted during the year was \$2.06.

## &gt;&gt; 7. INCOME TAXES

At December 31, 1999, the Company had federal income tax net operating loss carryforwards of approximately \$4,500,000. The tax loss carryforwards will begin to expire in 2013, unless previously utilized. The Company also intends to file for federal research tax credits in the future.

Pursuant to Sections 382 and 383 of the Internal Revenue Code, annual use of the Company's net operating loss and credit carryforwards may be limited if cumulative changes in ownership of more than 50% occur during any three year period.

Significant components of the Company's deferred tax assets are shown below. A valuation allowance has been recognized to offset the deferred tax assets as of December 31, 1998 and 1999 as realization of such assets is uncertain.

|   | December 31, |              |
|---|--------------|--------------|
|   | 1998         | 1999         |
| Deferred tax assets:                      |              |              |
| Net operating loss<br>carryforwards       | \$ 50,000    | \$ 1,565,000 |
| Warrant compensation<br>expense for books |              | 605,000      |
| Total deferred tax assets                 | 50,000       | 2,170,000    |
| Valuation for deferred<br>tax assets      | (50,000)     | (2,170,000)  |
| Net deferred tax assets                   | \$ —         | \$ —         |

## &gt;&gt; 8. BORROWINGS

In December 1998, the Company borrowed \$300,000 from the British Trade and Commerce Bank ("BTCB") and received additional advances of \$200,000 in February 1999. On October 4, 1999, the Company executed a modification of their loan agreement whereby

the Company agreed to repay \$1,000,000 as payment in full of principal and interest as well as for the surrender and release by BTCB of all its right, title and interest in Vector, including its stock ownership. BTCB had the right to approximately 1,400,000 unissued shares of the Company's common stock, which rights terminated upon the final payment that occurred March 1, 2000. With respect to this loan, the Company recognized interest expense of \$500,000 during 1999, of which \$300,000 is accrued at December 31, 1999.

#### >> 9. RELATED PARTY TRANSACTIONS

The Company receives financial advisory and merger and acquisition consulting services from companies controlled by two of its stockholders under an agreement which terminates on March 31, 2000. Under the terms of this agreement, the Company is obligated to pay consulting fees in the aggregate amount of 7% of all funds raised in connection with the offerings of common stock by the Company as well as other fees related to merger and acquisition transactions. For the year ended in December 31, 1999, the Company incurred fees related to this agreement of \$535,800, of which approximately \$27,000 was unpaid at December 31, 1999. Additionally, in the three months ended March 31, 2000, the Company incurred additional fees of approximately \$575,000 for these services.

The Company also receives services with respect to assistance in obtaining financing from a company controlled by another stockholder. In connection with these services, the Company has advanced a total of \$165,000 in the year ended December 31, 1999 for fees earned or to be earned and paid \$130,000 of expenses associated with

seeking additional financing to be obtained by the Company. The Company has recognized the total amount of \$295,000 as an expense. For the three months ended March 31, 2000, the Company advanced additional amounts of approximately \$56,000 for fees earned or to be earned related to the provision of these services and paid \$98,000 of expenses associated with seeking additional financing. The Company is in negotiations as to the final resolution regarding the financing and potential recovery of amounts advanced.

In January, 2000, the Company advanced \$250,000 to a start-up homeopathic drug corporation, FIT USA, Inc. (FIT) affiliated with one of its principal stockholders for the development of certain nutraceutical products to be used with the transdermal delivery system. The advance was made pursuant to an agreement that purports to provide FIT the ability to borrow up to \$500,000 for a term not to exceed 18 months plus interest at 10%. It is not anticipated that further advances will be made.

#### >> 10. COMMITMENTS AND CONTINGENCIES

The Company is from time to time subject to claims and suits arising in the ordinary course of business. In the opinion of management, the ultimate resolution of pending legal proceedings will not have a material effect on the Company's consolidated financial statements.

VECTOR MEDICAL TECHNOLOGIES, INC. *(a development stage company)*

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors and Stockholders  
Vector Medical Technologies, Inc.  
(A Development Stage Company)  
Boca Raton, Florida

We have audited the accompanying consolidated balance sheets of Vector Medical Technologies, Inc. (a development stage company) as of December 31, 1999 and 1998, and the related consolidated statements of operations, stockholders' equity and cash flows for the year ended December 31, 1999, and the periods from March 20, 1998 (inception) to December 31, 1999 and 1998. The consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Vector Medical Technologies, Inc. as of December 31, 1999 and 1998, and the consolidated results of its operations and cash flows for the year ended December 31, 1999 and for the periods from March 20, 1998 (inception) to December 31, 1999 and 1998, in conformity with generally accepted accounting principles.



GOLDSTEIN LEWIN & CO.

Boca Raton, Florida  
April 14, 2000



Certified Corporate Resolution for Depository Authorization

I, the undersigned, hereby certify to First Union NATIONAL BANK OF FLORIDA that I am MICHAEL SALT M.D. Secretary of GLOBAL MEDICAL TECHNOLOGIES INC. a Corporation duly organized and existing under the laws of the State of FLORIDA; that the following is a true copy of Resolutions duly adopted by the Board of Directors of said Corporation at its meeting duly held on the Sept 30th 1998

at which a quorum was present and acted throughout; and that such Resolutions are in full force and effect, have not been amended or rescinded, and that there is no provision in the Articles of Incorporation, Charter or By-Laws of said Corporation limiting the power of the Board of Directors of said Corporation to pass the following Resolutions, which are in full conformity with the provisions of said Articles of Incorporation, Charter and By-Laws:

(1) RESOLVED, the First Union NATIONAL BANK OF FLORIDA (hereinafter the "BANK") is designated as an authorized depository of this Corporation, and that one or more checking, savings, and/or other deposit accounts be opened and maintained with said Bank that (X) (only if checked here) any two - otherwise, each of the present holders of the following offices and/or positions of this Corporation and his (their) successors in office or position, to wit: MICHAEL SALT M.D. CHAIRMAN/SECRETARY/CEO and JEROME NATUSOUR CO-CHAIRMAN

is/are authorized on behalf of this Corporation, and in its-name: To sign checks, drafts, instruments, bills of exchange, acceptances and/or other orders for the payment of money from said Corporation account(s); to endorse checks, instruments, evidences of indebtedness, and orders payable, owned or held by this Corporation; to accept drafts, acceptances, instruments and/or other evidences of indebtedness payable at or through said Bank to waive presentment, demand, protest and notice of protest or dishonor on any check(s), instrument(s), draft(s), acceptance(s), or other evidences of indebtedness made, drawn or endorsed by this Corporation and otherwise to deal with said Bank in connection with the foregoing activities.

RESOLVED FURTHER, that in the opening and maintaining of the above corporate accounts and all transactions in connection therewith shall be governed by the provisions of the agreements pertaining to such account(s), as amended from time to time by the Bank; and by such rules and regulations as the Bank shall, from time to time, promulgate and establish. This Corporation is also authorized to purchase CDs, bonds, notes and other such savings instruments from the Bank. Further, this Corporation is authorized to obtain other related services from the Bank, such as the rental of safe deposit boxes from the Bank, obtaining of the night depository services, and the like. The rendering of such services by the Bank shall be governed by night depository agreement(s), safe deposit box lease agreement, and any other such agreement(s) contained on the application or signature cards pertaining to any such service offered to this Corporation by the Bank, as amended from time to time. Each of the above identified or described officers or representatives of the Corporation is herewith authorized to sign and execute such signature cards, applications and forms as the Bank shall deem appropriate, from time to time, in connection with the opening and maintaining of such account(s) and/or paying of such additional related services. Each is also authorized on behalf of this Corporation, and in its name to execute applications for the issuance of any such savings instrument in the name of this Corporation.

FURTHER, the foregoing authority shall not be limited to the above-identified or described officers or other representatives of this Corporation but shall extend to such additional or different individual(s) as are named as being so authorized in any letter, form or other written or oral notice by any officer or other representative of this Corporation identified or described above; and

(RESOLUTIONS CONTINUED ON REVERSE SIDE HEREOF)

I, finally, certify that the above described persons are the persons who now hold offices and/or positions referred to in the first of the above Resolutions and that their bona fide signatures are set forth below.

Signature table with names: MICHAEL SALT M.D. CHAIRMAN/SEC/CEO, JEROME NATUSOUR CO-CHAIRMAN, and their respective signatures.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this Corporation. Sept 30th 1998 Michael Salt M.D.



**FIRST UNION** Certified Corporate Resolution for Depository Authorization

I, the undersigned, hereby certify to First Union National Bank of Florida, that I am Jerome Matusow, Secretary of Vector Medical Technologies a Corporation duly organized and existing under the laws of the State of Florida; that the following is a true copy of Resolutions duly adopted by the Board of Directors of said Corporation at its meeting duly held on the Feb 4, 99

at which a quorum was present and acted throughout; and that such Resolutions are in full force and effect, have not been amended or rescinded, and that there is no provision in the Articles of Incorporation, Charter or By-Laws of said Corporation limiting the power of the Board of Directors of said Corporation to pass the following Resolutions, which are in full conformity with the provisions of said Articles of Incorporation, Charter and By-Laws:

(1) RESOLVED, the First Union National Bank of Florida (hereinafter the "BANK") is designated as an authorized depository of this Corporation, and that one or more checking, savings, and/or other deposit accounts be opened and maintained with said Bank; that  (only if checked here) any two - otherwise, each: of the present holders of the following offices and/or positions of this Corporation and his (their) successors in office or position, to wit:

Chairman / CEO, Secretary

is/are authorized on behalf of this Corporation, and in its name however, more than one individual is solely for your convenience and internal control purposes: to sign checks, drafts, instruments, bills of exchange, acceptances and/or other orders for the payment of money from said Corporation account(s); to endorse checks, instruments, evidences of indebtedness, and orders payable, owned or held by this Corporation; to accept drafts, acceptances, instruments and/or other evidences of indebtedness payable to or through said Bank; to waive presentment, demand, protest and notice of protest or dishonor of any check(s), instrument(s), draft(s), acceptance(s), or other evidences of indebtedness made, drawn or endorsed by this Corporation; and otherwise to deal with said Bank in connection with the foregoing activities.

RESOLVED FURTHER, that in the opening and maintaining of the above corporate accounts and all transactions in connection therewith shall be governed by the provisions of the agreements pertaining to such account(s), as amended from time to time by the Bank, and by such rules and regulations as the Bank shall, from time to time, promulgate and establish. This Corporation is also authorized to purchase CDs, bonds, notes and other such savings instruments from the Bank. Further, this Corporation is authorized to obtain other related services from the Bank, such as the rental of safe deposit boxes from the Bank, obtaining of the night depository services, and the like. The rendering of such services by the Bank shall be governed by night depository agreement(s), safe deposit box lease agreement, and any other such agreement(s) contained on the application or signature cards pertaining to any such services offered to this Corporation by the Bank, as amended from time to time. Each of the above identified or described officers or representatives of the Corporation is herewith authorized to sign and execute such signature cards, applications and forms as the Bank shall deem appropriate, from time to time, in connection with the opening and maintaining of such account(s) and/or paying of such additional related services. Each is also authorized on behalf of this Corporation, and in its name to execute applications for the issuance of any such savings instrument in the name of this Corporation.

FURTHER, the foregoing authority shall not be limited to the above-identified or described officers or other representatives of this Corporation but shall extend to such additional or different individual(s) as are named as being so authorized in any letter, form or other written or oral notice by any officer or other representative of this Corporation identified or described above; and

(RESOLUTIONS CONTINUED ON REVERSE SIDE HEREOF)

I, finally, certify that the above described persons are the persons who now hold offices and/or positions referred to in the first of the above Resolutions and that their bona fide signatures are set forth below.

Michael Salt Mid Chairman / CEO Jerome Matusow  
(Name) (Title) (Signature)  
Jerome Matusow Secretary Jerome Matusow  
(Name) (Title) (Signature)

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this Corporation.  
2/4/99 Jerome Matusow AFFIX CORPORATE SEAL HERE  
(Date) (Signature)

2700

From: SQN Fax Back System 07/25/00 05:34pm Page: 001

Account Number : 2090002946659  
Org. Code : 003  
Serv. Code : DDA  
Account Title : VECTOR MEDICAL TECHNOLOGIES INC

Date Acct Open : 03/30/1998  
Date Act Updated:  
Account Messages:  
Host Act TS Msg : TWO SIGNATURES REQUIRED

Start/End Dates : 10/01/1998 TO 01/01/2002  
Host Act PA Msg :

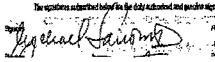
Start/End Dates :  
Host Act RE Msg :

Start/End Dates :  
Host Act CI Msg :

Start/End Dates :

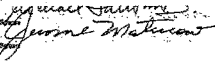
---

Signer ID : 2090002946659  
Signer Name :  
Signer ID Type: A  
Beneficiary Cd:  
Date Issued : / /  
Date Scanned : 08/1/1999  
Signer :

The signature submitted below is the only authorized and possible sign  


---

Signer ID : 2090002946659  
Signer Name :  
Signer ID Type: A  
Beneficiary Cd:  
Date Issued : / /  
Date Scanned : 08/1/1999  
Signer :



2701

FROM: FIRST UNION

FAX NO.: 784 374 6743

87-26-88 13:04 P.03



First Union National Bank of Florida

NEW COMMERCIAL CAP ACCOUNT APPLICATION

Please refer to your branch manager.

Customer Information

| Company/Trade Name and Address  | City | Branch | Date       | Reg Number   |
|---|------|--------|------------|--------------|
| GLOBAL MEDICAL TECHNOLOGIES INC<br>7751 LA MIRADA DR<br>BOCA RATON FL 33434 | 003  | 00508  | 01/05/1999 | 013010538852 |

Sales By  
A071998

Referenced By  
A004221

*Attn: Michael Salt m.s.*

Primary Contact Data

Additional Contact Data

Company Taxpayer ID Number

[REDACTED]

Home Phone

[REDACTED]

Work Phone

8613956555

Home Phone

Work Phone

| Employee Name and Contact  | Referral Name        |
|----------------------------|----------------------|
| <i>Bonnie Woods #72102</i> | <i>Jamene Puccio</i> |

Account Information

CAP      FUD      Investment      Insurance

Redacted Information  
in Subcommittee Files

2702

APCAPI A916355 DTN09899 Account Profile Cap Acct Inq BAAPP003 08/01/00  
19:40  
Org: 003 Serv: CAP Acct: 9983246063 C/W: State: FL Bank: 1

Short Name: GLOBAL MEDICA Avail Bal : 47,711.30  
Prod Desc : CAP ACCOUNT-COMMERCIAL Total Avail: 47,711.30  
Branch/SVC: 00966 034 Stmt Opt: F Avail Mrgn : 0.00  
Fee Freq : ANNUALLY Dir Dep: N/A Securities : 0.00  
Status : ACTIVE Close Bal : CALL CAP DEPT 374-4199  
Spec Group: CONFID-NONE NSF's Times OD  
Serv Chrg : CHARGE This Month : 0 0  
Open Date : 01/06/1999 CAP : Open to Dt : 2 2 MMDA Part: N  
DL Active : 07/31/2000 SIP : NO Officer : 000005405 Pers OFR:  
DL Maint : 03/28/2000 Pub Fd: NSF/OD Chrg: CHRG CHRG Pers Trust: N  
Dormant : NO Ck Csh: YES OD Limit :  
Merger : NCust : NO Reg CC Qual : 0  
Restraint : NONE Ck Vendor: H EFA Incid : 0 Excess EFA:  
Stops : YES PVBK Client: NO Ck Dsp/Sort: S/K DATE  
Holds : NO Custodial: NO Stmt: Stmt Cycle : MONTHLY-01-31  
Inv Opt : EVERGREEN MONEY MARKET Stmt Date : 06/30/2000  
Close Ovr: YES Int Rate/APY: N/A N/A Stmt Amount: 47,711.30

Command:  
F1=Help F3=Exit



Certified Corporate Resolution for Depository Authorization

9983246063

(City)

(Account Number)

I, the undersigned, hereby certify to First Union, that I am Stuart Reben

(Corporate Bank Name)

(Full Name)

Secretary of Vector Medical Technologies, Inc. a Corporation duly organized and existing under the laws

(Full Name of Corporation)

of the State of Florida; that the following is a true copy of Resolutions duly adopted by the

(State)

Board of Directors of said Corporation at its meeting duly held on the 24th of November, 1999

(Date)

at which a quorum was present and acted throughout; and that such Resolutions are in full force and effect, have not been amended or rescinded, and that there is no provision in the Articles of Incorporation, Charter or By-Laws of said Corporation limiting the power of the Board of Directors of said Corporation to pass the following Resolutions, which are in full conformity with the provisions of said Articles of Incorporation, Charter and By-Laws:

(1) RESOLVED, the First Union (hereinafter the "BANK") is designated as an authorized depository of this Corporation, and that one or more checking, savings, and/or other deposit accounts be opened and maintained with said Bank; that G. (only if checked here) any two - otherwise, each of the present holders of the following offices and/or positions of this Corporation and his (their) successors in office or position, to wit:

Michael H. Salit, MD - Chairman of the Board
James P. Farnell, Senior Vice President & General Manager

is/are authorized on behalf of this Corporation, and in its name however, more than one individual is solely for your convenience and internal control purposes: to sign checks, drafts, instruments, bills of exchange, acceptances and/or other orders for the payment of money from said Corporation account(s); to endorse checks, instruments, evidences of indebtedness, and orders payable, owned or held by this Corporation; to accept drafts, acceptances, instruments and/or other evidences of indebtedness payable at or through said Bank; to waive presentment, demand, protest and notice of protest or dishonor of any check(s), instrument(s), draft(s), acceptance(s), or other evidences of indebtedness made, drawn or endorsed by this Corporation; and otherwise to deal with said Bank in connection with the foregoing activities.

RESOLVED FURTHER, that in the opening and maintaining of the above corporate accounts and all transactions in connection therewith shall be governed by the provisions of the agreements pertaining to such account(s), as amended from time to time by the Bank, and by such rules and regulations as the Bank shall, from time to time, promulgate and establish. This Corporation is also authorized to purchase CDs, bonds, notes and other such savings instruments from the Bank. Further, this Corporation is authorized to obtain other related services from the Bank, such as the rental of safe deposit boxes from the Bank, obtaining of the night depository services, and the like. The rendering of such services by the Bank shall be governed by night depository agreement(s), safe deposit box lease agreement, and any other such agreement(s) contained on the application or signature cards pertaining to any such services offered to this Corporation by the Bank as amended from time to time. Each of the above identified or described officers or representatives of the Corporation is herewith authorized to sign and execute such signature cards, applications and forms as the Bank shall deem appropriate, from time to time, in connection with the opening and maintaining of such account(s) and/or paying of such additional related services. Each is also authorized on behalf of this Corporation, and in its name to execute applications for the issuance of any such savings instrument in the name of this Corporation.

FURTHER, the foregoing authority shall not be limited to the above-identified or described officers or other representatives of this Corporation but shall extend to such additional or different individual(s) as are named as being so authorized in any letter, form or other written or oral notice by any officer or other representative of this Corporation identified or described above; and

(RESOLUTIONS CONTINUED ON REVERSE SIDE HEREOF)

I, finally, certify that the above described persons are the persons who now hold offices and/or positions referred to in the first of the above Resolutions and that their bona fide signatures are set forth below.

Signatures and titles of James P. Farnell, Michael H. Salit M.D., and Stuart E. Reben.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this Corporation.

