IN THE HIGH COURT OF NEW ZEALAND **CIV No. 2004-412-346**
DUNEDIN REGISTRY

BETWEEN **BRIAN STEWART COPLAND**
of Margaret Street, Gore, NZ
Retired Farmer

Plaintiff

AND **WAYNE ERNEST GOODWIN**
of 212 Bush Road, Mosgiel
Retired Farmer

Defendant

DECLARATION OF PRIVATE INVESTIGATOR
BILL E. BRANSCUM

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DECLARATION OF PRIVATE INVESTIGATOR
BILL E. BRANSCUM

I, Bill E. Branscum, a licensed Private Investigator employed by Oracle International, a licensed investigative agency whose principle offices are located in Naples, Florida/US, being duly sworn, proffer this Declaration, representing it as having been written by me in its entirety, in which I depose and say:

Preliminary Matters

1. On September 18, 2004, New Zealand resident Brian Copland retained this Agency regarding CIV No. 2004-412-346, currently before the High Court of New Zealand
2. Client Copland initially contacted me via my website at www.FraudsAndScams.com to inquire as to my knowledge of "Prime Bank" frauds in general, and Defendant Wayne Goodwin's involvement in such schemes in particular. I indicated to Client Copland that I was familiar with Wayne Goodwin as having been involved with Imperial Consolidated, the notorious purveyor of "Prime Bank" investment scams.
3. Client Copland requested that I review his situation, prepare a statement and provide it to his Solicitor; I prepared and produced this Declaration responsive to that request.
4. As further explicated herein, there is probable cause to believe, and I do believe, that Wayne Ernest Goodwin is a promoter of Prime Bank fraud, he has a history of involvement with schemes similar to the Prime Bank fraud scheme in this case, and he has a documented history of fraudulent misrepresentations calculated to deceive the Court in a prior NZ case related to "Prime Bank" schemes to defraud.

Background of Declarant

5. I am a Private Investigator employed by Oracle International, an investigative agency that I established following my career as a Special Agent, U.S. Department of the Treasury.
6. As a Private Investigator, my casework relates primarily to financial matters and securities issues. In addition to investigating a number of high profile frauds, I have been instrumental in the identification and recovery of concealed assets, contributed to numerous successful criminal prosecutions, and testified as an expert witness.
7. As a federal agent, I initiated and conducted investigations involving violations of federal law, prepared case prosecution summaries, and participated in successful criminal prosecutions and civil forfeiture actions in state and federal courts. While assigned to the FBI Organized Crime Strike Force in Miami, I investigated foreign and domestic "boiler rooms," where telemarketing con artists perpetrated international schemes to defraud.
8. My experience relates primarily to violations of the United States Code, including, but without limitation, violations of Title 12 (Banking), Title 18 (general), Title 19 (smuggling), Title 21 (narcotics), Title 26 (taxation) and Title 31 (money laundering); I have also conducted investigations related to the unlawful exportation of critical technology (Exodus violations), the sexual exploitation of children, and contract murder.
9. In addition to the knowledge and experience I acquired consequent to my employment, I have an academic background upon which I rely. I attended Eastern Kentucky University and was awarded a B.S. Degree in Criminal Justice upon graduating "With Distinction."
10. I subsequently attended the United States Department of the Treasury, Federal Law Enforcement Training Center in Glynco, Georgia; I was the Class Honor Graduate.
11. I am thoroughly familiar with "Prime Bank" schemes.

Brian Copland's "Prime Bank" Victimization

12. **Prime Banks**: "Prime Bank" investment schemes rely upon a mythical relationship within the world's financial system, between the world's "Prime Banks," a con artist's term d' art that has no real meaning in the world of international finance. Succinctly put, ***there is no such thing as a "Prime Bank."***
13. **The Negotiable Instruments**: "Prime Bank" investment schemes typically refer to "Prime Bank Instruments" which are alleged to serve as the conduit by and thru which "Prime Banks" do business with one another. These instruments have been identified variously as "Prime Bank Notes," "Prime Bank Debentures," "Prime Bank Guarantees," "Prime Bank Letters of Credit," as well as such variations as, "Prime World Bank [instruments], "Prime European Bank [instruments], etc. As was unequivocally stated by the US Court of Appeals [see SEC v. John D. Lauer, 52 F. 3rd 667-669, (7th Cir. 1995)] ***"Prime Bank Instruments do not exist."***
14. **The Market**: "Prime Bank" schemes typically claim to allow investors to pool resources in order to secretly participate in investment opportunities related to mysterious international financial markets that are otherwise restricted to the very rich. The stories vary, but fraudsters usually claim that this "market" serves to allow "Prime Banks" to meet short term cash flow needs. As the borrowers are ostensibly "Prime Banks" these opportunities are uniquely attractive in that they are represented as offering extraordinary rates of return with little or no associated risk. According to the U.S. Securities and Exchange Commission, ***" . . . neither these instruments, nor the markets on which they allegedly trade, exist."*** [How Prime Bank Frauds Work, US Securities and Exchange Commission]

15. The “Prime Bank” schemes that I have had personal experience with, track closely the models, and warning signs, as published by; the US Securities and Exchange Commission, the US Department of the Treasury, the US Office of the Comptroller of the Currency, the US Federal Reserve Board, and other international sources such as the World Bank and the Securities Commission of New Zealand.

16. Specifically, the hallmarks of a Prime Bank scheme are:

    a. **References to “Prime Banks”** or the **“World’s Top Banks;”** and

    b. **Obscure banking instruments/arrangements**; that are

    c. **Traded or negotiated in a mysterious market**; that

    d. **Limits participation to the “select few;”** which limitation is circumvented by

    e. An **Investment Scam Promoter/Principal**; who offers to

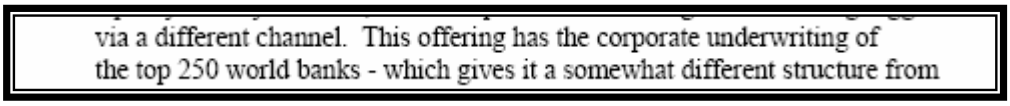
    f. **Secretly Pool the Funds of Smaller Investors**; promising them

    g. **Unrealistic Returns** and **Little to No Risk**; that

    h. **Ultimately divests the Investor of his investment capital**.

Item (a) the References to Prime Banks

17. While there is significant dissention as to the true facts of this case, it is undisputed, or otherwise obvious, that Wayne Goodwin led Brian Copland to believe that he was investing in some sort of “Prime Bank” transaction. Plaintiff Copland has produced an e-mail from Wayne Goodwin dated September 20, 2000, in which Goodwin states, ***“This offering has the corporate underwriting of the top 250 world banks.”***


via a different channel. This offering has the corporate underwriting of
the top 250 world banks - which gives it a somewhat different structure from

[Plaintiff’s Exhibit: First Email from Defendant Dated September 20, 2000]

18. While the assertion that an, ***"offering has the underwriting of the top 250 world banks,"*** may sound impressive, the sublimely ridiculous nature of this representation is readily apparent once the terminology is explained. It is one thing to underwrite a bond, but "underwriting," with regard to securities offerings means to agree to buy, before a certain date, the entire issue, or the remaining issue after the sale.
19. In other words, Defendant Goodwin represented to Plaintiff Copland that the 250 top rated banks in the world had somehow set competition aside in order to pool their resources in committing to purchase all of some obscure secret offering, or any part thereof that did not otherwise sell. Considering that Mizuho Financial Group Tokyo, the top rated banking institution (by total assets) in 2004, had total reported assets in excess of a trillion USD (as did each of the top six), and Banco Espanol de Credito Madrid, the bank rated last of the top 100 world banks, had total reported assets in excess of 72 billion USD, it should be obvious that there is no securities offering anywhere that could require the financial resources of the top 250 banks to back.
20. Furthermore, the top 250 world banks are corporate entities that file statements to shareholders where their participation in such a venture would be disclosed.
21. Finally, there is a procedural issue. When an offering is underwritten, the company and the underwriter prepare the prospectus that is required by securities regulators worldwide, including the NZ Securities Act of 1978. This prospectus must be approved by the relevant regulatory authorities before there can be a valid offering, and a copy of this prospectus must be provided to each investor.
22. In sum, Wayne Goodwin's representation to Brian Copland was as preposterous as it is universally common to "Prime Bank" scams everywhere.

Items (b)&(c): Obscure Instruments and Markets

23. Defendant Goodwin's investment offering is decidedly obscure. Nothing I have reviewed, including his Affidavits in this case, describes the disposition of the invested funds. Although Wayne Goodwin's e-mails reference a "Swedish Offer," a "Swiss Offer" and a "Special Limited Time Swiss Offer," there is no clear indication as to who is offering to do what with whom, or how it is to be effectuated.

24. Plaintiff Copland has testified that:

> *"During the course of this meeting, the defendant told me of groups/Funds who were licenced to provide overnight cash to Banks. They operated globally and their money was earning high overnight rates. The annual return was huge. Investments in these Funds had large entry level deposits but by pooling funds the entry level could be lowered to allow smaller investors to participate. He said it was privileged information to know of and be accepted for these investments."* [Affidavit in Support of Summary Judgment]

25. In his Affidavit, Defendant Goodwin references both the Swiss entity and the Swedish entity, but he does not further identify them and he says nothing that serves to define or explain the nature of their "offerings."

> The Swiss entity, Global Equity Corp., is a large international structure with a diverse investment portfolio. Their client services manager initially approached me by fax. The fax explained that various opportunities may be available to me or my Company once the vetting process had been completed. It explained the general nature of the opportunities that would be on offer. I later received another fax advising that my wife and I, as well as the Company had been granted approved investor status.
>
> The Swedish entity operates through the Pelican Trust which is overseen by a Mrs Justine Magambo. The Pelican Trust account is a "funds pool" which invests in various available opportunities.

[Defendant Goodwin's Affidavit, Paragraph 5]

26. While certain aspects of Plaintiff Copland's allegations may be in dispute, much of it is independently verifiable through the e-mail communications that Defendant Goodwin acknowledges that he sent [See Statement of Defence, Paragraph 4]. Although the authenticity of these e-mail communications seems to be stipulated, it should be noted that Plaintiff Copland provided copies of the e-mails with the transmittal headers to me, at my request - the headers document the identity of the sender.

27. If Plaintiff Copland's statement is to be taken as true, this is the standard spiel of the Prime Bank scam artist, and there is much to suggest that his statement is true.

