IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

U.S. DISTRICT COURT DISTRICT OF COLORADO
2003 MAR -5 PM 12:45
JAMES R. SHEAKER CLERK
BY _____ DEP. CLK

Civil Action No. 03-RB-0385 (CBS)

UNITED STATES OF AMERICA,

Plaintiff,

v.

REDSTONE CASTLE PROPERTIES,

Defendants.

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VERIFIED COMPLAINT FOR FORFEITURE IN REM

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The United States of America, by and through United States Attorney John W. Suthers and Assistant United States Attorney James S. Russell, pursuant to Supplemental Rules for Admiralty and Maritime Claims C(2), states:

JURISDICTION AND VENUE

1. The United States of America (the "United States") has commenced this action pursuant to the civil forfeiture provisions of 18 U.S.C. §981, seeking forfeiture of the Defendant properties as involved in, as facilitating, and as the proceeds of violations of 18 U.S.C. §1341 (mail fraud), §1343 (wire fraud), §1956 and §1957 (money laundering), and 15 U.S.C. § 77q(a), 77x, 78j(b) and 78ff (securities fraud). This Court has jurisdiction under 28 U.S.C. §§1345 and 1355.

2. Venue is proper under 18 U.S.C. § 981(h), 19 U.S.C. §1605, and 28 U.S.C. §1395, as the Defendant properties are located, and many of the acts described herein occurred,

in the District of Colorado.

DEFENDANT PROPERTIES

3. Defendant Redstone Castle Properties are more fully described, titled, and encumbered as follow:

PARCEL 1: Redstone House Parcel - 410 Redstone Boulevard. Lots 32 and 32A, Redstone Subdivision, hereinafter "the Redstone House". The Redstone House is titled in the name of Tranquil Options, LLC and is encumbered with a Deed of Trust recorded January 12, 2001 for the benefit of Reserve Foundation LLC in the principal amount of $200,000.00.

PARCEL A: Castle Parcel - 58 Redstone Boulevard, more particularly described as a parcel of land situated in the SE/4SW/4, SW/4SE/4 of Section 20, and in the NE/4NW/4, NW/4NE/4, and in the SW/4NE/4 of Section 29, all in Township 10 South, Range 88 West of the 6th P.M., Pitkin County, Colorado, hereinafter "The Castle". The Castle is titled in the name of Tranquil Options, LLC, and is encumbered with a Deed of Trust recorded January 12, 2001 for the benefit of Reserve Foundation LLC in the principal amount of $4,200,000.00. The Castle is also encumbered with a Deed of Trust recorded January 29, 2001 for the benefit of Bismark Mortgage Company, LLC in the principal amount of $650,000.00.

PARCEL B: Carriage House Parcel - 58 Redstone Boulevard, sometimes known as 68 Redstone Boulevard, more particularly described as a tract of land situated in the SE/4SW/4 and in the SW/4SE/4 of Section 20, and in the NW/4NE/4, SW/4NE/4 of Section 29, all in Township 10 South, Range 88 West of the 6th P.M., Pitkin County, Colorado, hereinafter "The Carriage House". The Carriage House is titled in the name of Peaceful Options, LLC and is encumbered with a Deed of Trust recorded January 12, 2001 for the benefit of Reserve Foundation LLC in the principal amount of $1,512,000.00.

PARCEL C: Barn Parcel - 58 Redstone Boulevard, more particularly described as a tract of land situated in the E/2SW/4 and W/2SE/4 of Section 20, Township 10 South, Range 88 West of the 6th P.M., Pitkin County, Colorado, hereinafter "The Barn". The Barn is tilted in the name of Serenity Options LLC and is encumbered with a Deed of Trust recorded January 12, 2001 for the benefit of Reserve Foundation LLC in the principal amount of $588,781.00.

PARCEL D: Easement Parcel - Access Easement, Cleveholm Manor, a/k/a Redstone Castle to Redstone Boulevard more particularly described as a 30 foot wide access easement situated in the NW/4SE/4 and in the E/2SE/4 of Section 20, Township 10 South, Range 88 West of the 6th P.M., Pitkin County, Colorado, hereinafter "The Easement". The Easement is titled in the names of Tranquil Options LLC, Peaceful Options LLC, and Serenity Options, LLC and is encumbered with the same Deed of Trust for the Benefit of Bismark Mortgage Company LLC which encumbers the Castle Parcel.

WATER RIGHTS: All water rights conveyed to Tranquil Options LLC by a certain Quit Claim Deed recorded May 16, 2000 in the records of Pitkin County, Colorado at reception number 443383 covering the Castle Parcel, the Carriage House Parcel, the Barn Parcel, and the Easement

The above described real properties are fully and completely described on attached Exhibit A.

PERSONAL PROPERTY: Personal Property located outside and within the Castle, the Carriage House, the Barn, including but not limited to the items described in Attached Exhibit B. The Personal Property is encumbered with a UCC Financing Statement for the benefit of Bismark Mortgage Company, LLC recorded January 29, 2001 at reception number 450958, to secure the repayment of the $650,000 loaned by the virtue of the Deed of Trust described above.

Subject to further investigation, the United States does not at this time recognize the validity of the liens against the properties.

## FACTUAL BASIS FOR FORFEITURE

Except as otherwise noted, all of the following facts and information have been discovered through my own investigation and observations, and the observations and investigations of fellow law enforcement officers as reported to me.

4. Beginning no later than 1997, Leon Harte and Norman Schmidt, aided and

assisted by numerous others, including but not limited to Michael Bergman, Janet Bach, Elia Figueroa, Clifford Pitt, Peter Moss, Mary Ann Gough, Rebecca Taylor, and Alan Weed, d/b/a Weed Agency, by utilizing the United States Postal Service and private and commercial interstate mail carriers, and by transmitting writings by wire in interstate and foreign commerce, engaged in a "High Yield Investment Program" to defraud individuals and institutions within the District of Colorado and elsewhere of approximately $20 million, by fraudulently offering and selling securities. The proceeds of the fraud scheme were laundered through a variety of financial accounts in different names. Defendant Redstone Castle Properties were purchased with the proceeds of, and in some instances were involved in, the fraud scheme.

## HIGH YIELD NOTE FRAUD SCHEMES GENERALLY

5. In a High Yield Note Fraud Scheme, those operating the fraud induce potential victims to invest or deposit with the operators large sums of money, by promising extremely high rates of return, such as 25 percent to a 100 percent or higher per year, quarter, or even month. Typically, the operators of the fraud scheme will indicate that they are operating outside of the normal banking channels, wherein they may obtain alleged "High Yield Financial Instruments", "Prime Bank Notes", or otherwise named financial instruments not normally available in the usual investment circles. The operators of the fraud allege that the High Yield Financial Instruments, Prime Bank Notes, or otherwise named investments are only available in high dollar amounts, are purchased at a highly discounted rate because they are outside of the customary banking channels, and are not subject to customary banking or investment procedures and requirements. The operators of the scheme will also often indicate that the victim investors' monies are "fully insured" by major international insurance companies or otherwise " fully

protected" by governmental, banking, or by financial institution policies or programs. Often the fraud scheme operators will allege that the High Yield Financial Instruments are traded on the international market, thereby further rendering the instruments beyond the scope of U.S. regulations and restrictions. Further, the fraud scheme operators will allege that, in addition to the exorbitantly high rates of return to be paid out at periodic intervals, after a specified period of time the individual victim investors will have their initial principal investment returned to them in full. The operators of the fraud scheme will thus induce the victim investors to enter into an investment contract, whereby the individual victim investors will transfer to the fraud scheme operators, often by mail or interstate wire communications, large sums of money allegedly for the purchase of the promised High Yield Financial Instruments.

6. In fact, there are no such High Yield Financial Instruments, there is no such trading of such instruments on the domestic or international market, there is no payment of the exorbitant rates of interest promised, and the principal is not returned. Occasionally, individual victim investors may receive some initial return, to lull them into continuing to cooperate and invest further, to induce other victim investors to participate in the scheme, or to reduce the victim investors' demands for their promised high interest payment or return of principal investment. These payments come not from investments, as those usually are not made, but rather from investment monies diverted from other victims. When the promised periodic payments or ultimate return of the initial investment does not occur, and the victim investors begin making demands, the operators of the fraud scheme will typically offer a variety of different excuses, such as unwarranted interference by a domestic or foreign regulatory agency, an unexpected domestic or foreign calamity, or simply that the payments will be forthcoming

"shortly". Meanwhile, the operators of the fraud scheme utilize the fraudulently obtained funds both to carry on the scheme and for their own personal benefit, expending the monies for their own uses.

7. It is illegal to engage in fraud in the offer or sale of a security. Under most circumstances, it is also illegal to sell securities which have not been registered with the U.S. Securities and Exchange Commission. A security includes the following items - "note," "stock," "bond," and "debenture," as well as more general terms - "investment contract" and "any interest or instrument commonly known as a 'security'." The definition of a security includes an investment contract, which is "a contract, transaction, or scheme whereby a person invests his money in a common enterprise and is led to expect profits solely from the efforts of the promoter or third part . . ."

## THE COLORADO FRAUDULENT HIGH YIELD NOTE SCHEME

8. In the Colorado version of this financial fraud scheme, Leon Harte, Norman Schmidt, and Clifford Pitt beginning in the Summer of 1999 created and operated the Reserve Foundation Trust ("RFT"), a Colorado limited liability company.

a. On or about July 7, 1999, RFT was registered as a trust in the Caribbean nation of St. Vincent and the Grenadines, trust number 373 TR 1999, with a trust instrument listing Leon Harte and Norman Schmidt as beneficiaries. On or about July 7, 1999, RFT received a Certificate of Tax Exemption, deeming it exempt from taxation by the Registrar of International Trusts, St. Vincent and the Grenadines. As part of this organization of RFT, the operators created a Cooperative Private Placement Agreement ("CPPA") which described the investment program as a "high yield private placement" program(see attached Exhibit C).

According to the Reserve Foundation Trust Cooperative Private Placement Agreement, a minimum investment of $100,000 would yield a return of 50 percent per month, an investment of $500,000 would return 75 percent per month, a one million dollar investment would return 100 percent per month, and a multi-million dollar investment would yield a monthly return of 200 percent. The high yield private placement program had a term of one year and 21 days, with pay outs to begin 45 days after the investor's initial payment. The CPPA alleged that the individual investors' initial principal investments were 100 percent insured by Lloyds of London. All of these promises and allegations from the RFT CPPA were false, and a solicitation and receipt of funds through such a scheme constitutes the offer and sale of securities.

b. On or about November 4, 1999, a small business "Trust" checking account number 101319 was opened at the New Frontier Bank, 2425 35th Avenue, Greeley, Colorado 80634, under the name The Reserve Foundation Trust, 1322 33rd Avenue, Greeley, Colorado 80634, by Account Manager(s) Leon Harte, SSN: 479-72-1980, DOB: March 15, 1955, and Norm Schmidt, SSN: 524-46-9268, DOB: 6-4-1935. Leon Harte provided the New Frontier Bank with a Tax Identification Number of 47-9721980 for The Reserve Foundation Trust.

c. During the period November 4, 1999 through January 21, 2000, Leon Harte deposited $213,000 into the New Frontier Bank account, number 101319. Of these $213,000 deposits: (A) $63,000 was transferred from New Frontier Bank money market account number 501103.; (B) $100,000 came from Joanne M. Bach, (who is the mother of Janet Bach, wife of Mike Bergman), Revocable Trust, account number 760022011570 at Key Bank in Fort Collins, Colorado; and, (C) $50,000 came via a wire transfer from American Savings Bank.

d. Also in the November 1999 through January 2000 time frame, Harte and

Schmidt signed various checks drawn on the RFT account number 101319 at the New Frontier Bank.

9. As part of the scheme, on or about January 27, 2000, Schmidt organized the Reserve Foundation L.L.C. ("RFLLC"), in Colorado, with an address of 550 E. 12th Avenue, Suite 1805 Denver, Colorado; this address is Schmidt's residence. Harte later stated that RFT was formed to handle the investments of the RFT trust in St. Vincent and the Grenadines. From then on, the fraudsters operated and used the names RFT and RFLLC interchangeably to pull off the scheme.

10. On or about January 31, 2000, a business checking account, number 192362547 was opened at Bank One, Greeley, Colorado, under the name Reserve Foundation, LLC, 1322 33rd Avenue, Greeley, Colorado 80634, by Leon F. Harte, SSN: 479-72-1980 (the "Bank One Account" or the "Account at Bank One"). During the scheme sometimes the account number 192362547 was used, and sometimes the number 1192362547 was used for the same account. Leon F. Harte provided Bank One with a Tax Identification Number of 47-9721980 for Reserve Foundation, LLC, the same number used by Harte for the Reserve Foundation Trust.

11. On or about March 20, 2000, Norm Schmidt was added as an authorized signer for the business checking account number 192362547 at Bank One, Greeley, Colorado, under the name Reserve Foundation, LLC, 1322 33rd Avenue, Greeley, Colorado 80634. The Tax Identification Number of 47-9721980 was changed to 84-1532054 for Reserve Foundation, LLC.

12. During the period January 31, 2000 through February 29, 2000, there were deposits of victim monies in the amount of $2,523,297.73 into Reserve Foundation, LLC, account number 192362547 at Bank One, Greeley, Colorado as detailed more fully in the chart

below.

| | DATE | VICTIM/SOURCE | AMOUNT |
|---|---|---|---|
| a) | Jan 31, 2000 | The Reserve Foundation Trust | $ 100.00 |
| b) | Feb 1, 2000 | The Reserve Foundation Trust | 55,214.66 |
| c) | Feb 7, 2000 | Brian Schuelke (New Millinium) | 45,000.00 |
| d) | Feb 7, 2000 | Bruce Jones (Freedom Eagle Enterprise) | 100,000.00 |
| e) | Feb 8, 2000 | Banco Bancrecen, S.A. | 99,980.00 |
| f) | Feb 9, 2000 | Prosper International, Ltd. (Toronto) | 65,150.00 |
| g) | Feb 10, 2000 | Patricia L. Simmons | 75,035.07 |
| h) | Feb 10, 2000 | Jack J. Vicic, Jr. | 10,000.00 |
| i) | Feb 11, 2000 | Wade R. Humphreys | 10,000.00 |
| j) | Feb 11, 2000 | Garry Riggs (Mortgage Pro of Rockies) | 30,000.00 |
| k) | Feb 11, 2000 | Emerald Nobel Holdings Trust | 454,903.00 |
| l) | Feb 14, 2000 | The Reserve Foundation, LLC | 331,985.00 |
| m) | Feb 15, 2000 | Ronald L. Meyer | 25,000.00 |
| n) | Feb 15, 2000 | Edna Juanita Meyer | 25,000.00 |
| o) | Feb 15, 2000 | Evan H. Bynum | 25,000.00 |
| p) | Feb 15, 2000 | Scott S. Alder (SSA Family Trust) | 819,965.00 |
| q) | Feb 16, 2000 | Rebecca Taylor (World Finance) | 28,500.00 |
| r) | Feb 17, 2000 | Gary Lee Bell (Develop Aldear) | 100,000.00 |
| s) | Feb 22, 2000 | Kathleen Anne Giles, (Anchorage, AK) | 35,000.00 |

| | DATE | VICTIM/SOURCE | AMOUNT |
|---|---|---|---|
| t) | Feb 22, 2000 | Dennis Caramenico (Inversiones Tsirbo) | 109,980.00 |
| u) | Feb 28, 2000 | Gary Lee Bell (Develop Aldear) | 65,000.00 |
| v) | Feb 29, 2000 | Charles F. Lewis (Littleton, Colorado) | 2,500.00 |
| w) | Feb 29, 2000 | Wendy Le Nobel & Co | 9,985.00 |
| | Feb 2000 | TOTAL | $2,523,297.73 |

13. Virtually all of the funds above were wire transferred into the Bank One Account except for victim Jack J. Vicic, Jr. who sent a check, and victims Ronald Meyer, Edna Meyer, and Evan Bynum, who gave their checks directly to Michael Bergman.