Nov 24, 1999 (Date) [Signature] AFFIX CORPORATE SEAL HERE

2704

APDEPI A916355 DTN6419E Account Profile Deposit Acct Inq BAAPD003 07/25/00  
18:11  
C/W:

Org: 003 Serv: DDA Acct: 2000002760469  
Short Name: VECTOR MEDICAL  
Br: Primary: 966 Owner: 966 Alt: 966 St: FL Bank: 1 Svc: 36 City: 314  
Prod Desc: COMM JUMBO MM INVEST Prod Type: JMMI Off No : 000005405  
Avail Bal : .00 Open Date: 08/30/1999 Status : NEW  
New Cust: NO Dormant : NO  
EFA Incid : Last Activity: Last Mnt: 06/23/2000

|              | Month | 12 Months | YTD |
|--------------|-------|-----------|-----|
| Average Bal: | .00   | .00       | .00 |
| NSF/UNC :    |       |           |     |
| Items Ret :  |       |           |     |
| UAV Items :  |       |           |     |
| Days OD :    |       |           |     |
| Chargebacks: |       |           |     |

-----  
NSF/UNC Chrg: CHARGE Int Code/Exp : 000  
OD Chrg : CHARGE  
UAV Chrg : CHARGE

Command: APDEPI2  
F1=Help F3=Exit F11=ASCI



Deposit Account Application

PAYROLL

SUBSTITUTE FOREIGN WE CERTIFICATION - Under penalties of perjury, I certify that: (1) The number shown on this form is my correct Employer Identification Number (or EIN) on which for a number to be issued to me) and (2) I am not subject to backup withholding because: (a) I am exempt from backup withholding or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends (c) the IRS has notified me that I am no longer subject to backup withholding.

CERTIFICATION INSTRUCTIONS - You must check one item (1) above if you were notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return. SIGNATURE CARD - The words I, she and my which also mean we, us and our, if more than one customer, mean the person(s) signing the agreement. It is agreed that First Union will recognize the signatures below in the payment of funds or in the transfer of other business for the account(s). I/We agree to the terms and conditions of the First Union Deposit Agreement for this account(s) and authorize First Union to establish my/our account(s). I/We hereby acknowledge receipt of a Deposit Agreement.

If checked, I/we request a First Union Banking Card for access to the indicated accounts. I/We agree to the terms and conditions of the First Union Card Agreement. Refer to Rights of Ownership provisions for NC, TN, and VA accounts. This Internal Revenue Service does not require your consent to any provisions of this document other than the certifications required to avoid backup withholding.

NEW SUPPERSIDES ALL SIGNATURE CARDS ON FILE The signatures subscribed below are the duly authorized and genuine signatures which you will recognize and honor in payment of funds or the transaction of other business relating to our account.

Signatures: James Farnell, Michael Salit, M.D., David H. Fater. Printed Names, Titles (SR, VICE PRESIDENT, CHAIRMAN/CEO, CHIEF FINANCIAL OFFICER), and Dates (5/8/00, 5/7/00, 5/9).

COMPLETE THE APPROPRIATE W-8 FOREIGN CERTIFICATION FORM IF YOU ARE CLAIMING FOREIGN EXEMPTION STATUS.

Table with columns: Orig., Loc., Branch, Visit No., Sold By, Referred By. Product Type: 1, 2, 3, 4. Account Number: 200000276 0375

PAYABLE ON DEATH (POD) ACCOUNT (SIGNATURES REQUIRED FOR NC ACCOUNTS ONLY) I understand that by establishing a joint account under the provisions of North Carolina General Statute 35-142.2 that: 1. During my lifetime I may withdraw the money in the account; and 2. Upon my death the money remaining in the account will belong to the beneficiary and the money will not be included in my estate or be controlled by my will. I designate: (Print name of beneficiary as beneficiary to receive the balance of my account at my death.) (PSAL)

Name/Address: VECTOR Medical Technologies I, Payroll Acct, 3785 N. Federal Hwy, Boca Raton FL 33431. Tax ID No. of First Name: [Redacted]. Date of Birth: [Redacted]

POWER OF ATTORNEY (POA) ACCOUNT (SIGNATURE REQUIRED FOR NC ACCOUNTS ONLY) I understand that by establishing a personal agency account under the provisions of North Carolina General Statute 35-142.2 that the agent named in the account may: 1. Sign checks on the account; and 2. Make deposits into the account. I also understand that upon my death the money remaining in the account will be controlled by my will or inherited by my heirs. I, [Redacted] (Print in "or" or "to act") wish to have my agent continue to act in my behalf in regard to my account after my incapacity or mental incompetency in the future. (Signature of Agent)

RIGHT OF SURVIVORSHIP (POA or POA ACCOUNTS ONLY) We understand that by establishing a joint account under the provisions of: [ ] North Carolina General Statute 35-142.2 that: 1. First Union may pay the money in the account to, or on the order of, any person named in the account unless we have with the bank First Union requires more than one signature; and 2. Upon the death of one joint owner the money remaining in the account will belong to the surviving joint owner and pass by inheritance to the heirs of the deceased joint owner or be controlled by the deceased joint owner's will. We DO elect to create the Right of Survivorship in this account. (Signature)

(Print Agent Name) (PSAL) (Signature of Account Owner) 0000 549320 (S/P) (Rev 03)

RIGHT OF SURVIVORSHIP (VA ACCOUNTS ONLY) If you wish to establish a joint account under Virginia Law, please check one of the following two options: [ ] Joint Account with Survivorship [ ] Joint Account - No Survivor (Signature)

2706

From: SQN Fax Back System 07/25/00 06:15pm Page: 001

Account Number : 2000002760375  
Org. Code : 003  
Serv. Code : DDA  
Account Title : VECTOR MEDICAL TECHNOLOGIES INC  
: PAYROLL ACCOUNT

Date Acct Open : 05/08/1999

Date Act Updated:

Account Messages:

Host Act TS Msg :

Star/End Dates :

Host Act PA Msg :

Star/End Dates :

Host Act RE Msg :

Star/End Dates :

Host Act CI Msg :

Star/End Dates :

---

Signer ID : 2000002760375

Signer Name :

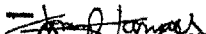
Signer ID Type: A

Beneficiary Cd:

Date Issued : / /

Date Scanned : 05/12/2000

Signer :



---

Signer ID : 2000002760375

Signer Name :


Signer ID Type: A

Beneficiary Cd:

Date Issued : / /

Date Scanned : 05/12/2000

Signer :







Deposit Account Application

SUBSTITUTE FORM W9 CERTIFICATION - Under penalty of perjury, I certify that: (1) The number shown on this form is my correct Taxpayer Identification Number (or that I am waiting for a number to be issued to me) and (2) I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

CERTIFICATION INSTRUCTIONS - You must check one item (2) above if you were notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends in your last return. SIGNATURE CARD - The words I, me and my which also mean we, us and our, if more than one customer, means the person(s) signing this agreement. It is agreed that First Union will recognize the signature shown in the transaction other than the signature on this account(s). This agrees to the terms and conditions of the First Union Deposit Agreement for this account(s) and authorizes First Union to establish your account(s). We hereby acknowledge receipt of a Deposit Agreement schedule of fees and fees schedule, if applicable.

if checked, I/we request a First Union Banking Card for access to the indicated accounts. I/We agree to the terms and conditions of the First Union Card Agreement. Refer to Right of Withdrawal provisions for NC, TN, and VA accounts. The Internal Revenue Service does not require your consent to any provision of this account other than the certifications required to avoid backup withholding.  NEW  SUPersedes ALL SIGNATURE CARDS ON FILE

The signatories subscribed below are the duly authorized and genuine signatures which you will recognize and honor in payment of funds or the transaction of other business relating to our account.

|   |                                   |                                |              |
|---|-----------------------------------|--------------------------------|--------------|
| Signature: <i>[Handwritten Signature]</i> | Printed Name: JAMES FARWELL       | Title: SR. VICE PRESIDENT      | Date: 5/9/00 |
| Signature: <i>[Handwritten Signature]</i> | Printed Name: MICHAEL SALIT, M.D. | Title: CHAIRMAN/CEO            | Date: 5/9/00 |
| Signature: <i>[Handwritten Signature]</i> | Printed Name: DAVIA H. FATER      | Title: CHIEF FINANCIAL OFFICER | Date: 5/9/00 |

SUBSTITUTE FORM W9 CERTIFICATE OF FOREIGN STATUS - All owners of funds must sign a W-9 that applies to the U.S. unless so indicated on the front of this form. I hereby certify that for income payments I am qualified as a nonresident alien or foreign person under Section 871 of the U.S. Internal Revenue Code, (or 872) and for a foreign corporation, partnership, estate or trust.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Formal Street Address of primary tax residence (per income Tax Purpose-Will P.O. Not Not Allowed)

Product Type: \_\_\_\_\_ Account Number: 200007491837

PAYABLE ON DEATH (POD) ACCOUNT (SIGNATURE REQUIRED FOR NC ACCOUNTS ONLY) I understand that by establishing a trust account under the provisions of North Carolina General Statute 36-44.2 that: 1. During my lifetime I may withdraw the money in the account and 2. My will directs to First Union (may change the beneficiary and 3. Upon my death the money remaining in the account will belong to the beneficiary and the money will not be inherited by my heirs or be controlled by my will. I designate: \_\_\_\_\_ (Print Name of Beneficiary) as beneficiary to receive the balance of my account at my death. (SEAL) Signature of Account Owner: \_\_\_\_\_

Org. Loc. Branch Visit No. Sold By Referred By

Name/Address: VECTOR Medical Technologies Inc. 3785 N. Federal Highway SUITE 300 BOCA RATON, FL 33431

Tax ID No. of First Name: \_\_\_\_\_ Date of Birth: \_\_\_\_\_

POWER OF ATTORNEY (POA) ACCOUNT (SIGNATURE REQUIRED FOR NC ACCOUNTS ONLY) I understand that by establishing a personal agency account under the provisions of North Carolina General Statute 36-46.2 that the agent named in the account may: 1. Sign checks drawn on the account and 2. Make deposits into the account. I also understand that upon my death the money remaining in the account will be controlled by my will or inherited by my heirs. I \_\_\_\_\_ (Print "in" or "in not") want to have my agent continue to act in my behalf in regard to my account after my incapacity or mental incompetency in the future. (Signature of Agent) \_\_\_\_\_

RIGHT OF SURVIVORSHIP (R/S) ON THE ACCOUNTS ONLY) We understand that by establishing a joint account under the provisions of:  North Carolina General Statute 36-46.2 that: 1. First Union may pay the money in the account to, or on the order of, any person named in the account (since we have it with the bank that when we both require more than one signature) and 2. Upon the death of one signatory the money remaining in the account will belong to the surviving joint owners and will pass by inheritance to the heirs of the deceased joint owner or be controlled by the document joint owner's will. We DO want to create the Right of Survivorship in this account. Signature: \_\_\_\_\_

(Print Agent Name) \_\_\_\_\_ (SEAL) Signature of Account Owner: \_\_\_\_\_

RIGHT OF SURVIVORSHIP (R/S) ACCOUNTS ONLY: If you wish to establish a joint account under Virginia Law, please check one of the following and sign:  Joint Account with Survivorship  Joint Account - No Survivorship Signature: \_\_\_\_\_

2708

To: From: SQN Fax Back System 07/25/00 06:15pm Page: 001

Account Number : 2000007481837  
Org. Code : 003  
Serv. Code : DDA  
Account Title : VECTOR MEDICAL TECHNOLOGIES INC

Date Acct Open : 05/10/2000

Date Act Updated:

Account Messages:

Host Act TS Msg :

Start/End Dates :

Host Act PA Msg :

Start/End Dates :

Host Act RE Msg :

Start/End Dates :

Host Act CI Msg :

Start/End Dates :

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Signer ID : 2000007481837

Signer Name :

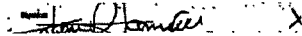
Signer ID Type: A

Beneficiary Cd:

Date Issued : / /

Date Scanned : 05/12/2000

Signer :



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Signer ID : 2000007481837

Signer Name :

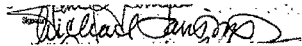
Signer ID Type: A

Beneficiary Cd:

Date Issued : / /

Date Scanned : 05/12/2000

Signer :





First Union Securities, Inc.  
5729 Research Drive  
Charlotte, NC 28226-0573  
1-800-326-2297



Member NYSE, NASD

PERIOD COVERED: 04/01/00 THRU 04/30/00  
TAX I.D. NUMBER: ██████████  
ACCOUNT NUMBER: 24021271  
PAGE: 1 OF 2

|||||  
VECTOR MEDICAL TECHNOLOGIES INC  
3785 N FEDERAL HIGHWAY  
STE 300  
BOCA RATON FL 33431

ACCOUNT EXECUTIVE  
AMY BELL  
BS-24

| INCOME SOURCE     | CURRENT MONTH | YEAR-TO-DATE | SECURITY TYPE   | LONG | SHORT |
|-------------------|---------------|--------------|-----------------|------|-------|
| EQUITY DIVIDENDS  | \$ .00        | \$ .00       | EQUITIES        | .000 | .000  |
| FIXED INCOME      | \$ .00        | \$ .00       | TAXABLE BONDS   | .000 | .000  |
| NON-TAX INCOME    | \$ .00        | \$ .00       | NON-TAX SEC.    | .000 | .000  |
| FREASURY INTEREST | \$ .00        | \$ .00       | US TREASURIES   | .000 | .000  |
| NON-TAX DIVIDEND  | \$ .00        | \$ .00       | OPTIONS         | .000 | .000  |
| NON-FUND DIVIDEND | \$ .00        | \$ .00       | NON-PRICED SEC. | .000 | .000  |
| NON-TAX NON FUND  | \$ .00        | \$ .00       |                 |      |       |
| TOTALS            | \$ .00        | \$ .00       | TOTALS          | .000 | .000  |

| DATE     | TRANSACTION | QUANTITY      | DESCRIPTION                                   | CUSIP NUMBER | PRICE | AMOUNT           |
|----------|-------------|---------------|---|--------------|-------|------------------|
| 04/03/00 | YOU BOUGHT  | 4,500,000     | Redacted Information<br>in Subcommittee Files | 380284AB1    | 100   | \$4,500,000.000R |
| 04/03/00 | DELIVERED   | 4,500,000.000 |   | 380284AB1    |       |                  |
| 04/14/00 | YOU BOUGHT  | 500,000       |   | 077831AA3    | 100   | \$500,000.000R   |
| 04/14/00 | DELIVERED   | 500,000.000   |   | 077831AA3    |       |                  |
| 04/17/00 | YOU BOUGHT  | 500,000       |   | 12414MAA2    | 100   | \$501,182.000R   |
| 04/17/00 | DELIVERED   | 500,000.000   |   | 12414MAA2    |       |                  |
| 04/17/00 | YOU BOUGHT  | 1,200,000     |   | 803280AE2    | 100   | \$1,209,418.000R |
|          |             |               |   |              |       |                  |

Redacted Information  
in Subcommittee Files

2710

SEP-27-00 08:22 FROM: FUNB COMPLIANCE

101704380120

PAGE 2/1



First Union Securities, Inc.  
 8739 Research Drive  
 Charlotte, NC 28228-0875  
 1-800-326-5897



|   |                         |                                       |                    |
|---|-------------------------|---------------------------------------|--------------------|
| Detailed Account Activity and Positions For:<br>VECTOR MEDICAL TECHNOLOGIES INC | Account No.<br>24021271 | Period Covered<br>04/01/00 - 04/30/00 | Page No.<br>2 OF 2 |
|---|-------------------------|---------------------------------------|--------------------|

| DATE     | TRANSACTION | QUANTITY      | DESCRIPTION | CUSIP NUMBER   | PRICE | AMOUNT |
|----------|-------------|---------------|-------------|----------------|-------|--------|
| 04/17/00 | DELIVERED   | 1,200,000.000 |             | D<br>DWS<br>00 |       |        |

| DATE     | TRANSACTION | QUANTITY    | DESCRIPTION | PRICE | AMOUNT         |
|----------|-------------|-------------|-------------|-------|----------------|
| 02/03/00 | YOU SOLD    | 400,000.000 |             | 100   | \$400,138.83CR |

|  |  |  |  |  |  |
|--|--|--|--|--|--|
|  |  |  |  |  |  |
|--|--|--|--|--|--|

ACCT #553000997 FROM 09/22/00 TO 09/22/00  
FIRST UNION NATIONAL BANK  
TRANSACTIONS FOR THE ACCOUNT OF  
VECTOR MEDICAL TECHNOLOGIES, INC  
MONEY MANAGER ACCOUNT  
FIRST UNION NATIONAL BANK  
AE AGENT U/A DTD 9/14/00

PAGE 1  
RUN DATE 09/22/00

DATE TRANSACTION PRINCIPAL CASH INVESTMENTS INCOME CASH INVYD INCOME

1 BEGINNING BALANCE 0.00 0.00 0.00 0.00

09/05/00

300250602 DEPOSIT EVERGREEN SELECT MONEY MARKET FUND CL I (FD #495)

367,147.23-

367,147.23

RECEIVED FROM FUND DDA #200007481837 R/O VECTOR MEDICAL

367,147.23

09/06/00

300250602 WITHDRAWAL EVERGREEN SELECT MONEY MARKET FUND CL I (FD #495)

149,704.27

149,704.27-

TRANSFER TO DDA ACCOUNT # DDA ACCOUNT # 200007481837 FOR DDA SWEEP

149,704.27-

09/07/00

300250602 WITHDRAWAL EVERGREEN SELECT MONEY MARKET FUND CL I (FD #495)

15,257.86

15,257.86-

TRANSFER TO DDA ACCOUNT # DDA ACCOUNT # 200007481837 FOR DDA SWEEP

15,257.86-

09/08/00

300250602 WITHDRAWAL EVERGREEN SELECT MONEY MARKET FUND CL I (FD #495)

231.26

231.26-

TRANSFER TO DDA ACCOUNT # DDA ACCOUNT # 200007481837 FOR DDA SWEEP

231.26-

*20 Lisa Grog*

*8 P3*

2712

12/14/98 14:34 FAX 3059718071 SECURITY BANK NA 008  
Dec-14-98 01:07P BT&C ank/Trust (767) 3-6477 P.01



**British Trade & Commerce Bank**

EMENS Building, Dame Eugenia Charles Blvd., Bayfront  
Roseau, Commonwealth of Dominica, P.O. Box: 3542

**FAX COVER**

Date: 12/14/98

|                                    |                                 |
|------------------------------------|---------------------------------|
| <b>TO:</b> FERNANDO GONZALEZ       | <b>FROM:</b> GEORGE BETTS       |
| <b>COMPANY:</b> SECURITY BANK N.A. | <b>FAX N°:</b> (767) 448-6477   |
| <b>FAX N°:</b> 305-374-4207        | <b>PHONE N°:</b> (767) 448-6410 |
| <b>PHONE N°:</b> 305-374-3722      | <b>Pages:</b> 1                 |

**NOTES:**     Urgent     For your review     Reply ASAP     Please comment

**Comments:**

DEAR FERNANDO:

PLEASE MAKE THE FOLLOWING TRANSFER FROM OUR ACCOUNT 0400101400-01.

FIRST UNION NATIONAL BANK OF FLORIDA, JACKVILLE, FLORIDA  
ABA#: 063-000-021  
BENEFICIARY: GLOBAL MEDICAL TECHNOLOGIES, INC  
ACCOUNT NO.: 209-000-2946-659. AMOUNT: USD\$300,000 -  
REF: GLOBAL MEDICAL TECH. INC - P/NOTE & INVESTMENT.