Item (d) Offering Limited to a "Select few"

28. His e-mails make it clear that the offerings promoted by Defendant Goodwin were touted as being restricted to select investors, by virtue of high threshold investment minimums. In the first e-mail of September 20, 2000, Defendant Goodwin says:

> The other Swiss offer you considered waiting for may have already lifted their entry levels to the USD+250K mark. This could explain why I haven't heard from them for a few months. As it was, I only saw one offering (80K) at sub 100K over many months, and I had indicated to them that most

[Plaintiff's Exhibit: First Email from Defendant Dated September 20, 2000]

29. Wayne Goodwin also confirms the representation that these offerings were not available to the general public in his Affidavit.

> 5. In my capacity as a director of the Company, am sent information from overseas parties/entities about various investment opportunities. I understand that the general public are not eligible to participate in these

[Defendant Goodwin's Affidavit, Paragraph 5]

Items (e)&(f): Promoter Circumvents Restrictions

30. The investment "opportunities" that Defendant Goodwin promoted were not available to Plaintiff Copland directly; it is clear from this e-mail that Defendant Goodwin proposed to broker the deal.

> Let me know what you think. I now have all necessary information to proceed if you choose.

[Plaintiff's Exhibit: First Email from Defendant Dated September 20, 2000]

31. The fact that Plaintiff Copland could not avail himself of the "opportunities" without Defendant Goodwin's involvement as a middleman is specifically acknowledged in the Affidavit Goodwin offered in response to the Motion for Summary Judgment.

> investments often offered better returns. He would also have known that such offers are not available to the general public and that he would have needed to "piggyback" on someone else's access. In hindsight, I believe

[Defendant Goodwin's Affidavit, Paragraph 12]

> Company so that he could participate in them. He knew that he could not participate in such opportunities as an individual because he was not an "approved" investor. I was prepared to do this for him and thought of

[Defendant Goodwin's Affidavit, Paragraph 13]

> to be confused here. The Plaintiff could only use Corporate Capital Investment Co. Ltd as a vehicle to invest. I made this clear at the meeting. I showed him an example of the agreement for investment.

[Defendant Goodwin's Affidavit, Paragraph 11]

Item (g): Unrealistic Returns with Little/No Risk

32. Returning to the above referenced e-mail of September 20, 2000, we see that Defendant Goodwin touted a "Swedish Offer" at 4.0 points per month."

> Following our discussions yesterday, I ran some number options based on the Swedish offer at 4.0 points per month. I have looked at the scenario for US

[Plaintiff's Exhibit: First Email from Defendant Dated September 20, 2000]

33. Nevertheless, there is some dispute as to whether or not Wayne Goodwin represented the various offerings as guaranteeing an unrealistic rate of return with little or no risk. In his Affidavit, Defendant Goodwin endeavors to explain this first e-mail as referenced above, maintaining that his statements related to a Swedish offering at 4.0 points per month were "hypothetical exercises" based upon a prior offering that was not available at the time.

> 14. Following our meeting, I emailed the Plaintiff some information setting out the type of investment return he might achieve if he took up some of the opportunities presented to the Company. (This email is annexed to the Plaintiff's Affidavit as exhibit "A"). I was simply following up on our general discussion and this was at the Plaintiff's request. The various scenarios I present in that email are hypothetical exercises. In looking at various scenarios, I have used a 4.0 point monthly average return. (The entities returns are quoted by points, not percentages). This return was not on offer at the time and I certainly did not guarantee the Plaintiff would receive it if he pursued investments though the Company. That return is an example of one I have received from past offshore investments and its purpose was simply to give the Plaintiff a general idea of investments I was involved in. At that stage, there was an opportunity available for the Plaintiff to invest in the Swedish entity. I was unsure whether such an opportunity also existed in the Swiss entity
>
> GOOWAY03.AFFIDAVIT OF WAYNE GOODWIN.23.05.04.DOC

[Defendant Goodwin's Affidavit, Paragraph 13]

34. This effort to account for his prior statements is belied by the e-mail itself. An examination of this e-mail reveals that Defendant Goodwin specifically said:

    a. *"I ran some number options based on the Swedish offer at 4.0 points per month"*

    b. *"This offering has [not had] the corporate underwriting of . . ."*

    c. *" . . which gives [not gave] it a somewhat different structure than Quantum . . ."*

    d. *"I now have all the information necessary to proceed if you choose."*

35. Wayne Goodwin made even grander claims than that. He followed the above referenced e-mail, dated September 20, 2000, with a second e-mail on that same day. The first e-mail was sent on Wednesday at approximately 11AM local time and the second was sent that same Wednesday at approximately 6:00 PM. local time.

36. It should be noted that the second e-mail specifically says that since the time of the first e-mail [11AM], wherein Defendant Goodwin reported that he had not heard from the Swiss for months, and the time of this second e-mail communication [6PM], he received information pertaining to a "Special Limited Offer" they were offering.

> It must be your lucky day or something! Just after telling you that I hadn't heard from the Swiss group in a while, I received information today of a "Special Limited Offer" through them.

[Plaintiff's Exhibit: Second Email from Defendant Dated September 20, 2000]

37. In his zeal to entice Plaintiff Copland to invest, Defendant Goodwin apparently neglected to account for time zones. Switzerland and Sweden share the same time zone precisely 12 hours earlier than it is in New Zealand (Wellington). Although the time period between 11AM and 6PM on Wednesday would be normal business hours in New Zealand, the relevant time period falls between 11PM Tuesday night and 6AM Wednesday morning for the Swiss.

38. Goodwin represented this second investment "opportunity" as being a much more lucrative offer. Whereas the Swedes were offering an astonishing 48% annual return, the Swiss were offering a rate ranging from the "high double digits" to "three digits."

> is full - USD20K max. per registered Investor. Yield yet to be confirmed, but in the region of high double digits, or may make the three digit annual yield.

[Plaintiff's Exhibit: Second Email from Defendant Dated September 20, 2000]

39. Defendant Goodwin represented the offering to Plaintiff Copland as being risk free, proclaiming it to be ***"underwritten by the top 250 world banks,"*** and Plaintiff Copland expressly communicated his belief that his investments were risk free, as evidenced by the e-mail appended to Goodwin's Affidavit as his Exhibit D.

> Hi Wayne,
> Please place US$50k with the Swedish investment, simply to spread risk, which is probably non-existent.
> Probably be placed on the previous investments first anniversary.
> Nothing from TSB or England yet.
> Thank you. Brian

[Email from Plaintiff Copland dated October 22, 2000]

40. Evidence that Defendant Goodwin took steps to ameliorate Plaintiff Copland's confusion with regard to the issue of attendant risks is conspicuously absent.

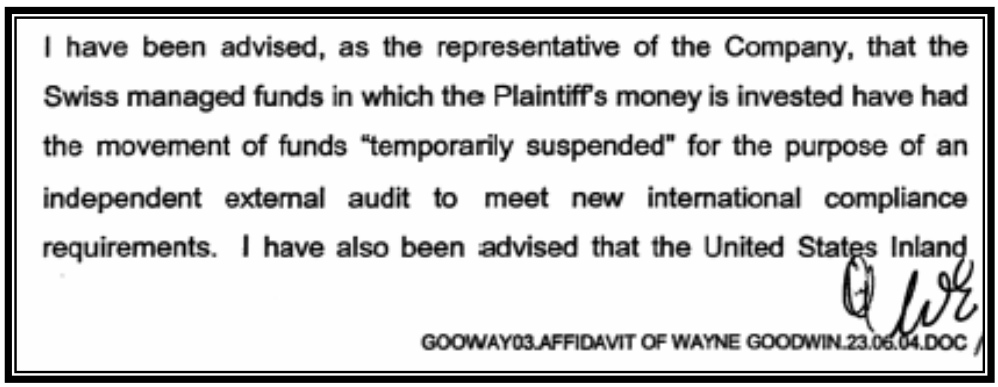
41. While I cannot categorically state that there is absolutely no such thing as a legitimate investment opportunity that can be expected to net investors 4% per month, my only experience with these sorts of claims has been in the context of "high yield investment program" (HYIP) scams, such as those involving "Prime Banks."

42. In evaluating the legitimacy of Defendant Goodwin's representations, the arbiter of truth may find it useful to know that an annual return of 20% is the commonly quoted and widely accepted, international benchmark for the world's top performing investment advisors.

Item (h): The Investor is Ultimately Defrauded

43. It can be very difficult to prove that investors have actually been permanently divested of the funds that they invested in Prime Bank scams. The promoters invariably offer such vague and ambiguous explanations and excuses in accounting for these funds, that the Plaintiff's task is akin to proving that they are not safely and securely on deposit on the moon.

44. Although Plaintiff Copland's funds were entrusted to Defendant Goodwin, he offers no substantive information whatsoever as to what he did with them, or evidence in support thereof. The wire transfers documenting the disposition of these funds, and the correspondence related thereto, are conspicuously absent. Instead of providing this sort of information, Defendant Goodwin claims that the funds in the Swiss account have been temporarily frozen for the sake of an independent audit related to international compliance requirements. While that may sound more impressive and persuasive than claiming they are on the moon, the end result is precisely the same.


I have been advised, as the representative of the Company, that the Swiss managed funds in which the Plaintiff's money is invested have had the movement of funds "temporarily suspended" for the purpose of an independent external audit to meet new international compliance requirements. I have also been advised that the United States Inland

GOOWAY03.AFFIDAVIT OF WAYNE GOODWIN.23.06.04.DOC /

[Defendant Goodwin's Affidavit, Paragraph 13]

45. Therefore, there is probable cause to believe, and I do believe, that Plaintiff Copland is the victim of a "Prime Bank" investment scam promoted, and effectively perpetrated, by Defendant Wayne Ernest Goodwin.

The Investment Advisor Issue

46. Defendant Goodwin maintains that he did not act as an Investment Advisor to Plaintiff Copland, notwithstanding the facts that he:

    a. Introduced Plaintiff Copland to various investment "opportunities;" and

    b. "Ran the numbers" for Plaintiff Copland projecting returns for various investment amounts and time periods that induced him to invest; and

    c. Hand delivered Investment Agreement(s) for Plaintiff Copland's signature; and

    d. Signed those same Investment Agreements as representative of the Principal, Corporate Capital Investment Company, LTD [CCIC]; and

    e. Signed every "Amendment Addendum" documenting changes to Plaintiff Copland's CCIC Investment Agreements as their "NZ Representative;" and

    f. Signed every CCIC Notice of Receipt of Funds acknowledging the receipt of Plaintiff Copland's investment capital as their "NZ Representative;" and

    g. Exercised sole and complete control over the disbursement of Plaintiff Copland's investment capital to the alleged Swiss/Swedish entities that have yet to be fully identified; and

    h. Signed the CCIC Schedule of Invested Funds documenting the disbursement of Plaintiff Copland's investment capital; as their "NZ Representative;" and

    i. Served as the point of contact, intermediary, and sole source of communication and/or information between Plaintiff Copland, and the alleged Swiss/Swedish entities, that have yet to be identified.

