

DEBTOR:

SLATKIN, REED E

JUDGE: Robin Riblet 464

TRUSTEE:

CHAPTER: 11 AD03-01084

CLERK, U. S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIF. ID: E-F
REFEREN NO: ND-000049 CHG EST

Summons Issued 02/13/2003

Answer Date 3/17/03

Hrg. Date 04/25/2003 at 10:00 AM

1 JOHN P. REITMAN (Bar No. 80579)
ANDREW S. ROTTER (Bar No. 86725)
2 GUMPORT, REITMAN & MONTGOMERY
550 South Hope Street, Suite 825
3 Los Angeles, California 90071-2627
Telephone: (213) 452-4900
4 Facsimile: (213) 623-3302
5 Attorneys for Plaintiff R. Todd Neilson, Chapter 11
Trustee of the Bankruptcy Estate of Reed E. Slatkin

7 RICHARD L. WYNNE (Bar No. 120349)
R. ALEXANDER PILMER (Bar No.166196)
8 KIRKLAND & ELLIS
777 South Figueroa Street
9 Los Angeles, California 90017
Telephone: (213) 680-8400
10 Facsimile: (213) 680-8500

11 Special Litigation Counsel for Plaintiff
R. Todd Neilson, Chapter 11 Trustee of the
12 Bankruptcy Estate of Reed E. Slatkin

13 UNITED STATES BANKRUPTCY COURT
14 CENTRAL DISTRICT OF CALIFORNIA
15 NORTHERN DIVISION

16 In re)
17 REED E. SLATKIN,)
18 Debtor.)

19 R. TODD NEILSON, Trustee of the)
20 Chapter 11 Bankruptcy Estate of Reed E.)
Slatkin,)
21 Plaintiff,)

22 v.)

23 MICHAEL D. KOBRIN, an individual;)
HELENA K. KOBRIN, an individual; and)
24 DOES 1-25, Inclusive,)
25 Defendants.)

Bk. No.: ND 01-11549-RR

CHAPTER 11

Adv. No. _____

**COMPLAINT ON CLAIMS TO SET
ASIDE AND RECOVER
FRAUDULENT TRANSFERS, AND
FOR TURNOVER [WITH EXHIBITS]**

[Date and time to be set by
Court.]

DATE: _____

TIME: _____

PLACE: _____

**1415 State Street
Courtroom 201
Santa Barbara, CA 93101
[Judge Riblet]**

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1/E-F

1 Plaintiff R. Todd Neilson, trustee of the chapter 11 bankruptcy estate of Reed E.
2 Slatkin, alleges:

3 **JURISDICTION AND VENUE**

4 1. This Court has jurisdiction under 28 U.S.C. §§ 157 and 1334(b) of the subject
5 matter of this proceeding because the claims asserted herein arise under title 11 of the
6 United States Code and are related to a case pending under title 11 in the United States
7 Bankruptcy Court for the Central District of California, Northern Division (the “Bankruptcy
8 Court”). That case is In re Reed E. Slatkin, Bk. Case No. ND 01-11549-RR (the “Slatkin
9 Case”).

10 2. This is a core proceeding under 28 U.S.C. § 157(b). Regardless of whether
11 this is a core proceeding, consent is hereby given to the entry of final orders and judgment
12 by the Bankruptcy Court. Each defendant is hereby notified that Fed.R.Bankr.P. 7008(a)
13 requires each defendant to plead whether this proceeding is core or non-core and, if non-
14 core, whether consent is given to the entry of final orders and judgment by the Bankruptcy
15 Court.

16 3. Pursuant to 28 U.S.C. § 1409, venue is proper in the Central District of
17 California, Northern Division because the Slatkin Case is pending in this district and
18 division.

19 **PARTIES**

20 4. The plaintiff is R. Todd Neilson in his capacity as the trustee (“Trustee”) of the
21 bankruptcy estate (the “Estate”) of Reed E. Slatkin (“Slatkin”). Because the Trustee was not
22 appointed until after Slatkin filed bankruptcy, the Trustee does not have personal knowledge
23 of the facts alleged in this Complaint and therefore alleges those facts on information and
24 belief.