FIRST UNION NATIONAL BANK OF FLORIDA, JACKVILLE, FLORIDA  
ABA#: 063-000-021  
BENEFICIARY: FEC FINANCIAL HOLDINGS INC  
ACCOUNT NO.: [REDACTED] AMOUNT: USD\$109,411.22 -  
REF: FEC FINANCIAL HOLDING INC - RECEIVABLE

TEST KEY FOR ABOVE WIRES BASED ON USD\$405,411.22 DATED DECEMBER 14, 1998 IS [REDACTED]

SINCERELY,

  
GEORGE BETTS  
EXECUTIVE VICE-PRESIDENT

DATE VERIFIED BY: [Signature]  
DATE: 12/16/98

*Licensed for Full Trust Business.*

Redacted Information  
in Subcommittee Files

**SECURITY BANK N.A.**  
**OUTGOING DOMESTIC WIRE TRANSFER REQUEST AND AUTHORIZATION**

DATE: 12-14-98 TIME: AMOUNT \$ 300,000.00

OUTGOING WIRE - CHARGE CUSTOMER LISTED BELOW  
 INTERNATIONAL DEPARTMENT WIRE (CHARGE INTERNATIONAL DEPARTMENT CLEARING ACCOUNT)  
 DOMESTIC WIRE (IS DOLLAR) FOREIGN WIRE DESCRIBE CURRENCY

**INFORMATION ABOUT THE BANK TO RECEIVE THE WIRE**

RECEIVING BANK'S NAME: FIRST UNION NATIONAL BANK OF FLA. # RECEIVING BANK'S "ABA" NUMBER: 063 000 021

TEST CODE, IF ANY: SWIFT CODE, IF APPLICABLE: #

BRANCH NAME OR ADDRESS OF RECEIVING BANK, IF ANY:

CITY: JACKSONVILLE STATE: FLORIDA COUNTRY:

**INFORMATION ABOUT THE BENEFICIARY OF THE WIRE**

NAME OF BENEFICIARY (PERSON / COMPANY TO RECEIVE WIRE): GLOBAL MEDICAL TECHNOLOGIES, INC.

ACCOUNT NUMBER (RECEIVING BENEFICIARY'S ACCOUNT NUMBER): # 209-000-2946-659 TYPE OF ID, IF PUPID: # NUMBER:

ADDRESS (IF APPLICABLE): CITY: STATE: COUNTRY:

FOR FURTHER CREDIT TO (NAME): # NUMBER:

BY ORDER OF (NAME): BRITISH TRADE & COMMERCE BANK # NUMBER:

SPECIAL INSTRUCTIONS, IF ANY: REF: GLOBAL MEDICAL TECH INC.-P/NOTE & INVESTMENT

**INFORMATION AND AUTHORIZATION ABOUT CUSTOMER'S ACCOUNT TO DEBIT**

NAME OF CUSTOMER'S ACCOUNT TO CHARGE OR GENERAL LEDGER ACCOUNT TO DEBIT: BRITISH TRADE & COMMERCE BANK

ACCOUNT NUMBER TO CHARGE (DEBIT): # 0400101400-01

|                 |            |
|-----------------|------------|
| WIRE AMOUNT \$  | 300,000.00 |
| WIRE FEES       | 15.00      |
| OTHER           |            |
| TOTAL AMOUNT \$ | 300,015.00 |

**CUSTOMER'S AUTHORIZATION**  
 I authorize Security Bank to transfer my funds as set forth in the instructions noted herein, including debiting my account and agree that such transfer of funds is subject to the Bank's agreement as noted in the back of this form.

**FAX ATTACHED**  
**CUSTOMER'S SIGNATURE**

**OFFICER APPROVING TRANSACTION**  
 HOLD MUST BE PLACED ON ACCOUNT BY BRANCH OFFICER OR BY DEPARTMENT HEAD RETAINING TITLE.  
 NOTE:  "ABA" BANK NUMBER HAS BEEN VERIFIED  
 HOLD HAS BEEN PLACED ON ACCOUNT  
 APPROVING OFFICER: [Signature]

**(TAX DEPARTMENT USE ONLY)**  
 WIRE SENT BY: [Signature] FIN  
 DATE WIRE SENT: [Signature] 98  
 TIME WIRE SENT: [Signature] 100  
 WIRE NUMBER: [Signature] 049  
 VERIFIED BY: [Signature]

STMT96 96 1127 2521 000 DIRECT INQUIRIES TO: (305) 374-3722

BRITISH TRADE & COMMERCE BANK  
 EMENS BLDG. DMS EUGENIA CHARLES  
 BLVD. BAYFRONT EUGENIA CHARLES  
 ROSEAU, DOMINICA, WI

0010140000  
 FROM 12/01/98 THRU 12/31/98

NUMBER OF ITEMS ENCLOSED: 14

| DATE POSTED | DESCRIPTION OF TRANSACTIONS           | CHECKS (-) | DEPOSITS (+) | BALANCE    |
|-------------|---------------------------------------|------------|--------------|------------|
| 12/14       | WIRE 6055 FEE                         | 15.00      |              | 495,710.89 |
| 12/14       | WIRE 6056 FEE                         | 15.00      |              | 495,703.89 |
| 12/14       | WIRE 6056 FEE                         | 35.00      |              | 495,668.89 |
| 12/14       | WIRE 6054                             | 1,000.00   |              | 494,668.89 |
| 12/14       | WIRE 6051 MARY C BRAZIE               | 3,300.00   |              | 491,368.89 |
| 12/14       | WIRE 6055                             | 3,328.67   |              | 488,040.22 |
| 12/14       | WIRE 6056 REPUBLIC PRODUCTS TRAVEL    | 3,629.00   |              | 484,411.22 |
| 12/14       | WIRE 6050 RALPH HINES                 | 4,000.00   |              | 480,411.22 |
| 12/14       | WIRE 6047 STEWART MOSS                | 4,000.00   |              | 476,411.22 |
| 12/14       | WIRE 6052 MAVIS BETT/LAVERN ERSPAN    | 7,000.00   |              | 469,411.22 |
| 12/14       | WIRE 6053 RODOLFO REQUENA             | 10,000.00  |              | 459,411.22 |
| 12/14       | WIRE 6048 FEC FIN. HOLDING            | 109,411.22 |              | 350,000.00 |
| 12/14       | WIRE 6049 GLOBAL UNION                | 300,000.00 |              | 50,000.00  |
| 12/15       | AUTO TRANSFER FROM ACCOUNT 0010140002 |            | 25,015.00    | 75,015.00  |
| 12/15       | WIRE 6054 FEE                         | 15.00      |              | 75,000.00  |

Redacted Information  
 in Subcommittee Files





Flexible Business Checking  
 001 2090002946659 036 140 11 34 . Replacement Statement 003

GLOBAL MEDICAL TECHNOLOGIES INC  
 7761 LA MIRADA DR CB  
 BOCA RATON FL 33434

Flexible Business Checking 12/01/1998 thru 12/31/1998

Account number: 2090002946659  
 Account holder(s): GLOBAL MEDICAL TECHNOLOGIES INC  
 Taxpayer ID Number: [REDACTED]

Account Summary

Opening balance 12/01 \$10.00  
 Deposits and other credits 304,000.00 +  
 Checks 138,796.44 -  
 Other withdrawals and service fees 0.03 -  
 Closing balance 12/31 \$165,213.53

Deposits and Other Credits

| Date  | Amount       | Description  |
|-------|--------------|--|
| 12/14 | 300,000.00   | FUNDS TRANSFER (ADVICK 981214024103)<br>RCVD FRGM SECURITY BANK NA /<br>ORG=BRITISH TRADE & COMMERCE BANK<br>REF=6049 CRT-REF: GLOBAL MEDICAL<br>REF=6049 02:55P |
| 12/16 | 4,000.00     | DEPOSIT  |
| Total | \$304,000.00 |  |

Checks

| Number | Amount    | Date  | Number | Amount    | Date  | Number | Amount       | Date  |
|--------|-----------|-------|--------|-----------|-------|--------|--------------|-------|
|        | posted    |       |        | posted    |       |        | posted       |       |
| 0000   | 25,000.00 | 12/15 | 0000   | 4,000.00  | 12/16 | 0000   | 1,000.00     | 12/21 |
| 0000   | 25,000.00 | 12/15 | 0000   | 50,000.00 | 12/16 | 0000   | 528.68       | 12/22 |
| 0000   | 25,000.00 | 12/15 | 0000   | 1,287.76  | 12/17 | 0000   | 1,000.00     | 12/24 |
| 0000   | 5,000.00  | 12/15 | 0000   | 1,000.00  | 12/21 | Total  | \$138,796.44 |       |

Other Withdrawals and Service Fees

| Date  | Amount | Description                                  |
|-------|--------|--|
| 12/17 | 0.03   | COMMERCIAL SERVICE CHARGES FOR NOVEMBER 1998 |
| Total | \$0.03 |  |

Redacted Information  
 in Subcommittee Files

2716

CF23631:20000726000019:1001 scanned on SCANNER11 by Operator JAXDSX on Jul 26, 2000 at 09:59:06 AM - Page 1 of 1.

1005

GLOBAL MEDICAL TECHNOLOGIES INC

DATE Jan 5 1999

FOR Global Medical Technologies Inc \$ 145,000.00

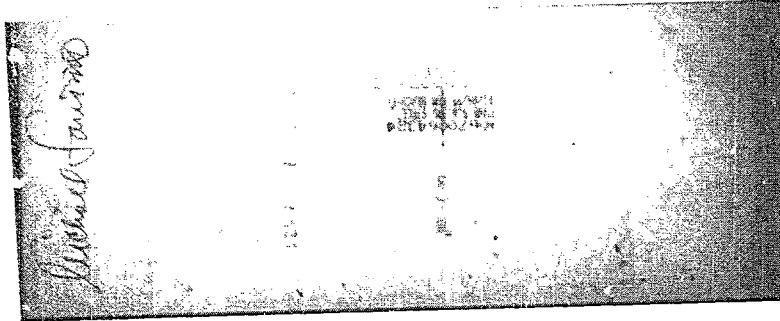
One Hundred & Forty Five Thousand 00/100 DOLLARS

First Union National Bank  
Boca Raton, Florida  
Rt 017006432

FLEXIBLE BUSINESS BANKING

James Walcott  
Michael Jansons

⑆004005⑆ ⑆067006432⑆ ⑆090002946659⑆ ⑆001450000⑆



REQUEST 20000726000019 145000.00  
ROLL 624599 19990106 000000032827112  
JOB 02529 F ACCT  
REQUESTOR DONNA LONG  
STAR: DONNA LONG NC5458

Bank Table Record Not Found





CAP Account Statement 01/01/1999 thru 01/31/1999  
 2 9983246063 PG R 2 REPLACEMENT STATEMENT 003

CAP Account number: 9983246063  
 Brokerage Account number: 37239016  
 Taxpayer ID: [REDACTED]

Questions? Write to:  
 CAP Department  
 One First Union Center  
 Charlotte NC 28258-1164

CAP Account Asset Earnings

News From First Union:

| Month to Date                         | Year to Date | WE ARE PLEASED TO PRESENT OUR NEW CAP STATEMENT! WE WILL BE MAKING CONTINUOUS IMPROVEMENTS TO YOUR STATEMENT THROUGHOUT 1999. ENCLOSED IS A FLYER EXPLAINING YOUR NEW STATEMENT AND ADDITIONAL CHANGES COMING THIS SPRING. IF YOU HAVE ANY QUESTIONS, PLEASE CALL CAP CLIENT SERVICES AT 1-800-733-8812. |
|---------------------------------------|--------------|--|
| Evergreen Money Market 395.89         | 395.89       |  |
| Brokerage Account                     |              |  |
| Cash                                  |              |  |
| Money Market Mutual Funds             |              |  |
| Stocks and Options                    |              |  |
| Bonds                                 |              |  |
| Mutual Funds                          |              |  |
| Other Investments                     |              |  |
| Brokerage Account Subtotal            |              |  |
| Total CAP A/C Asset Earnings \$395.89 | \$395.89     | Available Funds  |

Evergreen Money Market \$ 120,395.39  
 Total \$ 120,395.39

Your Swap Option is - Evergreen Money Market  
 Average rate 4.15%

Account Activity

Daily Activity

| Trans Type/<br>Date Check Number | Description             | Quantity | Price/<br>Amount | Add        | Subtract  | Daily Cash<br>Balance |
|----------------------------------|-------------------------|----------|------------------|------------|-----------|-----------------------|
| 1/01                             | Beginning Balance       |          |                  |            |           | \$ 0.00               |
| 1/06                             | DEPOSIT - CHECKING      |          |                  | 145,000.00 |           | 145,000.00            |
| 1/15 993                         | PARNELL FINANCIAL GROUP |          |                  |            | 25,000.00 | 120,000.00            |

Account Activity continued on next page

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**SECURITY BANK N. A.**  
**OUTGOING DOMESTIC WIRE TRANSFER REQUEST AND AUTHORIZATION**

03 -- 15 -- 99 :DATE TIME: : AMOUNT \$ 200,000.00

OUTGOING WIRE - CHARGE CUSTOMER LISTED BELOW  
 INTERNATIONAL DEPARTMENT WIRE (CHARGE INTERNATIONAL DEPARTMENT CLEARING ACCOUNT)  
 DOMESTIC WIRE (US DOLLARS) FOREIGN WIRE: DESCRIBE CURRENCY

**INFORMATION ABOUT THE BANK TO RECEIVE THE WIRE**

RECEIVING BANK'S NAME: FIRST UNION NATIONAL BANK OF FLA. RECEIVING BANK'S "ABA" NUMBER: # 063 000 021

TEST CODE, IF ANY: # SWIFT CODE, IF APPLICABLE: #  
 BRANCH NAME OR ADDRESS OF RECEIVING BANK, IF ANY:  
 CITY: JACKSONVILLE STATE: FLORIDA COUNTRY:

**INFORMATION ABOUT THE BENEFICIARY OF THE WIRE**

NAME OF BENEFICIARY (PERSON / COMPANY TO RECEIVE WIRE): GLOBAL MEDICAL TECHNOLOGIES

ACCOUNT NUMBER (RECEIVING BENEFICIARY'S ACCOUNT NUMBER): # 209-000-2946-659 TYPE OF ID, IF PUPID: # NUMBER:  
 ADDRESS (IF APPLICABLE): CITY: STATE: COUNTRY:  
 FOR FURTHER CREDIT TO (NAME): # NUMBER:  
 BY ORDER OF (NAME): BRITISH TRADE & COMMERCE BANK # NUMBER:  
 SPECIAL INSTRUCTIONS, IF ANY: REF: GLOBAL TECH INC.

**INFORMATION AND AUTHORIZATION ABOUT CUSTOMER'S ACCOUNT TO DEBIT**

NAME OF CUSTOMER'S ACCOUNT TO CHARGE OR GENERAL LEDGER ACCOUNT TO DEBIT: BRITISH TRADE & COMMERCE BANK

ACCOUNT NUMBER TO CHARGE (DEBIT): # 0400101400-01

**CUSTOMER'S AUTHORIZATION**

I authorize Security Bank to transfer my funds as set forth in the instructions noted herein, including debiting my account and agree that such transfer of funds is subject to the Bank's agreement as noted in the back of this form.

FAX ATTACHED

**CUSTOMER'S SIGNATURE**

(OFFICER APPROVING TRANSACTION)  
 HOLD MUST BE PLACED ON ACCOUNT BY BRANCH OFFICER OR BY DEPARTMENT HEAD INITIATING WIRE.  
 NOTE:  
 "ABA" BANK NUMBER HAS BEEN VERIFIED  
 HOLD HAS BEEN PLACED ON ACCOUNT  
 APPROVING OFFICER: [Signature] SIGNATURE OF OFFICER

(WIRE DEPARTMENT USE ONLY)  
 WIRE SENT BY: [Signature] FIB  
 DATE WIRE SENT: 3-15-00 SA  
 TIME WIRE SENT: : : TDD  
 WIRE NUMBER (#): 6657  
 VERIFIED BY: [Signature]

STMT96 96 1132 2611 000 DIRECT INQUIRIES TO: (305) 374-3722

BRITISH TRADE & COMMERCE BANK  
BLVD. BAYFRONT  
ROSEAU, DOMINICA, WI  
001014000  
FROM 03/01/99 THRU 03/31/99  
NUMBER OF ITEMS ENCLOSED: 10

| DATE POSTED | DESCRIPTION OF TRANSACTIONS       | CHECKS (-) | DEPOSITS (+) | BALANCE    |
|-------------|-----------------------------------|------------|--------------|------------|
| 03/15       | WIRE#6657 FARMERS EXCHANGE BK     | 20,000.00  |              | 331,803.16 |
| 03/15       | WIRE 6656 NTL COMM BK             | 25,000.00  |              | 306,803.16 |
| 03/15       | WIRE 6660 FIRST NT L BK           | 75,000.00  |              | 231,803.16 |
| 03/15       | WIRE 6657 GLOBAL MEDICAL          | 200,000.00 |              | 31,803.16  |
| 03/16       | FT WIRE #6514 DTD 02/25/99        |            | 1,500.00     | 33,303.16  |
| 03/16       | WIRE #6674 BK AMER RES WIRE #6640 |            | 6,001.00     | 39,304.16  |
| 03/16       | MISCELLANEOUS DEBIT               | 6,000.00   |              | 33,304.16  |
| 03/16       | WIRE 6673 FRS                     | 10.00      |              | 33,294.16  |
| 03/16       | WIRE 6674 FRS                     | 15.00      |              | 33,279.16  |
| 03/16       | WIRE 6675 FRS                     | 15.00      |              | 33,264.16  |
| 03/16       | WIRE 6677 FRS                     | 15.00      |              | 33,249.16  |
| 03/16       | WIRE 6678 FRS                     | 15.00      |              | 33,234.16  |
| 03/16       | WIRE 6678 FRS                     | 15.00      |              | 33,219.16  |
| 03/16       | WIRE 6678 FRS                     | 1,500.00   |              | 31,719.16  |
| 03/16       | WIRE 6674 RALPH                   | 4,000.00   |              | 27,719.16  |
| 03/16       | WIRE 6677 MARY                    | 6,300.00   |              | 21,419.16  |



Flexible Business Checking  
 001 2090002946659 036 140 20 34 . Replacement Statement 003

VECTOR MEDICAL TECHNOLOGIES INC  
 7761 LA MIRADA DR  
 BOCA RATON FL 33434 CS

Flexible Business Checking 2/27/1999 thru 3/31/1999  
 Account number: 2090002946659  
 Account holder(s): VECTOR MEDICAL TECHNOLOGIES INC  
 Taxpayer ID Number: [REDACTED]

Account Summary

Opening balance 2/27 \$8,341.57  
 Deposits and other credits 201,174.00 +  
 Checks 146,589.89 -  
 Other withdrawals and service fees 37,876.07 -  
 Closing balance 3/31 \$25,049.61

Deposits and Other Credits

| Date  | Amount       | Description  |
|-------|--------------|--|
| 3/08  | 1,000.00     | CREDIT MEMO  |
| 3/15  | 200,000.00   | FUNDS TRANSFER (ADVICE 990315008971)<br>RCVD FROM SECURITY BANK NA /<br>ORG=BREITSHIT TRADE & COMMERCE BANK<br>RPS=6657 OBI=REF: GLOBAL TECH IN<br>REF=6657 11:09A |
| 3/16  | 174.00       | INSUFFICIENT FUNDS CHARGE REFUND   |
| Total | \$201,174.00 |  |

Checks

| Number | Amount    | Date posted | Number | Amount    | Date posted | Number | Amount       | Date posted |
|--------|-----------|-------------|--------|-----------|-------------|--------|--------------|-------------|
| 1022   | 3,000.00  | 3/01        | 1027   | 10,000.00 | 3/16        | 1037   | 3,000.00     | 3/25        |
| 1023   | 5,000.00  | 3/05        | 1028*  | 61,000.00 | 3/16        | 1038   | 15,076.38    | 3/26        |
| 1024   | 1,000.00  | 3/08        | 1032*  | 10,000.00 | 3/19        | 1040*  | 181.19       | 3/31        |
| 1025   | 5,000.00  | 3/16        | 1033   | 13,000.00 | 3/22        | 1042*  | 1,000.00     | 3/31        |
| 1026   | 10,000.00 | 3/16        | 1036*  | 9,332.32  | 3/26        | Total  | \$146,589.89 |             |