47. As will be later established herein, Defendant Goodwin's attorney described him as being an "Investment Advisor" in a prior case, where he played an identical role.

48. In support of his contention that he did not act as an Investment Advisor, Defendant Goodwin asserts that he did not actually give Plaintiff Copland investment advice.

49. A review of the e-mails offered as evidence reveals that Defendant Goodwin offered Plaintiff Copland the "benefit" of his advice related to the Swedish Offer, proffering the opinion that this might be better than waiting for something bigger.

> Perhaps you can let me know your thoughts on the above. These options give a pretty healthy scenario, even compared with 'waiting' for something bigger

[Plaintiff's Exhibit: First Email from Defendant Dated September 20, 2000]

50. Defendant Goodwin also opined that the fact that the Swedish Offer was underwritten by the world's top 250 banks gave it a different structure than the Quantum/Advance scam that Plaintiff Copland had previously fallen victim to.

> via a different channel. This offering has the corporate underwriting of the top 250 world banks - which gives it a somewhat different structure from Quantum / Advance etc., and there is the possibility that they may lift the

[Plaintiff's Exhibit: First Email from Defendant Dated September 20, 2000]

51. This is interesting because the New Zealand Securities Commission issued warnings regarding Quantum's Advance Investment Portfolio on May 4, 1998. In this warning, NZ authorities described the scam, saying in pertinent part:

> People are invited to pay a minimum of $US2000 to join a "pooling trust" which is said to invest in instruments issued by "top world banks". These are promoted as secure, low risk investments.

[NZ Securities Commission News Release, May 4, 1998]

52. Although he specifically asserted that this "offering" was different than the scam previously perpetrated upon Plaintiff Copland, Defendant Goodwin's offer was very similar to the Quantum Advance Investment Portfolio scam as it was explained to the citizenry of New Zealand by the New Zealand Securities Commission.

53. Whereas Defendant Goodwin strives to represent himself as a hobby investor who did nothing to encourage or promote Plaintiff Copland's involvement in this scam, his remonstrations to this effect are belied by his statements in the e-mails, to wit:

    a. "*This must be your lucky day or something!*"

    b. "*Open for three weeks max, on a first up first served basis . . .*"

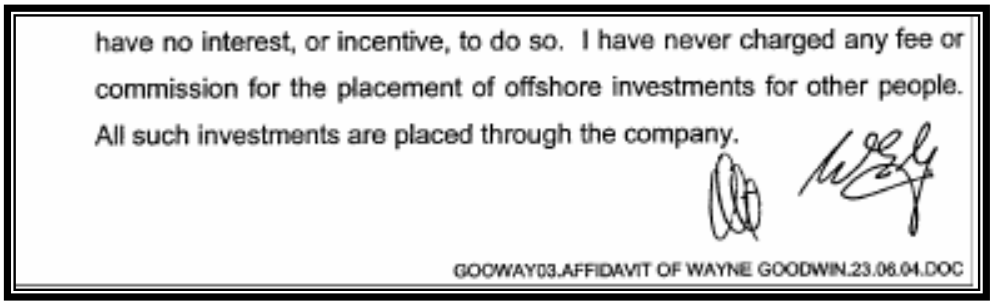
    c. "*This would get your toe in the door of this facility . . .*"

    d. "*I think it very worthwhile, but the call is yours.*"

    e. "*Someone else will grab it if you don't*"

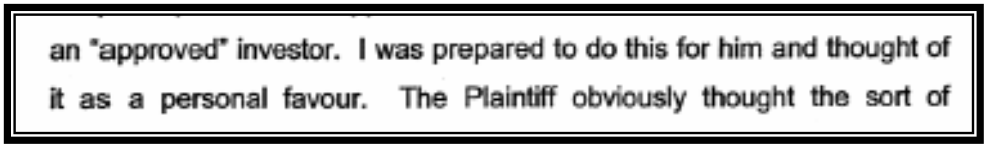
    f. "*I need to respond quickly on this one – it won't last long.*"

54. Defendant Goodwin's statement that he has, "*never charged any fee or commission for placement . . .*" could be construed to mean that he did not profit as a result of Plaintiff Copland's investment, especially in light of his subsequent statement to the effect that he was assisting Plaintiff Copland as a "*personal favour*." As will be further explicated herein, Defendant Goodwin has been identified as promoting scams that offered brokers a percentage of the client's funds "invested" in a prior NZ case.


have no interest, or incentive, to do so. I have never charged any fee or commission for the placement of offshore investments for other people. All such investments are placed through the company.

GOOWAY03.AFFIDAVIT OF WAYNE GOODWIN.23.06.04.DOC

[Defendant Goodwin's Affidavit, Paragraph 7]


an "approved" investor. I was prepared to do this for him and thought of it as a personal favour. The Plaintiff obviously thought the sort of

[Defendant Goodwin's Affidavit, Paragraph 13]

Corporate Capital Investment Company, LTD

55. The record reflects that Brian Copland responded to Wayne Goodwin's e-mails promoting the various Swiss/Swedish investment offerings, as transmitted to Plaintiff Copland by Defendant Goodwin on September 20, 2000.

56. One week later, on September 27, 2000, Plaintiff Copland signed the Investment Agreement pertaining to account CA/250/000928 that has been produced as a Plaintiff's exhibit.

57. Five days thereafter, on October 2, 2000, Plaintiff Copland signed a second Investment Agreement pertaining to account SW/NIO/001002 that has also been produced as a Plaintiff's exhibit.

58. These documents do not evidence some sort of co-equal understanding or friendly arrangement between family members; they identify Plaintiff Copland as the "Client" of a Bahamian company identified as Corporate Capital Investment Company, LTD, therein referred to as the "Principal."

59. Plaintiff Copland contends that Defendant Goodwin represented himself as being an agent of Corporate Capital Investment Company, LTD, leading him to believe that this was an established business entity with multiple international representatives and the evidence reflects that Defendant Goodwin signed numerous CCIC documents, including: those entitled, Investment Agreement; those entitled, Amendment Addendum, those entitled, Notice of Receipt of Funds, and those entitled, Schedule of Invested Funds. In each and every case, wherever his position is identified, he is referenced as their "NZ Representative."

60. Defendant Goodwin acknowledges that Corporate Capital Investment Company, LTD serves as his alter ego; he is the sole principal and shareholder other than his wife.

> **Corporate Capital Investment Co. Ltd.**
>
> 3. To facilitate doing business overseas, and investing in offshore opportunities, I had a company incorporated called Corporate Capital Investment Co. Ltd. ("the Company"). My wife and I are the sole directors and shareholders of the Company. It is registered in the

[Defendant Goodwin's Affidavit, Paragraph 3]

61. Defendant Goodwin describes this company as an Investment Vehicle.

> soon learned if that had been the case. The Company is an investment vehicle and is a recognised trading entity with a number of offshore

[Defendant Goodwin's Affidavit, Paragraph 19]

62. In response to an inquiry by Plaintiff's attorney, Kevin Clay, Esq., the Bahamian law firm of Mosco & Associates reported that Corporate Capital Investment Company, LTD was incorporated in the Bahamas on February 4, 1998, removed from the Register on January 1, 2000, and ultimately reinstated almost two years later on November 19, 2001. This correspondence has been produced as a Plaintiff's exhibit.

63. Notwithstanding the fact that Corporate Capital Investment Company, LTD was not a viable corporate entity at the time that the contracts were signed, it could not have lawfully entered into these Investment Agreements even if it was. As a Bahamian IBC, it is subject to the provisions, and limitations of the Bahamian International Business Companies Act which states, in pertinent part, that:

> 4.(1)(d) ***For purposes of this Act, an International Business Company is a company that does not carry on the business of dealing or trading in securities as an agent or providing securities investment advice . . ."***

Imperial Consolidated Group, PLC

64. In the next section, Wayne Goodwin will be identified as a promoter of Imperial Consolidated, PLC, investment "offerings." At the risk of getting ahead of myself, I choose to introduce Imperial Consolidated's most recent developments now, in order that the reader might be better equipped to evaluate the comments and suspicions expressed by Judge William Young in the section to follow.

65. The Imperial Consolidated group of companies was based in the United Kingdom where they were represented by UK Attorney Michael John Harvey. Harvey was disbarred by the Law Society on December 12, 2001, for dishonesty and fraud.

66. In June 2002, Imperial Consolidated was forced into administration. The UK accounting firm of Mazars Neville Russell is assigned to wind up their affairs.

67. The Principles of Imperial Consolidated were Lincoln Julian Fraser, and Jared Bentley Brook. Both were declared bankrupt at Grimsby County Court, England, on May 2, 2003. Search warrants have been recently executed at their homes.

68. The Serious Fraud Office in the United Kingdom has announced that they are conducting a criminal investigation, and they are actively soliciting fraud victims to come forward with information on their website.

[http://sfo-investigations-imperial.org.uk/icg/uk/]

69. Initiating the case styled ***Imperial Consolidated Group, PLC, v. David Frederick Stewart***, High Court of New Zealand case number CP45/99, Honorable Judge William Young presiding, was an exercise in poor judgment by Imperial Consolidated – it ultimately served to expose and destroy their enormous scam.

70. Imperial Consolidated and Wayne Goodwin conspired to bamboozle Judge Young, thereby subjected themselves to a humiliating public spanking in the form of his painstakingly reasoned Judgment dated December 18, 2001, to which I will refer.

71. In this Judgment, Judge Young introduced the case, and explained that the dispute began with a falling out between David Stewart, and his business partner, Wayne Goodwin, regarding commissions related to their involvement in promoting the Imperial Consolidated "Rusaust Project."