25 5. Defendant Michael D. Kobrin is an individual and a resident of Glendale,
26 California.

27 6. Defendant Helena K. Kobrin is an individual and a resident of Glendale,
28 California.

1 15 felony counts. In his plea agreement, Slatkin admitted to having operated a Ponzi scheme
2 since 1986. A copy of Slatkin's plea agreement is **Exhibit 1**.

3 **Slatkin's Bankruptcy**

4 11. On May 1, 2001, Slatkin filed a voluntary petition for relief under chapter 11.

5 **Appointment of the Trustee**

6 12. On or about May 16, 2001, R. Todd Neilson was appointed as Trustee of the
7 Estate.

8 **Slatkin's Transfers to or for the Benefit of the Kobrins**

9 13. During the periods referenced in this Complaint, the Kobrins purported to
10 invest money with Slatkin. As a result of that purported investment, the Kobrins received
11 total transfers from Slatkin in the sum of at least \$591,500.00 and net transfers (i.e., the total
12 amount that Slatkin transferred to or for the benefit of the Kobrins, less the total amount that
13 the Kobrins purportedly invested with Slatkin) in the sum of \$291,500.00. Said sum
14 includes transfers from Slatkin with respect to a purported loan and for other purposes in the
15 sum of at least \$64,000.00. All of these transfers by Slatkin were made to or for the benefit
16 of the Kobrins and in furtherance of Slatkin's Ponzi scheme. All of the money transfers
17 between Slatkin and the Kobrins that are currently known to the Trustee are listed in **Exhibit**
18 **2**.

19 **FIRST CLAIM FOR RELIEF**

20 **(Against All Defendants: To Avoid Intentionally Fraudulent Transfers of Money**
21 **and Other Property under 11 U.S.C. §§ 544(b) and 550(a) and**
22 **Cal. Civ. Code §§ 3439.04(a) and 3439.07)**

23 14. The Trustee incorporates by reference and realleges ¶¶ 1-13 of this Complaint.

24 15. During the four-year period immediately preceding May 1, 2001, the date on
25 which Slatkin filed his bankruptcy petition, Slatkin made transfers of his property, including
26 money, to or for the benefit of the Kobrins and Does 1-25. These transfers exceeded the
27 total amount paid to Slatkin by or on behalf of the Kobrins and Does 1-25 for investment
28 purposes prior to and during that four-year period. Such excess amount is at least

1 **30.** To the extent that the Kobrins and the other defendants are immediate or
2 mediate transferees of the initial transferee of the transfers referred to in this Complaint,
3 such defendants did not take such transfers for value and/or in good faith and/or without
4 knowledge of the voidability of such transfers.

5 **31.** Each of the transfers referred to in this claim for relief is recoverable from the
6 Kobrins and the other defendants as an immediate or mediate transferee of the transfers that
7 Slatkin made to others with the actual intent to hinder, delay, and defraud his creditors,
8 including but not limited to the members of the Official Creditors Committee and hundreds
9 of other creditors who have filed proofs of claim against the Estate, including bank creditors,
10 trade creditors, and persons who gave Slatkin money to invest for them.

11 **WHEREFORE,** the Trustee prays for judgment against the defendants as follows:

12 **A.** On the first claim for relief, for a judgment against the defendants, jointly and
13 severally, that:

- 14 **(i)** avoids the 4-Year Transfers from Slatkin to or for the benefit of the
15 defendants,
16 **(ii)** imposes a constructive trust on the 4-Year Transfers and any proceeds
17 thereof, and
18 **(iii)** requires the defendants to convey the 4-Year Transfers and their
19 proceeds, or their value, to the Trustee;

20 **B.** On the second claim for relief, for a judgment against the defendants, jointly
21 and severally, that:

- 22 **(i)** avoids the 4-Year Transfers from Slatkin to or for the benefit of the
23 defendants,
24 **(ii)** imposes a constructive trust on the 4-Year Transfers and any proceeds
25 thereof, and
26 **(iii)** requires the defendants to convey the 4-Year Transfers and their
27 proceeds, or their value, to the Trustee;

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1 C. On the third claim for relief, for a judgment against the defendants, jointly and
2 severally, that:

3 (i) avoids the 1-Year Transfers from Slatkin to or for the benefit of the
4 defendants, and