\*Indicates a break in check number sequence

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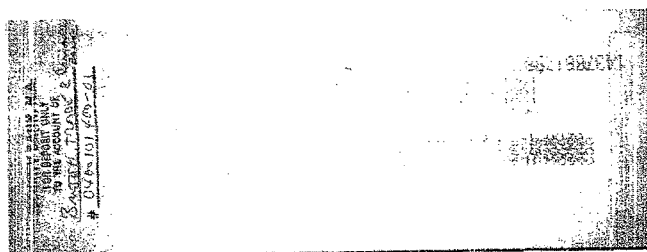
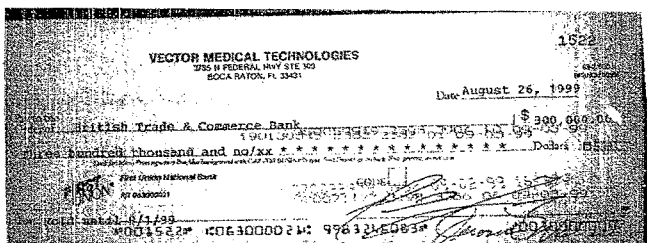


STMT96 96 1112 2612 000 DIRECT INQUIRIES TO: (305) 374-3722

BRITISH TRADE & COMMERCE BANK  
EMMS BAYFRONT  
ROSEAU, DOMINICA, WI  
001014000  
FROM 03/01/99 THRU 03/31/99  
NUMBER OF ITEMS ENCLOSED: 10

| ACCOUNT NO. 00101400 01 |                                      | -ACCOUNT TRANSACTIONS DETAIL- |                 |            |  |
|-------------------------|--------------------------------------|-------------------------------|-----------------|------------|--|
| DATE                    | DESCRIPTION OF TRANSACTIONS          | CHECKS<br>(-)                 | DEPOSITS<br>(+) | BALANCE    |  |
| 03/16                   | WIRE 6675 MAVIS<br>BBIT              | 7,368.14                      |                 | 14,051.02  |  |
| 03/16                   | WIRE 6473 RODOLFO<br>RRQUENA         | 12,100.00                     |                 | 1,951.02   |  |
| 03/18                   | WIRE 6225 [REDACTED]                 |                               | 10,125.10       | 12,076.12  |  |
| 03/18                   | WIRE 6224 BRITISH<br>TRADE & COMM BK |                               | 200,000.00      | 212,076.12 |  |
| 03/18                   | MISCELLANEOUS DEBIT                  | 6,000.00                      |                 | 206,076.12 |  |
| 03/18                   | MISCELLANEOUS DEBIT                  | 6,004.00                      |                 | 200,072.12 |  |
| 03/18                   | MISCELLANEOUS DEBIT                  | 10.00                         |                 | 194,058.12 |  |
| 03/18                   | WIRE 6224 FEE                        |                               |                 | 194,048.12 |  |
| 03/18                   | WIRE 6699 FEE                        | 10.00                         |                 | 194,033.12 |  |
| 03/18                   | WIRE 6700 FEE                        | 15.00                         |                 | 194,018.12 |  |
| 03/18                   | WIRE 6701 FEE                        | 15.00                         |                 | 194,003.12 |  |
| 03/18                   | WIRE 6702 FEE                        | 15.00                         |                 | 193,988.12 |  |
| 03/18                   | WIRE 6703 FEE                        | 15.00                         |                 | 193,973.12 |  |
| 03/18                   | WIRE 6704 FEE                        | 15.00                         |                 | 193,958.12 |  |
| 03/18                   | WIRE 6705 FEE                        | 15.00                         |                 | 193,943.12 |  |
| 03/18                   | WIRE 6706 FEE                        | 15.00                         |                 | 193,928.12 |  |
| 03/18                   | WIRE 6708 FEE                        | 15.00                         |                 | 193,913.12 |  |
| 03/18                   | WIRE 6695 FEE                        | 35.00                         |                 | 193,878.12 |  |
| 03/18                   | WIRE 6697 FEE                        | 35.00                         |                 | 193,843.12 |  |

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REQUEST 20000731000069 300000.00  
ROLL 533368 19990903 00000014861298  
JOB 02966 F ACCT  
REQUESTOR DONNA LONG  
STAR: DONNA LONG NC5458

Bank Table Record Not Found



CAP Account Statement 09/01/1999 thru 09/30/1999  
 4 9983246063 PL R G REPLACEMENT STATEMENT 003

CAP Account number: 9983246063  
 Brokerage Account number: 37239016  
 Taxpayer ID: [REDACTED]

ACCOUNT ACTIVITY continued

| Trans Type/<br>Date Check Number | Description                   | Quantity | Price/<br>Amount | Add        | Subtract | Daily Cash<br>Balance |
|----------------------------------|-------------------------------|----------|------------------|------------|----------|-----------------------|
| 9/03                             | DEPOSIT - CHECKING            |          | 19,000.00        |            |          |                       |
| 9/03                             | DEPOSIT - CHECKING (2 ITEMS)  |          | 25,000.00        |            |          |                       |
| 9/03 1547                        | ASSOC ENVELOPE CORP           |          |                  |            | 47.70    |                       |
| 9/03 1554                        | MICHAEL H SALTZ MD            |          |                  |            | 87.86    |                       |
| 9/03 1506                        | [REDACTED]                    |          |                  |            | 168.00   |                       |
| 9/03 1568                        | [REDACTED]                    |          |                  |            | 435.46   |                       |
| 9/03 1575                        | [REDACTED]                    |          |                  |            | 459.92   |                       |
| 9/03 1576                        | [REDACTED]                    |          |                  |            | 823.50   |                       |
| 9/03 1581                        | STUART E RISEN                |          |                  |            | 1,062.25 |                       |
| 9/03 1585                        | [REDACTED]                    |          |                  |            | 1,086.55 |                       |
| 9/03 1583                        | [REDACTED]                    |          |                  |            | 2,225.94 |                       |
| 9/03 1576                        | MICHAEL H SALTZ MD            |          |                  |            | 3,000.00 |                       |
| 9/03 1586                        | [REDACTED]                    |          |                  |            | 3,248.51 |                       |
| 9/03 1556                        | [REDACTED]                    |          |                  |            | 5,202.87 |                       |
| 9/03 1566                        | [REDACTED]                    |          |                  |            | 5,284.55 |                       |
| 9/03 1580                        | [REDACTED]                    |          |                  |            | 5,952.42 |                       |
| 9/03 1522                        | BRITISH TRADE & COMMERCE BANK |          |                  | 308,000.00 |          | 908,479.11            |

Account Activity continued on next page

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STWT36 96 1106 2456 000 DIRECT INQUIRIES TO: (305) 374-3722

0010140000  
01010140000  
FROM 09/01/99 THRU 09/30/99  
1  
NUMBER OF ITEMS ENCLOSED: 9

PRETISH TRADE & COMMERCE BANK  
RENS BLVD DAME EUGENIA CHARLES  
BLVD BAYFRONT  
ROSEAU, DOMINICA, WI

\*\*\*\*\* ACCOUNT ACTIVITY SUMMARY \*\*\*\*\*  
CKG-01 ACCOUNT NO. 00101400 01  
PREVIOUS BALANCE AS OF 08/31/99 50,000.00  
TOTAL OF 43 DEBITS AND OTHER CREDITS 2,930,402.11  
TOTAL OF 151 DEBITS AND WITHDRAWALS 2,980,402.11  
ENDING BALANCE AS OF 09/30/99 50,000.00

----- ACCOUNT DISCLOSURE -----  
AVERAGE DAILY BALANCE 100,550.00  
NUMBER OF DAYS THIS STATEMENT 30

| ----- ACCOUNT TRANSACTIONS DETAIL ----- |                                       | DEBITS   | CHECKS | DEPOSITS   | BALANCE    |
|---|---------------------------------------|----------|--------|------------|------------|
| DATE POSTED                             | DESCRIPTION OF TRANSACTIONS           |          |        |            |            |
| 09/01                                   | AUTO TRANSFER FROM ACCOUNT 0010140002 |          |        | 3,510.00   | 53,510.00  |
| 09/01                                   | IN909010006<br>I                      |          |        | 5,500.00   | 59,010.00  |
| 09/01                                   | CASH CHECK 697<br>W / F               | 7,500.00 | 10.00  |            | 51,510.00  |
| 09/02                                   | DEPOSIT<br>I                          |          |        | 300,000.00 | 351,500.00 |
| 09/02                                   | IN909020002<br>I                      |          |        | 4,214.37   | 356,414.37 |
| 09/02                                   | IN909020011<br>I                      |          |        | 12,365.40  | 368,779.77 |
| 09/02                                   | IN909020005<br>I                      |          |        | 24,982.00  | 393,761.77 |
| 09/02                                   | CASH CHECK 698<br>OT909020005         | 1,500.00 |        | 192,664.35 | 586,426.12 |
|   |                                       | 3,710.00 |        |            | 584,256.12 |
|   |                                       |          |        |            | 581,216.12 |

2727

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VECTOR MEDICAL TECHNOLOGIES  
3785 N FEDERAL HWY, STE 300  
ROCK HATON, FL 33431

FIRST UNION NATIONAL BANK  
10/4/1999

PAY TO THE ORDER OF British Trade & Commerce Bank \$\*\*200,000.00

Two Hundred Thousand and 00/100

British Trade & Commerce Bank  
Bennett Building  
Dunwoody Eugene Charles Blvd.  
Rock Hill, South Carolina  
West Irondale

TWO SIGNATURES REQUIRED  
Michael [Signature]  
[Signature]  
AUTHORIZED SIGNATURES

\*001741\* 0063000021 958324663\* \*0020000000

Pay to the Order of  
British Trade & Commerce Bank  
3785 N FEDERAL HWY, STE 300  
ROCK HATON, FL 33431  
Acct No: 0063000021

Bank of America, National Association

10/4/1999

20000802000066

REQUEST 20000802000066 200000.00  
ROLL 631879 19991005 000000046291383  
JOB 03245 F ACCT  
REQUESTOR DONNA LONG  
STAR: DONNA LONG NC5458

Bank Table Record Not Found



CAP Account Statement 10/01/1999 thru 10/31/1999  
 5 9983246063 FL R 0 REPLACEMENT STATEMENT 003

CAP Account number: 9983246063  
 Brokerage Account number: 37239015  
 Taxpayer ID: [REDACTED]

ACCOUNT ACTIVITY continued

| Date  | Trans Type/<br>Check Number | Description                   | Quantity | Price/<br>Amount | Add | Subtract   | Daily Cash<br>Balance |
|-------|-----------------------------|-------------------------------|----------|------------------|-----|------------|-----------------------|
| 10/05 | 1743                        | JEROME MATUSOW                |          |                  |     | 53.10      |                       |
| 10/05 | 1751                        | STUART E REBEN                |          |                  |     | 70.00      |                       |
| 10/05 | 1741                        | BRITISH TRADE & COMMERCE BANK |          |                  |     | 200,000.00 | 1,093,097.15          |
| 10/05 |                             | DEPOSIT - CHECKING (1 ITEM)   |          | 7,599.12         |     |            |                       |
| 10/06 | 1733                        | [REDACTED]                    |          |                  |     | 138.96     |                       |
| 10/06 | 1719                        | [REDACTED]                    |          |                  |     | 461.46     |                       |
| 10/06 | 1753                        | [REDACTED]                    |          |                  |     | 1,628.90   | 1,098,355.35          |
| 10/07 |                             | DEPOSIT - CHECKING (1 ITEM)   |          | 70,000.00        |     |            |                       |
| 10/07 | 1742                        | MICHAEL SALLE MD              |          |                  |     | 162.54     |                       |
| 10/07 | 1755                        | [REDACTED]                    |          |                  |     | 1,212.25   |                       |
| 10/07 | 1744                        | [REDACTED]                    |          |                  |     | 1,130.50   |                       |
| 10/07 | 1570                        | JAMES P. FARWELL              |          |                  |     | 3,766.70   |                       |
| 10/07 | 1718                        | JAMES P FARWELL               |          |                  |     | 3,766.70   |                       |
| 10/07 | 1712                        | [REDACTED]                    |          |                  |     | 5,202.87   | 1,152,114.29          |
| 10/08 |                             | DEPOSIT - CHECKING (1 ITEM)   |          | 7,775.63         |     |            |                       |
| 10/08 |                             | DEPOSIT - CHECKING (3 ITEMS)  |          | 62,500.00        |     |            |                       |
| 10/08 | 1749                        | [REDACTED]                    |          |                  |     | 256.32     |                       |

Account Activity continued on next page

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 in Subcommittee Files





CAP Account Statement 10/01/1999 thru 10/31/1999  
 3 9983871373 FL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983871373  
 Brokerage Account number: 17624465  
 Taxpayer ID: 00-000-0000

ACCOUNT ACTIVITY

Daily Activity

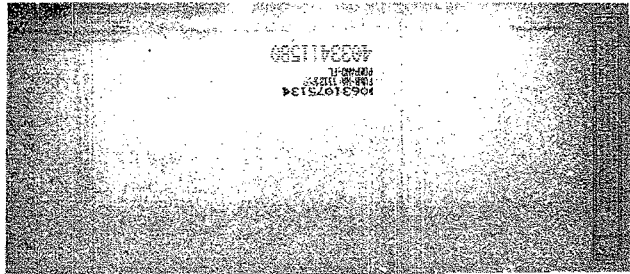
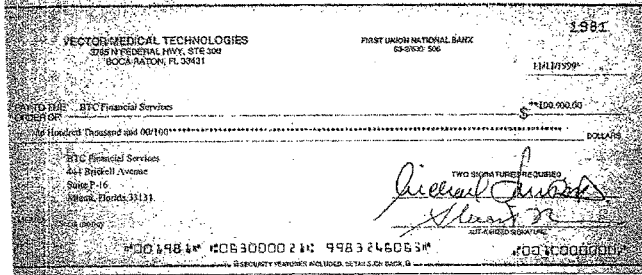
| Trans Type/<br>Data Check Number | Description   | Quantity | Price/<br>Amount | Add        | Subtract  | Daily Cash<br>Balance |
|----------------------------------|---|----------|------------------|------------|-----------|-----------------------|
| 10/01                            | Beginning Balance   |          |                  |            |           | \$ 32,668.09          |
| 10/01 59275194                   | DEPOSITED ITEM RETURNED PER ADV<br>SVC - 751 TR# 00000000616451 |          |                  |            | 6.00      |                       |
| 10/01 59275197                   | WIRE TRANSFER PER TR# 028604                                    |          |                  |            | 18.00     |                       |
| 10/01 59275199                   | WIRE TRANSFER PER TR# 021208                                    |          |                  |            | 18.00     |                       |
| 10/01 59275196                   | WIRE TRANSFER TR# 028604  |          |                  |            | 1,350.00  |                       |
| 10/01 59275195                   | DEPOSITED ITEM RETURNED ADV # 61<br>- 751 TR# 00000000616451    |          |                  |            | 5,000.00  |                       |
| 10/01 59275198                   | WIRE TRANSFER TR# 021208  |          |                  |            | 10,000.00 | 15,876.09             |
| 10/04                            | MINIMUM BALANCE FEE FOR PRIOR MO                                |          |                  |            | 15.00     | 15,661.09             |
| 10/05                            | DEPOSIT - CHECKING (12 ITEMS)                                   |          |                  | 8,850.00   |           |                       |
| 10/05                            | DEPOSIT - CHECKING (1 ITEM)                                     |          |                  | 200,000.00 |           |                       |
| 10/05 59279153                   | WIRE TRANSFER PER TR# 024849                                    |          |                  |            | 18.00     |                       |
| 10/05 59279155                   | WIRE TRANSFER PER TR# 025222                                    |          |                  |            | 18.00     |                       |
| 10/05 59279157                   | WIRE TRANSFER PER TR# 024990                                    |          |                  |            | 18.00     |                       |
| 10/05 59279156                   | WIRE TRANSFER TR# 024990  |          |                  |            | 2,000.00  |                       |
| 10/05 59279154                   | WIRE TRANSFER TR# 025222  |          |                  |            | 2,500.00  |                       |
| 10/05 59279152                   | WIRE TRANSFER TR# 024849  |          |                  |            | 30,000.00 | 189,957.09            |

Account Activity continued on next page



2731

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REQUEST 20000731000108 100000.00  
ROLL 632875 19991112 000000040411580  
JOB 02967 F ACCT  
REQUESTOR DONNA LONG  
STAR: DONNA LONG NC5458

Bank Table Record Not Found

21



CAP Account Statement 11/01/1999 thru 11/30/1999  
 9 9983246063 PL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983246063  
 Brokerage Account number: 37239016  
 Taxpayer ID: [REDACTED]

ACCOUNT ACTIVITY continued

| Trans Type/<br>Date Check Number | Description                 | Quantity | Price/<br>Amount | Add       | Subtract   | Daily Cash<br>Balance |
|----------------------------------|-----------------------------|----------|------------------|-----------|------------|-----------------------|
| 11/12 1985                       | [REDACTED]                  |          |                  |           | 1,814.66   |                       |
| 11/12 1986                       | [REDACTED]                  |          |                  |           | 3,272.68   |                       |
| 11/12 1993                       | DR MICHAEL H SALIT          |          |                  |           | 4,800.00   |                       |
| 11/12 2006                       | [REDACTED]                  |          |                  |           | 4,053.86   |                       |
| 11/12 1971                       | [REDACTED]                  |          |                  |           | 9,275.39   |                       |
| 11/12 2003                       | [REDACTED]                  |          |                  |           | 23,011.98  |                       |
| 11/12 2010                       | [REDACTED]                  |          |                  |           | 25,000.00  |                       |
| 11/12 2007                       | FIRST UNION NATIONAL BANK   |          |                  |           | 48,696.34  |                       |
| 11/12 1981                       | BTC FINANCIAL SERVICES      |          |                  |           | 100,800.00 | 2,256,642.78          |
| 11/15                            | DEPOSIT - CHECKING (1 ITEM) |          |                  | 25,000.00 |            |                       |
| 11/15 2019                       | STUART S. RESSN             |          |                  |           | 21.19      |                       |
| 11/15 2020                       | [REDACTED]                  |          |                  |           | 57.85      |                       |
| 11/15 1940                       | [REDACTED]                  |          |                  |           | 96.00      |                       |
| 11/15 1924                       | [REDACTED]                  |          |                  |           | 200.00     |                       |
| 11/15 2000                       | [REDACTED]                  |          |                  |           | 448.92     |                       |
| 11/15 1997                       | [REDACTED]                  |          |                  |           | 456.93     |                       |
| 11/15 1995                       | [REDACTED]                  |          |                  |           | 460.01     |                       |
| 11/15 2015                       | [REDACTED]                  |          |                  |           | 763.32     |                       |

Account Activity continued on next page

Redacted Information  
 in Subcommittee Files

Flexible Business Checking

01 2000002821162 036 140 .21 44

Replacement Statement — 003

BTC FINANCIAL SERVICES  
444 BRICKELL AVE SUITE P6 CB  
MIAMI FL 33131

Flexible Business Checking

11/02/1999 thru 11/30/1999

Account number: 2000002821162  
Account holder(s): BTC FINANCIAL SERVICES  
Taxpayer-ID Number: [REDACTED]

Account Summary

|                                    |              |
|------------------------------------|--------------|
| Opening balance 11/02              | 50.00        |
| Deposits and other credits         | 156,558.33 + |
| Checks                             | 110,973.25 - |
| Other withdrawals and service fees | 30,240.00 -  |
| Closing balance 11/30              | \$15,345.08  |