> [9] The dispute between Mr Stewart and Imperial Consolidated relates to what was known as the "Rusaust project" which was promoted by Imperial Consolidated (Australia) Pty Ltd. Mr Stewart participated in this project along with a Mr Wayne Goodwin. Mr Stewart and Mr Goodwin fell out. For reasons related to this falling out and also because Mr Stewart did not receive the rewards which he expected from the project he, in turn, fell out with Imperial Consolidated. Before I get to the issues

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 9]

> [15] A letter of 3 September 1997 from Imperial Consolidated (Australia) Pty Ltd to Mr Stewart referred to fees payable to "introducers" of $US5,000 per module per month for a total of 12 months producing a return to introducers of $US60,000 per module.

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 15]

72. Judge Young observed that these commissions were essentially an under the table fee paid to the Investment Advisor that was not disclosed to the Client.

> concerned. Whatever the position as between Mr Stewart and his investor clients, I do not see how he was entitled, vis-à-vis Eurocorp and Mr Goodwin, to take what were in effect secret commissions. As to all of this, he seems to me to have had (and still to have) a strange, strong and inappropriate sense of entitlement.

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 20]

73. Judge Young also recognized the impact that this secret arrangement had on the investment yield. Specifically, the extraordinary returns that were promised were rendered all the more questionable as the investment had to realize sufficient gains to pay the promised yield after the undisclosed commissions were paid.

> [16] On this basis the envisaged profits per module of $US150,000 over the 18 month period contemplated for the investment were significant, coming to no less than $US309,750 (comprising "yield" of $US249,750 and the $US60,000 to be paid to the "introducer").

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 16]

74. Goodwin and Stewart, acting together as Eurocorp, raised $632,179.75 -- $600,000 of which was used to broker four of the Rusaust Project "modules." Goodwin was the much more effective promoter; $470,188.75 USD was attributed to Goodwin's clients as compared to the $161,971 USD provided by Stewart's clients.

> [18] A total of $US632,000 was raised by Messrs Stewart and Goodwin. These funds were provided as to $US161,971 by clients associated with Mr Stewart and as to $US470,188.75 by clients associated with Mr Goodwin (or by Mr Goodwin himself). Eurocorp then took up four modules in the Rusaust project. They were numbered 1007, 1008, 1009 and 1010. Accordingly, $US600,000 was paid to

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 18]

75. For reasons that are not explained in this Judgment, Stewart believed that he was the ***Introducer*** for all four modules brokered by Eurocorp, and he therefore believed that he was entitled to the full $20,000 per month commission.

> [20] I should, at this point, say something about the introducers' fees and Mr Stewart's contentions that such fees should have been paid to him. Mr Stewart regarded himself as being the "introducer" for all four modules. So, he was of the

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 20]

76. Eurocorp was a 50/50 partnership between Stewart and Goodwin whose ownership, and involvement in this entity, were artfully concealed.

> [17] Mr Stewart and his associate, Mr Wayne Goodwin, decided to invest in this project and also to involve others in it. The vehicle for the investment was a company called Eurocorp Investments Ltd ("Eurocorp") which they formed, with the assistance of Cayman National Trust Co Ltd, in the Cayman Islands. The shares in Eurocorp were held beneficially for Messrs Goodwin and Stewart. Shares 1-100 were to be held for the benefit of Mr Stewart and shares 101-200 were to be held for Mr Goodwin. The shareholder was CNT (Nominees) Ltd which is obviously a company associated with Cayman National Trust Co Ltd.

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 17]

77. In a case where the public record reflects that the shareholder is a corporate entity, there is no public record reflecting the identity of the beneficial owners for whom the nominee entity holds the shares in trust. This stratagem suggests to me that Wayne Goodwin is something more than the hobby investor that he represents himself to be.

78. Although Eurocorp was ostensibly an equal partnership, Wayne Goodwin apparently exercised an unequal degree of control. On January 24, 1998, Goodwin instructed the Trustee to transfer beneficial ownership of Stewart's shares to him, and the record is clear that he made no pretense that this was by mutual agreement.

Goodwin wrote to Cayman National Trust in these terms:-

> Further to our recent conversation concerning MR DAVID FREDRICK STEWART and his involvement with Eurocorp, I wish to advise you that we have good reason to suspect his operation. I would request that you cancel his Benefit of Shareholding in the Company (Nos. 1-100) and assign those shares in favour of myself. A copy of the new Nominee agreement faxed to myself would be appreciated.
>
> Thank-you for your co-operation in these matters.

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 23]

79. For reasons that are not clear, Cayman National Trust complied with Wayne Goodwin's unilateral instruction to divest his business partner of what had theretofore been a 50/50 beneficial interest in the shares, and they did so without so much as contacting Mr. Stewart.

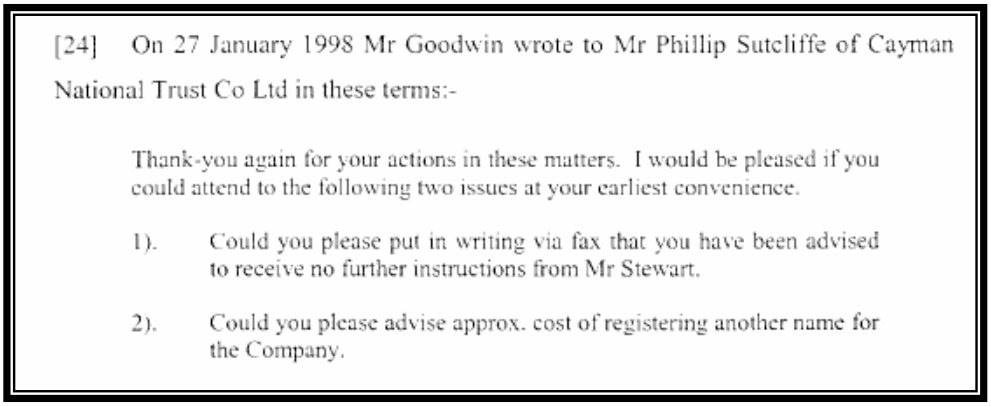
[25] Without contacting Mr Stewart, the nominee company associated with Cayman National Trust Co Ltd then executed the following document:-

> Eurocorp Investment Co. Ltd.
>
> NOMINEE AGREEMENT
>
> We, CNT (Nominees) Ltd., being the registered owner of 200 shares, represented in Share Certificate No. 1 of Eurocorp Investment Co. Ltd. hereby agree that 100 shares 'Nos. 101-200' are registered in our name as Nominee for:
>
> Wayne Ernest Goodwin

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 25]

80. Bearing in mind that the Cayman Islands are one of the worlds highly respected financial centers, as opposed to some backwards third world country, and recognizing that Cayman National Trust's compliance with this directive does not comport with the fiduciary responsibility of a Trustee, the fact that Wayne Goodwin was able to accomplish this, further suggests that he is something more than the hobby investor that he represents himself to be.

81. On January 27, 1998, Wayne Goodwin wrote to Cayman National Trust, thanked them for their cooperation, and inquired about establishing a new corporate identity.

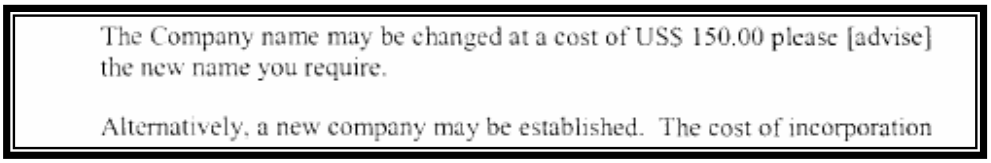


[24] On 27 January 1998 Mr Goodwin wrote to Mr Phillip Sutcliffe of Cayman National Trust Co Ltd in these terms:-

> Thank-you again for your actions in these matters. I would be pleased if you could attend to the following two issues at your earliest convenience.
>
> 1). Could you please put in writing via fax that you have been advised to receive no further instructions from Mr Stewart.
>
> 2). Could you please advise approx. cost of registering another name for the Company.

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 24]

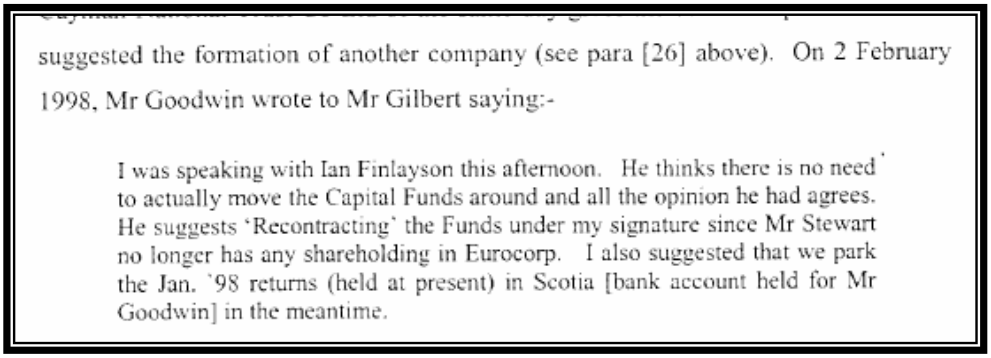
82. Cayman National Trust replied on that same day, January 27, 1998, and outlined Wayne Goodwin's options as to changing the name of Eurocorp, or establishing a new corporate entity.



> The Company name may be changed at a cost of US$ 150.00 please [advise] the new name you require.
>
> Alternatively, a new company may be established. The cost of incorporation

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 26]

83. On February 2, 1998, Wayne Goodwin wrote to Attorney Michael Gilbert, the Director of Imperial Consolidated's subsidiary in New Zealand as follows:



suggested the formation of another company (see para [26] above). On 2 February 1998, Mr Goodwin wrote to Mr Gilbert saying:-

> I was speaking with Ian Finlayson this afternoon. He thinks there is no need to actually move the Capital Funds around and all the opinion he had agrees. He suggests 'Recontracting' the Funds under my signature since Mr Stewart no longer has any shareholding in Eurocorp. I also suggested that we park the Jan. '98 returns (held at present) in Scotia [bank account held for Mr Goodwin] in the meantime.