14. Similarly, during the period March 1, 2000 through March 31, 2000, there were deposits of victim monies of $7,012,989.97 into Reserve Foundation, LLC, account number 192362547 at Bank One, Greeley, Colorado, as more fully detailed on the chart below.

| | DATE | VICTIM/SOURCE | AMOUNT |
|---|---|---|---|
| a) | Mar 1, 2000 | Lawrence W. Nunnemaker (Kentucky) | $ 99,500.00 |
| b) | Mar 1, 2000 | Cloverdale Trust Services Limited | 100,000.00 |
| c) | Mar 2, 2000 | Lawrence W. Nunnemaker (Kentucky) | 500.00 |
| d) | Mar 2, 2000 | Gold Trust Bank | 199,500.00 |
| e) | Mar 7, 2000 | Clyde R. Thompson (McGregor, Iowa) | 100,000.00 |
| f) | Mar 7, 2000 | Dirk Smith (Yasny, Ltd.) | 124,982.00 |

| | DATE | VICTIM/SOURCE | AMOUNT |
|---|---|---|---|
| g) | Mar 7, 2000 | Banco Bancrecen, S.A. | 204,980.00 |
| h) | Mar 7, 2000 | Reserve Fund (New York, NY) | 210,000.00 |
| i | Mar 9, 2000 | Reserve Fund (New York, NY) | 100,000.00 |
| j) | Mar 9, 2000 | Banco Bancrecen, S.A. | 139,980.00 |
| k) | Mar 10, 2000 | Gary Lee Bell (Develop Aldear) | 45,000.00 |
| l) | Mar 10, 2000 | Banco Bancrecen, S.A. | 69,980.00 |
| m) | Mar 13, 2000 | Gary Lee Bell (Develop Aldear) | 10,000.00 |
| n) | Mar 14, 2000 | Prosper International, Ltd. (Toronto) | 50,080.00 |
| o) | Mar 14, 2000 | Edward Jones (Maryland Heights, MO) | 200,000.00 |
| p) | Mar 15, 2000 | Reserve Fund (New York, NY) | 80,000.00 |
| q) | Mar 15, 2000 | Capital Finance Brokers Limited | 85,225.00 |
| r) | Mar 16, 2000 | Banco Bancrecen, S.A. | 94,980.00 |
| s) | Mar 16, 2000 | Emerald Nobel Holdings Trust | 199,982.00 |
| t) | Mar 16, 2000 | Louis E. Flohr (Chana, Illinois) | 1,000,000.00 |
| u) | Mar 21, 2000 | Capital Finance Brokers Limited | 36,105.00 |
| v) | Mar 21, 2000 | Orissa House (Wexford Clearing Service) | 150,000.00 |
| w) | Mar 22, 2000 | Return Wired Funds (Bruce Jones/FEE) | 50,000.00 |
| x) | Mar 23, 2000 | Charles F. Lewis (Littleton, Colorado) | 1,000.00 |
| y) | Mar 28, 2000 | Vernon Grannemann (St. Louis, MO) | 149,985.00 |
| z) | Mar 28, 2000 | Commonwealth Investment Services | 749,875.00 |
| aa) | Mar 28, 2000 | Commonwealth Investment Services | 2,324,875.00 |
| bb) | Mar 29, 2000 | Desmond Edwards & Co. (Toronto) | 100,000.00 |

| | DATE | VICTIM/SOURCE | AMOUNT |
|---|---|---|---|
| cc) | Mar 30, 2000 | Roy Stafford (Manchester, England) | 11,475.97 |
| dd) | Mar 30, 2000 | Edward Jones (Maryland Heights, MO) | 100,000.00 |
| ee) | Mar 31, 2000 | Simishir S.A. (San Jose, Costa Rica) | 224,985.00 |
| | March 2000 | TOTAL | $7,012,989.97 |

15. Again, virtually all these victim/investor monies were wired transferred into the Bank One, Greeley, Colorado account; the only exception is Charles Lewis, wrote a check for his "investment".

16. During the period April 1, 2000 through April 28, 2000, there were deposits of $6,281,472.06 victims monies into Reserve Foundation, LLC, account number 192362547 at Bank One, Greeley, Colorado, as more fully detailed in the chart below..

| | DATE | SOURCE/VICTIM | AMOUNT |
|---|---|---|---|
| a) | Apr 3, 2000 | Charissa Bizzell (Havelock, NC) | $ 6,010.00 |
| b) | Apr 3, 2000 | Levi Yoder (Big Hill, Kentucky) | 30,000.00 |
| c) | Apr 3, 2000 | Thomas Himebaugh (Brentwood, TN) | 42,010.00 |
| d) | Apr 3, 2000 | Orvalee Farris, (Portland, Oregon) | 100,000.00 |
| e) | Apr 4, 2000 | Thomas Himebaugh (Brentwood, TN) | 8,010.00 |
| f) | Apr 4, 2000 | Robert M. Casel (San Jose, California) | 10,010.00 |
| g) | Apr 4, 2000 | Margaret R Abrahams (Sandpoint, Idaho) | 20,010.00 |
| h) | Apr 4, 2000 | Brian W. Andrews (San Francisco, CA) | 25,010.00 |
| i) | Apr 4, 2000 | Kaye Lockwood (Franklin, Tennessee) | 50,000.00 |
| j) | Apr 4, 2000 | Banco Bancrecen, S.A. | 235,980.00 |

| | DATE | VICTIM/SOURCE | AMOUNT |
|---|---|---|---|
| k) | Apr 4, 2000 | Mary Gough (Gold Coast Enterprises) | 557,100.00 |
| l) | Apr 5, 2000 | Inge McKean (Palaski, New York) | 5,000.00 |
| m) | Apr 5, 2000 | Douglas Arthur Royster (Leland, NC) | 5,010.00 |
| n) | Apr 5, 2000 | Diak Bank , Ltd. | 9,992.00 |
| o) | Apr 5, 2000 | Sharon Williamson (Crescent Moon) | 10,010.00 |
| p) | Apr 5, 2000 | Shayla K. Hill (Miami, FL) | 10,010.00 |
| q) | Apr 5, 2000 | Barbara Sue Cole (Sparta, Tennessee) | 10,010.00 |
| r) | Apr 5, 2000 | Donna Ross (Reno, Nevada) | 10,010.00 |
| s) | Apr 5, 2000 | James H. Park | 39,983.20 |
| t) | Apr 5, 2000 | Richard L. Viders | 50,010.00 |
| u) | Apr 5, 2000 | Mary Gough (Gold Coast Enterprises) | 222,120.00 |
| v) | Apr 6, 2000 | Inge McKean (Palaski, New York) | 5,000.00 |
| w) | Apr 6, 2000 | Barbara Sue Cole (Sparta, Tennessee) | 7,010.00 |
| x) | Apr 6, 2000 | Reserve Fund (New York, NY) | 241,000.00 |
| y) | Apr 6, 2000 | Banco Bancrecen, S.A. | 255,000.00 |
| z) | Apr 7, 2000 | Larkins, Brent | 10,010.00 |
| aa) | Apr 7, 2000 | Prosper International, Ltd. (Toronto) | 50,000.00 |
| bb) | Apr 7, 2000 | Mary Gough (Gold Coast Enterprises) | 109,770.00 |
| cc) | Apr 7, 2000 | Larry Levine (Mountain View, CA) | 293,000.00 |
| dd) | Apr 10, 2000 | Developp Bile D. Stehling | 14,984.86 |
| ee) | Apr 10, 2000 | Cloverdale Trust Services Limited | 50,000.00 |

| | DATE | VICTIM/SOURCE | AMOUNT |
|---|---|---|---|
| ff) | Apr 10, 2000 | Jacquelin B. Herbert & AM Graham | 99,980.00 |
| gg) | Apr 10, 2000 | Reserve Fund (New York, NY) | 268,000.00 |
| hh) | Apr 10, 2000 | Rusty Shields (Cyber Extrella, S.A.) | 374,980.00 |
| ii) | Apr 12, 2000 | Orissa House(Wexford Clearing Service) | 56,500.00 |
| jj) | Apr 12, 2000 | Prosper International, Ltd. (Toronto) | 125,000.00 |
| kk) | Apr 12, 2000 | Rusty Shields (Cyber Extrella, S.A.) | 449,980.00 |
| ll) | Apr 12, 2000 | Rama Universal Holdings, Ltd | 999,980.00 |
| mm) | Apr 13, 2000 | Orissa House(Wexford Clearing Service) | 35,000.00 |
| nn) | Apr 14, 2000 | Dirk Smith (Yasny, Ltd.) | 119,982.00 |
| oo) | Apr 14, 2000 | Don Strong, Inc. | 1,100,000.00 |
| pp) | Apr 18, 2000 | Orissa House(Wexford Clearing Service) | 40,000.00 |
| qq) | Apr 20, 2000 | Pill USA (Winter Park, Florida) | 120,000.00 |
| | April 2000 | TOTAL | $6,281,472.06 |

17. All of the victim/investors monies described above were wire transferred to the Bank One account.

18. Similarly during the period April 29, 2000 through May 15, 2000, there were deposits of $3,412,648.00 of victim monies into Reserve Foundation, LLC, account number 192362547 at Bank One, Greeley, Colorado, as more fully detailed in the summary chart below.

| | DATE | VICTIM/SOURCE | AMOUNT |
|---|---|---|---|
| a) | May 1, 2000 | Sam Johnson | $ 10,010.00 |

| | DATE | VICTIM/SOURCE | AMOUNT |
|---|---|---|---|
| b) | May 3, 2000 | William Ross Peat | 337,985.00 |
| c) | May 4, 2000 | Subhash Parmar | 100,000.00 |
| d) | May 5, 2000 | John Cezizo (Cornerstone Overseas Ltd) | 269,980.00 |
| e) | May 8, 2000 | Mary Gough (Gold Coast Enterprises) | 41,065.00 |
| f) | May 9, 2000 | Jim Burl Bone (Ardmore, Oklahoma) | 125,000.00 |
| g) | May 9, 2000 | Discovery Bay Capital Corp | 565,000.00 |
| h) | May 11, 2000 | Mary Gough (Gold Coast Enterprises) | 212,600.00 |
| i) | May 11, 2000 | Orissa House | 350,000.00 |
| j) | May 12, 2000 | Gary Lee Bell (Develop Aldear) | 126,000.00 |
| k) | May 12, 2000 | John Cezizo (Cornerstone Overseas Ltd) | 165,020.00 |
| l) | May 15, 2000 | Joseph Fleishon & Alexander D. Wilson | 1,000,000.00 |
| m) | May 15, 2000 | Adam Bethune | 99,988.00 |
| n) | May 15, 2000 | Larry Levine | 10,000.00 |
| | May 2000 | TOTAL | $3,412,648.00 |

19. As with all the other transfers the above monies were all wired into the Bank One account with the exception of the $1,000,000 "investment" by Fleishon and Wilson, which was mailed.

20. Deposits from the fraud scheme continued in a similar manner through at least August 2000; the Bank One account was closed by RFLLC in November 2000.

21. The operators of the RFT/RFLLC fraud scheme varied their false allegations and promises depending upon the circumstances. Generally investors were told by Leon Harte, Norman Schmidt, Michael Bergman and his wife Janet Bach-Bergman, Rebecca Taylor, or others that RFT would invest the victims' money in some type of "notes" that were issued by foreign banks at a very great discount, such as 60 cents on the dollar; those operating the RFT fraud told the victims that RFT would purchase these foreign notes at this great discount, and make significant profit by collecting interest on the notes and then selling the notes at a much higher price.

22. The Reserve Foundation Trust activities, and their related documents, have been examined by William Kerr, National Bank Examiner for the Special Supervision and Fraud Division of the Administrator of the National Banks of the Comptroller of the Currency. Mr. Kerr has indicated that the growth rates promised by RFT, "are not possible from any legitimate source on a risk free, sustained basis." The Special Supervision and Fraud Division's opinion goes on to state, " The overall content of the documents purports to represent some type of high yield investment program that does not exist in the legitimate financial world, public or private ... the programs described in the CPPA, with the yields noted... are factitious-such programs do not exist. They are the concoctions of con-artists to attempt to fool investors into providing funds to obtain unrealistic profits. The proposal contained in the CPPA has no possibility in producing any financial value on a risk free legitimate basis."

23. Some of the victims and their dealings with Harte, RFT, and others are outlined below.

24. In late January or early February of 2000, Evan Bynum, and Ronald and Juanita Meyer, all of Ft. Collins, Colorado, met with RFT associate Michael Bergman and his wife Janet Bach-Bergman at the Meyers' home in Ft. Collins to discuss investment in RFT. The Bergmans told the three victim investors that they were involved in a trading program with RFT and Leon Harte. The Bergmans described the RFT program as a secret program, risk free, utilized by wealthy people. They also indicated that Harte was the head of the program, but that it was actually run by Norman Schmidt. The victim investors were told that the investment was risk free because it was insured by Lloyds of London. Subsequently, Evan Bynum, and Ronald and Juanita Meyer each invested $25,000 with RFT.

a. At the beginning of February 2000, Michael G. Bergman, 2913 Eindborough, Fort Collins, Colorado 80525, solicited the High Yield Investment Scheme to his neighbor Evan H. Bynum. Michael G. Bergman told Evan H. Bynum that Leon Harte was the head of this high yield investment program and that Norm Schmidt was also involved. Bynum was promised an interest rate of 25 percent per month, which investment would be fully insured. Michael G. Bergman also represented that an investment of $25,000 would provide a return of $90,949.47 in 13 months.

b. On or about February 14, 2000, Evan H. Bynum gave Michael G. Bergman First Choice Bank, Fort Collins, Colorado, cashiers check number 074544, payable to Reserve Foundation, LLC. This $25,000 cashier's check was later endorsed and deposited by Norman Schmidt into the Reserve Foundation, LLC business checking account number 192362547, at Bank One, Greeley, Colorado.

c. On or about February 14, 2000, Michael G. Bergman had Evan H. Bynum, sign the Cooperative Private Placement Agreement (CPPA). On or about February 15, 2000, Leon Harte, Representative for The Reserve Foundation Trust, signed the CPPA and Norman Schmidt, Representative for The Reserve Foundation Trust, initialed the CPPA, a copy which was provided to Evan H. Bynum.