Redacted Information  
in Subcommittee Files

Deposits and Other Credits

| Date  | Amount       | Description |                |
|-------|--------------|-------------|----------------|
| 11/02 | 100.00       | DEPOSIT     | 00004435748213 |
| 11/10 | 6,458.33     | DEPOSIT     | 00004033164189 |
| 11/12 | 100,000.00   | DEPOSIT     | 00004033411579 |
| 11/19 | 50,000.00    | DEPOSIT     | 00004433506685 |
| Total | \$156,558.33 |             |                |

Checks

| Number | Amount | Date  | Number | Amount | Date  | Number | Amount | Date                             |
|--------|--------|-------|--------|--------|-------|--------|--------|----------------------------------|
|        | posted |       |        | posted |       |        | posted |                                  |
| 0000   | 470.16 | 11/30 | 2022*  | 93.60  | 11/24 | 2034*  | 153.85 | 11/29                            |
|        |        |       |        |        |       |        |        | 4436914133 4435016435 4436024547 |

2734

|       |            |       |       |        |       |       |              |       |            |            |            |
|-------|------------|-------|-------|--------|-------|-------|--------------|-------|------------|------------|------------|
| 2009* | 49.60      | 11/22 | 2024* | 958.04 | 11/23 | 2035  | 2,900.00     | 11/19 | 4434082135 | 4434418057 | 4433506692 |
| 2011* | 89.13      | 11/22 | 2026* | 144.28 | 11/26 | 2036  | 320.64       | 11/24 | 4433645774 | 4435387352 | 3238326950 |
| 2012  | 100,000.00 | 11/19 | 2027  | 5.30   | 11/24 | 2040* | 653.92       | 11/24 | 4433506684 | 4434939012 | 4434924585 |
| 2013  | 457.82     | 11/26 | 2028  | 28.50  | 11/24 | 2043* | 2,442.62     | 11/30 | 3238856097 | 4435312919 | 4632549011 |
| 2014  | 538.44     | 11/29 | 2029  | 42.80  | 11/26 | Total | \$110,973.25 |       | 4436089503 | 4035153421 |            |
| 2018* | 576.70     | 11/24 | 2031* | 34.28  | 11/23 |       |              |       | 4434924584 | 3710579015 |            |

BYC FINANCIAL SERVICES  
11000 23313  
3001 23-2109

POST OFFICE BOX 10001  
MILWAUKEE WI 53210  
614-834-8778

2000

31090899

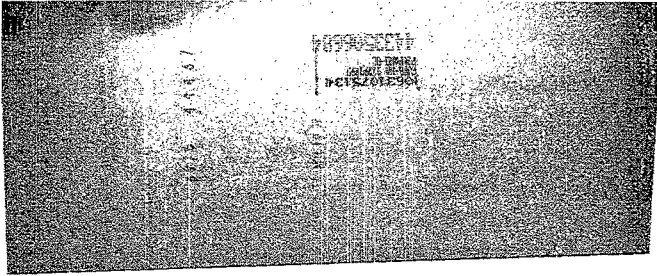
Pay to the order of: Public Trust & Commerce Bank \$ 100,000.00

One hundred thousand and 00/100

DOLLARS

MEMO: For Vector

#00201# 005700547 00000000000000000000



REQUEST 20000731000110 100000.00  
ROLL 633089 19991119 000000044506683  
JOB 02957 F ACCT  
REQUESTOR DONNA LONG  
STAR: DONNA LONG NC5458

Bank Table Record Not Found



CAP Account Statement 11/01/1999 thru 11/30/1999  
 6 9983871373 FL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983871373  
 Brokerage Account number: 17624265  
 Taxpayer ID: 00-001-0006

ACCOUNT ACTIVITY continued

| Trans Type/<br>Date Check Number | Description                   | Quantity | Price/<br>Amount | Add           | Subtract      | Daily Cash<br>Balance |
|----------------------------------|-------------------------------|----------|------------------|---------------|---------------|-----------------------|
| 11/19                            | WIRE TRANSFER TR# 006400      |          |                  | 12,145.00     |               |                       |
| 11/19                            | DEPOSIT - CHECKING (1 ITEM)   |          |                  | 100,000.00    |               | 366,394.95            |
| 11/22                            | WIRE TRANSFER TR# 031751      |          |                  | 778.00        |               | 367,172.95            |
| 11/24                            | DEPOSIT - CHECKING (23 ITEMS) |          |                  | 11,925.00     |               | 379,097.95            |
| 11/26 99331523                   | WIRE TRANSFER FEE TR# 011690  |          |                  |               | 18.00         |                       |
| 11/26 99331574                   | WIRE TRANSFER TR# 011690      |          |                  |               | 175,000.00    | 204,079.95            |
| 11/29                            | DEPOSIT - CHECKING (1 ITEM)   |          |                  | 60,000.00     |               |                       |
| 11/29 99334167                   | WIRE TRANSFER FEE TR# 004824  |          |                  |               | 18.00         |                       |
| 11/29 99334168                   | WIRE TRANSFER TR# 004824      |          |                  |               | 40,000.00     | 224,061.95            |
| 11/30                            | CAP ACCOUNT INTEREST/DIVIDEND |          |                  | 907.23        |               |                       |
| 11/30 99335030                   | WIRE TRANSFER FEE TR# 011578  |          |                  |               | 18.00         |                       |
| 11/30 99335029                   | WIRE TRANSFER TR# 011578      |          |                  |               | 150,000.00    | 74,951.21             |
| 11/30                            | Closing Balance 11/30         |          |                  | \$ 290,150.23 | \$ 804,725.00 | \$ 74,951.21          |

Account Activity continued on next page





CAP Account Statement 12/01/1999 thru 12/31/1999  
 10 9983146063 PL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983146063  
 Brokerage Account number: 37219016  
 Taxpayer ID: [REDACTED]

ACCOUNT ACTIVITY continued

| Trans Type/<br>Date Check Number | Description                 | Quantity | Price/<br>Amount | Add | Subtract   | Daily Cash<br>Balance |
|----------------------------------|-----------------------------|----------|------------------|-----|------------|-----------------------|
| 12/14 2685                       | [REDACTED]                  |          |                  |     | 3,034.41   |                       |
| 12/14 2681                       | [REDACTED]                  |          |                  |     | 4,459.26   |                       |
| 12/14 2669                       | [REDACTED]                  |          |                  |     | 12,957.89  |                       |
| 12/14 2645                       | [REDACTED]                  |          |                  |     | 93,500.00  |                       |
| 12/14 2658                       | RFC FINANCIAL SVCS          |          |                  |     | 100,000.00 | 3,154,247.73          |
| 12/15                            | DEPOSIT - CHECKING (1 ITEM) |          | 16,000.00        |     |            |                       |
| 12/15 2696                       | [REDACTED]                  |          |                  |     | 27.90      |                       |
| 12/15 2678                       | [REDACTED]                  |          |                  |     | 377.73     |                       |
| 12/15 2644                       | [REDACTED]                  |          |                  |     | 1,320.40   | 3,168,521.70          |
| 12/16                            | DEPOSIT - CHECKING (1 ITEM) |          | 50,000.00        |     |            |                       |
| 12/16 2677                       | JAMES P FARNELL             |          |                  |     | 3,766.70   |                       |
| 12/16 2666                       | [REDACTED]                  |          |                  |     | 35,000.00  | 3,179,755.00          |
| 12/17                            | DEPOSIT - CHECKING (1 ITEM) |          | 12,500.00        |     |            |                       |
| 12/17 2745                       | [REDACTED]                  |          |                  |     | 436.15     |                       |
| 12/17 2737                       | [REDACTED]                  |          |                  |     | 575.45     |                       |
| 12/17 2731                       | [REDACTED]                  |          |                  |     | 627.63     |                       |
| 12/17 2740                       | [REDACTED]                  |          |                  |     | 749.50     |                       |

Account Activity continued on next page

Redacted Information  
 in Subcommittee Files



Flexible Business Checking

01 2000002821162 036 142 58 44 Replacement Statement 003

BTC FINANCIAL SERVICES  
 444 BRICKELL AVE SUITE P6 CB  
 MIAMI FL 33131

Flexible Business Checking 12/01/1999 thru 12/31/1999

Account number: 2000002821162  
 Account holder(s): BTC FINANCIAL SERVICES  
 Taxpayer ID Number: ██████████

Account Summary

|                                    |              |
|------------------------------------|--------------|
| Opening balance 12/01              | \$15,345.08  |
| Deposits and other credits         | 240,535.14 + |
| Checks                             | 201,259.00 - |
| Other withdrawals and service fees | 44,500.00 -  |
| Closing balance 12/31              | \$10,121.22  |

Redacted Information  
 in Subcommittee Files

Deposits and Other Credits

| Date  | Amount     | Description   |                |
|-------|------------|---|----------------|
| 12/01 | 40,000.00  | FUNDS TRANSFER (ADVICE 991201017249)<br>RCVD FROM SECURITY BANK NA /<br>ORG=BRITISH TRADE & COMMERCE BANK<br>RFB=OT912010005 OBI=<br>REF=OT912010005 12:07P                 | 00991201017249 |
| 12/07 | 40,000.00  | FUNDS TRANSFER (ADVICE 991207021490)<br>RCVD FROM SECURITY BANK NA /<br>ORG=BRITISH TRADE & COMMERCE BANK<br>RFB=BTCE TRANSFER OBI=TO SETTLE A/CS<br>REF=OT912070008 02:26P | 00991207021490 |
| 12/14 | 5,535.14   | DEPOSIT   | 00003233426050 |
| 12/14 | 100,000.00 | DEPOSIT   | 00003233426052 |
| 12/21 | 55,000.00  | FUNDS TRANSFER (ADVICE 991221011012)  | 00991221011012 |

Flexible Business Checking

02 2000002821162 036 142 58 44 Replacement Statement 003

Checks continued

| Number | Date<br>Amount posted | Number | Date<br>Amount posted | Number | Date<br>Amount posted                             |
|--------|-----------------------|--------|-----------------------|--------|---|
| 2048   | 1,000.00 12/07        | 2064   | 40,000.00 12/06       | 2083*  | 2,459.50 12/20 3037885236 3231000908 4433808491   |
| 2049   | 1,000.00 12/08        | 2066*  | 21.83 12/07           | 2084   | 3,187.50 12/16 4036267303 3037995064 3233907599   |
| 2050   | 150.00 12/02          | 2067   | 1,000.00 12/09        | 2085   | 100,000.00 12/16 3036624566 4431242510 3233907598 |
| 2051   | 850.00 12/07          | 2068   | 4,800.00 12/27        | 2086   | 142.00 12/24 3037896975 3033481508 3033163623     |
| 2052   | 528.00 12/09          | 2069   | 320.00 12/17          | 2087   | 363.44 12/31 4431242511 3031176883 4437541604     |
| 2053   | 131.24 12/06          | 2070   | 315.00 12/15          | 2088   | 5.30 12/24 3037283715 3030943781 4435611289       |
| 2054   | 85.03 12/10           | 2071   | 116.49 12/20          | 2089   | 500.00 12/22 3714940375 3234528914 3032605434     |
| 2055   | 34.59 12/13           | 2072   | 36.95 12/14           | 2090   | 2,900.00 12/22 3616741192 4432613029 3032796770   |
| 2056   | 306.00 12/15          | 2074*  | 68.00 12/22           | 2091   | 166.05 12/27 3030782972 1138962742 3033395684     |
| 2057   | 2,559.01 12/15        | 2075   | 5.30 12/15            | 2093*  | 958.04 12/28 3030714260 3233536243 4436475473     |
| 2058   | 1,315.72 12/09        | 2076   | 690.63 12/23          | 2094   | 110.00 12/29 4634396204 4435179885 4436745961     |
| 2059   | 3,296.60 12/10        | 2077   | 87.70 12/16           | 2095   | 210.50 12/30 2317677619 3031011579 3034307851     |
| 2060   | 7,730.03 12/10        | 2078   | 933.69 12/21          | 2098*  | 78.69 12/27 4634558493 4434418558 3033387502      |
| 2061   | 81.00 12/15           | 2079   | 156.72 12/16          | 2099   | 9,088.04 12/27 3030808374 3234211495 3033457208   |
| 2062   | 296.58 12/10          | 2080   | 115.08 12/17          | Total  | \$201,259.00 3232248421 4433373679                |
| 2063   | 2,442.58 12/07        | 2081   | 18.52 12/14           |        | 4634027649 3233081581                             |

\*Indicates a break in check number sequence

Other Withdrawals and Service Fees

| Date  | Amount      | Description                               |
|-------|-------------|---|
| 12/30 | 44,500.00   | TRANSFER TO 2020000726184<br>CCSC C:52411 |
|       |             | 00000986101003                            |
| Total | \$44,500.00 |   |

Daily Balance Summary

| Dates | Amount    | Dates | Amount     | Dates | Amount    |
|-------|-----------|-------|------------|-------|-----------|
| 12/01 | 55,172.83 | 12/13 | 24,865.23  | 12/23 | 70,543.28 |
| 12/02 | 54,706.00 | 12/14 | 130,344.90 | 12/24 | 70,395.98 |
| 12/03 | 47,062.68 | 12/15 | 127,078.59 | 12/27 | 56,263.20 |
| 12/06 | 6,175.50  | 12/16 | 23,646.67  | 12/28 | 55,305.16 |
| 12/07 | 41,861.09 | 12/17 | 23,211.59  | 12/29 | 55,195.16 |
| 12/08 | 40,348.80 | 12/20 | 20,635.60  | 12/30 | 10,484.66 |
| 12/09 | 37,505.08 | 12/21 | 74,701.91  | 12/31 | 10,121.22 |

2741

|   |  |
|---|--|
| Name BRITISH TRADE & COMMERCE BANK      |  |
| Acct No 0600101400-01                   |  |
| DATE 12-15-99                           |  |
| TOTAL CASH 700.00                       |  |
| TOTAL DEBIT 1.00                        |  |
| TOTAL \$ 699.00                         |  |
| CITY #1                                 |  |
| TELLER 2                                |  |
| K0670105170 040010140001 111 0010000000 |  |

|   |                           |            |
|---|---------------------------|------------|
| BT - FINANCIAL SERVICES   | FIRST UNION NATIONAL BANK | 2085       |
| ROSELL AVE, R-16  | BANK PL 2037              |            |
| AME, KY 40313   | 8446500                   | 12/14/1999 |
| MEMO # 400-2100   |                           |            |
| PAY TO THE ORDER OF British Trade & Commerce Bank \$ 100,000.00 |                           |            |
| One Hundred Thousand and 00/100                                 |                           |            |
| VOID IF NOT CASHED IN 30 DAYS                                   |                           |            |
| MEMO # 400 208 5*   |                           |            |
| K0670064120 200300782116 2*                                     |                           |            |
| 700100000000  |                           |            |

STMTS6 96 1100 2624 000 DIRECT INQUIRIES TO: (305) 374-3722

BRITISH TRADE & COMMERCE BANK  
 EMENS BLDG. DAME EUGENIA CHARLES  
 BLVD. BAYFRONT  
 ROSSAU, DOMINICA, WI

0010140000  
 FROM 12/01/99 THRU 12/31/99

NUMER OF ITEMS ENCLOSED: 10

| CKG-01                        |                                       | ACCOUNT NO. 00101400 01 |              |
|-------------------------------|---------------------------------------|-------------------------|--------------|
| -ACCOUNT TRANSACTIONS DETAIL- |                                       |                         |              |
| DATE POSTED                   | DESCRIPTION OF TRANSACTIONS           | CHECKS (-)              | DEPOSITS (+) |
|                               |                                       |                         | BALANCE      |
| 12/15                         | DEPOSIT                               |                         | 100,000.00   |
| 12/15                         | AUTO TRANSFER FROM ACCOUNT 0810140002 |                         | 292,101.13   |
| 12/15                         | O W                                   | 2,025.00                | 450,054.81   |
| 12/15                         | O W                                   | 3,300.00                | 446,754.81   |
| 12/15                         | O W                                   | 3,500.00                | 443,254.81   |
| 12/15                         | O W                                   | 5,000.00                | 438,254.81   |
| 12/15                         | O W                                   | 6,000.00                | 432,254.81   |
| 12/15                         | MISCELLANEOUS DEBIT                   | 7,000.00                | 425,254.81   |
| 12/15                         | O W                                   | 7,000.00                | 418,254.81   |
| 12/15                         | O W                                   | 7,500.00                | 410,754.81   |
| 12/15                         | O W                                   | 8,500.00                | 402,254.81   |
| 12/15                         | MISCELLANEOUS DEBIT                   | 10,000.00               | 392,254.81   |
| 12/15                         | O W                                   | 12,000.00               | 380,254.81   |
| 12/15                         | O W                                   | 12,100.00               | 368,154.81   |
| 12/15                         | O W                                   | 25,000.00               | 343,154.81   |
| 12/15                         | O W                                   | 53,201.00               | 289,953.81   |

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VECTOR MEDICAL TECHNOLOGIES  
3785 N. FEDERAL HWY. STE. 300  
BOCA RATON, FL 33431

FIRST UNION NATIONAL BANK  
63-2933 505

2886

1/10/2000

PAY TO THE ORDER OF BTC Financial Services \$ \*\*100,000.00

One Hundred Thousand and 00/100

BTC Financial Services  
444 Brickell Avenue  
Suite P-1a  
Miami, Florida 33131

MEMO

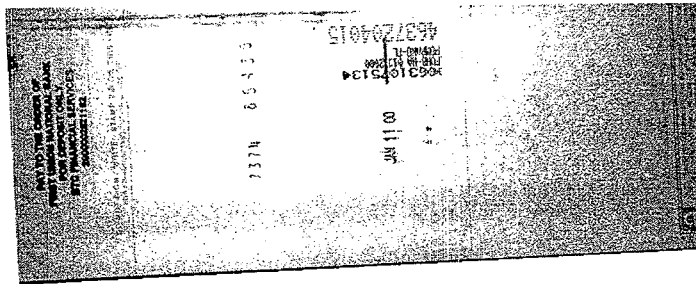
COPIES TWO SIGNATURES REQUIRED

*Richard J. ...*

MICROFILM SIGNATURE

⑈002886⑈ ⑆06300002⑆ 9983245063⑈ ⑆00000000⑈

SECURITY FEATURES INCLUDED. DETAILS ON BACK II



REQUEST 20000731000134 100000.00  
ROLL 1387 200000111 000000046204015  
JOB 02967 F ACCT  
REQUESTOR DONNA LONG  
. STAR: DONNA LONG NC5458

Bank Table Record Not Found



CAP Account Statement 01/01/2000 thru 11/31/2000  
 5 9983216063 FL R 0 REPLACEMENT STATEMENT 003

CAP Account number: 9983146063  
 Brokerage Account number: 37239016  
 Taxpayer ID: [REDACTED]