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 29]

84. This significance of this particular snippet of correspondence lies in the date, the context, and what can be reasonably inferred in light of the identities if the parties and subsequent events. For the moment, it is enough to note that:

    a. On February 2, 1998, Goodwin wrote a letter to New Zealand Attorney Michael Gilbert, (who will later be identified as the Director of Imperial Consolidated's subsidiary in New Zealand) discussing strategies related to his problem with Stewart; and

    b. In this letter, he specifically says that he has discussed these strategies with Ian Finlayson (who will later be identified as the Director of Imperial Consolidated's subsidiary in Australia) who advised him as to how to best proceed; and

    c. States that Ian Finlayson had made specific suggestions with regard to Goodwin's effort to disenfranchise Stewart; and

    d. Ian Finlayson suggested to Goodwin that the invested funds be "Recontracted" under Goodwin's signature; and

    e. Ian Finlayson suggested that the January 1998 investment returns which were at that time being held back by Imperial Consolidated be "parked" in Wayne Goodwin's personal account at Scotia Bank.

85. Bearing in mind that Wayne Goodwin portrays himself as a mere "hobby investor," it seems incongruous that the Directors of two of Imperial Consolidated's subsidiaries would so completely align themselves with him in his dispute with one of their promoters, and odder still, that Imperial Consolidated would "hold back" the returns on these invested funds during the dispute, and then suggest that they be "parked" in Goodwin's personal account in the interim.

86. On February 3, 1998, Atty. Gilbert, Director of Imperial Consolidated's New Zealand subsidiary, wrote to Bill Godley, Director of Imperial Consolidated Securities, SA, (the Imperial Consolidated subsidiary in the Bahamas), and instructed him to forward the profits attributable to Eurocorp to Wayne Goodwin's Scotia account.

> On 3 February 1998, Mr Gilbert wrote to Mr Bill Godley of Imperial Consolidated Securities SA in these terms:-
>
> > I have been instructed by Wayne Goodwin to formally instruct you to forward all profit funds attributable to Eurocorp to Wayne's Scotia account.

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 29]

87. Even more interestingly, Atty. Michael Gilbert, Director of the Imperial Consolidated subsidiary in New Zealand, went on to instruct the Imperial Consolidated subsidiary in the Bahamas to establish a new company in the Bahamas which the assets of Eurocorp would be transferred to.

> I confirm Wayne's verbal instructions requesting you to form a new IBC with a name similar to Colonial Investment company Limited. The final choice of name can rest with yourself and Wayne wishes to have this company formed at the earliest opportunity then to transfer to the company all Eurocorp contracts.

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 29]

88. To review this chronology, Goodwin first inquired about renaming Eurocorp on January 27th, Cayman National Trust suggested establishing a new corporate entity on January 27th, on February 2nd Goodwin references the fact that funds which would have gone to Eurocorp are being held back, and on February 3rd Gilbert directed the Imperial Consolidated subsidiary in the Bahamas to incorporate a new company; Corporate Capital Investments Co., LTD was incorporated February 4, 1998.

Editorial Note: I recognize that the reader could be confused by the fact that I am supporting the historical chronology of events that led up to a lawsuit, with quotes from the lawsuit that had not happened yet. In the interest of clarity, please note that, at this point, the dispute was between David Stewart, and his business partner, Wayne Goodwin.

89. David Stewart retained the Dunedin law firm of Aspinall Joel Radford Bowler, and Wayne Goodwin was represented by New Zealand Attorney Michael Gilbert, the Director of the Imperial Consolidated subsidiary in New Zealand.

> [28] Mr Stewart then placed the matter in the hands of Dunedin solicitors (Aspinall Joel Radford Bowler). Mr Goodwin was represented by Mr Michael Gilbert (to whom I have already referred). Quite when Mr Goodwin instructed Mr Gilbert is not entirely clear to me. He was certainly acting for him in February 1998

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 28]

90. From February 1998 forward, it becomes more difficult to determine what happened. In reliance upon Judge Young's Judgment, I do not have access to the evidence that was available to him, other than that which he chose to quote, but it is clear that he thoroughly evaluated the available evidence and found few answers there.

> [40] The evidence as to financial dealings which occurred after February 1998 was vague to say the least. Broadly it appears that the modules which were attributed to Mr Goodwin/ Corporate Capital Investments Co Ltd were assigned to people associated with a Mr David Hobbs and that the clients who Mr Stewart introduced were paid back their investments in or around August 1998. The detail of all of this is obscure.

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 40]

91. During the course of this dispute, and as a direct consequence, Stewart wound up in an adversarial position with both Goodwin, and Imperial Consolidated. It seems safe to assume that Stewart realized that Imperial Consolidated was supporting Goodwin.

92. Whatever he knew, or suspected, it is clear that David Stewart's issue with Wayne Goodwin expanded to include Imperial Consolidated.

> [47] Mr Stewart became very dissatisfied with the conduct of Imperial Consolidated. There are a number of aspects to his dissatisfaction. It related in part to the fact that the investments were taken out of Eurocorp on the say so of Mr Goodwin. It also related to his irritation about not receiving fees to which he considered himself entitled as an introducer. He also felt that there was income which must have been earned but which had not been remitted to him. His position

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 47]

93. On May 18, 1999, David Stewart wrote to Imperial Consolidated regarding his ongoing complaints. In an effort to extort their acquiescence, David Stewart threatened to establish an Internet web site questioning their integrity, soliciting investor complaints, and offering to assist those who may have felt victimized in contacting the appropriate authorities.

> [50] On 18 May 1999 Mr Stewart wrote to Imperial Consolidated:
>
> I have made numerous attempts to settle this matter through both yourself, Mr Godley and Mr Finlayson. Information requested on a number of occasions has not been provided as promised. I am not prepared to allow this situation to continue.
>
> Still to be settled is return of capital on three contracts, and profits on all four contracts as well as commissions due.
>
> Unless this matter is settled to my satisfaction within the nest [*sic*] seven days I will commence the following action.
>
> 1. Post warnings to the various internet sites which warn of investment scams.

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 50]

94. In correspondence dated July 15, 1998, Imperial Consolidated informed David Stewart that, as of February 1998, they began sending the statements related to all four modules to Wayne Goodwin's Attorney, Michael Gilbert, and they had transferred the yields from all four modules to Wayne Goodwin, and/or his attorney's trust account, with some small percentage of one module paid to "D. Hobbs."

> I.) Since February all statements have been sent to Ian Finlayson who has forwarded them to Michael Gilbert.
>
> II.) Yields have been transferred as instructed to:
>
> 1007 Wayne Goodwin – 100%
> 1008 Michael Gilbert Trust – 85% D. Hobbs – 15%
>
> 1009 Michael Gilbert Trust – 100%
> 1010 Michael Gilbert Trust – 100%

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 41]

95. This particular correspondence was lengthy and somewhat confusing, but Judge Young extracted the following points.

> [42] This letter is not entirely easy to follow. However it would appear that Imperial Consolidated was claiming *inter alia*:-
>
> 1. Module 1007 in the Rusaust project had been, at some stage, reinvested in the Managed II Fund. I say this given the contract reference, "AU\00\M2F\221-1007".
>
> 2. Since February 1998 Mr Goodwin had been treated as being the beneficial owner of this investment in that all statements had been sent to his solicitor and the "yield" in relation to it had been transferred to Mr Goodwin.
>
> 3. There was outstanding "yield" which had been earned but not then paid in relation to this investment.

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 42]

96. As Judge Young observed, Imperial Consolidated accommodated Wayne Goodwin and cooperated/conspired with him to effectively divest David Stewart of control of the module that he brokered, and the associated yields/commissions.

> [43] This is an unfortunate letter from the point of view of Imperial Consolidated. If what is said there is true, it follows that profits attributable to module 1007 were paid to Mr Goodwin even though he had no entitlement to those profits. It also

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 43]

97. As was the case with Cayman National Trust, Imperial Consolidated apparently served the interests of Wayne Goodwin to the extent that they were willing to abandon all pretense of professional integrity. Again, I think it reasonable to infer that Wayne Goodwin was something more than a "hobby investor."

98. It is interesting to note that, although Wayne Goodwin abjures the title of Investment Advisor, and maintains that he is merely a hobby investor, his attorney saw it differently. Atty. Michael Gilbert specifically identified him as the "Investment Advisor" to those who invested in Rusaust.

> [44] Mr Gilbert was not a named recipient of this letter. However he received a copy either of it or a similar letter because he wrote to Mr Brook on 16 July. In his letter he said, *inter alia*:-
>
> 4. Mr Goodwin the owner of Corporate Capital Investment Company Limited, and the investment advisor to the investors in Rusaust

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 44]

99. Stewart followed through with his threat to establish a web site, Imperial Consolidated filed suit against Stewart; ***Imperial Consolidated Group, PLC, v. David Frederick Stewart***, High Court of New Zealand case number CP45/99.

100. During the course of the litigation that followed, Judge Young developed concerns regarding the legitimacy of the Imperial Consolidated investment offerings. Judge Young noted that they had been the subject of considerable adverse publicity, including published allegations to the effect that they operated as a front for Osama bin Laden, in association with the international arms dealer, Monzer al-Kasser.

> The allegations which have been made against Imperial Consolidated and its principal shareholders and directors have been extensive and, perhaps, florid. For instance, Imperial Consolidated has been accused of operating as a front for Osama bin Laden and in association with an arms dealer, Monzer al-Kasser.

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 69]

101. Judge Young also noted that Imperial Consolidated had been the subject of a warning posted by the New Zealand Securities Commission.

> **3 May 1999**
>
> **News Release**
>
> WARNING -
> Imperial Consolidated Securities S.A.
>
> People should exercise great care before placing any money with Imperial Consolidated Securities S.A.

102. In reviewing this warning, it should be noted that the New Zealand Securities Commission identified Attorney Michael Gilbert as being the Director of the Imperial Consolidated subsidiary in New Zealand.

> The investments have been actively promoted in the Nelson area. Two New Zealand companies have been associated with the securities. The first is ICNZ Limited. The directors of this company are Alison Bolger and Jeffery Law. The second is Dominoe Developments Limited the director of which is Michael Gilbert who is a solicitor in Nelson. Other people may also be involved.

[http://www.sec-com.govt.nz/new/releases/1999/ics.shtml]

103. Judge Young also noted that the New Zealand Ministry of Consumer Affairs had identified Imperial Consolidated on its "Scam Watch" web site.