5 (ii) directs the defendants to return those transfers and their proceeds, or
6 their value, to the Trustee;

7 D. On the fourth claim for relief, for a judgment against the defendants, jointly
8 and severally, that:

9 (i) avoids the 1-Year Transfers from Slatkin to or for the benefit of the
10 defendants, and

11 (ii) directs the defendants to return those transfers and their proceeds, or
12 their value, to the Trustee;

13 E. On the fifth claim for relief, for a judgment against all defendants that requires
14 them to return to the Trustee all transfers avoided by this Complaint;

15 F. For interest at the legal rate on all damages and sums awarded to the Trustee;
16 and

17 G. For such other relief as the Court deems proper.

18
19 DATED: February 13, 2003

KIRKLAND & ELLIS
and
GUMPORT, REITMAN & MONTGOMERY

21
22 By: Andrew S. Rotter
23 Andrew S. Rotter
24 Attorneys for Plaintiff R. Todd Neilson,
25 Chapter 11 Trustee of the Bankruptcy Estate
26 of Reed E. Slatkin
27
28

FILED

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1 JOHN S. GORDON
 United States Attorney
 2 RONALD L. CHENG
 Assistant United States Attorney
 3 Acting Chief, Criminal Division
 JACQUELINE CHOOLJIAN (SBN 126667)
 4 STEVEN J. OLSON (SBN 182240)
 Assistant United States Attorneys
 5 Major Frauds Section
 1500/1100 United States Courthouse
 6 312 North Spring Street
 Los Angeles, California 90012
 7 Telephone: (213) 894-5615/6948
 Facsimile: (213) 894-8601/6269

8 Attorneys for Plaintiff
 9 UNITED STATES OF AMERICA

10 UNITED STATES DISTRICT COURT

11 FOR THE CENTRAL DISTRICT OF CALIFORNIA

12 UNITED STATES OF AMERICA,) No. CR 02 - 313
)
 13 Plaintiff,) PLEA AGREEMENT FOR DEFENDANT
) REED E. SLATKIN
 14 v.)
)
 15 REED E. SLATKIN,)
)
 16 Defendant.)
)
 17)

18 1. This constitutes the plea agreement between REED E.
 19 SLATKIN ("defendant") and the United States Attorney's Office for
 20 the Central District of California ("the USAO") in the
 21 investigation of defendant's commission of mail fraud, wire
 22 fraud, money laundering, and conspiracy to obstruct justice.
 23 This agreement is limited to the USAO and cannot bind any other
 24 federal, state or local prosecuting, administrative or regulatory
 25 authorities.

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EXHIBIT 1

1 property; (4) defendant acted with the intent to defraud; and
2 (5) defendant used, or caused to be used, interstate wire
3 communications to carry out an essential part of the scheme.

4 c). In order for defendant to be guilty of counts nine
5 through fourteen, which charge violations of Title 18, United
6 States Code, Sections 1957 and 2, the following must be true:
7 (1) defendant engaged or caused another to engage in a monetary
8 transaction; (2) defendant knew that the transaction involved
9 criminally derived property; (3) the property had a value greater
10 than \$10,000; (4) the property was derived from a specified
11 unlawful activity, namely mail fraud or wire fraud; and (5) the
12 transaction occurred within the United States. The term
13 "monetary transaction" means, among other things, the deposit,
14 withdrawal, transfer, or exchange, in or affecting interstate
15 commerce, of funds or a monetary instrument by, through, or to a
16 financial institution.

17 d) In order for defendant to be guilty of count
18 fifteen, which charges a violation of Title 18, United States
19 Code, Section 371, the following must be true: (1) there was an
20 agreement between defendant and at least one other person to
21 corruptly influence, obstruct, and impede, and endeavor to
22 influence, obstruct, and impede the due and proper administration
23 of the law under which a pending proceeding was being had before
24 the Securities and Exchange Commission ("SEC"), a department or
25 agency of the United States, in violation of Title 18, United
26 States Code, Section 1505; (2) defendant became a member of the
27 conspiracy knowing of its object and intending to help accomplish
28 it; and (3) one of the members of the conspiracy committed at

1 least one overt act for the purpose of carrying out the
2 conspiracy.