ACCOUNT ACTIVITY continued

| Trans Type/<br>Date Check Number | Description                 | Quantity | Price/<br>Amount | Add       | Subtract   | Daily Cash<br>Balance |
|----------------------------------|-----------------------------|----------|------------------|-----------|------------|-----------------------|
| 1/10 2874                        | [REDACTED]                  |          |                  |           | 541.45     |                       |
| 1/10 2857                        | [REDACTED]                  |          |                  |           | 575.45     |                       |
| 1/10 2860                        | [REDACTED]                  |          |                  |           | 627.62     |                       |
| 1/10 2872                        | [REDACTED]                  |          |                  |           | 749.50     |                       |
| 1/10 2857                        | [REDACTED]                  |          |                  |           | 1,030.25   |                       |
| 1/10 2879                        | [REDACTED]                  |          |                  |           | 1,108.24   |                       |
| 1/10 2887                        | MICHAEL SALTZ MD            |          |                  |           | 1,200.00   |                       |
| 1/10 2876                        | STUART L REBEN              |          |                  |           | 1,369.00   |                       |
| 1/10 2849                        | [REDACTED]                  |          |                  |           | 1,625.00   |                       |
| 1/10 2859                        | [REDACTED]                  |          |                  |           | 2,380.25   |                       |
| 1/10 2869                        | DR MICHAEL H SALTZ          |          |                  |           | 4,000.00   |                       |
| 1/10 2878                        | [REDACTED]                  |          |                  |           | 4,853.85   |                       |
| 1/10 2883                        | [REDACTED]                  |          |                  |           | 5,262.87   | 996,705.50            |
| 1/11                             | DEPOSIT - CHECKING (1 ITEM) |          |                  | 50,000.00 |            |                       |
| 1/11 2895                        | [REDACTED]                  |          |                  |           | 4,970.44   |                       |
| 1/11 2886                        | BIC FINANCIAL SERVICES      |          |                  |           | 100,000.00 |                       |
| 1/11 2870                        | [REDACTED]                  |          |                  |           | 69.26      |                       |
| 1/11 2884                        | JIM FARNELL                 |          |                  |           | 115.02     |                       |

Account Activity continued on next page

Redacted Information  
 in Subcommittee Files

Flexible Business Checking

01 2000002821162 036 140 45 44 Replacement Statement 003

BTC FINANCIAL SERVICES  
 444 BRICKELL AVE SUITE P6 CB  
 MIAMI FL 33131

Flexible Business Checking 1/01/2000 thru 1/31/2000

Account number: 2000002821162  
 Account holder(s): BTC FINANCIAL SERVICES  
 Taxpayer ID Number: [REDACTED]

Account Summary

|                                    |              |
|------------------------------------|--------------|
| Opening balance 1/01               | \$10,121.22  |
| Deposits and other credits         | 244,000.00 + |
| Checks                             | 137,179.52 - |
| Other withdrawals and service fees | 84,967.70 -  |
| Closing balance 1/31               | \$31,974.00  |

**Redacted Information  
 in Subcommittee Files**

Deposits and Other Credits

| Date | Amount     | Description   |                |
|------|------------|---|----------------|
| 1/07 | 11,000.00  | FUNDS TRANSFER (ADVICE 000107023739)<br>RCVD FROM BRITISH TRADE & C/<br>ORG=<br>RFB= OBI=<br>REF= 02:43P  | 00000107023739 |
| 1/11 | 100,000.00 | DEPOSIT   | 00004637204014 |
| 1/14 | 60,000.00  | FUNDS TRANSFER (ADVICE 000114027087)<br>RCVD FROM SECURITY BANK NA /<br>ORG=BRITISH TRADE & COMMERCE BANK<br>RFB=OT1140005 OBI=REF: BTCB TRANSFER S<br>REF=OT1140005 02:45P | 00000114027087 |
| 1/24 | 3,000.00   | DEPOSIT   | 00004637850064 |
| 1/26 | 70,000.00  | FUNDS TRANSFER (ADVICE 000126019518)  | 00000126019518 |

Flexible Business Checking

02 2000002821162 036 140 45 44 Replacement Statement 003

Checks continued

| Number | Amount     | Date posted | Number | Amount   | Date posted | Number | Amount       | Date posted |
|--------|------------|-------------|--------|----------|-------------|--------|--------------|-------------|
| 2108   | 85.00      | 1/10        | 2121   | 1,597.50 | 1/18        | 2138*  | 353.44       | 1/27        |
| 2109   | 106.55     | 1/12        | 2122   | 1,312.50 | 1/21        | 2140*  | 933.69       | 1/28        |
| 2110   | 47.25      | 1/12        | 2123   | 50.00    | 1/21        | 2141   | 673.05       | 1/31        |
| 2111   | 87.75      | 1/11        | 2124   | 100.50   | 1/19        | 2142   | 2,900.00     | 1/21        |
| 2112   | 85.03      | 1/10        | 2125   | 4,135.25 | 1/19        | 2143   | 175.00       | 1/25        |
| 2113   | 565.17     | 1/11        | 2127*  | 59.50    | 1/24        | 2146*  | 2,286.00     | 1/28        |
| 2114   | 306.00     | 1/12        | 2128   | 600.00   | 1/20        | 2149*  | 84.76        | 1/31        |
| 2115   | 5,000.00   | 1/18        | 2129   | 75.27    | 1/20        | 2154*  | 3,782.71     | 1/31        |
| 2116   | 100,000.00 | 1/13        | 2130   | 78.69    | 1/26        | 2163*  | 1,985.00     | 1/31        |
| 2118*  | 156.72     | 1/24        | 2131   | 152.17   | 1/20        | Total  | \$137,179.52 |             |
| 2119   | 70.75      | 1/19        | 2135*  | 434.00   | 1/28        |        |              |             |
| 2120   | 2,491.00   | 1/18        | 2136   | 958.04   | 1/27        |        |              |             |

\*Indicates a break in check number sequence

Other Withdrawals and Service Fees

| Date | Amount    | Description  |                 |
|------|-----------|--|-----------------|
| 1/12 | 24.00     | COMMERCIAL SERVICE CHARGES FOR DECEMBER 1999   | 00000000000000  |
| 1/14 | 30.00     | INSUFFICIENT FUNDS CHARGE<br>1 TRANSACTION(S) AT 30.00 EACH  | 00000000002868  |
| 1/14 | 13,244.39 | AUTOMATED DEBIT COMPUPAY TAX TAX IMPOUN<br>CO. ID. 4592022495 000114 CCD<br>MISC COMPUPAY D03236     | 420000141502798 |
| 1/24 | 29,575.33 | AUTOMATED DEBIT BTC FINANCIAL SE REVERSAL<br>CO. ID. 1880435734 000124 PPD<br>MISC 032360880435734   | 420000244867319 |
| 1/25 | 124.55    | AUTOMATED DEBIT COMPUPAY AR MONEY<br>CO. ID. 6592022495 000125 CCD<br>MISC COMPUPAY D03236           | 420000245272375 |
| 1/28 | 28,868.96 | AUTOMATED DEBIT BTC FINANCIAL SE PR DEPOSIT<br>CO. ID. 1880435734 000128 PPD<br>MISC 032360880435734 | 420000287875520 |



2747

BRITISH TRADE & COMMERCE BANK  
Name: [REDACTED]  
Acct No: [REDACTED]  
DATE: January 11, 2060  
TOTAL DASH: \$100,000.00  
Security Branch  
00670405125 0400401400\*04 131 700100000007

WTC FINANCIAL SERVICES  
444 BRICKELL AVE., F-18  
MIAMI, FL 33131  
(305) 360-2100  
FIRST UNION NATIONAL BANK  
MIAMI, FL 33131  
83 433479  
2116  
11/22/99  
PAY TO THE ORDER OF: British Trade & Commerce Bank  
\$ 100,000.00  
One Hundred Thousand and 00/100  
VOID IF NOT CASHED IN 30 DAYS  
02000598  
Vickor  
#002116# 106700643262000002821162# 7001000000

STWJ36 96 1092 2456 000 DIRECT INQUIRIES TO: (305) 374-3722

BRITISH TRADE & COMMERCE BANK  
EMANS BLDG. DAME SUEBENIA CHARLES  
BLVD. BAYFRONT  
ROSSAU, DOMINICA, WI

0010140000  
FROM 01/01/00 THRU 01/31/00

NUMBER OF ITEMS ENCLOSED: 17

| CKG-01                        |  | ACCOUNT NO. 00101400 01 |              | BALANCE    |  |
|-------------------------------|--|-------------------------|--------------|------------|--|
| -ACCOUNT TRANSACTIONS DETAIL- |  |                         |              |            |  |
| DATE                          | DESCRIPTION OF TRANSACTIONS              | CHECKS (-)              | DEPOSITS (+) |            |  |
| 01/11                         | AUTO TRANSFER TO<br>ACCT: --0010140002   | 35,440.90               |              | 51,594.07  |  |
| 01/12                         | DEPOSIT                                  |                         | 100,000.00   | 151,594.07 |  |
| 01/12                         | AUTO TRANSFER FROM<br>ACCOUNT 0010140002 |                         | 30,595.99    | 188,110.02 |  |
| 01/12                         | OT1120005<br>O                           | 2,000.00                |              | 186,110.02 |  |
| 01/12                         | OT1120004<br>O                           | 36,000.00               |              | 150,110.02 |  |
| 01/12                         | OT1120005<br>W<br>/F                     | 15.00                   |              | 150,095.02 |  |
| 01/12                         | OT1120004<br>W<br>/F                     | 15.00                   |              | 150,080.02 |  |
| 01/13                         | WIRES REQUESTED                          |                         | 2,000.00     | 152,080.02 |  |
| 01/13                         | IN1130003<br>I                           |                         | 19,514.60    | 171,594.62 |  |
| 01/13                         | IN1130008<br>I                           |                         | 36,000.00    | 207,594.62 |  |
| 01/13                         | IN1130001<br>I                           |                         | 36,000.00    | 243,594.62 |  |
| 01/13                         | IN1130005<br>I                           |                         | 100,000.00   | 343,594.62 |  |
| 01/13                         | OT1130008<br>O                           | 443.86                  |              | 343,150.76 |  |
| 01/13                         | OT1130007<br>O                           | 838.94                  |              | 342,311.82 |  |

Redacted Information  
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CAP Account Statement 01/01/2000 thru 02/29/2000  
 7 9983246063 FL R O REPLACEMENT STATEMENT 003

CAP Account number: 9983246063  
 Brokerage Account number: 37239016  
 Taxpayer ID: [REDACTED]

ACCOUNT ACTIVITY continued

| Trans Type/<br>Date Check Number | Description                   | Quantity | Price/<br>Amount | Add       | Subtract   | Daily Cash<br>Balance |
|----------------------------------|-------------------------------|----------|------------------|-----------|------------|-----------------------|
| 1/08 3079                        | [REDACTED]                    |          |                  |           | 600.59     |                       |
| 1/08 3101                        | [REDACTED]                    |          |                  |           | 614.62     |                       |
| 1/08 3107                        | JAMES FARNELL                 |          |                  |           | 1,200.00   |                       |
| 1/08 3068                        | [REDACTED]                    |          |                  |           | 3,351.50   |                       |
| 1/08 3113                        | [REDACTED]                    |          |                  |           | 60,000.00  | 2,186,635.71          |
| 2/09                             | DEPOSIT - CHECKING (2 ITEMS)  |          |                  | 40,000.00 |            |                       |
| 2/09 3074                        | [REDACTED]                    |          |                  |           | 475.63     |                       |
| 2/09 3067                        | [REDACTED]                    |          |                  |           | 4,501.94   |                       |
| 2/09 3089                        | [REDACTED]                    |          |                  |           | 11,456.01  |                       |
| 2/09 3112                        | [REDACTED]                    |          |                  |           | 60,000.00  |                       |
| 2/09 3071                        | BRITISH TRADE & COMMERCE BANK |          |                  |           | 100,000.00 | 2,050,202.13          |
| 2/10                             | DEPOSIT - CHECKING (2 ITEMS)  |          |                  | 37,500.00 |            |                       |
| 2/10 3065                        | [REDACTED]                    |          |                  |           | 96.41      |                       |
| 2/10 3070                        | [REDACTED]                    |          |                  |           | 195.00     |                       |
| 2/10 3055                        | [REDACTED]                    |          |                  |           | 391.90     |                       |
| 2/10 3066                        | FEDERAL EXPRESS               |          |                  |           | 906.25     |                       |
| 2/10 3064                        | [REDACTED]                    |          |                  |           | 2,812.68   | 2,083,293.39          |

Account Activity continued on next page

Redacted Information  
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|                                     |  |
|-------------------------------------|--|
| NAME <u>William Paul ...</u>        |  |
| Acct No <u>01000000000000000000</u> |  |
| DATE <u>10/1/84</u>                 |  |
| TOTAL CASH <u>100,000</u>           |  |
| TOTAL DEPOSIT <u>100,000</u>        |  |
| TOTAL BALANCE <u>100,000</u>        |  |

Small City Bank  
Member FDIC  
1000 Main Street  
New York, NY 10001

①

①067010512: 040010140001 111 00010000000

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|                              |                                 |                           |
|------------------------------|---------------------------------|---------------------------|
| VEL ... MEDICAL TECHNOLOGIES |                                 | 3256                      |
| 1234 FEDERAL HWY. STE. 200   |                                 | POST OFFICE NATIONAL BANK |
| BOCA RATON, FL 33431         |                                 | 61242 106                 |
|                              |                                 | 1/29/84                   |
| PAY TO THE ORDER OF          | A First A. Commerce Bank        | \$ **100,000.00           |
| One Hundred                  | and 00/100*****                 | DOLLARS                   |
|                              | First A. Commerce Bank          |                           |
|                              | 1000 Main Street                |                           |
|                              | New York, NY 10001              |                           |
| MEMO                         | Final Payment                   |                           |
|                              | ①001256① ①053000021① 998174603① | ①001000000①               |

NO SIGNATURES REQUIRED

*[Signature]*



CAP Account Statement 03/01/2000 thru 03/31/2000  
 5 9983246063 PL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983246063  
 Brokerage Account number: 37237016  
 Taxpayer ID: [REDACTED]

ACCOUNT ACTIVITY continued

| Trans Type/<br>Date Check Number | Description                 | Quantity | Price/<br>Amount | Add | Subtract   | Daily Cash<br>Balance |
|----------------------------------|-----------------------------|----------|------------------|-----|------------|-----------------------|
| 3/02 3211                        | [REDACTED]                  |          |                  |     | 336.40     |                       |
| 3/02 3216                        | [REDACTED]                  |          |                  |     | 614.63     |                       |
| 3/02 3270                        | DR MICHAEL H SALIT          |          |                  |     | 1,000.00   |                       |
| 3/02 3236                        | [REDACTED]                  |          |                  |     | 8,980.30   |                       |
| 3/02 3256                        | BRITISH TRADE & COMMERCE BK |          |                  |     | 100,000.00 | 3,526,702.95          |
| 3/03 3251                        | JEM FARNELL                 |          |                  |     | 105.00     |                       |
| 3/03 3208                        | [REDACTED]                  |          |                  |     | 240.00     |                       |
| 3/03 3239                        | [REDACTED]                  |          |                  |     | 427.34     |                       |
| 3/03 3291                        | [REDACTED]                  |          |                  |     | 576.45     |                       |
| 3/03 3260                        | JEM FARNELL                 |          |                  |     | 1,200.00   |                       |
| 3/03 3286                        | STUART E REBEN              |          |                  |     | 1,371.00   |                       |
| 3/03 3253                        | [REDACTED]                  |          |                  |     | 2,806.58   |                       |
| 3/03 3288                        | DR MICHAEL H SALIT          |          |                  |     | 3,000.00   |                       |
| 3/03 3245                        | [REDACTED]                  |          |                  |     | 40,000.00  |                       |
| 3/03 3257                        | [REDACTED]                  |          |                  |     | 40,000.00  |                       |
| 3/03 3258                        | [REDACTED]                  |          |                  |     | 40,000.00  |                       |
| 3/03 3290                        | [REDACTED]                  |          |                  |     | 56,437.63  | 3,340,537.86          |

Account Activity continued on next page

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STMT96 96 1275 2802 000 DIRECT INQUIRIES TO: (305) 374-3722

BRITISH TRADE & COMMERCE BANK  
 EMENS BLDG, DAVE EUGENIA CHARLES  
 BLYD BAIFOCI  
 ROSEAU, DOMINICA, WI

001014000  
 FROM 03/01/00 THRU 03/31/00

NUMBER OF ITEMS ENCLOSED: 17

\*\*\*\*\* ACCOUNT ACTIVITY SUMMARY \*\*\*\*\*

CKG-01 ACCOUNT NO. 00101400 01

PREVIOUS BALANCE AS OF 02/28/00 50,000.00  
 TOTAL OF 46 DEPOSITS AND OTHER CREDITS 2,121,636.44  
 TOTAL OF 211 DEBITS AND WITHDRAWALS 2,167,109.53  
 ENDING BALANCE AS OF 03/31/00 4,526.91

----- ACCOUNT DISCLOSURE -----  
 AVERAGE DAILY BALANCE 58,536.47  
 NUMBER OF DAYS THIS STATEMENT 31

----- ACCOUNT TRANSACTIONS DETAIL -----

| DATE POSTED | DESCRIPTION OF TRANSACTIONS           | CHECKS (-) | DEPOSITS (+) | BALANCE    |
|-------------|---------------------------------------|------------|--------------|------------|
| 03/01       | DEPOSIT                               |            | 100,000.00   | 150,000.00 |
| 03/01       | AUTO TRANSFER FROM ACCOUNT 0010140002 |            | 53,219.29    | 203,219.29 |
| 03/01       | IN3010002 W                           |            | 9,940.00     | 213,159.29 |
| 03/01       | OT3010010 O                           | 610.00     |              | 212,549.29 |
| 03/01       | OT3010009 W                           | 4,938.45   |              | 207,610.84 |
| 03/01       | OT3010005 O                           | 7,000.00   |              | 200,610.84 |
| 03/01       | OT3010006 W                           | 7,500.00   |              | 193,110.84 |
| 03/01       | OT3010011 O                           | 7,500.00   |              | 185,610.84 |
| 03/01       | OT3010009 W                           | 15,000.00  |              | 170,610.84 |





Sample of Deposits to  
Global/Vector CAP Account

CAP Account Statement 09/01/1999 thru 09/30/1999  
15 9983246063 FL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983246063  
Brokerage Account number: 37239016  
Taxpayer ID: [REDACTED]

ACCOUNT ACTIVITY continued

| Trans Type/<br>Date Check Number | Description                      | Quantity | Price/<br>Amount | Add             | Subtract        | Daily Cash<br>Balance |
|----------------------------------|----------------------------------|----------|------------------|-----------------|-----------------|-----------------------|
| 9/30                             | EXCESSIVE WITHDRAWAL SERVICE CHG |          |                  |                 | 78.00           | 1,265,696.59          |
| 9/30                             | Closing Balance 9/30             |          |                  | \$ 1,096,820.38 | \$ 1,020,401.49 | \$ 1,265,696.59       |

Summary of Deposits

| Date | Description                  | Amount    | Check Ref Number |
|------|------------------------------|-----------|------------------|
| 9/01 | DEPOSIT - CHECKING           | 12,500.00 | 3035342887       |
| 9/02 | DEPOSIT - CHECKING           | 25,000.00 | 4436564108       |
| 9/03 | DEPOSIT - CHECKING           | 13,000.00 | 3036321916       |
| 9/03 | DEPOSIT - CHECKING (2 ITEMS) | 25,000.00 | 3036251431       |
| 9/07 | DEPOSIT - CHECKING (4 ITEMS) | 25,000.00 | 4034001338       |
| 9/08 | DEPOSIT - CHECKING           | 50,000.00 | 4635691811       |
| 9/09 | DEPOSIT - CHECKING           | 10,000.00 | 4034485042       |
| 9/10 | DEPOSIT - CHECKING           | 25,000.00 | 3037969143       |
| 9/10 | DEPOSIT - CHECKING (2 ITEMS) | 37,500.00 | 4635809933       |
| 9/13 | DEPOSIT - CHECKING           | 25,000.00 | 4636073910       |
| 9/15 | DEPOSIT - CHECKING           | 50,000.00 | 4438413037       |
| 9/15 | DEPOSIT - CHECKING (4 ITEMS) | 62,500.00 | 4438413032       |
| 9/15 | DEPOSIT - CHECKING (4 ITEMS) | 36,250.00 | 3233713598       |

Account Activity continued on next page

Redacted Information  
in Subcommittee Files



CAP Account Statement 09/01/1999 thru 09/30/1999  
 16 9983246063 FL R U REPLACEMENT STATEMENT 003