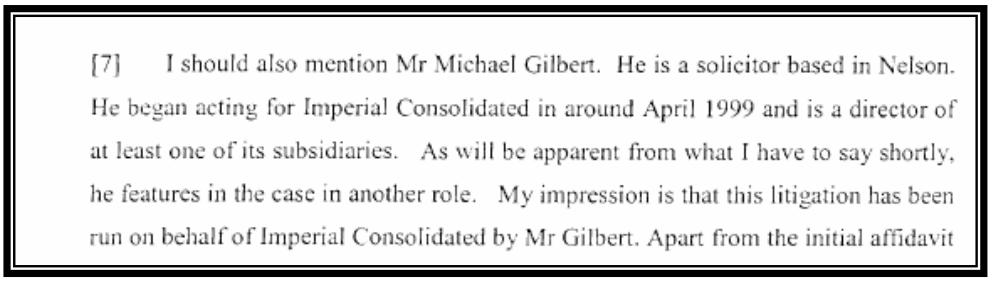
Investment schemes warnings list

The following list is courtesy of the New Zealand Securities Commission. Any enquiries should be directed to them

- Big International (also known as Big Lotto)
- Cronus Trading Corp
- Enterprise Solutions 2000 (betting scheme)
- Imperial Consolidated Securities

http://www.consumeraffairs.govt.nz/scamwatch/investments.html

104. Although it could be inferred, Judge Young specifically expressed his awareness that Attorney Michael Gilbert was the director of an Imperial Consolidated subsidiary in his Judgment.



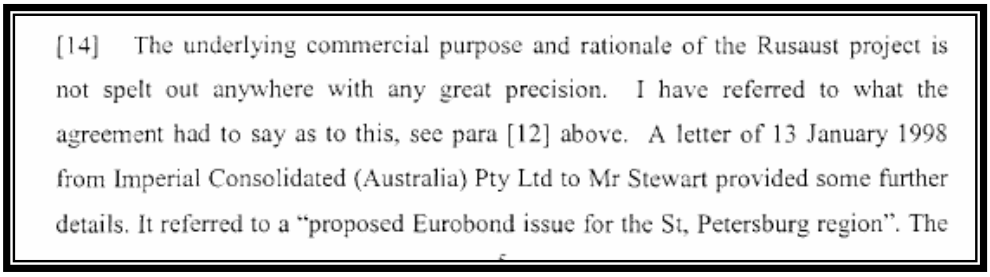
[7] I should also mention Mr Michael Gilbert. He is a solicitor based in Nelson. He began acting for Imperial Consolidated in around April 1999 and is a director of at least one of its subsidiaries. As will be apparent from what I have to say shortly, he features in the case in another role. My impression is that this litigation has been run on behalf of Imperial Consolidated by Mr Gilbert. Apart from the initial affidavit

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 7]

105. In reviewing the above referenced quote, please note that Judge Young went on to comment that Attorney Michael Gilbert, who had theretofore represented Wayne Goodwin's interests, appeared to have managed and directed this case for Imperial Consolidated behind the scenes, notwithstanding the fact that Wayne Goodwin was not a named party to this litigation.

106. Unbeknownst to the parties in this case, a parallel case was developing in the United Kingdom, as the Law Society prepared to disbar Attorney Michael J. Harvey. Where the information is helpful, quotes from that case will be cited as we proceed to review the developments within the context of Judge Young's case.

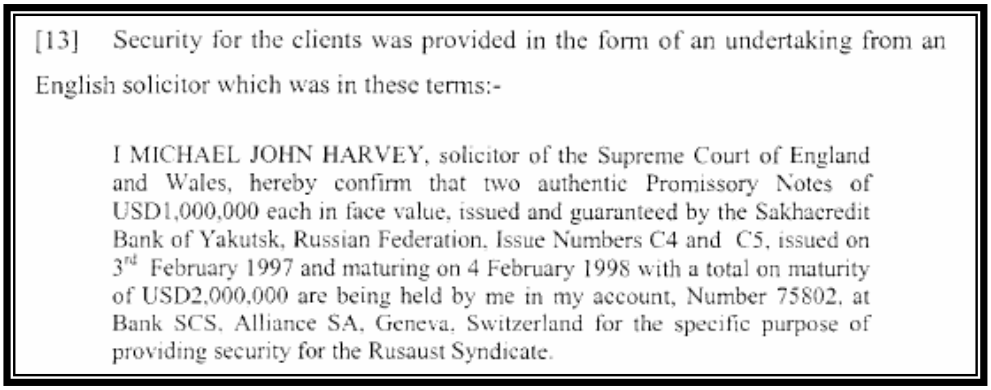
107. Judge Young questioned the legitimacy of the Rusaust Project, and expressed concerns regarding the peculiar absence of specific information.



[14] The underlying commercial purpose and rationale of the Rusaust project is not spelt out anywhere with any great precision. I have referred to what the agreement had to say as to this, see para [12] above. A letter of 13 January 1998 from Imperial Consolidated (Australia) Pty Ltd to Mr Stewart provided some further details. It referred to a "proposed Eurobond issue for the St, Petersburg region". The

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 14]

108. Judge Young referenced the fact that Imperial Consolidated offered potential investors assurances that their funds would not be at risk, in the form of an undertaking from a British attorney who identified himself as *"Michael John Harvey, solicitor of the Supreme Court of England,"* in proffering written assurance that he held instruments as security in his Geneva account.

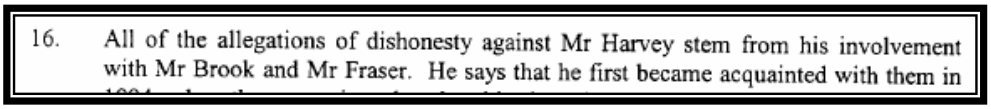


[13] Security for the clients was provided in the form of an undertaking from an English solicitor which was in these terms:-

I MICHAEL JOHN HARVEY, solicitor of the Supreme Court of England and Wales, hereby confirm that two authentic Promissory Notes of USD1,000,000 each in face value, issued and guaranteed by the Sakhacredit Bank of Yakutsk, Russian Federation, Issue Numbers C4 and C5, issued on 3rd February 1997 and maturing on 4 February 1998 with a total on maturity of USD2,000,000 are being held by me in my account, Number 75802, at Bank SCS, Alliance SA, Geneva, Switzerland for the specific purpose of providing security for the Rusaust Syndicate.

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 13]

109. Ironically, as Judge Young delivered his Judgment in this case, the Law Society in London served Michael John Harvey with an Intervention, effectively terminating his law practice pending disbarment, due to his involvement with Jared Brook and Lincoln Fraser in the perpetration of these very scams.



16. All of the allegations of dishonesty against Mr Harvey stem from his involvement with Mr Brook and Mr Fraser. He says that he first became acquainted with them in

[Approved Judgment: Case HC 02 C 00003, Paragraph 16]

110. Judge Young was not particularly impressed by the security promised by solicitor Michael John Harvey, in fact, he addressed it as evidence in recognizing the Rusaust Project and the Managed II Fund for the Prime Bank schemes that they were.

> [79] Both the Rusaust project and the Managed II Fund offered implausibly high projected returns. The very high rates of return, the vague way in which the proposed investment activities were referred to and the language of the agreements did suggest to me that what was involved may have been a prime bank instrument fraud, or something similar. Indeed, if the Rusaust project documentation is right, there was, tucked into the project, a "prime bank instrument" in the form of the promissory note "issued and guaranteed by the Sakhacredit Bank of Yakutsk" referred to in the letter of undertaking (see para [13] above).

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 79]

111. Throughout the Judgment, Judge Young made it clear that he suspected that Imperial Consolidated's "offerings" were Prime Bank Instrument scams, or something related thereto.

> [83] Despite my suspicions, it would not be right for me to decide the case on the basis that the Rusaust project was just a prime bank instrument scam or something

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 83]

> [92] Because of my scepticism as to the investment activities of Imperial Consolidated, I am a little doubtful whether any profit was ever made. Indeed, I

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 92]

112. Judge Young noted that Imperial Consolidated had evidently paid back David Stewarts clients, as evidenced by a $150,000 transfer to Eurocorp in August 1998.

> 2. The evidence pointed to Mr Stewart's clients being repaid as a result of a payment by Imperial Consolidated of $US150,000 to Eurocorp in late August

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 40(2)]

113. Unfortunately, Judge Young did not have access to the information that was developed during the course of the investigation of former solicitor Michael John Harvey by the Law Society. Their investigation corroborated his express suspicion that this payment was not based upon investment yields; the origin of these funds was the investment capital provided by Messrs. Fujita and Tatsui pursuant to their investment in the Imperial Consolidated Managed Funds II (M2F) scheme.

> account up to £250,791.87. Both these latter two payments were made in connection with the M2F scheme and undertakings were given by Mr Harvey in the standard form already referred to. Then on 27th August the sum of US $150,000 was paid out to Eurocorp Investment Company Limited to repay monies requested by that company as an investor in the Rusaust scheme. It seems clear, therefore, that part of the monies invested in M2F by Messrs Fujita and Tatsui were used in breach of Mr Harvey's undertaking to them, in order to repay monies due to another investor in a completely different scheme. When this was put to Mr Harvey in cross-examination, he accepted

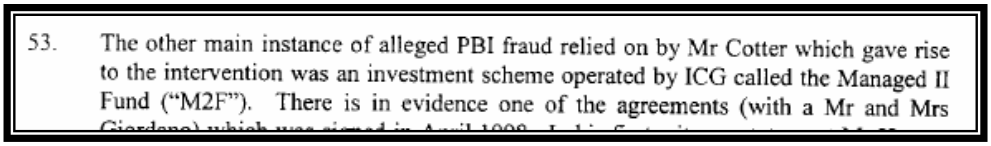
[Approved Judgment: Case HC 02 C 00003, Paragraph 57]

114. In paragraph 95, I pointed out that Judge Young had made a determination that the funds invested by Stewart's clients in the Rusaust Project, module 1007, had been reinvested in the Managed Funds II offering, as evidenced by the fact that Imperial Consolidated changed the contract reference to AU\00\M2F\221-1007. According to that same reasoning Wayne Goodwin entrusted his client's money to that same offer.