d. In April 2000, Bergman informed Bynum that Bynum did not have his own investment program with RFT, but rather that Bergman had combined Bynum's investment with the account of Bergman's wife Janet Bach-Bergman, and thus there was no separate account or insurance policy for Bynum's money; however, Bergman volunteered that, as a result of the merging of the accounts, Bynum could now expect a new interest rate of 50 percent per month, compounded monthly. In June 2000, Bynum requested $4000 from his account, which he did receive in July 2000. In August 2000 he requested a return of the remaining $21,000 of the initial investment, but he never received those funds. In October of 2000, Janet Bach-Bergman told Bynum that the investment program trading had been suspended by "the Feds" and an RFT attorney would soon contact him for a disbursement of the accumulated principal, which at that point, based on the 50 percent return promised by RFT, approximated $413,000.

e. On or about December 1, 2000, Evan H. Bynum sent legal notice to Norman Schmidt, Leon Harte, Michael Bergman, and Janet Bach, requesting back his investment and earnings. To date, Evan H. Bynum has never received back his principal investment of $25,000 and he has not received any return on investment other than the $4000.

f. In late 1999, Ronald L. Meyer and Edna Juanita Meyer, 2912 Eindborough, Fort Collins, Colorado 80525, were introduced to The Reserve Foundation Trust

by their neighbors Michael G. Bergman and Janet Bach. At the beginning of February 2000, Michael G. Bergman and Janet Bach solicited the High Yield Investment Scheme to the Meyers. Michael G. Bergman told the Meyers that Leon Harte was the head of this high yield investment program and that Norm Schmidt was also involved. Ronald L. Meyer had previously met both Leon Harte and Norm Schmidt. Michael G. Bergman represented the investment to be a "risk free" overseas trading program that was insured by Lloyds of London Insurance Company. The Meyers were promised a return of 25 percent per month. Michael G. Bergman also represented that an investment of $25,000 would provide a return of $90,949.47 in 13 months.

g. On or about February 14, 2000, Ronald and Edna Meyer gave Michael G. Bergman a First National Bank, Fort Collins, Colorado, cashiers checks numbered 119606 and 119607, each in the amount of $25,000, payable to Reserve Foundation, LLC. These $25,000 cashiers checks were later endorsed and deposited by Norman Schmidt into the Reserve Foundation, LLC business checking account number 192362547, at Bank One, Greeley, Colorado.

h. On or about February 14, 2000, Michael G. Bergman had Ronald and Edna Meyer signed the CPPA. On or about February 15, 2000, Norman Schmidt, Representative for The Reserve Foundation Trust, signed the CPPA, a copy which was provided to Ronald and Edna Meyer.

i. On or about October 29, 2000, Ronald L. Meyer faxed a letter to Norm Schmidt indicating that he was very confused about the lack of return on investment payments. On or about December 1, 2000, Ronald and Edna Meyer sent legal notices to Norman Schmidt, Leon Harte, Michael Bergman, and Janet Bach, requesting back their investment and earnings.

To date, neither Ronald L. nor Edna Meyer has ever received back the principal investment of $25,000 nor have they received any return on investment.

25. In January 2000, Brian Schuelke, d/b/a New Millinium, 3136 Ravenwood Drive, Solon, Iowa, was introduced to The Reserve Foundation Trust by Eliu Figueroa through an associate Tom Crosby. Eliu Figueroa, Marketing Director, First International Service Co., 7523 Aloma Avenue, Suite 205D, Orlando, Florida 32858, solicited the High Yield Investment Scheme to Brian Schuelke as the "DELTA Program." On or about February 7, 2000, Brian Schuelke, d/b/a New Millinium, wire transferred $45,000 into Reserve Foundation, LLC account number 1192362547, Bank One, Colorado. Brian Schuelke has never received back his principal investment of $45,000 and he has not received any return on investment.

26. In late 1999, Orvalee Farris, 37375 SE Martins, Portland, Oregon 97202, was introduced to The Reserve Foundation Trust by Mary Ann Gough. Then in December 1999, Rebecca Taylor, d/b/a World Finance Incorporated, 14299 Cherry Tree Road, Carmel, IN 46033, solicited the High Yield Investment Scheme to Orvalee Farris. Rebecca Taylor represented the investment to be a high yield international trade investment for which the principal investment was insured by St. Paul Insurance Company. Rebecca Taylor also represented that an investment of $100,000 would provided a return of 50 percent per month.

a. On or about December 30, 1999, Alan Weed, d/b/a Weed Agency, 504 Public Square, Benton, Illinois 62812, faxed to Orvalee Farris a letter confirming that the investment was insured by St. Paul Fire and Marine Insurance Company, St. Paul, Minnesota, immediately upon the verification of the receipt of the wired investment funds into the trust

account for The Reserve Foundation Trust. Orvalee Farris emphasized that she would not have invested in this High Yield Investment Program unless there was an insurance guarantee.

b. On or about December 30, 1999, Rebecca Taylor faxed Orvalee Farris the Cooperative Private Placement Agreement (CPPA) from Carmel, Indiana to Portland, Oregon, with specific instructions for Orvalee Farris to fill out and sign and fax to The Reserve Foundation Trust, facsimile number (970) 356-2876. On or about December 30, 1999, Orvalee Farris in Portland, Oregon faxed the signed CPPA to The Reserve Foundation Trust in Greeley, Colorado. On or about December 31, 1999, Orvalee Farris received a faxed copy of the CPPA that was signed by Leon Harte, Representative for The Reserve Foundation Trust.

c. On or about December 31, 1999, Rebecca Taylor faxed wiring instructions for The Reserve Foundation Trust to Orvalee Farris. On or about December 31, 1999, Orvalee Farris wire transferred $100,000 from her Merrill Lynch account number 311-41L81 to the Reserve Foundation Trust account number 10148965, CBC Caribbean, Ltd, 09756 St. Vincent, Halifax Street, Kingstown, St. Vincent & the Grenadines.

d. On or about January 12, 2000 and January 14, 2000, Orvalee Farris received a letter from Jerry Landsman, representative from St. Paul Fire and Marine Insurance Company. This letter advised Orvalee Farris that there had been misrepresentations on the part of The Reserve Foundation Trust. Jerry Landsman stated that St Paul Insurance Company did not provide coverage to individual investors and did not guarantee or insure any individual investment in The Reserve Foundation Trust. Orvalee Farris called Alan Weed and Leon Harte directly. Alan Weed and Leon Harte told Orvalee Farris not to worry, that they were getting

another policy from SAFECO, and that she would receive a copy of the new insurance policy as soon as it was available.

e. On or about February 14, 2000, Rebecca Taylor faxed Orvalee Farris a copy of what purported to be The Reserve Foundation Trust, check number 1026, in the amount of $50,000, payable to Orvalee Farris, dated February 14, 2000, drawn off of the New Frontier Bank, 2425 35th Avenue, Greeley, CO 80634. This check was signed by Norm Schmidt and had the notation, "for profit from 1-12-00 Investment." Rebecca Taylor told Orvalee Farris that this check represented the return on investment for January 2000. Orvalee Farris never did receive the original check or her money, and Rebecca Taylor told Orvalee Farris that they reinvested the $50,000.

f. In late March 2000, Mary Anne Gough told Farris that she had all the investors she needed but she was still $100,000 short. Gough convinced Farris to join the group of investors and on April 3, 2000, per instructions from Rebecca Taylor, Farris wire transferred another $100,000 to the Reserve Foundation, LLC Bank One Account.

g. To date, Orvalee Farris has never received back her principal investment of $200,000 and she has not received any return on investment.

27. Starting in February, 2000 those operating the fraud scheme approached Universal Synergy, Inc., Discovery Bay Capital Corp., Rama Universal Holdings, Ltd., Ross Peat, Subash Shumar, and Alan Bethune. Again, these victim investors were shown the CPPA, told their investment would be used to acquire financial instruments, and would be fully insured. In April Rama Universal wire transferred $1.825 million to the RFLLC account at Bank One, in May 2000 Ross Peat wire transferred $338,000 to RFLLC account at Bank One, Subash Shumar wired

$100,000 to the RFLLC account at Bank One, Discovery Bay Capital Corp. wire transferred $565,000 to the RFLLC account at Bank One, Universal Synergy wire transferred $390,980.48 to the RFLLC account at Bank One, and Adam Bethune wired $150,000 to the RFLLC account at Bank One. None of these victim/investors ever received back their original investments or the promised returns.

28. In the Spring of 2000 an investor and broker by the name of Alexander Wilson, of Laguna Niguel, California learned of RFT and its promised large returns. Wilson and two other investor victims, Eric Bateman and Joseph Fleishon, both of Orange County California, flew to Carmel, Indiana to meet with RFT Associate or Broker Rebecca Taylor. Taylor indicated that RFT would only accept investments of a million dollars or more and only at certain times. Taylor indicated that RFT would pay profits of 25 to 50 percent of the amounts invested, payments to come every 90 days; after one year the original principal investment would be returned to the investors. Taylor indicated that RFT was run by Leon Harte, who lived in Colorado. Wilson, Bateman, and Fleishon decided to make the investment, but they needed further funds, as they could only raise $575,000. Wilson contacted another investor with whom he worked, Elizabeth Retterath of Rimrock, Arizona. After learning of the RFT investment scheme, Retterath decided to invest $250,000, and was joined by her daughter Mary Lou Evans, who invested $150,000, and her brother James Shosted, who invested $25,000, for a total of the requisite $425,000. Taking all this money of these victim investors, Fleishon purchased a Cashier's check number 1315001126 in the amount $1,000,000, from the Wells Fargo Bank payable to RFT, and sent it to Rebecca Taylor. It is believed that this $1,000,000 cashier's check was mailed to Taylor; the check was then deposited into the RFT account at Bank One, Greeley,

Colorado. According to Wilson, RFT was supposed to pay this investment group 25 percent per month within 90 days of the investment. The million-dollar cashier's check was dated May 10, 2000, and thus the promised dividends were due from RFT beginning approximately August 15, 2000. None of these investors have received any dividends or return of the million-dollar investment.

## THE PURCHASE AND USE OF DEFENDANT PROPERTIES

29. RFT principal Leon Harte and his wife Deborah Harte had long wanted to own and operate Defendant Redstone Castle Properties, but had not been able to afford the $6,000,000 purchase price. However, with the RFT fraud monies coming in the chance was there. Assisted by RFT fraud operator Norman Schmidt, Leon and Deborah Harte organized three similarly named limited liability companies in Colorado. On April 5, 2000, Norman Schmidt as organizer, and Leon Harte, Deborah Harte, and Norman Schmidt as managers, filed with the Colorado Secretary of State the Articles of Organization of "Tranquil Options, L.L.C.", listing Schmidt as the registered agent at his business office in Greeley, Colorado. Less than a month later on May 3, 2000, Attorney Martin O'Fallon as organizer and initial registered agent and the Hartes and Schmidt as managers, filed with the Secretary of State the Article of Organization of "Peaceful Options, L.L.C.", with the principal address at O'Fallon's office in Denver, Colorado. On the same May 3, 2000 date, Attorney O'Fallon as organizer and initial registered agent, and the Hartes and Schmidt again as managers, filed Articles of Organization of "Serenity Options, L.L.C.", with the principal address again at O'Fallon's office in Denver.

30. As previously mentioned, RFT/RFLLC had established bank account 192362547, which sometimes was listed as 1192362547, at Bank One in Colorado, into which the proceeds

of the fraud scheme, that is the "investments" from the various victims, were deposited. In inducing the various victims investors to transfer funds to RFT/RFLLC, those operating the RFT/RFLLC fraud had repeatedly stated and promised that the victim funds would be invested and used only in the promised high yield investments. However, in the Spring of 2000, with no notice to the victim investors, the operators of the fraud scheme, including Harte and Schmidt, used over $6,000,000 of the proceeds from the fraud scheme to purchase Defendant Redstone Castle Properties through Aspen Title Corporation, 600 East Hopkins, Aspen, Colorado.

a. On or about March 30, 2000, Leon Harte wrote check number 1023 from the Reserve Foundation, LLC Bank One account for $275,000. The check was made payable to himself. On or about April 4, 2000 these monies were received by Aspen Title Corporation as an initial earnest money deposit for the purchase of Defendant Redstone Castle Properties.

b. On or about April 6, 2000, a $355,000.03 wire transfer was made from Reserve Foundation, LLC, account number 1192362547, Bank One, Greeley, Colorado to Aspen Title Corporation, account number 6108311129, Norwest Bank, Denver, Colorado. This wire transfer listed the Escrow Reference #406397 and #406398 for Tranquil Options, LLC.

c. On or about April 13, 2000, Leon Harte and Peter Moss, on behalf of Reserve Foundation, LLC, 1322 33rd Avenue, Greeley, Colorado 80634, signed a "Foreign Exchange Agreement" with SunState FX, Inc., One Royal Palm Place, 1877 South Federal Highway, Suite 308, Boca Raton, Florida 33432. This agreement listed instructions for Reserve Foundation, LLC to wire funds to SunState FX, Inc., account number 9983650918, First Union National Bank, 975 South Federal Highway, Boca Raton, Florida 33432. SunState FX, Inc. assigned an investment account number of 01-0400-2021-100 to Reserve Foundation, LLC.

d. On or about April 13, 2000 (attached to the Foreign Exchange Agreement) Leon Harte and Peter Moss, on behalf of Reserve Foundation, LLC, signed a SunState FX, Inc. customer account application listing an initial investment of $6,000,000 from Reserve Foundation, LLC, account number 1192362547, Bank One, 822 7th Street, Greeley, Colorado 80631. This customer account application had a investment experience section, whereby Leon Harte and Peter Moss signed that their experience included 31 years of bond transactions, specifically trading thousands of bonds per year with an average transaction amount per year of $100,000,000, and a date of last bond transaction of April 12, 2000.

e. On or about April 14, 2000, a $6,000,000 wire transfer was made from Reserve Foundation, LLC, account number 1192362547, Bank One, Greeley, Colorado to SunState FX, Inc., account number 9983650918, First Union National Bank, Jacksonville, Florida. This wire transfer also lists the investment account number of 01-0400-2021-100.

f. On or about April 17, 2000, John Hyland. a Forex Broker for SunState FX, Inc., sent a letter to Reserve Foundation, LLC, C/O Peter Moss, 1322 33rd Avenue, Greeley, Colorado 80634. John Hyland wrote that SunState FX, Inc. acknowledged the receipt of USD $6,000,000 on April 14, 2000 and credited to investment account number of 01-0400-2021-100. Furthermore, John Hyland enclosed a copy of the Foreign Exchange Agreement and wrote that this agreement had been notarized.

g. On or about May 9, 2000, Pacific Equities, believed to be another victim of the RFT/RFLLC fraud, wire transferred $171,000 from an account in the foreign nation of Turks and Caicos directly to the account of Aspen Title Company at Wells Fargo Bank, Aspen,

Colorado, which title company was handling the closing of the Redstone Castle Properties purchased by the Hartes.

h. On or about May 10, 2000, Pacific Equities wire transferred from their Community First Bank account in Fargo North Dakota, the sum of $100,364.63 directly to the account of Aspen Title Company at Wells Fargo Bank, Aspen, Colorado.

i. On or about May 15, 2000, Pacific Equities wire transferred from their Community First Bank account in Fargo North Dakota, the sum of $632,888.34 directly to the account of Aspen Title Company at Wells Fargo Bank, Aspen, Colorado

j. On or about May 15, 2000, Aspen Title Corporation, 600 East Hopkins Avenue, Suite 305, Aspen, Colorado 81611, provided its wiring instructions to Leon Harte. These wiring instructions listed an account number 6108311129, Norwest Bank, Aspen, Colorado, an ABA number of 102000076, and listed the Escrow Reference #406397.