CAP Account number: 9983246063  
 Brokerage Account number: 37239016  
 Taxpayer ID: [REDACTED]

ACCOUNT ACTIVITY continued

| Date  | Description                   | Amount          | Check Ref Number |
|-------|-------------------------------|-----------------|------------------|
| 9/17  | DEPOSIT - CHECKING            | 50,000.00       | 4636750625       |
| 9/20  | DEPOSIT - CHECKING (4 ITEMS)  | 3,000.00        | 4430133770       |
| 9/20  | DEPOSIT - CHECKING (4 ITEMS)  | 72,750.00       | 4430133769       |
| 9/21  | DEPOSIT - CHECKING            | 15,000.00       | 4036449641       |
| 9/23  | WIRE TRANSFER TRN 019530      | 50,000.00       |                  |
| 9/23  | DEPOSIT - CHECKING (2 ITEMS)  | 30,000.00       | 3031797825       |
| 9/24  | DEPOSIT - CHECKING (1 ITEM)   | 12,500.00       | 3032081540       |
| 9/24  | DEPOSIT - CHECKING (4 ITEMS)  | 81,250.00       | 4431921277       |
| 9/27  | DEPOSIT - CHECKING (2 ITEMS)  | 17,500.00       | 4432618919       |
| 9/27  | DEPOSIT - CHECKING (2 ITEMS)  | 30,000.00       | 3032324741       |
| 9/28  | DEPOSIT - CHECKING (5 ITEMS)  | 185,000.00      | 4037269748       |
| 9/29  | DEPOSIT - CHECKING (5 ITEMS)  | 92,750.00       | 3236231554       |
| 9/30  | CAP ACCOUNT INTEREST/DIVIDEND | 3,820.38        |                  |
| 9/30  | DEPOSIT - CHECKING (2 ITEMS)  | 50,000.00       | 3032829874       |
| Total |                               | \$ 1,096,820.38 |                  |

Account Activity continued on next page



CAP Account Statement 12/01/1999 thru 12/31/1999  
 19 9983246063 FL R U REPLACEMENT STATEMENT 001

CAP Account number: 9983246063  
 Brokerage Account number: 37239016  
 Taxpayer ID: ██████████

ACCOUNT ACTIVITY continued

Summary of Deposits

| Date  | Description                   | Amount     | Check Ref Number |
|-------|-------------------------------|------------|------------------|
| 12/01 | DEPOSIT - CHECKING (3 ITEMS)  | 35,000.00  | 3036195880       |
| 12/01 | DEPOSIT - CHECKING (1 ITEM)   | 150,000.00 | 3036380732       |
| 12/02 | DEPOSIT - CHECKING (5 ITEMS)  | 99,392.66  | 3036704081       |
| 12/03 | WIRE TRANSFER TR# 031698      | 23,140.00  |                  |
| 12/03 | DEPOSIT - CHECKING (1 ITEM)   | 25,000.00  | 4438445415       |
| 12/03 | DEPOSIT - CHECKING (5 ITEMS)  | 37,500.00  | 4438445366       |
| 12/06 | DEPOSIT - CHECKING (2 ITEMS)  | 37,500.00  | 3037515935       |
| 12/07 | DEPOSIT - CHECKING (2 ITEMS)  | 10,000.00  | 4035916563       |
| 12/08 | DEPOSIT - CHECKING (1 ITEM)   | 65,000.00  | 4430908065       |
| 12/08 | DEPOSIT - CHECKING (2 ITEMS)  | 75,000.00  | 4430908067       |
| 12/09 | DEPOSIT - CHECKING (8 ITEMS)  | 143,750.00 | 3038788430       |
| 12/10 | WIRE TRANSFER TR# 007504      | 10,000.00  |                  |
| 12/10 | WIRE TRANSFER TR# 031978      | 25,000.00  |                  |
| 12/10 | DEPOSIT - CHECKING (15 ITEMS) | 228,750.00 | 4431728244       |
| 12/13 | DEPOSIT - CHECKING (1 ITEM)   | 25,000.00  | 3038894776       |
| 12/13 | DEPOSIT - CHECKING (4 ITEMS)  | 100,000.00 | 4431987979       |
| 12/14 | DEPOSIT - CHECKING (1 ITEM)   | 12,500.00  | 3030416375       |
| 12/15 | DEPOSIT - CHECKING (1 ITEM)   | 16,000.00  | 4635027809       |
| 12/16 | DEPOSIT - CHECKING (1 ITEM)   | 50,000.00  | 4635147174       |

Account Activity continued on next page



CAP Account Statement 12/01/1999 thru 12/31/1999  
 10 9983246083 FL R 0 REPLACEMENT STATEMENT 003

CAP Account number: 9983246083  
 Brokerage Account number: 37339016  
 Taxpayer ID: [REDACTED]

ACCOUNT ACTIVITY continued

| Date  | Description                              | Amount          | Check Ref Number |
|-------|--|-----------------|------------------|
| 12/17 | DEPOSIT - CHECKING (1 ITEM)              | 12,500.00       | 3011317665       |
| 12/23 | DEPOSIT - CHECKING (1 ITEM)              | 12,500.00       | 4038645333       |
| 12/27 | CX 2793 PD 12000.00 SB 1100.00 DOTS MISC | 10,809.00       |                  |
| 12/28 | DEPOSIT - CHECKING (1 ITEM)              | 30.00           | 4030313690       |
| 12/28 | DEPOSIT - CHECKING (1 ITEM)              | 6,225.00        | 4436496678       |
| 12/28 | DEPOSIT - CHECKING (2 ITEMS)             | 37,500.00       | 4030313687       |
| 12/29 | DEPOSIT - CHECKING (1 ITEM)              | 30,000.00       | 3034053416       |
| 12/30 | DEPOSIT - CHECKING (1 ITEM)              | 12,500.00       | 3034356267       |
| 12/31 | CAP ACCOUNT INTEREST/DIVIDEND            | 12,158.46       |                  |
| 12/31 | INTEREST ADJUSTMENT                      | 20.31           |                  |
| Total |  | \$ 1,302,766.43 |                  |

Summary of Withdrawals

| Date  | Check Number | Description                              | Expense Tracking Category | Amount    | Check Ref Number |
|-------|--------------|--|---------------------------|-----------|------------------|
| 12/31 |              | STREPAY DEBIT HARLAND CHECKS CHK ORDERS  |                           | 21.31     | 99338766         |
| 12/28 |              | DEPOSITED ITEM RETURNED FEE ADV # 794316 |                           | 6.00      | 99343041         |
| 12/28 |              | DEPOSITED ITEM RETURNED ADV # 794316 SVC |                           | 50,000.00 | 99343042         |
| 12/09 |              | STOP ORDER SERVICE CHARGE                |                           | 30.00     |                  |

\* Indicates a break in check number sequence

Account Activity continued on next page

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

SECURITIES AND EXCHANGE COMMISSION, )  
 )  
 Plaintiff, )  
 )  
 v. )  
 )  
 THE APPLETREE COMPANIES, INC. )  
 f/k/a MODAMI SERVICES, INC., )  
 MICHAEL H. SALIT, DAVID B. LOBEL, )  
 PAUL B. KRAVITZ, AND )  
 W. SCOTT LONG III, )  
 )  
 Defendants. )

Case No.

96-8675

COMPLAINT FOR  
 INJUNCTIVE AND  
 OTHER RELIEF  
 RYSKAMI  
 VITUNAC

Plaintiff, Securities and Exchange Commission  
 ("Commission"), alleges that:

INTRODUCTION

1. The Commission brings this action as a result of various material omissions and misrepresentations in connection with AppleTree Companies, Inc.'s ("AppleTree"), offer and sale of securities in 1992, as well as in various reports with the Commission thereafter. The misstatements and omissions in AppleTree's 1992 offering materials and subsequent filings relate to: (a) an undisclosed relationship between former officers and directors of AppleTree and AppleTree's sole supplier of the raw material for its yogurt product; (b) \$440,000 in machinery and equipment purportedly owned by AppleTree; (c) an undisclosed \$250,000 loan which AppleTree made from the proceeds of its 1992 offering; and (d) a joint venture agreement with an unauthorized signature included in a filing with the Commission. The Commission seeks injunctive relief and an accounting against all

FILED BY  
 96 SEP 30 PM 3:38  
 CLERK OF COURT  
 S.D. OF FLA.-MIAMI  
 D.C.

Defendants, and civil penalties and disgorgement against all individual Defendants.

DEFENDANTS

2. **The AppleTree Companies, Inc.** ("AppleTree"), a Delaware corporation which until in or about August 1996 had its principal offices in Boca Raton, Florida, is a diversified food and consumer products company. At all times relevant, AppleTree was subject to the reporting requirements of the Securities Exchange Act of 1934 ("Exchange Act") and AppleTree filed current and periodic reports with the Commission.

3. **Michael H. Salit** ("Salit"), 52, resides in Boca Raton, Florida. Salit was AppleTree's chairman from its inception until in or about March 1994.

4. **David B. Lobel** ("Lobel"), 56, resides in Boca Raton, Florida. Lobel was AppleTree's vice-president and chief financial officer from its inception until in or about July 1993.

5. **Paul B. Kravitz** ("Kravitz"), 64, resides in Boca Raton, Florida. Kravitz was president of AppleTree from its inception through in or about April 1994, when he became chairman and president. In or about August 1996, Kravitz resigned as chairman and president.

6. **W. Scott Long III** ("Long"), 52, resides in Shorewood, Minnesota. At the time of AppleTree's August 1992 offering, Long was president of Kennedy, Mathews, Landis, Healy & Pecora, Inc. ("Kennedy Mathews"), the underwriter of AppleTree's 1992 offering.

JURISDICTION

7. This Court has jurisdiction over this action pursuant to Sections 20(d) and 22(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77t(d), 77v(a), and Sections 21(d), 21(e), and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u(e), and 78aa.

8. The Commission brings this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d), and 77v(a), and Sections 21(d), 21(e), and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u(e), and 78aa, to restrain and enjoin the Defendants from engaging in the acts and practices complained of herein, and for other equitable relief.

9. AppleTree, Salit, Lobel, Kravitz and Long, directly or indirectly, singly and in concert, have made use of the means and instrumentalities of interstate commerce, the means and instruments of transportation and communication in interstate commerce, and the mails, in connection with the acts and practices complained of herein.

OVERVIEW OF THE FRAUDULENT SCHEME

10. On or about January 3, 1992, AppleTree (formerly known as Modami Services, Inc. ("Modami")) filed with the Commission a registration statement on Form S-18 (the "Registration Statement"). According to its Registration Statement, AppleTree, a development stage company, intended to raise approximately \$5 million to commence distribution of a frozen yogurt product.

11. Salit, Lobel, Kravitz and Long caused AppleTree's Registration Statement, as well as certain subsequent reports to the Commission, to contain numerous material omissions and affirmative misrepresentations. Additionally, Salit and Lobel intentionally and/or recklessly provided AppleTree's independent accountants with false information and caused AppleTree to fail to make and keep accurate books and records.

APPLETREE'S FRAUDULENT REGISTRATION STATEMENT

12. AppleTree's Registration Statement disclosed that it intended to use approximately \$1.6 million of the proceeds of this offering to purchase dehydrated yogurt powder from an Israeli company known as Nutrix, Ltd. ("Nutrix"); AppleTree represented that \$200,000 already had been advanced to Nutrix. AppleTree's Registration Statement stated that Nutrix was the sole supplier of this product, and further represented that Nutrix was an unaffiliated, privately-owned company, owned and controlled by Leon Unger ("Unger") and Avi Shalev ("Shalev"). AppleTree's Registration Statement did not disclose that Salit and Lobel had any relationship with or interest in Nutrix.

Undisclosed Corporate and Creditor Relationships With Nutrix

13. On or about September 12, 1990, Salit and Lobel, with others, co-founded Nutrix's predecessor. From that time until at least AppleTree's advance of \$200,000 to Nutrix on or about June 11, 1991, Salit and Lobel remained both stockholders (each owning approximately 25%) and directors of Nutrix. Furthermore, Salit and Lobel claim that, until well after the effective date of



AppleTree's Registration Statement, Nutrix owed them approximately \$600,000, which would have made them Nutrix's creditors at the time of the 1992 offering.

14. In response to questions from AppleTree's auditors in connection with the audit of its financial statements for the period ended August 31, 1991, as well as in response to questions from AppleTree's attorneys and underwriter in connection with the preparation of AppleTree's Registration Statement, Salit and Lobel failed to disclose that they had any relationship with Nutrix and, in fact, affirmatively denied that they had any such relationship.

15. As a result of Salit's and Lobel's failures to disclose their relationships with Nutrix, AppleTree's Registration Statement failed to disclose that Salit and Lobel were stockholders, directors and claimed to be creditors of Nutrix during the time that AppleTree was doing business with Nutrix.

16. When Salit and Lobel prepared AppleTree's Registration Statement or caused or allowed it to be filed with the Commission, they knew, or recklessly disregarded the fact, that it materially misrepresented, or omitted to state material facts concerning, their relationships with Nutrix.

17. These misstatements and omissions concerning Salit's and Lobel's relationship to Nutrix were material because an investor would have wanted to know that Salit and Lobel had such relationships with AppleTree's sole supplier of raw material for its yogurt product.

\$440,000 in Non-existent Machinery and Equipment

18. AppleTree's Registration Statement included audited financial statements for the period ended August 31, 1991 that stated that AppleTree owned \$440,000 in machinery and equipment. Notes to these financial statements represented that this machinery and equipment had been contributed to AppleTree by Salit and Lobel in exchange for stock. In fact, Salit and Lobel never contributed this \$440,000 in machinery and equipment to AppleTree and AppleTree did not own such equipment.

19. Despite the fact that they had not contributed the \$440,000 in machinery and equipment to AppleTree, Salit and Lobel affirmed the accuracy of AppleTree's August 31, 1991 financial statements to AppleTree's auditor. Additionally, Salit and Lobel signed and approved the filing of AppleTree's Registration Statement which included its August 31, 1991 financial statements.

20. Including this \$440,000 in machinery and equipment as an asset on AppleTree's August 31, 1991 financial statements caused AppleTree's total assets and stockholders' equity to be materially overstated.

Undisclosed Loan to Regal Casinos, Inc.

21. On or about August 20, 1992, the date of the closing of AppleTree's registered offering, Salit and Lobel agreed with Long, president of Kennedy Mathews (the firm underwriting AppleTree's offering), for AppleTree to loan \$250,000 to Regal Casinos, Inc. ("Regal") from the proceeds of AppleTree's

offering. Regal, also a client of Kennedy Mathews, was seeking to raise funds to build a gambling casino. To document the loan, Regal issued a promissory note to AppleTree. Kravitz learned of the loan either at or about the same time or shortly thereafter.

22. The loan to Regal was not disclosed, and no provision for such a loan had been made, in AppleTree's Registration Statement. In fact, the Regal loan was made in contradiction of the affirmative statements in the Registration Statement as to how AppleTree would utilize the proceeds of the offering. AppleTree did not file any post-effective amendment to its Registration Statement to disclose this loan, nor did AppleTree, Salit, Lobel, Kravitz, or Long (in his capacity as an underwriter) cause the loan to Regal to be otherwise disclosed to prospective investors and investors in AppleTree's 1992 offering. The failure to make a post-effective disclosure of the Regal loan caused the Registration Statement to become materially misleading.

23. AppleTree did not disclose the Regal loan in the initial Form SR (which discloses the use of proceeds), signed by Kravitz, which AppleTree filed with the Commission on or about November 16, 1992. AppleTree did not disclose the Regal loan until it filed its annual report with the Commission on Form 10-K for the period ended August 31, 1992 on or about December 15, 1992, after its year-end audit. On or about December 22, 1992, after disclosing the loan in its 1992 10-K, AppleTree filed an

Amended Form SR with the Commission which included the loan in its report itemizing the use of proceeds from the offering.

24. Regal defaulted on the note and it remains unpaid. The loan to Regal represented approximately 5% of the gross proceeds of AppleTree's 1992 offering. The fact that the Regal loan was being made would have been material to investors in AppleTree's 1992 offering.

25. Salit, Lobel, Kravitz and Long fraudulently, knowingly, willfully and/or recklessly failed to disclose AppleTree's loan to Regal to investors to whom securities were offered and sold during AppleTree's 1992 offering.

**SALIT AND LOBEL'S MISREPRESENTATION AND OMISSION  
OF MATERIAL FACTS TO APPLETREE'S OUTSIDE AUDITORS AND  
CAUSING APPLETREE TO MAINTAIN FALSE BOOKS, RECORDS AND ACCOUNTS**

26. In the course of AppleTree's audit for fiscal year 1992, Salit and Lobel, and in the course of AppleTree's audit for fiscal year 1993, Salit fraudulently, knowingly, willfully and/or recklessly falsely confirmed to AppleTree's outside auditors the accuracy of AppleTree's financial statements which included the \$440,000 in machinery and equipment that Salit and Lobel purportedly contributed to AppleTree. As a result of Salit and Lobel's misrepresentations, AppleTree's books, records, accounts and financial statements inaccurately reflected ownership of \$440,000 in machinery and equipment which AppleTree did not in fact own.

27. During the 1992 and 1993 audits, AppleTree's outside auditors asked Salit and Lobel to disclose any transactions with

a related party. During the 1992 audit, Salit and Lobel affirmatively represented to AppleTree's outside auditors that they had disclosed all related party transactions, yet Salit and Lobel failed to disclose that they claimed to be creditors of Nutrix in the amount of approximately \$600,000. In the course of the 1993 audit, Salit affirmatively represented to AppleTree's outside auditors that he had disclosed all related party transactions, yet Salit failed to disclose that he and Lobel claimed to be creditors of Nutrix in the amount of approximately \$600,000. As a result of Salit and Lobel's failures to disclose their relationships with Nutrix, AppleTree's books, records, accounts and financial statements failed to disclose Salit's and Lobel's interests in AppleTree's transactions with Nutrix.

**MISREPRESENTATIONS AND OMISSIONS OF MATERIAL FACT  
IN APPLETREE'S PERIODIC FILINGS WITH THE COMMISSION**

28. AppleTree, at all times relevant herein, has been subject to the reporting requirements of Exchange Act Section 13(a) and the rules thereunder, more particularly, Rules 13a-1, 13a-13, and 12b-20.

**Misrepresentations and Omissions Relating to \$440,000  
in Machinery and Equipment and Relationships with Nutrix**

29. AppleTree's filings on Form 10-K for the year ended August 31, 1992, and its filings on Forms 10-Q and 10-QSB for the quarters ended November 30, 1992, February 28, 1993, and May 31, 1993, (a) falsely reported that AppleTree owned \$440,000 in machinery and equipment; and (b) failed to disclose that Salit and Lobel claimed to be creditors of Nutrix while AppleTree was

doing business with Nutrix. AppleTree's Form 10-KSB filings for the year ended August 31, 1993, and its Form 10-QSB for the quarter ended November 30, 1993, failed to disclose that Salit claimed to be a creditor of Nutrix while AppleTree was doing business with Nutrix.

30. The misrepresentations and failures to disclose set forth in the preceding paragraph would have been material to investors and prospective investors in AppleTree.

31. Salit and Lobel, as agents and/or officers and directors of AppleTree, fraudulently, knowingly, willfully and/or recklessly prepared, caused and/or allowed to be filed with the Commission the reports set forth two paragraphs above.

**Misrepresentations and Omissions Relating to  
Proposed Joint Venture between AppleTree and TSR, Inc.**

32. AppleTree's annual report on Form 10-K for the period ended August 31, 1992, represented that AppleTree had entered into an agreement in principle to form a joint venture with TSR, Inc. ("TSR") to market a dehydrated milk product. Included with AppleTree's 1992 Form 10-K as an exhibit was the so-called joint venture agreement, purportedly signed by the president of TSR.