3 Defendant admits that defendant is, in fact, guilty of these
4 offenses as described in counts one through fifteen of the
5 Information.

6 PENALTIES AND RESTITUTION

7 4. The statutory maximum sentences for the offenses to
8 which defendant is pleading guilty are as follows:

9 a) The statutory maximum sentence that the Court can
10 impose for each violation of Title 18, United States Code,
11 Section 1341 is: five years imprisonment; a three-year period of
12 supervised release; a fine of \$250,000 or twice the gross gain or
13 gross loss resulting from the offense, whichever is greater; and
14 a mandatory special assessment of \$100.

15 b) The statutory maximum sentence that the Court can
16 impose for each violation of Title 18, United States Code,
17 Section 1343 is: five years imprisonment; a three-year period of
18 supervised release; a fine of \$250,000 or twice the gross gain or
19 gross loss resulting from the offense, whichever is greater; and
20 a mandatory special assessment of \$100.

21 c) The statutory maximum sentence that the Court can
22 impose for each violation of Title 18, United States Code,
23 Sections 1957 is: ten years imprisonment; a three-year period of
24 supervised release; a fine of \$250,000 or twice the amount of the
25 criminally derived property involved in the transaction,
26 whichever is greater; and a mandatory special assessment of \$100.

27 d) The statutory maximum sentence that the Court can
28 impose for each violation of Title 18, United States Code,

1 Section 371 is: five years imprisonment; a three-year period of
2 supervised release; a fine of \$250,000 or twice the gross gain or
3 gross loss resulting from the offense, whichever is greater; and
4 a mandatory special assessment of \$100.

5 e) Therefore, the total maximum sentence for all
6 offenses to which defendant is pleading guilty is: 105 years
7 imprisonment; a three-year period of supervised release; a fine
8 of \$3.75 million or twice the gross gain or gross loss resulting
9 from the fraud and conspiracy plus twice the value of the
10 criminally derived property involved in the money laundering
11 transactions, whichever is greater; and a mandatory special
12 assessment of \$1500.

13 5. Defendant understands that defendant will be required
14 to pay full restitution to the victims of the offenses.
15 Defendant agrees that, in return for the USAO's compliance with
16 its obligations under this agreement, the amount of restitution
17 is not restricted to the amounts alleged in the counts to which
18 defendant is pleading guilty and may include losses arising from
19 charges not prosecuted pursuant to this agreement as well as all
20 relevant conduct in connection with those charges. The parties
21 currently believe that the applicable amount of restitution is
22 not less than \$254,597,235, but recognize and agree that this
23 amount could change based on facts that come to the attention of
24 the parties prior to sentencing. Defendant further agrees that
25 defendant will not seek the discharge of any restitution
26 obligation, in whole or in part, in any present or future
27 bankruptcy proceeding.

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1 charges, including the right to call witnesses and to subpoena
2 those witnesses to testify.

3 g) The right not to be compelled to testify, and, if
4 defendant chose not to testify or present evidence, to have that
5 choice not be used against defendant.

6 By pleading guilty, defendant also gives up any and all
7 rights to pursue any affirmative defenses, Fourth Amendment or
8 Fifth Amendment claims, and other pretrial motions that have been
9 filed or could be filed.

10 SENTENCING FACTORS

11 9. Defendant understands that the Court is required to
12 consider and apply the United States Sentencing Guidelines
13 ("U.S.S.G." or "Sentencing Guidelines") but may depart from those
14 guidelines under some circumstances. The parties agree that the
15 version of the Sentencing Guidelines effective November 1, 2000
16 applies to this case and that this November 1, 2000 version,
17 along with applicable case law interpreting this version, should
18 be used to calculate his guidelines sentence.