k. On or about May 15, 2000, Leon Harte, on behalf of Reserve Foundation, LLC, filled out a Bank One wire transfer request. This request directed Bank One to wire transfer $2,164,737.03 (incurring a $12.50 wire fee) from Reserve Foundation, LLC, account number 1192362547, Bank One, Greeley, Colorado to Aspen Title Corporation, account number 6108311129, Norwest Bank, Aspen, Colorado. This wire transfer request listed the Escrow Reference #406397 and also lists the Federal tax identification number of 84-1532054 for Reserve Foundation, LLC, 1322 33rd Avenue, Greeley, Colorado 80634.

l. On or about May 15, 2000, a $2,164,737.03 wire transfer was made from Reserve Foundation, LLC, account number 1192362547, Bank One, Greeley, Colorado to Aspen

Title Corporation, account number 6108311129, Norwest Bank, Denver, Colorado. This wire transfer listed the Escrow Reference #406397.

m. On or about May 15, 2000, Leon Harte, on behalf of The Reserve Foundation Trust, sent a facsimile letter from (970) 356-2876 to Aspen Title Corporation (Escrow Reference #406397). Leon Harte confirmed to Aspen Title that he had sent 2 wires that morning, one from Bank One Colorado for $2,164,749.53 and the other from a bank in Florida for $3,500,000. A copy of this May 15, 2000 letter had the amount $2,164,749.53 crossed out and replaced with the figure $2,164,737.03 (which is the original amount less a $12.50 wire transfer fee charged by Bank One). A copy of this May 15, 2000 letter also has attached two Aspen Title Corporation bank wire receipts, one dated May 15, 2000, in the amount $2,164,737.03, wired into account number 6108311129, Norwest Bank, Aspen, Colorado, and the other dated May 16, 2000, in the amount $3,500,000, wired into account number 6108311129, Norwest Bank, Aspen, Colorado.

n. On or about May 16, 2000, a $3,500,000 wire transfer was made from SunState FX, Inc., account number 9983650918, First Union National Bank, Jacksonville, Florida to Aspen Title Corporation, account number 6108311129, Norwest Bank, Denver, Colorado. This wire transfer listed the Escrow Reference #406397.

o. Thus on May 15 and 16, 2000, through the offices of Aspen Title Corporation most of Defendant Redstone Properties were sold to the Harte-Schmidt Colorado corporations for a little over $6 million dollars. The Harte-Schmidt company "Tranquil Options L.L.C." purchased Defendant Redstone Castle Parcel for $4 million dollars. The Harte-Schmidt company "Serenity Options L.L.C." purchased Defendant Redstone Barn Parcel for $560,000.

The Harte-Schmidt company "Peaceful Options L.L.C." purchased Defendant Redstone Castle Carriage House Parcel for $1,440,000. The sale price included Defendants Personal Property and Water Rights.

31. The Harte-Schmidt company "Tranquil Options L.L.C." purchased Defendant Redstone House Parcel for $415,000 later that summer.

a. On May 18, 2000, Tranquil Options LLC through Leon and Deborah Harte opened account number 192800082 at Bank One in Greeley, Colorado, and $100,000 was transferred intra-bank from Reserve Foundation, LLC account number 192362547, Bank One, Greeley, Colorado into Tranquil Options, LLC account number 192800082, Bank One, Greeley, Colorado.

b. On June 7, 2000, Leon Harte as Manager of Tranquil Options issued check number 1007 for $25,000 on the Tranquil Options LLC account, as "earnest money" for the purchase of Defendant Redstone House Parcel, and sent it to ReMax Real Estate.

c. On July 26, 2000, $200,000 was sent from the RFT account at Bank One to the Garfield County Title Corporation, for the purchase of Defendant Redstone House Parcel.

d On August 8, 2000, a deed was issued passing title of Defendant Redstone House Parcel to Tranquil Options LLC. A Deed of Trust for $250,000 was recorded in favor of Alpine Bank, which Deed of Trust was released on March 21, 2001.

e. On January 28, 2001 a Deed of Trust in the amount of $650,000 was recorded on Defendant Redstone House Parcel and Defendant Redstone Castle Parcel, in favor of Bismark Mortgage Company. On January 25, 2002, this Deed of Trust was partially released, as to Defendant Redstone House Parcel.

32. Subsequently Harte and Schmidt had the three Colorado corporations (Tranquil, Serenity, Peaceful Options L.L.C.) execute Deeds of Trust to themselves through their company Reserve Foundation LLC, giving themselves Deeds of Trust encumbering the property they just purchased with victims monies. Thus, through their various corporations set up to operate the fraud scheme and purchase Defendant Redstone Castle Properties, Harte and Schmidt diverted investor funds from the promised investments and high yields financial instruments, purchased Defendant Redstone Castle Properties, and gave themselves Deeds of Trust to Defendant Redstone Castle Properties. None of these financial transactions, monetary movements, and real estate purchases were revealed to or approved by any of the victim investors.

33. After purchasing Defendant Redstone Castle properties Leon and Debbie Harte moved into the Redstone Castle and operated it as a Bed and Breakfast Inn and an entertainment center. Leon Harte also continued to operate the fraud scheme out of Defendant Redstone Castle Properties by conducting meetings, making phone calls, and receiving mail regarding the scheme, all at Defendant Redstone Castle Properties.

34. For fifteen years Cynthia Lange worked at the Redstone Castle, most recently as its General Manager. After the Harte-Schmidt companies purchased Defendant Redstone Castle Properties in May 2000, Lange continued as General Manager of the Castle property, and worked with Harte there. Among Lange's duties were running the Bed and Breakfast operation, conducting tours of the Castle itself, and arranging and organizing banquets. In the summer of 2000, at Defendant Redstone Castle Properties Leon Harte asked Lange if she were interested in investing in RFT, again promising a 50 percent annual return on investments of $100,000 or more. When Lange said she could only come up with $50,000, Harte indicated he would accept

the $50,000 because Lange was "a friend". Lange sold her home in the town of Redstone and used that money to "invest" with Harte. On August 1, 2000, Lange signed the standard CPPA with RFT, which CPPA was initialed on behalf of RFT by Leon Harte. The CPPA had a High Yield Private Placement Memorandum indicating 50 percent monthly yields on investments of $100,000 or more, to be distributed monthly. At Harte's direction, Lange wired transferred her $50,000 to the RFT account at Bank One in Greeley, Colorado. In spite of repeated requests, Lange has never received back her $50,000 or any of the promised interest.

35. In so operating this RFT High Yield Financial Instrument fraud scheme with the false promises of the purchase of discounted notes, high investment returns, and security through insurance, Harte, Schmidt, and others committed securities fraud. In so utilizing the United States Postal Service, private and commercial mail carriers, and the wire services during the fraud to transmit information, materials, and funds, those individuals committed mail and wire fraud. In so conducting financial transactions, including deposits into and withdrawals from financial institutions, with the proceeds of the fraud scheme, to carry on and promote the scheme, and to conceal the nature, location, source, ownership, and control of the proceeds of the scheme; in transferring funds into and out of the United States to promote and carry on the scheme and to conceal the nature, location, source, ownership, and control of the proceeds; and in purchasing Defendant Redstone Castle Properties with the proceeds of the fraud, these individuals committed money laundering. Overall, the proceeds of these crimes were used to purchase Defendant Redstone Castle Properties, which properties in turn were then used as locations out of which to operate the fraud scheme.

VERIFICATION OF WAYNE STOCKLEY, SPECIAL AGENT
INTERNAL REVENUE SERVICE

I, Special Agent Wayne Stockley, hereby state and aver that I have read the foregoing Factual Basis for Forfeiture and that the facts and information contained therein are true to the best of my knowledge and belief.

Wayne A. Stockley
Wayne Stockley

STATE OF COLORADO )
) SS.
CITY AND COUNTY OF DENVER)

The foregoing was subscribed and sworn to me this 5th day of March 2003, by Special Agent Wayne Stockley, Internal Revenue Service.

Notary Public

My Commission Expires: 2-2-2004

FIRST CLAIM FOR RELIEF

36. The Plaintiff repeats and incorporates by reference the paragraphs above.

37. By the foregoing and other acts, Defendant Redstone Castle Properties are the proceeds of mail fraud violations of 18 U.S.C. § 1341 and are therefore forfeited to the United States pursuant to 18 U.S.C. § 981(a)(1)(C), 18 U.S.C. § 1956(c)(7) (A), and 18 U.S.C. § 1961(1).

SECOND CLAIM OF RELIEF

38. The Plaintiff repeats and incorporates by references the paragraphs above.

39. By the foregoing and other acts, Defendant Redstone Castle Properties are the proceeds of wire fraud violations of 18 U.S.C. § 1343 and are therefore forfeited to the United States pursuant to 18 U.S.C. § 981 (a)(1)(C), 18 U.S.C. § 1956 (c)(7)(A), and 18 U.S.C. § 1961(1).

THIRD CLAIM FOR RELIEF

40. The Plaintiff repeats and incorporates by references the paragraphs above.

41. By the foregoing and other acts, Defendant Redstone Castle Properties were involved in money laundering violations of 18 U.S.C. §§ 1956 and 1957, and are therefore forfeited to the United States pursuant to 18 U.S.C. § 981(a)(1)(A).

FOURTH CLAIM FOR RELIEF

42. The Plaintiff repeats and incorporates by references the paragraphs above.

43. By the foregoing and other acts, Defendant Redstone Castle Properties are the proceeds of securities fraud violations of 15 U.S.C. § 77q(a), § 77x, §78j(b), and § 78ff, and are therefore forfeited to the United States pursuant to 18 U.S.C. § 981(a)(1)(C), 18 U.S.C. § 1956(c)(7)(A), and 18 U.S.C. § 1961(1).

WHEREFORE, the United States prays for entry of a final order of forfeiture for the Defendant Properties in favor of the United States, that the United States be authorized to dispose of the Defendant Properties in accordance with law, and that the Court enter a finding of probable cause for the seizure of the Defendant properties and issue a Certificate of Reasonable Cause pursuant to 28 U.S. C. § 2465.

Dated: 3/5/18

Respectfully submitted,

JOHN W. SUTHERS
United States Attorney

By: _____
James S. Russell
Assistant United States Attorney
1225 17th Street, Suite 700
Denver, CO 80202
(303) 454-0100

United States Attorney's Office Box #16

EXHIBIT "A"

LEGAL DESCRIPTION

(Castle Parcel)

A parcel of land situated in Southeast one-quarter Southwest one-quarter (SE1/4SW1/4) and in the Southwest one-quarter Southeast one-quarter (SW1/4SE1/4) of Section 20 and in the Northeast one-quarter Northwest one-quarter (NE1/4NW1/4), in the Northwest one-quarter Northeast one-quarter (NW1/4NE1/4) and in the Southwest one-quarter Northeast one-quarter (SW1/4NE1/4) of Section 29, all in Township 10 South, Range 88 West of the 6th Principal Meridian, Pitkin County, Colorado, said parcel being more particularly described as follows:

Beginning at the Center of said Section 29;
thence North 00°06' West, 1,318.69 feet along the North-South centerline of Section 29 to the Southeast Corner of the Northeast one-quarter Northwest one-quarter (NE1/4NW1/4) of said Section 29;
thence South 89°41' West, 721.34 feet along the Southerly boundary line of the Northeast one-quarter Northwest one-quarter (NE1/4NW1/4) of said Section 29 to a point in the center of the Crystal River;
thence North 49°02'02" East, 339.50 feet along the center of said River;
thence North 11°24'06" West, 812.33 feet along the center of said river;
thence North 34°08'21" East, 295.94 feet;
thence North 12°46'23" East, 431.44 feet;
thence North 17°10'57" West, 180.49 feet;
thence South 54°59'32" East, 927.62 feet to a point on the Northerly boundary line of the Northwest one-quarter Northeast one-quarter (NW1/4NE1/4) of said Section 29;
thence North 89°38' East, 498.34 feet along said Northerly boundary line;
thence South 2,638.84 feet to a point on the East-West centerline of said Section 29;
thence South 89°44' West, 838.41 feet along said East-West centerline to the Center of said Section 29, the Point of Beginning.

TOGETHER WITH

ACCESS EASEMENT (CLEVEHOLM MANOR PARCEL TO REDSTONE BOULEVARD)

A 30 foot wide access easement situated in the NW1/4 SE1/4 and in the E1/2 SW1/4 of Section 20, Township 10 South, Range 88 West of the 6th Principal Meridian, Pitkin County, Colorado, and lying 15 feet on each side of the following described centerline:

Beginning at a point whence a stone found in place for the Witness Corner to the Southwest Corner of said Section 21 bears S 78°33'34" W 2278.67 feet;
thence N 15°12'47" W 25.64 feet;
thence N 19°15'22" W 83.19 feet;
thence N 12°28'46" W 39.19 feet;
thence N 09°56'23" W 106.16 feet;
thence N 07°05'31" W 25.92 feet;
thence N 13°31'54" E 26.10 feet;
thence N 36°17'41" E 50.08 feet;
thence N 26°35'38" E 50.35 feet;
thence N 15°21'48" E 35.29 feet;
thence N 10°13'11" E 80.34 feet;
thence N 05°41'34" W 92.25 feet;
thence N 03°37'15" W 63.37 feet;
thence N 21°38'48" E 162.46 feet;

PLAINTIFF'S EXHIBIT A

thence N 31°34'37" E 106.30 feet;
thence N 39°11'43" E 34.57 feet;
thence N 29°59'38" E 64.06 feet;
thence N 21°19'55" E 83.26 feet;
thence N 25°42'19" E 81.91 feet;
thence N 19°10'30" E 72.17 feet;
thence N 01°03'52" W 231.13 feet;
thence 117.84 feet along the arc of a curve to the right, having a radius of 112.29 feet, the chord of which bears N 29°00'04" E 112.51 feet; and continuing on the existing 30 foot wide access easement previously recorded as described to wit:

Beginning at a point in the NW1/4 SE1/4 of said Section 20 whence a stone found in place and properly marked for the Witness Point to the Southwest Corner of said Section 20 bears: S 52°53'19" W 3224.57 feet;
thence along said centerline, N 59°04'01" E 187.16 feet;
thence 136.84 feet along the arc of a curve to the left, having a radius of 263.57 feet, the chord of which bears N 44°11'35" E 135.31 feet;
thence N 29°19'10" E 372.52 feet;
thence 139.58 feet along the arc of a curve to the right, having a radius of 740.33 feet, the chord of which bears: N 34°°43'15" E 139.38 feet;
thence N 40°07'20" E 183.61 feet;
thence 191.24 feet along the arc of a curve to the left, having a radius of 264.95 feet, the chord of which bears: N 19°26'41" E 187.12 feet;
thence N 01°13'59" W 135.97 feet;
thence 290.76 feet along the arc of a curve to the left, having a radius of 479.72 feet, the chord of which bears: N 18°35'49" W 286.33 feet;
thence N 35°57'37" W 183.53 feet;
thence 291.64 feet along the arc of a curve to the right, having the radius of 505.69 feet, the chord of which bears: N 19°26'23" W 287.61 feet;
thence N 02°55'00" W 203.00 feet;
thence 149.57 feet along the arc of a curve to the left, having a radius of 809.76 feet, the chord of which bears: N 08°12'30" W 149.36 feet;
thence N 13°30'00" W 8.07 feet, more or less, to a point on the Southerly right-of-way line of the Redstone Road.