33. TSR's president had never signed any joint venture agreement with AppleTree. In fact, Kravitz signed the name of TSR's president, without his authorization, to the purported agreement between AppleTree and TSR that was included in AppleTree's 1992 Form 10-K.

34. It would have been material to AppleTree's investors that TSR's president had not signed the joint venture agreement, or authorized Kravitz to sign on his behalf.

35. In its annual report on Form 10-KSB for the next fiscal year which ended August 31, 1993, AppleTree falsely reported that AppleTree and TSR had "mutually agreed" not to pursue the joint venture project due to "marketing concerns." In fact, TSR had broken off negotiations with AppleTree when TSR's president discovered that Kravitz had signed his name to the proposed joint venture agreement. TSR's president informed Kravitz that the primary reason that TSR would not proceed with the joint venture agreement was because of Kravitz' unauthorized signing of his name.

36. It would have been material to AppleTree's investors to know that the reason TSR chose not to go forward with the proposed joint venture agreement was because of Kravitz' unauthorized signing of the agreement.

37. Kravitz, as an agent and/or officer and director of AppleTree, fraudulently, knowingly, willfully and/or recklessly prepared, caused and/or allowed to be filed with the Commission materially false and misleading annual reports by AppleTree on Forms 10-K and 10-KSB for the years ended August 31, 1992, and August 31, 1993 relating to (a) Kravitz' unauthorized signature of the TSR contract, and (b) the fact that TSR broke off negotiations with AppleTree due to its discovery of Kravitz' unauthorized signature of the joint venture agreement.

COUNT I

FRAUD BY SALIT, LOBEL, KRAVITZ AND LONG  
IN VIOLATION OF SECTION 17(a)(1)  
OF THE SECURITIES ACT, 15 U.S.C. § 77q(a)(1)

38. Paragraphs 1 through 37 are hereby realleged and are incorporated herein by reference.

39. Salit and Lobel, as more particularly described in paragraphs 1 through 25 above, Kravitz, as more particularly described in paragraphs 1 through 12 and 21 through 25 above, and Long, as more particularly described in paragraphs 1 through 12 and 21 through 25 above, in the offer or sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails, directly or indirectly, singly or in concert, fraudulently, knowingly, willfully and/or recklessly employed devices, schemes and artifices to defraud purchasers of such securities.

40. By reason of the foregoing, Salit, Lobel, Kravitz and Long have violated, and unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

COUNT II

FRAUD BY SALIT, LOBEL, KRAVITZ AND LONG  
IN VIOLATION OF SECTIONS 17(a)(2) AND 17(a)(3) OF  
THE SECURITIES ACT, 15 U.S.C. §§ 77q(a)(2) AND 77q(a)(3)

41. Paragraphs 1 through 40 are hereby realleged and are incorporated herein by reference.

42. Salit and Lobel, as more particularly described in paragraphs 1 through 25 above, Kravitz, as more particularly described in paragraphs 1 through 12 and 21 through 25 above, and



Long, as more particularly described in paragraphs 1 through 12 and 21 through 25 above, in the offer or sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails, directly or indirectly, singly or in concert:

- (a) obtained money or property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or
- (b) engaged in transactions, practices and courses of business which operated as a fraud and deceit upon the purchasers and prospective purchasers of such securities.

43. By reason of the foregoing, Salit, Lobel, Kravitz and Long have violated, and unless enjoined, will continue to violate Sections 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(2) and 77q(a)(3).

COUNT III

FRAUD BY SALIT, LOBEL, KRAVITZ AND LONG  
IN VIOLATION OF SECTION 10(b) OF THE EXCHANGE ACT,  
15 U.S.C. § 78j(b), AND RULE 10b-5 THEREUNDER,  
17 C.F.R. 240.10b-5

44. Paragraphs 1 through 43 are hereby realleged and are incorporated herein by reference.

45. Salit and Lobel, as more particularly described in paragraphs 1 through 25 above, Kravitz, as more particularly

described in paragraphs 1 through 12, 21 through 25, and 32 through 37 above, and Long, as more particularly described in paragraphs 1 through 12 and 21 through 25 above, directly or indirectly, by the use of the means or instruments of interstate commerce or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of securities, as described herein, fraudulently, knowingly, willfully and/or recklessly: (i) employed devices, schemes and artifices to defraud; (ii) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (iii) engaged in acts, practices and courses of business which have operated as a fraud or deceit upon the purchasers and prospective purchasers of such securities.

46. By reason of the foregoing, Salit, Lobel, Kravitz, and Long, directly or indirectly, have violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder.

COUNT IV

FALSE OR MISLEADING STATEMENTS BY  
SALIT AND LOBEL IN VIOLATION OF SECTION 13(b)(5)  
OF THE EXCHANGE ACT AND RULE 13b2-1 UNDER THE EXCHANGE ACT

47. The allegations contained in paragraphs 1 through 46 are realleged and incorporated by reference.

48. As described in paragraphs 1 through 27 above, Salit and Lobel, directly or indirectly, knowingly falsified or caused to be falsified, books, records, or accounts of AppleTree required to be kept pursuant to Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(A).

49. By reason of the foregoing, Salit and Lobel have violated and, unless enjoined, will continue to violate Section 13(b)(5) of the Exchange Act, 15 U.S.C. § 78m(b)(5), and Rule 13b2-1, 17 C.F.R. § 240.13b2-1, promulgated under the Exchange Act.

COUNT V

FALSE OR MISLEADING STATEMENTS OR OMISSIONS  
OF MATERIAL FACT TO AN ACCOUNTANT BY SALIT AND LOBEL  
IN VIOLATION OF RULE 13b2-2 UNDER THE EXCHANGE ACT

50. The allegations contained in paragraphs 1 through 49 are realleged and incorporated by reference.

51. As described in paragraphs 1 through 27 above, Salit and Lobel, while serving as directors or officers of AppleTree, directly or indirectly: (a) made or caused to be made materially false or misleading statements, or (b) omitted to state, or caused another person to omit to state, material facts necessary in order to make statements made, in light of the circumstances

under which such statements were made, not misleading to an accountant in connection with (1) an audit or examination of the financial statements of AppleTree required to be made pursuant to Section 13(b)(2) of the Exchange Act, or (2) the preparation or filing of a document or report required to be filed with the Commission.

52. By reason of the foregoing, Salit and Lobel have violated and, unless enjoined, will continue to violate Rule 13b2-2, 17 C.F.R. § 240.13b2-2, promulgated under the Exchange Act.

COUNT VI

FAILURE TO MAKE AND KEEP ACCURATE BOOKS AND RECORDS  
BY APPLETREE IN VIOLATION OF  
SECTION 13(b)(2)(A) OF THE EXCHANGE ACT

53. The allegations contained in paragraphs 1 through 52 are realleged and incorporated by reference.

54. As described in paragraphs 1 through 37, above, AppleTree failed to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of AppleTree.

55. By reason of the foregoing, AppleTree has violated and, unless enjoined, will continue to violate Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(A).

COUNT VII

FILING OF FALSE AND MISLEADING FORMS 10-K, 10-KSB, 10-Q AND  
10-QSB BY APPLETREE AND FAILURE BY APPLETREE TO INCLUDE IN FORMS  
10-K, 10-KSB, 10-Q AND 10-QSB SUCH FURTHER MATERIAL INFORMATION  
NECESSARY TO MAKE THE REQUIRED STATEMENTS NOT MISLEADING  
IN VIOLATION OF SECTION 13(a) OF THE EXCHANGE ACT  
AND RULES 12b-20, 13a-1 AND 13a-13 THEREUNDER

56. The allegations contained in paragraphs 1 through 55 are realleged and incorporated by reference.

57. As described in paragraphs 28 through 37, above, AppleTree filed with the Commission false and misleading Forms 10-K, 10-KSB, 10-Q and 10-QSB.

58. As described in paragraphs 28 through 37, above, AppleTree failed to include such further material information in its Forms 10-K, 10-KSB, 10-Q and 10-QSB to make the required statements, in light of the circumstances under which they were made, not misleading.

59. By reason of the foregoing, AppleTree has violated and, unless enjoined, will continue to violate Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), and Rules 12b-20, 13a-1 and 13a-13, 17 C.F.R. §§ 240.12b-20, 240.13a-1 and 240.13a-13, thereunder.

RELIEF REQUESTED

WHEREFORE, the Plaintiff Commission respectfully prays that the Court:

I.

Declare, determine and find that each of the Defendants named herein committed the violations alleged herein.

II.

Issue a Permanent Injunction restraining and enjoining Salit, Lobel, Kravitz and Long, their officers, agents, servants, employees, attorneys and all persons in active concert or participation with them, and each of them, from violating Sections 17(a) (1), (2) and (3) of the Securities Act, 15 U.S.C. § 77q(a) (1), 77q(a) (2) and 77q(a) (3).

III.

Issue a Permanent Injunction restraining and enjoining Salit, Lobel, Kravitz and Long, their officers, agents, servants, employees, attorneys and all persons in active concert or participation with him, and each of them, from violating Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder.

IV.

Issue a Permanent Injunction, restraining and enjoining Salit and Lobel, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, directly or indirectly, from violating Section 13(b) (5) of the Exchange Act, 15 U.S.C. §

78m(b) (5), and Rules 13b2-1 and 13b2-2, 17 C.F.R. §§ 240.13b2-1, and 240.13b2-2, promulgated under the Exchange Act.

v.

Issue a Permanent Injunction, restraining and enjoining AppleTree, its officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, directly or indirectly, from violating Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), and Rules 12b-20, 13a-1 and 13a-13, 17 C.F.R. §§ 240.12b-20, 240.13a-1 and 240.13a-13, thereunder.

VI.

Issue a Permanent Injunction, restraining and enjoining AppleTree, its officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, directly or indirectly, from violating Section 13(b) (2) (A) of the Exchange Act, 15 U.S.C. § 78m(b) (2) (A).

VII.

Issue an Order requiring AppleTree, Salit, Lobel, Kravitz and Long, to provide an accounting of their receipt and disbursement of all proceeds received, directly or indirectly, pursuant to AppleTree's August 1992 registered offering, and requiring Salit, Lobel, Kravitz and Long to disgorge all ill-gotten gains to effect the remedial purposes of the federal securities laws.

VIII.

Issue an Order directing Salit, Lobel, Kravitz and Long to pay civil fines and/or penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3), for their violations of the federal securities laws as complained herein occurring after October 15, 1990.

IX.

Grant such other and further relief as may be necessary and appropriate.

X.

Further, plaintiff, Commission, respectfully prays that this Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that may hereby be entered, or to entertain any suitable application or motion by

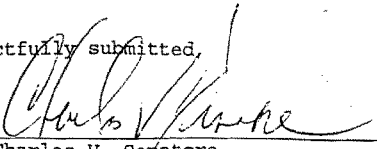


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the Commission for additional relief within the jurisdiction of  
this Court.

Respectfully submitted,

By:

  
Charles V. Sematore  
Regional Director  
Florida Bar No. 308935

Mitchell E. Herr  
Regional Trial Counsel  
S.D. FL Bar No. A-5500259

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Dated: September 30, 1996

Attorneys for Plaintiff  
**SECURITIES AND EXCHANGE COMMISSION**  
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CLARENCE MADDOX  
CLERK, U.S. DIST. CT.  
S.D. OF FLA. MIAMI

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

|                                     |   |                    |
|-------------------------------------|---|--------------------|
| SECURITIES AND EXCHANGE COMMISSION, | ) |                    |
|                                     | ) | Case No. 96-8675   |
| Plaintiff,                          | ) | Civ-Seitz          |
|                                     | ) |                    |
| v.                                  | ) |                    |
|                                     | ) | FINAL JUDGMENT     |
| THE APPLETREE COMPANIES, INC.       | ) | OF PERMANENT       |
| f/k/a MODAMI SERVICES, INC.,        | ) | INJUNCTION AND     |
| MICHAEL H. SALIT, DAVID B. LOBEL,   | ) | OTHER RELIEF AS TO |
| PAUL B. KRAVITZ, AND                | ) | DEFENDANTS SALIT   |
| W. SCOTT LONG III,                  | ) | <u>AND LOBEL</u>   |
| Defendants.                         | ) |                    |

Defendants Michael H. Salit ("Salit") and David B. Lobel ("Lobel") by their Consents annexed hereto, without admitting or denying any of the allegations in the Commission's Complaint, and solely for the purpose of this proceeding or any other proceeding brought by or on behalf of the Commission, except that they are admitting the allegations as to the jurisdiction over them of this Court and over the subject matter of this action, have agreed to the entry of this Order of Permanent Injunction And Other Relief ("Permanent Injunction"). This Court having accepted such Consents and having jurisdiction over Defendants Salit and Lobel and the subject matter hereof, and the Court being fully advised in the premises, it is:

**VIOLATION OF SECTION 17(a)(1)**  
**OF THE SECURITIES ACT**

ORDERED AND ADJUDGED that Salit and Lobel, their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them and each of them, in the offer or sale of any securities by the use of any means or instruments

of transportation or communication in interstate commerce or by use of the mails, be and they hereby are, restrained and enjoined from, directly or indirectly employing any devices, schemes or artifices to defraud purchasers of such securities in violation of Section 17(a)(1) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a)(1).

II

**VIOLATION OF SECTIONS 17(a)(2) AND 17(a)(3)  
OF THE SECURITIES ACT**

IT IS HEREBY FURTHER ORDERED that Salit and Lobel, their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them and each of them, in connection with the offer or sale of any securities, by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, be and they hereby are, restrained and enjoined from, directly or indirectly

(1) obtaining money or property by means of untrue statements of material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

(2) engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchasers;  
in violation of Sections 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(2) and 77q(a)(3).

III

**VIOLATION OF SECTION 10(b) OF  
THE EXCHANGE ACT AND RULE 10b-5 THEREUNDER**

IT IS HEREBY FURTHER ORDERED that Salit and Lobe, their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them and each of them, in connection with the purchase or sale of any security by use of any means or instrumentality of interstate commerce or of the mails, or by use of any facility of any national securities exchange, be and they hereby are, restrained and enjoined from, directly or indirectly, or as a control person under Section 20(a) of the Securities Exchange Act of 1934 ("Exchange Act"):

1. employing any device, scheme, or artifice to defraud;
  2. making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
  3. engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person;
- in violation of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder.

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IV.

**VIOLATION OF SECTION 13(b)(5)  
OF THE EXCHANGE ACT AND RULE 13b2-1 THEREUNDER**

IT IS HEREBY FURTHER ORDERED that Salit and Lobel, their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them and each of them, be and they hereby are restrained and enjoined from, directly or indirectly, or as a control person under Section 20(a) of the Exchange Act, falsifying or causing to be falsified, books, records, or accounts required to be kept pursuant to Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(A), in violation of Section 13(b)(5) of the Exchange Act, 15 U.S.C. § 78m(b)(5), and Rule 13b2-1, 17 C.F.R. § 240.13b2-1, thereunder.

V.

**VIOLATION OF RULE 13b2-2 UNDER THE EXCHANGE ACT**

IT IS HEREBY FURTHER ORDERED that Salit and Lobel, their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them and each of them, be and they hereby are restrained and enjoined from, directly or indirectly, or as a control person under Section 20(a) of the Exchange Act, (a) making or causing to be made materially false or misleading statements, or (b) omitting to state, or causing another person to omit to state, material facts necessary in order to make statements made, in light of the circumstances under which such statements were made, not misleading to an accountant in connection with (1) any audit or examination of

financial statements required to be made pursuant to Section 13(b)(2) of the Exchange Act, or (2) the preparation or filing of any document or report required to be filed with the Commission in violation of Rule 13b2-2, 17 C.F.R. § 240.13b2-2, promulgated under the Exchange Act.

## VI.

DISGORGEMENT

IT IS HEREBY FURTHER ORDERED AND ADJUDGED that *Defendants Salit* and *Lobel* shall pay disgorgement in the amount of \$600,000, jointly and severally, plus pre-judgment interest. Based upon Defendant's sworn representations in their Statements of Financial Condition dated February 11, 1999 (and updated as of September 24, 1999 as to *Lobel*, and September 17, 1999 as to *Salit*) and submitted to the Commission, payment of all but \$25,000 in disgorgement and pre-judgment interest thereon is waived as to defendant *Salit*. Payment of all disgorgement and pre-judgment interest is waived as to defendant *Lobel*. The determination to waive payment of disgorgement and pre-judgment interest thereon is contingent upon the accuracy and completeness of the Statements of Financial Condition. If at any time following the entry of this Final Judgment the Commission obtains information indicating that Defendants' representations to the Commission concerning their assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion and without prior notice to Defendants, petition this Court for an

order requiring Defendants to pay \$600,000. in disgorgement, plus pre-judgment and post-judgment interest thereon. In connection with any such petition, the only issues shall be whether the financial information provided by Defendants was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Defendants to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment, and the Commission may also request additional discovery. Defendants may not, by way of defense to such petition, challenge the validity of their Consents or the Final Judgment, contest the allegations in the Complaint filed by the Commission, contest the amount of disgorgement and interest, or assert that disgorgement should not be ordered.

Payment by Salit shall be made by U.S. postal money order, certified check, bank cashier's check or bank money order. Such payment shall be transmitted to the Comptroller, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, under cover of a letter that identifies Salit, the caption and case number of this action and the name of this Court. Copies of such check and accompanying cover letter shall be simultaneously transmitted to the Regional Director, Southeast Regional Office, 1401 Brickell Ave, Suite 200, Miami, FL 33131. At such time as said funds are transmitted to the SEC's Comptroller, Salit shall relinquish all legal and equitable right,

title and interest in the funds, and no part of said funds shall be returned to him or his successors or assigns.

VII.

PENALTIES

IT IS HEREBY FURTHER ORDERED AND ADJUDGED that based upon Defendants Salit and Lobel's sworn representations in their Statements of Financial Condition dated February 11, 1999 (and updated as of September 24, 1999 as to Lobel, and September 17, 1999 as to Salit) and submitted to the Commission, the Court is not ordering Defendants Salit and Lobel to pay a civil penalty pursuant to Section 20 (d) of the Securities Act, 15 U.S.C. §77t (d) and Section 21 (d) (3) of the Exchange Act, 15 U.S.C. §78 (d) (3). The determination not to impose a civil penalty is contingent upon the accuracy and completeness of their Statements of Financial Condition. If at any time following the entry of this Final Judgment the Commission obtains information indicating that Defendants' representations to the Commission concerning their assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion and without prior notice to Defendants, petition this Court for an order requiring Defendants to pay a civil penalty. In connection with any such petition, the only issues shall be whether the financial information provided by Defendants were fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, and the amount of civil penalty



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to be imposed. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Defendants to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment, and the Commission may also request additional discovery. Defendants may not, by way of defense to such petition, challenge the validity of their Consents or the Final Judgment, contest the allegations in the Complaint filed by the Commission or assert that payment of a civil penalty should not be ordered.

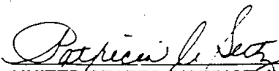
VIII.

RETENTION OF JURISDICTION

IT IS HEREBY FURTHER ORDERED that this Court will retain jurisdiction over this matter and Defendants Salit and Lobel in order to implement and carry out the terms of all Orders and Decrees that may be entered and/or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court, and will order other relief that this Court deems appropriate under the circumstances.

DONE AND ORDERED at 5:45 o'clock, p m. this 2nd day of March.

2000, at Miami, Florida.

  
UNITED STATES DISTRICT JUDGE  
PATRICIA A. SEITZ

cc: Glenn A. Harris, Counsel for SEC  
Jan Atlas and William Nortman, Counsel for Salit and Lobel  
Charles Clayton, Counsel for W. Scott Long