> However, firstly I wish to advise the following:
>
> | | | |
> |---|---|---|
> | Contracts: | AU\00\M2F\221-1007 | $150,000 |
> | | AU\00\M2F\221-1008 | $150,000 |
> | | AU\00\M2F\221-1009 | $150,000 |
> | | AU\00\M2F\221-1010 | $150,000 |
>
> are active at present valuation 100% of capital (4 x $150,000) = $600,000

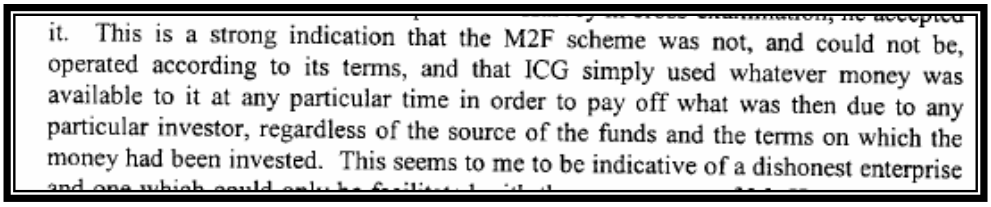
[Judgment, J. William Young, NZ Case CP45/99, Paragraph 41]

115. In addition to concluding that the Rusaust Project was a Prime Bank Instrument scam, the Law Society's inspection of former solicitor Michael John Harvey's books and records revealed that the Imperial Consolidated's Managed Funds II (M2F) offering was also some sort of Prime Bank Instrument (PBI) scam.



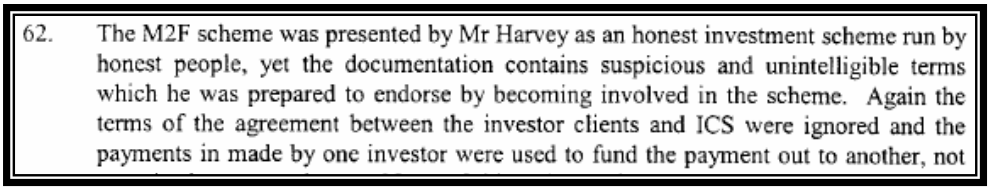
53. The other main instance of alleged PBI fraud relied on by Mr Cotter which gave rise to the intervention was an investment scheme operated by ICG called the Managed II Fund ("M2F"). There is in evidence one of the agreements (with a Mr and Mrs

[Approved Judgment: Case HC 02 C 00003, Paragraph 57]



it. This is a strong indication that the M2F scheme was not, and could not be, operated according to its terms, and that ICG simply used whatever money was available to it at any particular time in order to pay off what was then due to any particular investor, regardless of the source of the funds and the terms on which the money had been invested. This seems to me to be indicative of a dishonest enterprise

[Approved Judgment: Case HC 02 C 00003, Paragraph 57]



62. The M2F scheme was presented by Mr Harvey as an honest investment scheme run by honest people, yet the documentation contains suspicious and unintelligible terms which he was prepared to endorse by becoming involved in the scheme. Again the terms of the agreement between the investor clients and ICS were ignored and the payments in made by one investor were used to fund the payment out to another, not

[Approved Judgment: Case HC 02 C 00003, Paragraph 62]

116. The decision to reinvest client funds from the Rusaust Project to the M2F offering was made a time when Wayne Goodwin exercised complete control over all four modules. In light of the Law Society's findings, it becomes clear that Goodwin was rolling client funds from one Imperial Consolidated investment scam to another.

117. It seems clear, however, that Plaintiff Copland's funds were neither invested in the Rusaust Project, nor were they invested in Managed Fund II. Wayne Goodwin persuaded Plaintiff Copland to invest in otherwise unidentified Swedish/Swiss offerings. It may be relevant to note that one of the other Imperial Consolidated investment schemes was, in fact, originated and based in Zurich.

118. The UK Law Society reported that an inspection of former UK Solicitor Michael John Harvey's books and records revealed that he was involved in what appeared to be a Prime Bank scheme originated in Zurich. The Law Society reported that this scheme was orchestrated by Peter Kinsella of Zeits Werner Kinsella & Associates of Zurich, who was subsequently arrested for fraud and extradited to the United States.

> Mr Harvey's involvement in investment schemes and a letter was sent on 29th October 1996, warning him in clear terms that schemes involving "prime bank instruments" and "standby letters of credit" were invariably fraudulent, and that he should avoid becoming involved in them. One of the schemes referred to by Mr Padgett was set up by a Mr Peter Kinsella of Messrs Zeits Werner Kinsella & Associates of Zurich, who was subsequently arrested for fraud and extradited to the USA.

[Approved Judgment: Case HC 02 C 00003, Paragraph 19]

119. Whereas Judge William Young expressed reservations and suspicions regarding Imperial Consolidated's investment schemes, he expressed unequivocal contempt for the integrity of the parties involved, particularly Wayne Goodwin, Attorney Michael Gilbert and Attorney Christopher Hubbard.

120. Attorney Hubbard was described as being the Imperial Consolidated Attorney who drafted the *exparte* Affidavit in support of their petition for an interim injunction, no doubt claiming that the statements on Stewart's web site about Imperial Consolidated were false, unjustifiable and likely to result in irreparable harm.

> of Imperial Consolidated (Australia) Pty Ltd) and Mr Christopher Hubbard who is (or was) head of legal affairs for the Imperial Consolidated group of companies and who swore an affidavit in support of the application for an interim injunction.

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 6]

121. Although Attorneys have an affirmative obligation to tell both sides of the story when filing a motion *exparte,* Atty. Hubbard neglected to mention that New Zealand authorities had published similar warnings on official web sites.

122. Judge Young made it clear that Atty. Hubbard's conduct in submitting this disingenuous Affidavit failed to comport with his ethical responsibilities.

> [105] When the interim injunction was obtained *ex parte* in August 1999, no mention was made of the New Zealand Securities Commission warning in respect of Imperial Consolidated Securities SA. It is inescapable that this failure to refer to the warning was a breach of the obligation of disclosure to which the plaintiffs were subject when making an application *ex parte*.

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 105]

123. Judge Young accused Wayne Goodwin, and Attorney Michael Gilbert, of engaging in conduct that was significantly more egregious. A restatement of the chronology as we left it in paragraph (88) would useful in explaining their attempted deceptions.

124. To review, Goodwin first inquired about renaming Eurocorp on January 27th, Cayman National Trust suggested establishing a new corporate entity on January 27th, on February 2nd Goodwin references the fact that funds which would have gone to Eurocorp are being held back, and on February 3rd Gilbert directed the Imperial Consolidated subsidiary in the Bahamas to incorporate a new company; Corporate Capital Investments Co., LTD was incorporated February 4, 1998.

125. Since the evidence developed during the course of the litigation made it clear to Judge Young that Corporate Capital Investment Co., was not thought of until January 27, 1998, and did not exist prior to February 4, 1998, Messrs. Goodwin and Gilbert could not explain the collection of CCIC related contracts and correspondence that they submitted as "Exhibit D" to Atty. Hubbard's Affidavit, that were ostensibly signed by Goodwin, and witnessed by Gilbert in mid January!

126. Judge Young recognized that he had been given falsified evidence and expressed concerns to Imperial Consolidated Attorney Upton that the entire collection of documents had been backdated, along with his concerns that the Rusaust Project appeared to be a Prime Bank Instrument scam.

> evidence. In the course of Mr Upton's closing submissions, I expressed some concerns about the apparent backdating of these documents (and some other concerns as to the implausibility of the indicated yields in respect of the Rusaust project and its apparent resemblance to a prime bank instrument scam). Mr Upton

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 33]

127. Evidently, this remarkable lack of professional integrity extended thru the entire Imperial Consolidated defense. Attorney Upton responded to Judge Young's concerns by Memorandum dated 12 October, claiming that he had made a diligent effort to obtain the records related to the incorporation date of Corporate Capital Investment Co., but the company was struck off the Register and the records could not be accessed unless all fees and penalties were paid.

> [3] Inquiries revealed that Corporate Capital Investment Co Ltd was incorporated in the Bahamas. A company search carried out over there indicates that the company was struck off the register as from 1 January 2000 for non-payment of fees. The advice received is that the file can only be accessed and activated if all outstanding fees together with penalties are paid.

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 34(3)]

128. Atty. Hubbard filed a disingenuous Affidavit, Atty. Gilbert outright lied in his Affidavit claiming to have witnessed the signatures as executed by Wayne Goodwin in mid January, and Attorney Upton subsequently outright lied to Judge Young, assuring him that public records available to anyone, at any time, cannot be accessed.

129. Moreover, it was a remarkably stupid lie for Atty. Upton to commit himself to. As one might anticipate, David Stewart responded to this nonsense by producing the documents, making it clear to Judge Young that he had received the documents from Wayne Goodwin on September 14th, and explaining how readily obtainable they actually were – complete with the Registrars phone and fax numbers.

> I believe the case was adjourned to allow the plaintiffs to obtain a copy of the Certificate of Incorporation for Corporate Capital Investment Co Ltd. Attached is a copy of the Certificate of Incorporation for Corporate Capital Investment Co Ltd. This is attached and marked with the letter "A". A copy of this certificate was given to the plaintiffs and their counsel by Mr Goodwin on 14 September 2001. This certificate is available to the public from the relevant Authority in the Bahamas. The Authority is the Registrar-General's Department, Registrar of Companies, phone 1242 322 3317 or Fax 1242 322 5553. Enquiries to this Authority show that the Certificate of

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 35]

130. Judge Young made his position clear, that he had no doubt that the documents were backdated and he was seriously unimpressed by Attorney Gilbert's conduct.

> [37] Having regard to all the evidence provided to me (including the evidence provided after the hearing which I have just set out) I have no doubt that the documents in question were backdated. I am also seriously unimpressed by Mr Gilbert's evidence and conduct as to this:-

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 37]

131. Moreover, he analyzed the entire production in excruciating detail, and proffered the observation that whoever concocted the documents did so with care.

> the false date must have been deliberately chosen and typed. The signed versions of these undertakings are also falsely dated. Mr Gilbert would appear to be a party to this given that he has witnessed Mr Goodwin's signature. So whoever concocted these documents on a backdated basis, did so with a reasonable degree of care.

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 37(4)]

132. Like a child that simply will not accept that he has lied, and acknowledge that he's been caught, Attorney Gilbert attempted to "play it off" as if there were actually two different companies involved. Judge Young was not fooled; he made it clear that he did not believe Attorney Gilbert.

> You have explained why you had been instructed to have all the profit funds attributable to Eurocorp sent to Mr Goodwin's Scotia account?…correct. You then go on to refer to the form of the new company?…correct. Mr Goodwin asked me to have Mr Godley form a new company for them. Just so there is no risk of confusion is that a separate company from Corporate Capital Investment Co Ltd?…it was.
>
> Again, I simply do not believe what Mr Gilbert has said. It is perfectly clear

[Judgment, J. William Young, NZ Case CP45/99, Paragraph 39(2)]

133. It seems odd that Wayne Goodwin, who was not a party to this case, exposed himself to potential sanctions by concocting documents, backdating signatures, and swearing falsely to the Court, where appears to have had nothing personal at stake. Again, this suggests that he was something more than a hobby investor.