# EXHIBIT "A"

## LEGAL DESCRIPTION

**(Carriage House Parcel)**

A tract of land situated in the SE1/4 SW1/4 land in the SW1/4SE1/4 of said Section 20 and said NW1/4 NE1/4 and SW1/4 NE1/4 of Section 29, all in Township 10 South, Range 88 West of the 6th Principal Meridian, Pitkin County, Colorado, and being more particularly described as follows: Beginning at a point on the boundary line between said SW1/4 SE1/4 of said Section 20 and said NW1/4 NE1/4 of said Section 29 whence a stone found in place for the Witness Corner to the Northwest Corner of said Section 29 (also being the Southwest Corner of said Section 20) bears S 89°38' W 2852.68 feet;
thence N 54°59'32" W 927.62 feet;
thence N 85°01'19" E 667.80 feet to a road intersection as built;
thence S 59°48'31" E 1161.86 feet;
thence South 2639.56 feet to a point on the East-West centerline of said Section 29;
thence S 89°44' W 411.43 feet along said East-West centerline;
thence North 2638.84 feet to a point on the boundary line between said Section 20 and 29;
thence S 89°38' W 498.34 feet along said boundary line to the point of beginning.

# EXHIBIT "A"

## LEGAL DESCRIPTION

**(Barn Parcel)**

A tract of land situated in the E1/2 SW1/4 and in the W1/2 SE1/4 of Section 20, Township 10 South, Range 88 West of the 6th Principal Meridian, Pitkin County, Colorado, and being more particularly described as follows:

Beginning at a point whence a stone found in place for the Witness Corner to the Southwest Corner of said Section 20 bears S 75°15'53" W 2164.01 feet;
thence S 79°09'36" E 128.71 feet;
thence N 28°33'26" E 105.14 feet;
thence N 12°30'11" E 54.24 feet;
thence N 23°34'12" E 119.92 feet to a point in the centerline of a roadway as built and in place;
thence along the centerline of said roadway on the following courses: N 03°37'15" W 37.69 feet;
thence N 21°38'48" E 162.46 feet;
thence N 31°34'37" E 106.30 feet;
thence N 39°11'43" E 34.57 feet;
thence N 29°59'38" E 64.06 feet;
thence N 21°19'55" E 83.26 feet;
thence N 25°42'19" E 81.91 feet;
thence N. 19°10'30" E 72.17 feet;
thence N 01°50'31" W 48.86 feet;
thence N 02°18'19" E 88.67 feet;
thence leaving said roadway centerline on a course bearing S 63°15'20" E for 143.03 feet;
thence S 85°07'15" E 181.11 feet;
thence N 63°25'04" E 156.14 feet;
thence S 65°10'01" E 887.76 feet;
thence South 1348.24 feet;
thence N 59°48'31" W 1161.86 feet to a road intersection as built;
thence S 85°01'19" W 667.80 feet;
thence S 72°49'03" W 80.00 feet;
thence N 17°10'57" W 267.15 feet;
thence N 72°49'03" E 80.00 feet to the point of beginning.

EXHIBIT "A"

WATER RIGHTS

(Castle Parcel)

A parcel of land situated in Southeast one-quarter Southwest one-quarter (SE1/4SW1/4) and in the Southwest one-quarter Southeast one-quarter (SW1/4SE1/4) of Section 20 and in the Northeast one-quarter Northwest one-quarter (NE1/4NW1/4), in the Northwest one-quarter Northeast one-quarter (NW1/4NE1/4), and in the Southwest one-quarter Northeast one-quarter (SW1/4NE1/4) of Section 29, all in Township 10 South, Range 88 West of the 6th Principal Meridian, Pitkin County, Colorado, said parcel being more particularly described as follows:

Beginning at the Center of said Section 29;
thence North 00°06' West, 1,318.69 feet along the North-South centerline of Section 29 to the Southeast Corner of the Northeast one-quarter Northwest one-quarter (NE1/4NW1/4) of said Section 29;
thence South 89°41' West, 721.34 feet along the Southerly boundary line of the Northeast one-quarter Northwest one-quarter (NE1/4NW1/4) of said Section 29 to a point in the center of the Crystal River;
thence North 49°02'02" East, 339.50 feet along the center of said River;
thence North 11°24'06" West, 812.33 feet along the center of said river;
thence North 34°08'21" East, 295.94 feet;
thence North 12°46'23" East, 431.44 feet;
thence North 17°10'57" West, 180.49 feet;
thence South 54°59'32" East, 927.62 feet to a point on the Northerly boundary line of the Northwest one-quarter Northeast one-quarter (NW1/4NE1/4) of said Section 29;
thence North 89°38' East, 498.34 feet along said Northerly boundary line;
thence South 2,638.84 feet to a point on the East-West centerline of said Section 29;
thence South 89°44' West, 938.41 feet along said East-West centerline to the Center of said Section 29, the Point of Beginning.

(Carriage House Parcel)

A tract of land situated in the SE1/4 SW1/4 and in the SW1/4SE1/4 of said Section 20 and said NW1/4 NE1/4 and SW1/4 NE1/4 of Section 29, all in Township 10 South, Range 88 West of the 6th Principal Meridian, Pitkin County, Colorado, and being more particularly described as follows:

Beginning at a point on the boundary line between said SW1/4 SE1/4 of said Section 20 and said NW1/4 NE1/4 of said Section 29 whence a stone found in place for the Witness Corner to the Northwest Corner of said Section 29 (also being the Southwest Corner of said Section 20) bears S 89°38' W 2852.68 feet;
thence N 54°59'32" W 927.62 feet;
thence N 65°02'29" E [illegible] feet to a road intersection as built;
thence S 59°48'31" E 1161.86 feet;
thence South 2639.56 feet to a point on the East-West centerline of said Section 29;
thence S 89°44' W 411.43 feet along said East-West centerline;
thence North 2638.84 feet to a point on the boundary line between said Section 20 and 29;
thence S 89°38' W 498.34 feet along said boundary line to the point of beginning.

(Barn Parcel)

A tract of land situated in the E1/2 SW1/4 and in the W1/2 SE1/4 of Section 20, Township 10 South, Range 88 West of the 6th Principal Meridian, Pitkin County, Colorado, and being more particularly described as follows:

Beginning at a point whence a stone found in place for the Witness Corner to the Southwest Corner of said Section 20 bears S 75°15'53" W 2164.01 feet;
thence S 79°09'36" E 128.71 feet;
thence N 28°33'26" E 105.14 feet;
thence N 12°30'11" E 54.24 feet;
thence N 23°34'12" E 119.92 feet to a point in the centerline of a roadway as built and in place;
thence along the centerline of said roadway on the following courses:
N 03°37'15" W 37.69 feet;
thence N 21°38'48" E 162.46 feet;
thence N 31°34'37" E 106.30 feet;
thence N 39°11'43" E 34.57 feet;
thence N 29°59'38" E 64.06 feet;
thence N 21°19'55" E 83.26 feet;
thence N 25°42'19" E 81.91 feet;
thence N 19°10'30" E 72.17 feet;
thence N 01°50'31" W 48.86 feet;
thence N 02°18'19" E 88.67 feet;
thence leaving said roadway centerline on a course bearing S 63°15'20" E for 143.03 feet;
thence S 85°07'15" E 181.11 feet;
thence N 63°25'04" E 156.14 feet;
thence S 65°10'01" E 887.76 feet;
thence South 1348.24 feet;
thence N 59°48'31" W 1161.86 feet to a road intersection as built;
thence S 85°01'19" W 667.80 feet;
thence S 72°49'03" W 80.00 feet;
thence N 17°10'57" W 267.15 feet;
thence N 72°49'03" E 80.00 feet to the point of beginning.

**TOGETHER WITH**

**ACCESS EASEMENT (CLEVEHOLM MANOR PARCEL TO REDSTONE BOULEVARD)**

A 30 foot wide access easement situated in the NW1/4 SE1/4 and in the E1/2 SW1/4 of Section 20, Township 10 South, Range 88 West of the 6th Principal Meridian, Pitkin County, Colorado, and lying 15 feet on each side of the following described centerline:

Beginning at a point whence a stone found in place for the Witness Corner to the Southwest Corner of said Section 20 bears S 78°33'34" W 2278.67 feet;
thence N 15°12'47" W 25.64 feet;
thence N 19°15'22" W 53.09 feet;
thence N 12°28'46" W 39.19 feet;
thence N 09°56'28" W 106.16 feet;
thence N 07°05'31" W 25.92 feet;
thence N 13°21'54" E 26.10 feet;
thence N 36°17'42" E 50.08 feet;
thence N 26°35'38" E 50.35 feet;
thence N 15°21'48" E 35.29 feet;
thence N 10°13'11" E 80.34 feet;
thence N 05°41'34" W 91.25 feet;
thence N 03°37'15" W 63.37 feet;
thence N 21°38'48" E 162.46 feet;
thence N 31°34'37" E 106.30 feet;
thence N 39°11'43" E 34.57 feet;
thence N 29°59'38" E 64.06 feet;
thence N 21°19'55" E 83.26 feet;
thence N 25°42'19" E 81.91 feet;
thence N 19°10'30" E 72.17 feet;
thence N 01°03'52" W 231.13 feet;

thence 117.84 feet along the arc of a curve to the right, having a radius of 112.29 feet, the chord of which bears N 29°[illegible]'[illegible]" E [illegible] feet;
and continuing on the existing 30 foot wide access easement previously recorded as described to wit:

Beginning at a point in the NW1/4 SE1/4 of said Section 20 whence a stone found in place and properly marked for the Witness Point to the Southwest Corner of said Section 20 bears: S 52°53'19" W 3224.57 feet;
thence along said centerline, N 59°04'01" E 187.16 feet;
thence 136.84 feet along the arc of a curve to the left, having a radius of 263.57 feet, the chord of which bears N 44°11'35" E 135.31 feet;
thence N 29°19'10" E 372.52 feet;
thence 139.58 feet along the arc of a curve to the right, having a radius of 740.33 feet, the chord of which bears: N 34°43'15" E 139.38 feet;
thence N 40°07'20" E 183.61 feet;
thence 191.24 feet along the arc of a curve to the left, having a radius of 264.95 feet, the chord of which bears: N 19°26'41" E 187.12 feet;
thence N 01°13'59" W 135.97 feet;
thence 290.76 feet along the arc of a curve to the left, having a radius of 479.72 feet, the chord of which bears: N 18°35'49" W 286.33 feet;
thence N 35°57'37" W 183.53 feet;
thence 291.64 feet along the arc of a curve to the right, having the radius of 505.69 feet, the chord of which bears: N 19°26'23" W 287.61 feet;
thence N 02°55'00" W 203.00 feet;
thence 149.57 feet along the arc of a curve to the left, having a radius of 809.76 feet, the chord of which bears: N 08°12'30" W 149.36 feet;
thence N 13°30'00" W 8.07 feet, more or less, to a point on the Southerly right-of-way line of the Redstone Road.

All decreed and undecreed water rights and interests in water and water rights, all ditches and ditch rights, all wells and well rights, all reservoirs and reservoir rights, on, underlying, appurtenant to, or at any time used in connection with the parcels of land described on Exhibit A to the Quit Claim deed to which this Exhibit B is attached, including without limitation the following:

1. The Hawk Ditch, 0.8 c.f.s. made absolute in Civil Action No. 1039, with an adjudication date of December 28, 1903, Priority No. 218, and the Hawk Pump alternate point of diversion, adjudicated July 19, 1993, in Civil Action No. 91 CW 035.

2. The Siphon Ditch on Lark Creek in Pitkin County, Colorado, and 2.4 c.f.s. awarded by decree in former Water District 38 dated December 28, 1903, priority date April 26, 1901, Priority Number 213B, in Civil Action Number 1039.

3. 0.3 c.f.s. from the East Creek Reservoir and Pipeline domestic water right on East Creek, Pitkin County, Colorado, Domestic Priority Number 2, Priority date July 1, 1900, in former Water District 38, in Civil Action Number 1068.

# Exhibit B

## Schedule of Personal Property

### MUSIC ROOM:

Antique carpet – 14'6" x 11'4" (maroon and blue)
Antique carpet – 8' x 5' (maroon and blue)
3-leg pedestal side table 6'6" long
French-style oval gold wall mirror - 4'6" L x 2'6" H
Antique upright piano – Mathushek
Brass andiron set 2'6" tall
Metal firewood holder
2 ornate silver candlesticks – set
Antique gold fireplace mirror - 5" H x 6' W
2 2-door file cabinets
Antique triangular side table - 3' L x 1' D
Gateway 2000 computer
Picture – "Pirouette"
Picture – "Palotaden"
Brass and crystal chandelier
Antique oak stereo cabinet - 5' H
Picture/print – "Redstone Castle in Winter" by Jack Roberts

### MAIN HALLWAY:

Antique oak coat rack
Antique planter – green porcelain – 3'
Oak grandfather clock
2 Spanish style leather chairs with brass rivets - 4'6"H
Black metal strap plant stand - 3
Hemispherical side table with black metal marble top with hammered metal oval mirror
Antique door chimes - 5' H
2 antique table pads with runners - 2' L x 1" W
Picture – "John Cleveland Osgood" by Jack Roberts
2 photos – "Lady Bountiful"
Antique oak wall telephone
Telephone sidetable - 3' 6" L x 1' 6" D
Picture of Mr. Osgood's wife in white gown (Irene)
17" x 20" framed castle line drawings
Ornate black metal plant holder – 40"
Wooden sidetable with white marble top
Heavily carved sidetable – 3'T x 2'4" W
Framed picture – 2 deer – 15" x 25"



PLAINTIFF'S EXHIBIT B

KITCHEN:

Manitowac ice-maker (not working)
Stainless steel prep table - 5' L x 2' W x 3' H
Wolf commercial kitchen range
Hanging wooden pan rack
Oak Top kitchen island - 3' W x 9' L x 3' H
Bunn coffee maker
2-drawer file cabinet
Antique oak wall cupboard - 2'H x 2' W x 8" D
Various glassware, silverware, utensils, pots, pans, etc.
Microwave oven
KitchenAid mixer
Signature freezer
Modern style sliding door supply cabinet
2 metal-legged utility tables

SUNPORCH:

2 wicker armchairs
6 wicker table chairs
10 various tables
Large porcelain planter - 2'6" T
9 porcelain hanging planters
2 wicker plant stands
25 Bentwood chairs
Green leather standing privacy screen – 7'6" x 7'
Folding table: 1 8' rectangular

DINING ROOM:

Antique carpet - 24' x 9'6" (maroon and blue)
Large English sideboard cabinet - 8' L x 2' 6" D x 5' H
Silver coffee urn
6-piece silver tea set (large tea pot with stand – broken)
3 large silver trays
2 silver chafing dishes
1 large silver punch bowl
2 silver urns
8 silver dish carriers
12 silver cappucino cups
14 silver and porcelain cappucino cups – 16
3 glass flower vases
1 silver chaffing dish stand
3 small silver trays

DINING ROOM: (Cont'd.)

Wooden sideboard - 3' 6" H x 5' L
Ornate wood and glass china cabinet
Large set of original Osgood wine glasses, goblets, etc.
Wooden sideboard with brass handles - 3' H x 4' L
Original Osgood round top dining table - 5' diameter
Antique brass desk lamp
6 bent back chairs
Original Osgood dining table - 12' L x 4' W - with 12 chairs
Set of silver three place candlesticks
Set of brass andirons and fireplace fan screen
6 various chairs
Set of 4 place candleholders/silver
2-sets of silver 4 place candelabras
2 Bentwood chairs

GREAT ROOM:

Baby grand piano
Intricately carved display case - 6' 9" x 4' 6"
2 silver trophies
2 glass columbine figurines
Blue and white oriental spice jar
2 French Sèvres vases
2 Japanese-style blue with white flower vases
1 blue and white vase with a landscape depiction
1 oriental vase – orange red with yellow and gold accents
2 crystal chandelier table lights - 2' T
2 ornate sidetables - 2' 9" H x 2' 4" W
2 massive wooden carved chairs with salmon and gold fabric
2 carved wood sidechairs with salmon and gold fabric
Massive carved wood sideboard cabinet with grape motif - 5' H x 10' L
Set of brass half urns above doorway - 2' T
Oak and marble sidetable - 3' H x 4' 6" L
Large metal firewood holder
Ornate coal bin
Massive ornate set of andirons and fireplace screen with angel motif
Spanish cabinet with iron grating - 6' 7" T x 3' 6" W
Antique brass and crystal floor lamp 6" H
Picture – "The Recital" by Jack Roberts
Set of antique elk pictures
2 carved wood sofas with blue fabric – scallop backs
1 carved wood sofa table - 3' 6" L x 2' W
Antique carpet - 27' x 14' – salmon and blue
3 paintings by Jack Roberts: "Castle in Winter", "Redstone Inn" and "Gazebo Party"
3 massive hanging chandeliers – ornate angel motif – matches fireplace set
Original mounted elk head

GREAT ROOM (cont'd.)

Ornate side table with women on legs and black marble top - 5' L x 1'6" D
2 copper vases
Pair of oversized armchairs – ornately carved with brown leather
Arabic inlaid table hexagon top
Small Arab design table – 1 foot square top
Ornate wood armchair blue fabric
Bronze Oriental bust – Asian
3 mahogany tables with octagon tops
Oversize medieval armchair – leather with brass rivets
Ornate hammered brass urn
Porcelain planter – brown, green

LIBRARY:

Antique carpet – Wilton – 18' x 9'
Library table with lions feet – 5' L x 3" W
Antique green sofa
Pair of ornate wooden sidechairs – rattan weaving – green leather seats
Large brass table lamp with red glass shade
Oversized wooden armchair - brown leather
Standing lamp with yellow shade - 5' 6" T
Iron military shield
Small vase – ornate thistle pattern – green brown, yellow
World globe with stand
Mantle clock
Picture – Osgood and Bountiful
Picture – Bountiful in car in front of castle
Picture – Osgood's third wife, Lucille
Round top table with claw and glass feet
Short wooden round top table – 2' H
Library table with spiral legs - 7' L x 4" W
2 carved wood chairs with blue fabric
Brass balance scale
1 – 4' round table
6 chairs with angel motif
Metal elephant figurine on mantle

BUTLER'S APARTMENT:

Swan bed – queen size
Miscellaneous junk furniture

## BASEMENT OFFICE:

Oriental motif carpet – 12' 9'
Oak partners desk – 5' x 4'
3-drawer file cabinet
3 2-drawer file cabinets
Smith-Corona typewriter
2 large oak benches - 9' L
4 telephones
Gateway 2000 computer
2 Pitney-Bowes mail scales
Canon PC-7 copier
Miscellaneous office supplies
Pitney-Bowes postage meter
Miscellaneous office chairs

## MASSAGE ROOM AREA:

1 miscellaneous floor lamps
3 antique sidetables
Massaging table
Antique robe rack – carved wood – wall mount
1 single bed
1 antique sidetable which matches Tower Suite
Ornate Chippendale chair with flora fabric
3 miscellaneous pictures
Wooden standing screen – floral tapestry

## BASEMENT HALLWAY:

Carpet – salmon, black, blue and yellow – 6' x 9'
Oak wardrobe – 6'T – 4'W
Pair of armchairs – red fabric
2 Arab-style inlaid chairs with leather
Arab-style inlaid phone table – 2'6" H
Picture - "Rembrandt" mosaic by Liomo Dal Casa d'Oro
Sideboard cabinet – 6' L x 3' H x 2' D
Picture – "Coal Basin" by Jack Roberts

## OSGOOD OFFIC'

1 – 48" x 22" wooden table with shelf
3 – 17" x 20" framed castle line drawings (1 in main hall by back stairs)
1 – 66" x 21" x 36.5" intricately carved cabinet, diamond design,
4 metal tear drops – front
2 – 14" T andirons
Fireplace implement set
Green oxidized metal cigar holder – 27" H
2 chair set – wood with brown leather
Library table with Gothic carving - 6' L x 3' W
Folding table: 1 8' rectangular

## BAR:

4 tall swivel bar chairs – wood, chrome foot rests
2 tan oversized leather club chairs – wood arms – rivets
Wood floor lamp – 55" T
Mirror with black carved wood frame – 61" x 66.25"
Ornate carved cabinet – 38" x 34" x 18.5"
Painting – "Saloon Wench" by Jack Roberts
Print - Wonder brewing
Print - American woman
Ornate antique bar and backbar
Large assortment of bar glasses, booze and mixers
Circular table mirror top – 19.5" H x 24" across
Framed print – reclining girl on bed – 30" x 26"

## GAME ROOM:

Original carpet – green with border 15' x 21'
Original ornate Brunswick pool table
4 chair set – wood with brown leather
4 chair set – wood with gold fabric
Ornately carved black sideboard – 4'6" T x 4' W
Antique wood cribbage board
1 – 4' round table
Ornate metal andirons
Green leather overstuffed rocker
Massive ornately carved black sideboard hutch – 7' T x 6' W
Large green bustle couch
Wooden duck – brown and tan
1 low-back leather sofa – brown
2 dark leather arm chairs with rivets – green leather
Sanyo MTS 26" color TV
Sanyo DAY video player
Copper basket with ceramic grip – 10.5" H

GAME ROOM: (Cont'd.)

Sanyo CD player
Round top table with claw and glass feet
Painting by Jack Roberts - "Dining Room Scene"
Copper coal bucket
Copper pitcher

2nd STORY BALCONY:

Heavily carved round top table
Ornately carved sofa with salmon and gold fabric
Picture – "Coke Ovens" by Jack Roberts
Bookcases – 5' 6" T x 5' W

ROOSEVELT:

Antique carpet – 9' x 12' – black, tan, salmon, blue
Antique wooden bed
Wooden nightstand
Sidetable with marble top
Stool – gold fabric top
Carved wooden side chair – scallop fabric
Photo of Teddy Roosevelt

CASTLE ROSE:

Ornate wood canopy bed
Wooden nightstand
Pair of ornate wooden chairs – red fabric
Arab-style hexagon top inlaid table – 1'8" T
Ornate wooden plant stand
Brass base hurricane lamp – floral motif on globe
Overstuff armchair
Freestanding wardrobe – oak – mirror – spiral trim
Large oval mirror above sink
Pair of bronze and crystal candlesticks

ROCKEFELLER:

Carpet – Oriental motif – 9' x 12' – brown, blue and red
Marble top dresser with mirror
Large oval mirror above sink
Sidetable half round in shape – 2'6" T x 2' W
2 wooden nightstands
Wooden armchair – purple fabric
Picture of horse, wagon and people
4-poster bed

GOULD:

Brass bed
Walnut oval top table – 2'6" T
Wardrobe with mirror
Walnut chair with green fabric
2 bedside tables (1 moved)
Oval mirror above sink
Picture of Notre Dame Cathedral

MORGAN:

Brass bed
Oval mirror above sink
Nightstand
Small magazine table
Armchair – purple fabric
Antique bathroom rug – white in color
Picture of haywagon

TOWER SUITE:

Walnut sleighbed
Antique floral carpet – 8' x 10'
Dressing table – glass top
Ornate bedding cupboard – 5'6" T
Ornate wooden armchair – scallop fabric
2 nightstands
Wicker basket stand
Picture – cows and village
Large oval dressing mirror in ornate, gold frame
Antique carpet – 9' x 11' – green, pink, black
2 matching single beds (Osgood's furniture)
1 nightstand (Osgood's furniture)
1 table lamp (Osgood's furniture)

TOWER SUITE: (Cont'd.)

Dressing table with mirror
Side table with upper middle cupboard and matching chair
Pair stuffed armchairs – blue fabric
Small sidetable
Black wooden plant stand
Modern floor lamp

OSGOOD SUITE:

Antique carpet – 9' x 12' – maroon with floral border and center
Carpet in smoking porch – 6'6" x 3'8"
Commode chair
2 wicker armchairs
Wooden table with heavy white marble top – 2'3" T x 2' W
Queen-size ornate 4-poster bed
Ornate carved bedside table – brown marble top
Large Victorian table lamp – gold and green shade
Ornate dresser – brown marble top – mirror – 7'8" H x 3'10" W
Wooden armchair – leather upholstery
High-backed stuffed armchair and ottoman – white fabric
Picture – ships in port
Picture – country scene: trees, water and squirrel
Antique commode chair (Osgood suite closet)

LADY BOUNTIFUL SUITE:

Sectional couch – pink
Antique carpet – 11' x 12' – tan, pink, black and green
Antique carpet - 3'6" x 6' – blue and salmon
Antique carpet – 8'6" x 10'8" – red, blue and white (bedroom)
Brass and marble plant stand
3 chairs – blue fabric (moved – did not immediately locate?)
Wardrobe with mirror – 6'8" x 3'5"
Chippendale-style sidetable – 3'4" T x 3' L x 2' W
Wicker lounge chair (downstairs)
Antique harpsichord
Large oval wall mirror
Round oak top table – 3' W
Bathroom dressing table – wood with nickel legs – 7' T
Silver tissue holder
Silver and glass vanity set
Wicker sewing stool
Pitcher and bowl, which is broken, set – red and white
Chest of drawers – 3'2" T x 3'5" L x 2' D
Small ornate parlor couch – red fabric

LADY BOUNTIFUL SUITE: (Cont'd.)

Ornately carved dresser with marble top and mirror
Ornate king-size 4-poster bed
Pair of marble-top nightstands
Pair of Victorian-style table lamps with floral shades
Picture – stagecoach silhouette
7 pictures – various
Corner arm chair – pink
Round coffee table or magazine table
Oak china cabinet – 5' T (Lady B's sitting room)
Queen-size Victorian-style bed – wood
Wooden corner chair – dark pink fabric

SCOFIELD:

2-piece wooden vanity with wood and stool
Full-size bed with carved headboard
Sidetable (cheap) with lamp

CHAIR MOUNTAIN:

Full-size antique bed with carved head and footboards
4-drawer vanity with tilt mirror
Wooden sidetable
Glass table lamp
2 framed prints – 12" x 16.5"
2 framed prints – 10.5" x 7"

EAST BATH:

Oval mirror – 36.5" x 30.5"
2 framed prints – 9.5" x 8.25"
Old claw foot tub

ASPEN:

Antique mirrored armoire – 7' H x 24.5" W x 16" D
Full-size bed with wood frame
Antique vanity with tilt oval mirror
2 small ceramic lamps
2 wooden sidetables
1 framed print – 14" x 19"

SOPRIS:

Full-sized bed with brass headboard
Dresser with carved tilt mirror
Side table
Glass table lamp
Framed print – 17.75" x 12"
Framed print – 24.25" x 29.25"

McCLURE:

Marble top washstand with green tile splash
Glass and metal table lamp
Full-sized bed with carved head and footboards
Framed print – 15.25" x 12"
Framed print – 22.75" x 28.5"

MARBLE:

Oak dress with tilt mirror
Ceramic table lamp
Full-size bed with carved head and footboards
Small octagonal night table
Framed print – reclining girl on bed – 20" x 23.5"

HAYES CREEK:

Dark wood dress with mirror and lion drawer pulls
Full-size bed with circular carved head and footboards
Ceramic table lamp
3-legged nightstand with octagonal top
2 framed Coors prints with girls
Framed photo of waterfall
65" x 46" carpet

CRYSTAL:

Large dresser – mirror and lion drawer pulls – 48" x 21" x 35"
Wicker rocking chair with pink striped cushion
2 black metal plant stands (1 moved – we should find)
Highboy dresser with small drawer on top – lion drawer pulls – 48" H
Antique hurricane lamp – floral pattern on globe
Antique carpet – purples and red – 102" x 144"
1 nightstand

WEST BATH:

23" x 17" oval mirror
Old claw foot tub

CENTER HALL BATH:

Washstand with marble top and green floral tiles
Framed print of girl – 12" x 22"
Old claw foot tub

SOUTH WING HALLWAY:

Framed photo of girl and horse – 23" x 31.5"
Ornate side table with cameos and white marble top
French-style mirror with cameos – 20" x 29.5"

BREEZEWAY:

29 red chairs
43 brown cloth chairs
18 vinyl chairs and 1 in safe
1 chair carrier
1 red dolly

| | | |
|---|---|---|
| Folding tables: | 7 | 5' rounds |
| | 3 | 6' rectangular |

LAUNDRY ROOM:

3 Maytag commercial washers
1 large Speed Queen dryers
4 Maytag dryers
1 Kenmore heavy-duty plus washer (not working)
49.75" x 21" yellow table with shelves

WORKSHOP:

Miscellaneous power and hand tools
Large artificial Christmas tree with ornaments and lights

MISCELLANEOUS

Antique mahogany display cabinet with black trim - 5'6" H x 3'6" W (upper hall)
Set of 8 chairs (French tapestry) (3 MR) (2 walkway) (1 upstairs hallway)
Oak office desk (downstairs office)
Antique desk lamp (backhall by office stairs)
Fax machine – Hewlett Packard (downstairs office)
Antique wall clock (office)
Time clock (office)
Antique kitchen table (walkway)
1 wicker couch (back entry)
2 wicker tables (1 in back entry)
Gold framed landscape picture over fireplace (downstairs bedroom)
Painting by Jack Roberts - "Christmas Party" (office)
Pair of ornate wooden armchairs – rattan weaving (2nd floor hallway)
2 miscellaneous floor lamps in office area
Wicker rocker (s. wing entrance)
Pair of ornate French candlesticks 5'6" T from Vatican (hallway)
Picture – blueprint of Redstone Yards (office)
Picture – windmill (downstairs office)
Roulette table (hall – on loan)
Black backgammon table (hallway)
1 chair with angel motif (front office)
Secretary/bookcase - 7' T (front office)
Sidetable – Oriental motif shadow effect – 2'8" H x 3' W (hall to Castle Rose)
Carved antique upholstered chair with rose design (octagon room – basement)
1 chair with angel motif (front office)

EXHIBIT B

SCHEDULE OF PERSONAL PROPERTY

Carriage House

Osgood harness and all Osgood tack items
All stable fittings, saddle racks and harness racks
Wolf range in kitchen
Sub-Zero refrigerator in kitchen

EXHIBIT B

SCHEDULE OF PERSONAL PROPERTY

Barn/Stable Complex

All furniture, fixtures and equipment
Antiques
Tools
Tack Rooms
Dog Kennels
Other structures on this parcel, whether permanent or temporary
All surplus building materials, supplies, irrigation equipment, parts and fittings
Light Diesel Tank
Fire Extinguishers
Fencing Materials
Hoses
Sinks
Cabinets
Firewood
Welder/Generator
Sleighs
Any other items of a historical nature related to the Osgood Manor House estate

Expressly excluding the following:

(1) The automobiles in the garage and all spare parts and auto repair tools, lubricants and accessories
(2) Toyota Land Cruiser (Green)
(3) Boxed records and personal items
(4) Caterpillar bulldozer, Kubota back-hoe and all farm and yard equipment
(5) All Ken Johnson personal property

# The Reserve Foundation Trust

97 Granby Street, Kingstown, St. Vincent and the Grenadines

High Yield Private Placement
$100,000 Minimum Placement

Yield: $100,000 and above yields 50% Monthly, net to the Client.
$500,000 and above yields 75% Monthly, net to the Client.
$ 1,000,000 and above yields 100% Monthly net to the Client.
$5,000,000 and above yields 200% Monthly net to the Client.
$10,000,000 and above yields 400% Monthly net to the Client.
These are stated returns based on acceptance into the program.