134. I found that this is not the only case where a Judge made it appoint to question Wayne Goodwin's veracity. In the case styled, *Ivan and Barbara Court v Dunedin City Council*, High Court of New Zealand case number CP 51/97, where he was not a named party, the Court responded to the testimony of Wayne Goodwin as follows:

> *Mr. Goodwin said, in his brief of evidence, that he would not have signed a contract if it was subject to a resource consent. I simply do not accept that evidence. Mr. Goodwin retreated significantly from it in some, although not all, of his oral evidence.*

135. Wayne Goodwin has demonstrated a propensity to be disingenuous, and concoct false evidence, even when he appears to have little or nothing at stake, I cannot imagine that his veracity would improve under the current circumstances.

136. At this point, it is not clear who Wayne Goodwin was dealing with regarding Plaintiff Copland's "investment." Aside from the Prime Bank similarities, there are compelling connections between the investment schemes Goodwin promoted to Brian Copland, and the Imperial Consolidated investment schemes he had theretofore been associated with, the most obvious being the form of the contracts. Plaintiff Copland's contracts are virtually identical in format and language to the Rusaust contract.

137. Further, the contract numbering system appears to be similar. Plaintiff Copland's contract numbers are SW/NIO/001002, and CA/250/000928 as compared to the M2F contract numbers (i.e., AU\00\M2F\221-1007) and the Imperial Consolidated contract number that the Law Society referred to as the Giordano's, CA/13/MCF/254.

56. On 28th April 1998 Mr Harvey sent to Mr and Mrs Giordano a letter containing the following undertaking:

> "Pursuant to your instructions and request we hereby undertake to receive to our client account **No. 43364533** the sum of **USD $25,000.00** on your behalf and transfer the said sum to the account of Imperial Consolidated Securities S.A. in accordance with your agreement with them **No. CA/13/MCF/254** within one business day of receipt of funds."

[Approved Judgment: Case HC 02 C 00003, Paragraph 56]

138. Wayne Goodwin provides very little information regarding the entities to whom he entrusted Plaintiff Copland's funds. He identifies the Swiss entity as *"Global Equity Corp., a large international structure with a diverse portfolio."*

The Swiss entity, Global Equity Corp., is a large international structure with a diverse investment portfolio. Their client services manager initially

[Defendant Goodwin's Affidavit, Paragraph 5]

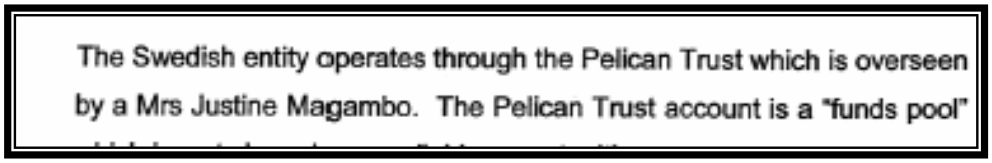
139. Although there was an international investment company doing business as Global Equity Corp, there appears to be some confusion. Publicly traded international investment companies do not raise capital through “hobby investors,” or back door brokers, whichever Wayne Goodwin is ultimately perceived to be.

140. Prior to 1999, Global Equity Corp., a publicly held corporation, ticker symbol GEC, was a large international investment company with a diverse investment portfolio valued at $222,328,000, which assets included, among other things, 1,365,000 acres of deeded land in northern Nevada, USA.

141. On December 16, 1998, GEC combined with its majority share holder, PICO Holdings Inc, ticker symbol PICO. Subsequent to a PICO buyout, GEC ceased to exist; it does not do business as an independent entity.

142. If there is some other entity doing business by that name, a diligent search reveals no reference to them in any of the databases that would normally be relied upon by those who are in the business of making due diligence related inquiries.

143. With regard to the “Swedish Entity,” Goodwin offers no information at all other than to say that it operates through a Pelican Trust administered by Justine Magambo.


The Swedish entity operates through the Pelican Trust which is overseen by a Mrs Justine Magambo. The Pelican Trust account is a "funds pool"

[Defendant Goodwin’s Affidavit, Paragraph 5]

144. I cannot say there is no Pelican Trust, nor can I say there is no Justine Magambo, but a diligent search reveals no reference to them in any of the databases that would normally be relied upon by those who are in the business of making due diligence related inquiries.

145. The most important question to be resolved is, "What was the ultimate disposition of Brian Copland's capital – who has his money, and where is it being held?" An examination of the wire transfer instructions that Defendant Goodwin provided to Plaintiff Copland is revealing. The funds related to the "Swedish Entity" were wired to: Citibank, New York; to be credited to a pass thru account at Banco Dias, Panama; to be credited to AvantGuard Bank, Granada, to be credited to a "Pelican Trust."

146. This is a familiar pattern to those who investigate offshore scams. AvantGuard Bank is owned by Prosper International League Limited (PILL), and these are representative of the classic funds transfer instructions to a PILL trust account. Plaintiff Copland's case is my third case involving Prosper International.

> Wire transfers going into PILL go through Citibank in New York for credit to Banco Disa S. A., of Panama, for further credit to AvantGuard Bank and final credit to a PILL trust.

[Offshore Alert, published by Offshore Business News Report, March 2001]

147. In fact, I have exemplars of various German wire transfer instructions to a Prosper International Trust Account that is identical to those provided to Plaintiff Copland, including the account numbers.

Die Banken

- **Chase Manhattan Bank**, NY, SWIFT: CHAS US 33, ABA: 021-000-021
- **Credit: Banco Dias**, S.A., Account #: 0011688058, Calle 51 Este Campo Alegre Apartado 7201, Panamá 5, República de Panamá
- **For Further Credit to: AvantGuard Bank, Account #: 4400020453** Netherlands Building, Grand Anse, St. George's Granada WI
- Einzahlungen/Überweisungen auf: **Commerzbank Lüneburg**, Kontonummer: 433338, BLZ: 240 400 00. Unter Angabe Ihre ID-Nummer

[http://www.mamut.com/homepages/Germany/1/18/techkommbuero/pill.doc]

148. In paragraph 103, I referenced the fact that Imperial Consolidated is one of the companies posted on the New Zealand Ministry of Consumer Affairs "Scam Watch" web site. Prosper International League Limited is also referenced on that web site, in fact, they are notorious, and worldwide warnings abound.


Ministry of Consumer Affairs - Scamwatch - Investment Scams

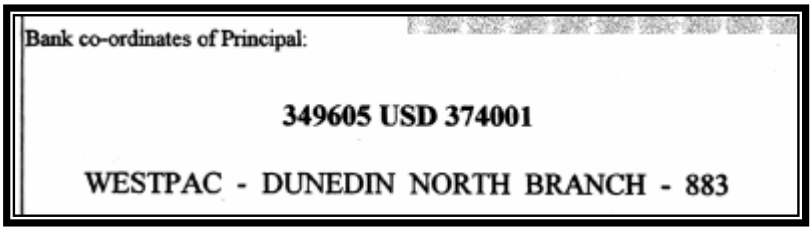
- IMI Pacific and Walakahai Pacific
- Investment Programme Management Incorporated
- Investors International
- Lakeland Wealth Creators Limited
- Millionaires of the World (part of the Hope Foundation Members Association S.A)
- Ocean Salvage Investments Ltd
- Prime Forestry investment
- Prosper League Limited

[http://www.consumeraffairs.govt.nz/scamwatch/investments.html]

149. On April 25, 2002, AvantGuard Bank funds were frozen by Granada banking authorities, and the Minister of Finance assumed control of this institution, along with Imperium Bank – the bank owned and operated by Imperial Consolidated.

150. On March 8, 2002, Imperium Bank was named in an $8.5 million asset freeze order issued by the Court of the First Instance, in Marbella, Spain. The order was part of ongoing litigation between the Imperial Consolidated Group and Syrian-born arms dealer Monzer al-Kassar, who connected Imperial Consolidated to Osama bin Laden.

151. The wiring instructions that Defendant Goodwin provided to Plaintiff Copland with regard to his "Swiss" investment contract were significantly different. I would anticipate that Plaintiff Copland's attorney has identified, or will identify, the holder of this account.


Bank co-ordinates of Principal:

349605 USD 374001

WESTPAC - DUNEDIN NORTH BRANCH - 883

152. International investment schemes often involve innocent participants, hopelessly mired in a complex constellation of programs and entities they do not understand. The vast majority of these investment schemes actually do pay as promised, faithfully tendering remarkable investment returns, right up to the point that they don't, and decent people tend to share their "good fortune," involving friends and family. Some act as middlemen, realizing undisclosed commissions, and some may act in that capacity as a "personal favor," although that is not consistent with my experience.

153. At first glance, it can be hard to differentiate between the gullible facilitator and the criminal conspirator in these cases, but experience with these situations bears out that which common sense would suggest. When things turn sour, the innocent dupe can be counted upon to have records, notes, fax receipts, correspondence, and so forth, that he is anxious to produce to the first person willing to listen.

154. It has also been my experience that when these things do turn sour, the innocent dupe will often evidence serious, genuine, and even ruinous losses. Consider the alternative – is it plausible that a man with access to funds that could be invested would "miss out" on a risk free investment offering incredible yields?

155. I believe that people like Wayne Goodwin are as successful as they are, largely because the average person is incapable of conceptualizing the fact that a person they have known and trusted, a member of their congregation, or a relative, would betray them, destroy them financially, and divest them of all that they have worked for in their life, at a point in their life when they cannot recover from it, without demonstrating any sense of sympathy, empathy or remorse. It is my sincerest hope that I have been helpful in revealing Wayne Ernest Goodwin.

WHEREFORE, AND IN SUMMATION, there is probable cause to believe, and I do believe, that New Zealand resident Brian Copland has been the victim of investment frauds commonly referred to as "Prime Bank" schemes, perpetrated by fellow New Zealand resident, Wayne Ernest Goodwin, an Investment Advisor with a history of promoting investment scams.

FURTHER DECLARANT SAYETH NOT.

I declare under penalty of perjury, pursuant to the provisions of 28 U.S.C. §1746, Florida Law, and the laws of New Zealand that all of the statements made in this Declaration are true and correct to the best of my information, knowledge, and belief.

Executed this 19th day of December, 2004, in Collier County, Florida.

_____

Bill E. Branscum