Term: One Year and 21 days.

Security: The Initial Principal is 100% Insured by Lloyds of London. These funds can not be hypothecated or encumbered. Every client will be issued their own binder, upon bank receipt of the funds.

Payments: All Profits will be distributed monthly, after the initial 45 day period. Example: entry on the 15th of July, initial payment 1st of September or entry on 1st of July initial payment 15th of August. Remaining payments will be made on the 1st or the 15 of each month, reflecting the date of the initial profit payment. Profits are sent directly to the client's account or any part may be reinvested.

Program Entry: There will be two entry dates per month, the 1st & the 15th. All entry documents are available from your account manager. If your funds do not arrive until after the 15th of the month, your 45-day initial period will start on -the 1st of the next month. The Trust will advise client of the date funds arrived via fax and the binder will be issued.

Program Withdrawal: Your initial Principal can only be withdrawn with a 30 day written notification. Upon extreme circumstances the Trust Manager may waive the 30 day waiting period. Unless client is deemed undisciplined (see #19).

Profits Account: Every client has the option of where they receive their profits. The "Trust" can send profits to any established account or any part may be reinvested.

Commingled Funds: All clean funds are acceptable to this program, as long as there is only one representative to sign the contracts. Corporate funds are acceptable.

Disclaimer: This or any other HYPP, may be terminated without notice. In the event this program is terminated, all funds will be promptly returned. All of the stated returns are based on timely entry into the HYPP and best efforts on the "Trust". If entry is not gained into the HYPP within initial 45-day period, all funds will be returned on the 45th day.

Initials _____ (Party A) Date 02/14/00

Initials _____ (Trust Rep) Date 02/14/00



PLAINTIFF'S EXHIBIT C

# COOPERATIVE PRIVATE PLACEMENT AGREEMENT

(Hereinafter called the CPPA)

This agreement is by and between:

Party A Ronald L. Meyer
2912 Eindborough Drive
Fort Collins, Colorado 80525
USA

The Reserve Foundation Trust
97 Granby Street
Kingstown
St. Vincent & The Grenadines

1) Party A and the "Trust": jointly here-in-after referred to as the Parties, Witnesseth Whereas;

A. The "Trust" has or is in the position to provide, or cause to be provided, a high return asset management program against available funds.

B. Party A is desirous and capable of providing, or causing to be provided, working capital in the amount of $25,000.00 USD to generate funds for their respective projects with the assistance and cooperation of the "Trust". These funds will be used to buy, sell, lease or trade on a loss free pre-sale agreed basis in medium term notes and other banking and governmental financial instruments to the mutual benefit of Party A and the "Trust"as designated by the Trader and the Trading Bank.

C. The "Trust" has arranged for the CPPA to participate in a certain financial program that is comprised of the contractual purchase and contractual sale or discounting of certain financial instruments of major banks and/or governments, which contracts to provide a profit.

D. The Parties agree to unite and combine their resources, as described above, to avail themselves of the profits to be earned from such an enterprise.

E. Party A agrees that all communication will be directed through the "Trust" or its account managers, unless otherwise mutually agreed to. The bank will not know the "Trust" is participating in such a program, unless someone tells them; at which point the bank could terminate the "Trust's" banking relationship.

F. Therefore in consideration of the promises made by each of the Parties hereto, the full receipt and sufficiency of which is hereby acknowledged and confessed, and of the mutual agreements herein contained, the Parties do hereby acknowledge the terms and provisions of this CPPA.

2) ICC Rules and Documentary Credits: Party A and the "Trust" in all transactions contemplated, hereby agree to abide by the Rules and Regulations for Documentary Credits, as set forth by the International Chamber of Commerce of Paris, France (ICC Publications 322, 400 and 500) and by the applicable banking practices money exchange regulations of the relevant monetary authorities and/or its commissions of the countries either, where the relevant contracts are constructed, or where the subject transaction takes place, in full or in part.

3) Transfer of Funds: Party A shall transmit bank to bank by Wire Transfer into the designated account to be provided, $25,000.00United States Dollars (*Twenty Five Thousand U.S. Dollars*). The funds are to be good, clean, cleared and lawfully earned funds of immediate availability and non-criminal origin. Upon receipt of the funds in the account the bank will effect the issue of the bond. The bond assures funds cannot be encumbered or hypothecated and cannot be moved without Party A's written permission.

4) Limitation on use of Party A's Funds: If for any reason the program is terminated prior to completion, the principal funds, plus any accrued profits, will be returned in full and unencumbered. This agreement is subject to: Party A providing funds of non-criminal origin, and any and all present and future stipulations of Banks, Governments, and Regulatory Bodies which may preclude or terminate the activities contemplated herein.

5) Special Limited Power of Attorney: **Party A hereby assigns the authority for the "Trust" to enter their funds, along with other discretionary funds, into the private placement program.** This is not a partnership agreement and shall not be construed as such. No party shall be responsible for the liabilities of the other party, nor be entitled to a share of profits which falls directly outside the scope of the CPPA.

6) Term: The term of this CPPA shall be for a period of One (1) Calendar year and twenty-one (21) days from the date of contract. Note: **Early Withdrawal from the program may be exercised with 30 day Written Notice. Upon Written Notice, Party A shall receive their principal and one more profit payment.**

7) Each Party is Responsible for Their Own Taxes: Neither the "Trust" nor any intermediaries reporting to the "Trust" have made any representation or statement regarding the tax consequences or treatment, if any, of the transactions contemplated herein. It is expressly understood and agreed that each party will be responsible for any and all taxes, imports, levies or charges applicable to it by reason of the transactions contemplated herein.

*Initials* _____ *(Party A)* *Date* 02/14/00

*Initials* _____ *(Trust Rep)* *Date* 2/14/00

8) Confidential Information:

A. Both Parties agree to keep in strict secrecy and confidence any and all information it may acquire with regard to the Parties business and operations including, without limitation: the names, addresses or other identifying information regarding any banking or lending institutions, trusts, corporations, companies, partnerships, agents, associates, customers, prospective customers, or other persons with which the Parties do business or propose to do business. No parties introduced to one another will contact each other either directly or indirectly in any manner.

B. This CPPA shall be kept confidential and is not to be shared or reproduced in any manner whatsoever except on a direct "need to know" basis. Further, this CPPA or relevant information regarding it shall not be provided to any third party other than those directly involved with the closing of any trading contemplated hereby.

C. Nothing in this CPPA shall be construed to limit or negate the common law in torts or specific statues regarding trade secrets where such common law or statutes provide the Parties with broader protection than the protection provided by this CPPA.

D. The Parties agree to be bound by the foregoing obligations of confidentiality. The Parties will use their best efforts to provide each other with any information, confirmation or verification reasonably requested by each of the Parties.

9 Non-Circumvention: Each of the Parties hereby agree for themselves, their officers, directors, agents and associates and any related parties, that they will not, directly or indirectly, contact, deal with or otherwise become involved with any entity or any other entities or parties introduced, directly or indirectly, by or through the other party, its officers, directors, agents or associates, without the specific written approval of the other party in furtherance of the transactions contemplated hereunder.

10) Costs of Enforcement: In the event any arbitration or litigation be brought to enforce any provision of this CPPA the prevailing party shall be entitled to recover from the non-prevailing party its reasonable costs and expenses of such arbitration or litigation, including reasonable fees and disbursements of counsel (both in trial and in appellate proceedings.)

11) Further Developments: Each of the Parties agrees to cooperate, adjust, initial, execute, re- execute and redeliver any and all documents or agreements which may be deemed necessary or desirable to consummate or facilitate the transaction contemplated herein.

12) Entire CPPA Amendments: This CPPA *and the* documents specifically incorporated by reference herein (Pages 1 thru 5 hereof), sets forth the entire agreement of the Parties hereto, suspending all prior agreements, and modification, waiver, release or amendment of any provision of this CPPA executed by the Parties hereto. Any alterations to this CPPA must be (mutually agreed and accepted by both Parties) reduced to writing and attached hereto.

*Initials* _____ *(Party A)* *Date* 02/14/00

*Initials* _____ *(Trust Rep)* *Date* 02/15/00

13) Notices: All notices, requests and other communications to any of the Parties hereunder shall be in writing (including facsimile, telex or similar writing) and shall be given to such party at its address, set forth above or such other address (or facsimile or telex number) as such party may hereafter specify for the purpose of notice.

14) Laws of England and/or The United States of America: The transactions contemplated by the CPPA obligate the **Parties** hereunder and shall be construed and interpreted in accordance with the laws of England and/or the United States of America *in the* appropriate jurisdiction.

15) Invalid Provisions: If any provision of this CPPA is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this CPPA, such provision should be fully severable and this CPPA shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, without affecting the validity or enforceability of any other provision of this CPPA.

16) Captions: The titles and captions contained herein are for convenience only and shall not be deemed a part of the text of this CPPA.

17) Counterparts: This **CPPA** may be executed in counterparts and by facsimile, each of which shall be deemed to be an original and shall be binding upon the Parties who executed the same. All of such counterparts shall constitute one and the same CPPA.

This entire CPPA has been bargained for, drafted and negotiated, and each party has been represented by counsel of its own choice, and the **Parties** have read, understood and approved this CPPA in its entirety. The Parties to this CPPA, warrant, represent, acknowledge and attest that they are fully authorized to enter into this CPPA, and thereby be bound by its terms.

18) This CPPA:Incorporates all 5 pages of this agreement and the Client Information Sheet as one.

19) IfClient A is deemed undisciplined:The "TRUST", reserves the right to refund all principal due without notification, and without further liability.

*Signature* Ronald L Meyer *(Party A)* *Date* 02/14/00
*Ronald L. Meyer*

*Signature* [illegible] *(Trust Rep)* *Date* 02/14/00

*Initials* RLM *(Party A)* *Date* 02/14/00
*Initials* [illegible] *(Trust Rep)* *Date* 02/14/00

# The Reserve Foundation Trust

97 Granby Street, Kingstown, St. Vincent and the Grenadines

## High Yield Private Placement
## $100,000 Minimum Placement

**Yield:** $100,000 and above yields 50% Monthly plus best efforts net to the client. These are stated returns based on acceptance into the program.

**Term:** One Year and 21 days.

**Security:** The Initial Principal is 100% Insured by Lloyds of London. These funds can not be hypothecated or encumbered. Every client will be issued their own binder, upon bank receipt of the funds.

**Payments:** All Profits will be distributed monthly.

**Program Entry:** All entry documents are available from your account manager. The Trust will advise client of the date funds arrived via fax and the binder will be issued.

**Program Withdrawal:** Your initial Principal can only be withdrawn with a 30 day written notification. Upon extreme circumstances the Trust Manager may waive the 30-day waiting period. Unless client is deemed undisciplined (see # 19).

**Profits Account:** Every client has the option of where they receive their profits. The "Trust" can send profits to any established account or any part may be reinvested.

**Commingled Funds:** All clean funds are acceptable to this program, as long as there is only one representative to sign the contracts. Corporate funds are acceptable.

**Disclaimer:** This or any other HYPP may be terminated without notice. In the event this program is terminated, all funds will be promptly returned. All of the stated returns are based on timely entry into the HYPP and best efforts of the "Trust". If entry is not gained into the HYPP within **initial 30-day period**, all funds will be returned, on the 30th day.

Initials CJ (Party A) Date 8-1-00

Initials [illegible] (Trust Rep) Date 8/1/00

# COOPERATIVE PRIVATE PLACEMENT AGREEMENT

(Hereinafter called the CPPA)

This agreement is by and between:

Cynthia S. Lange
42984 Vista Ridge
Parker, CO 80138

The Reserve Foundation Trust
97 Granby Street
Kingstown
St. Vincent & The Grenadines

1) **Party A and the "Trust":** jointly here-in-after referred to as the **Parties**, Witnesseth Whereas;

A. **The "Trust"** has or is in the position to provide, or cause to be provided, a high return asset management program against available funds.

B. **Party A** is desirous and capable of providing, or causing to be provided, working capital in the amount of $50,000 to generate funds for their respective projects with the assistance and cooperation of the **"Trust"**. These funds will be used to buy, sell, lease or trade, on a loss free pre-sale agreed basis, in medium term notes and other banking and governmental financial instruments to the mutual benefit of Party A and the **"Trust"** as designated by the Trader and the Trading Bank.

C. **The "Trust"** has arranged for the **CPPA** to participate in a certain financial program that is comprised of the contractual purchase and contractual sale or discounting of certain financial instruments of major banks and/or governments, which contracts to provide a profit.

D. **The Parties** agree to unite and combine their resources, as described above, to avail themselves of the profits to be earned from such an enterprise.

E. **Party A** agrees that all communication will be directed through the **"Trust"** or its account managers, unless otherwise mutually agreed to. The bank will not know the **"Trust"** is participating in such a program, unless someone tells them; at which point the bank could terminate the **"Trust's"** banking relationship.

F. **Therefore, in consideration** of the promises made by each of the **Parties** hereto, the full receipt and sufficiency of which is hereby acknowledged and confessed, and of the mutual agreements herein contained, the **Parties** do hereby acknowledge the terms and provisions of this **CPPA.**

Initials CJL (Party A) Date 8-1-00

Initials [illegible] (Trust Rep) Date 8/1/00

2) **ICC Rules and Documentary Credits:** Party A and the "Trust", in all transactions contemplated, hereby agree to abide by the Rules and Regulations for Documentary Credits, as set forth by the International Chamber of Commerce of Paris, France (ICC Publications 322, 400 and 500), and by the applicable banking practices money exchange regulations of the relevant monetary authorities and/or its commissions of the countries, either where the relevant contracts are constructed, or where the subject transaction takes place, in full or in part.

3) **Transfer of Funds:** Party A shall transmit bank to bank by Wire Transfer into the designated account to be provided, $50,000, Fifty Thousand Dollars. The funds are to be good, clean, cleared and lawfully earned funds of immediate availability and non-criminal origin. Upon receipt of the funds in the account the bank will notify the agent for the insurer, who will effect the issue of the binder in the client's name. The binder assures the client's interest in the policy.

4) **Limitation on use of Party A's Funds:** If for any reason the program is terminated prior to completion, the principal funds will be returned in full and unencumbered. This agreement is subject to: Party A providing funds of non-criminal origin, and any and all present and future stipulations of Banks, Governments, and Regulatory Bodies which may preclude or terminate the activities contemplated herein.

5) **Special Limited Power of Attorney:** **Party A hereby assigns the authority for the "Trust" to enter their funds, along with other discretionary funds, into the private placement program.** This is not a partnership agreement and shall not be construed as such. No party shall be responsible for the liabilities of the other party, nor be entitled to a share of profits which falls directly outside the scope of the **CPPA.**

6) **Term:** The term of this CPPA shall be for a period of One (1) Calendar year and twenty-one (21) days from the date of contract. **Note: Early Withdrawal from the program may be exercised with 30 day Written Notice. Within 30 days of the receipt of Written Notice, Party A shall receive their principal and one more profit payment, unless the client is being returned funds at the end of the 45-day initial period.**

7) **Each Party is Responsible for Their Own Taxes:** Neither the "Trust" nor any intermediaries reporting to the "Trust" have made any representation or statement regarding the tax consequences or treatment, if any, of the transactions contemplated herein. It is expressly understood and agreed that each party will be responsible for any and all taxes, imports, levies or charges applicable to it by reason of the transactions contemplated herein.

Initials CY (Party A) Date 8-1-00

Initials [illegible] (Trust Rep) Date 8/1/00

8) **Confidential Information:**
A. Both **Parties** agree to keep in strict secrecy and confidence any and all Information it may acquire with regard to the other **Party's** business and operations, including without limitation: the names, addresses or other identifying information regarding any banking or lending institutions, trusts, corporations, companies, partnerships, agents, associates, customers, prospective customers, or other persons with which the **Parties** do business or propose to do business. No parties introduced to one another will contact each other either directly or indirectly in any manner.

B. This **CPPA** shall be kept confidential and is not to be shared or reproduced in any manner whatsoever except on a direct "need to know" basis. Further, this **CPPA** or relevant information regarding it shall not be provided to any third party other than those directly involved with the closing of any trading contemplated hereby.

C. Nothing in this **CPPA** shall be construed to limit or negate the common law in torts or specific statutes regarding trade secrets where such common law or statutes provide the **Parties** with broader protection than the protection provided by this **CPPA**.

D. The **Parties** agree to be bound by the foregoing obligations of confidentiality. The **Parties** will use their best efforts to provide each other with any information, confirmation or verification reasonably requested by each of the **Parties**.

9) **Non-Circumvention:** Each of the **Parties** hereby agree for themselves, their officers, directors, agents and associates and any related parties, that they will not, directly or indirectly, contact, deal with or otherwise become involved with any entity or any other entities or parties introduced, directly or indirectly, by or through the other party, its officers, directors, agents or associates, without the specific written approval of the other party in furtherance of the transactions contemplated hereunder.

10) **Costs of Enforcement:** In the event any arbitration or litigation be brought to enforce any provision of this **CPPA**, the prevailing party shall be entitled to recover from the non-prevailing party its reasonable costs and expenses of such arbitration or litigation, including reasonable fees and disbursements of counsel (both in trial and in appellate proceedings.)

11) **Further Developments:** Each of the **Parties** agrees to cooperate, adjust, initial, execute, re-execute and redeliver any and all documents or agreements which may be deemed necessary or desirable to consummate or facilitate the transaction contemplated herein.

12) **Entire CPPA Amendments:** This **CPPA** and the documents specifically incorporated by reference herein (Pages 1 thru 5 hereof) sets forth the entire agreement of the **Parties** hereto, suspending all prior agreements and modification, waiver, release or amendment of any provision of this **CPPA** executed by the **Parties** hereto. Any alterations to this **CPPA** must be (mutually agreed and accepted by both **Parties**) reduced to writing and attached hereto.

Initials CJ (Party A) Date 8-1-00

Initials H (Trust Rep) Date 8/1/00

13) **Notices:** All notices, requests and other communications to any of the **Parties** hereunder shall be in writing (including facsimile, telex or similar writing) and shall be given to such party at its address, set forth above or such other address (or facsimile or telex number) as such party may hereafter specify for the purpose of notice.

14) **Laws of England and/or The United States of America:** The transactions contemplated by the **CPPA** obligate the **Parties** hereunder and shall be construed and interpreted in accordance with the laws of England and/or the United States of America in the appropriate jurisdiction.

15) **Invalid Provisions:** If any provision of this **CPPA** is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this **CPPA**, such provision should be fully severable and this **CPPA** shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, without affecting the validity or enforceability of any other provision of this **CPPA**.

16) **Captions:** The titles and captions contained herein are for convenience only and shall not be deemed a part of the text of this **CPPA**.

17) **Counterparts:** This **CPPA** may be executed in counterparts and by facsimile, each of which shall be deemed to be an original and shall be binding upon the **Parties** who executed the same. All of such counterparts shall constitute one and the same **CPPA**.

This entire **CPPA** has been bargained for, drafted and negotiated, and each party has been represented by counsel of its own choice, and the **Parties** have read, understood and approved this **CPPA** in its entirety. The **Parties** to this **CPPA** warrant, represent, acknowledge and attest that they are fully authorized to enter into this **CPPA**, and thereby be bound by its terms.

18) **This CPPA:** Incorporates all 5 pages of this agreement and the Client Information Sheet as one.

19) **If Client A is deemed undisciplined:** The "TRUST", reserves the right to refund all principal due without notification, and without further liability.

Signature Cynthia Lange (Party A) Date 8-1-00

Signature Leon [illegible] (Trust Rep) Date 8/1/00

# The Reserve Foundation Trust

97 Granby Street, Kingstown, St. Vincent and the Grenadines

## High Yield Private Placement
## $100,000 Minimum Placement

Yield: $100,000 and above yields 50% Monthly, net to the Client.
$500,000 and above yields 75% Monthly, net to the Client.
$1,000,000 and above yields 100% Monthly net to the Client.
These are stated returns based on acceptance into the program.

Term: One Year and 21 days.

Security: The Initial Principal is 100% Bonded by St. Paul's, Safeco, RLI or other acceptable Surety Carrier. All Surety Carriers are to be "A" rated or better, as per Standard and Poors Rating System. This bond is in effect for one year. These funds can not be hypothecated or encumbered. Every client will be issued their own Trust Certificate, upon bank receipt of the funds. We are dealing with an International bank, so it should be reasonably convenient for everyone. The funds can not leave the bank.

Payments: All Profits will be distributed monthly, after the initial 45 day period. Example: entry on the 15th of July, initial payment 1st of September. Remaining payments will be made on the 1st of each month. Profits are sent directly to the client's account.

Program Entry: There will be one entry date per month, the 15th. All entry documents are available from your account manager. If your funds do not arrive until after the 15th of the month, your 45-day initial period will start on the following 15th. The Trust will advise client of the date funds arrived via fax and Trust Certificate will be issued.

Program Withdrawal: Your initial Principal can only be withdrawn with a 30 day written notification. Upon extreme circumstances the Trust Manager may waive the 30 day waiting period.

Profits Account: Every client has the option of where they receive their profits. The "Trust" can send profits to any established account.

Commingled Funds: All funds are acceptable to this program, as long as there is only one representative to sign the contracts. Corporate funds are acceptable.

Disclaimer: This or any other HYPP, may be terminated without notice. In the event this program is terminated, all funds will be promptly returned. All of the stated returns are based on timely entry into the HYPP and best efforts of the "Trust". If entry is not gained into the HYPP within initial 45-day period, all funds will be returned, on the 45th day.

Initials_____ (Party A) Date_____
Initials_____ (Trust Rep) Date_____

# COOPERATIVE PRIVATE PLACEMENT AGREEMENT

(Hereinafter called the CPPA)

This agreement is by and between:

Party A

The Reserve Foundation Trust
97 Granby Street
Kingstown
St. Vincent & The Grenadines

1) Party A and the "Trust": jointly here-in-after referred to as the Parties, Witnesseth Whereas;

A. The "Trust" has or is in the position to provide, or cause to be provided, a high return asset management program against available funds.

B. Party A is desirous and capable of providing, or causing to be provided, working capital in the amount of $_____ to generate funds for their respective projects with the assistance and cooperation of the "Trust". These funds will be used to buy, sell, lease or trade on a loss free pre-sale agreed basis in medium term notes and other banking and governmental financial instruments to the mutual benefit of Party A and the "Trust" as designated by the Trader and the Trading Bank.

C. The "Trust" has arranged for the CPPA to participate in a certain financial program that is comprised of the contractual purchase and contractual sale or discounting of certain financial instruments of major banks and/or governments, which contracts to provide a profit.

D. The Parties agree to unite and combine their resources, as described above, to avail themselves of the profits to be earned from such an enterprise.

E. Party A agrees that all communication will be directed through the "Trust" or its account managers, unless otherwise mutually agreed to. The bank will not know the "Trust" is participating in such a program, unless someone tells them; at which point the bank could terminate the "Trust's" banking relationship.

F. Therefore in consideration of the promises made by each of the Parties hereto, the full receipt and sufficiency of which is hereby acknowledged and confessed, and of the mutual agreements herein contained, the Parties do hereby acknowledge the terms and provisions of this CPPA.

Initials_____(Party A) Date_____

Initials_____(Trust Rep) Date_____

2) **ICC Rules and Documentary Credits:** Party A and the "Trust" in all transactions contemplated, hereby agree to abide by the Rules and Regulations for Documentary Credits, as set forth by the International Chamber of Commerce of Paris, France (ICC Publications 322, 400 and 500) and by the applicable banking practices money exchange regulations of the relevant monetary authorities and/or its commissions of the countries either, where the relevant contracts are constructed, or where the subject transaction takes place, in full or in part.

ICC Warning

3) **Transfer of Funds:** Party A shall transmit bank to bank by Wire Transfer into the designated account to be provided, $_____ also Dollar amount in words _____. The funds are to be good, clean, cleared and lawfully earned funds of immediate availability and non-criminal origin. Upon receipt of the funds in the account the bank will effect the issue of the bond. The bond assures funds cannot be encumbered or hypothecated and cannot be moved without Party A's written permission.

4) **Limitation on use of Party A's Funds:** If for any reason the program is terminated prior to completion, the principal funds, will be returned in full and unencumbered. This agreement is subject to: Party A providing funds of non-criminal origin, and any and all present and future stipulations of Banks, Governments, and Regulatory Bodies which may preclude or terminate the activities contemplated herein.

5) **Special Limited Power of Attorney:** **Party A hereby assigns the authority for the "Trust" to enter their funds, along with other discretionary funds, into the private placement program.** This is not a partnership agreement and shall not be construed as such. No party shall be responsible for the liabilities of the other party, nor be entitled to a share of profits which falls directly outside the scope of the CPPA.

6) **Term:** The term of this CPPA shall be for a period of One (1) Calendar year and twenty-one (21) days from the date of contract. Note: **Early Withdrawal from the program may be exercised with 30 day Written Notice. Upon Written Notice, Party A shall receive their principal and one more profit payment.**

7) **Each Party is Responsible for Their Own Taxes:** Neither the "Trust" nor any intermediaries reporting to the "Trust" have made any representation or statement regarding the tax consequences or treatment, if any, of the transactions contemplated herein. It is expressly understood and agreed that each party will be responsible for any and all taxes, imports, levies or charges applicable to it by reason of the transactions contemplated herein.

Initials_____(Party A) Date_____

Initials_____(Trust Rep) Date_____

8) Confidential Information:
A. Both Parties agree to keep in strict secrecy and confidence any and all information it may acquire with regard to the Parties business and operations including without limitation: the names, addresses or other identifying information regarding any banking or lending institutions, trusts, corporations, companies, partnerships, agents, associates, customers, prospective customers, or other persons with which the Parties do business or propose to do business. No parties introduced to one another will contact each other either directly or indirectly in any manner.

B. This CPPA shall be kept confidential and is not to be shared or reproduced in any manner whatsoever except on a direct "need to know" basis. Further, this CPPA or relevant information regarding it shall not be provided to any third party other than those directly involved with the closing of any trading contemplated hereby.

C. Nothing in this CPPA shall be construed to limit or negate the common law in torts or specific statues regarding trade secrets where such common law or statutes provide the Parties with broader protection than the protection provided by this CPPA.

D. The Parties agree to be bound by the foregoing obligations of confidentiality. The Parties will use their best efforts to provide each other with any information, confirmation or verification reasonably requested by each of the Parties.

9) Non-Circumvention: Each of the Parties hereby agree for themselves, their officers, directors, agents and associates and any related parties, that they will not, directly or indirectly, contact, deal with or otherwise become involved with any entity or any other entities or parties introduced, directly or indirectly, by or through the other party, its officers, directors, agents or associates, without the specific written approval of the other party in furtherance of the transactions contemplated hereunder.

10) Costs of Enforcement: In the event any arbitration or litigation be brought to enforce any provision of this CPPA the prevailing party shall be entitled to recover from the non-prevailing party its reasonable costs and expenses of such arbitration or litigation, including reasonable fees and disbursements of counsel (both in trial and in appellate proceedings.)

11) Further Developments: Each of the Parties agrees to cooperate, adjust, initial, execute, re-execute and redeliver any and all documents or agreements which may be deemed necessary or desirable to consummate or facilitate the transaction contemplated herein.

12) Entire CPPA Amendments: This CPPA and the documents specifically incorporated by reference herein (Pages 1 thru 5 hereof), sets forth the entire agreement of the Parties hereto, suspending all prior agreements, and modification, waiver, release or amendment of any provision of this CPPA executed by the Parties hereto. Any alterations to this CPPA must be (mutually agreed and accepted by both Parties) reduced to writing and attached hereto.

Initials_____(Party A) Date_____

Initials_____(Trust Rep) Date_____

13) **Notices:** All notices, requests and other communications to any of the Parties hereunder shall be in writing (including facsimile, telex or similar writing) and shall be given to such party at its address, set forth above or such other address (or facsimile or telex number) as such party may hereafter specify for the purpose of notice.

14) **Laws of England and/or The United States of America:** The transactions contemplated by the CPPA obligate the Parties hereunder and shall be construed and interpreted in accordance with the laws of England and/or the United States of America in the appropriate jurisdiction.

15) **Invalid Provisions:** If any provision of this CPPA is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this CPPA, such provision should be fully severable and this CPPA shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, without affecting the validity or enforceability of any other provision of this CPPA.

16) **Captions:** The titles and captions contained herein are for convenience only and shall not be deemed a part of the text of this CPPA.

17) **Counterparts:** This CPPA may be executed in counterparts and by facsimile, each of which shall be deemed to be an original and shall be binding upon the Parties who executed the same. All of such counterparts shall constitute one and the same CPPA.

This entire CPPA has been bargained for, drafted and negotiated, and each party has been represented by counsel of its own choice, and the Parties have read, understood and approved this CPPA in its entirety. The Parties to this CPPA, warrant, represent, acknowledge and attest that they are fully authorized to enter into this CPPA, and thereby be bound by its terms.

18) **This CPPA:** Incorporates all 5 pages of this agreement and the Client Information Sheet as one.

Signature_____(Party A) Date_____

Signature_____(Trust Rep) Date_____