19 10. Defendant and the USAO agree and stipulate to the
20 following applicable sentencing guideline factors:

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1 a) Guideline Calculation for Mail and Wire Fraud Offenses

2 Base Offense Level : 6 [U.S.S.G. § 2F1.1(a)]
 3 Specific Offense
 4 Characteristics
 5 Loss
 (over \$80 million) : +18 [U.S.S.G. § 2F1.1.(b)(1)(S)]
 6 More than minimal
 7 planning/multiple
 victims : +2 [U.S.S.G. § 2F1.1(b)(2)]
 8 Sophisticated means : +2 [U.S.S.G. § 2F1.1(b)(6)(C)]

9 Adjustments

10 Abuse of Position
 11 of Trust : +2 [U.S.S.G. § 3B1.3]
 12 Obstruction of
 Justice : +2 [U.S.S.G. § 3C1.1]

13 Departures

14 Loss understated : +3 [U.S.S.G. § 2F1.1]
 15

16 b) Guideline Calculation for Money Laundering Offenses

17 Base Offense Level : 17 [U.S.S.G. § 2S1.2(a)]
 18 Specific Offense
 19 Characteristic
 20 Knowledge funds
 were proceeds of
 21 specified unlawful
 activity : +2 [U.S.S. G. § 2S1.2(b)(1)(B)]
 22 Value of Funds
 (over \$100 million) : +13 [U.S.S.G. §§ 2S1.2(b)(2);
 23 2S1.1(b)(2)(N)]

24 Adjustments

25 Obstruction of
 26 Justice : +2 [U.S.S.G. § 3C1.1]
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1 c) Guideline Calculation for Conspiracy to Obstruct Justice

2 Base Offense Level : 12 [U.S.S.G. §§ 2J1.2, 2X1.1(a)]

3 Adjustments

4 Role in the offense : +4 [U.S.S.G. §§ 3B1.1(a)]

5 d) Defendant and the USAO reserve the right to argue that
6 additional specific offense characteristics and adjustments are
7 appropriate.

8 e) The government gives up its right to seek an upward
9 departure except as stipulated above (i.e., agreed upon upward
10 departure based on understatement of loss), reserves its right to
11 seek downward departures as set forth in paragraph 15, and
12 reserves its right to oppose any request by defendant for a
13 downward departure.

14 f) Defendant reserves any right he may have to seek
15 downward departures on the following bases: (1) his alleged
16 extraordinary acceptance of responsibility; and (2) the alleged
17 psychological impact of his association with certain individuals
18 and/or group(s). Defendant gives up his right to seek a downward
19 departure on any other basis.

20 11. There is no agreement as to defendant's criminal
21 history or criminal history category.

22 12. The stipulations in this agreement do not bind either
23 the United States Probation Office or the Court. The Court will
24 determine the facts and calculations relevant to sentencing.
25 Both defendant and the USAO are free to: (a) supplement the facts
26 stipulated to in this agreement by supplying relevant information
27 to the United States Probation Office and the Court, (b) correct
28

1 any and all factual misstatements relating to the calculation of
2 the sentence, and (c) argue on appeal and collateral review that
3 the Court's sentencing calculations are not error, although each
4 party agrees to maintain its view that the calculations in
5 paragraph 10 are consistent with the facts of this case.

6 DEFENDANT'S OBLIGATIONS

7 13. Defendant agrees:

8 a) To plead guilty as set forth in this agreement.

9 b) To not knowingly and willfully fail to abide by
10 all sentencing stipulations contained in this agreement.

11 c) To self-surrender to federal custody on the date
12 of his initial appearance.

13 d) To not knowingly and willfully fail to: (i) appear
14 as ordered for all court appearances, (ii) surrender to federal
15 custody as ordered, and (iii) obey any other ongoing court order
16 in this matter.

17 e) Not to commit any crime.

18 f) To not knowingly and willfully fail to be truthful
19 at all times with Pretrial Services, the U.S. Probation Office,
20 and the Court.

21 g) To pay the applicable special assessments at or
22 before the time of sentencing.

23 h) To provide to law enforcement officials in
24 writing, within thirty (30) days of the date he executes this
25 agreement and at regular intervals thereafter to be determined by
26 the USAO over the duration of his incarceration and supervision
27 in this matter, a complete identification and location of and all
28 other information known to defendant about, all monies, property

1 or assets of any kind (including all bank accounts, tangible or
2 intangible assets, artwork, jewelry, collectibles, ERISA or other
3 pension plans, profit sharing plans, annuities, or life insurance
4 or any other material asset with a value of over \$2,500) derived
5 from or acquired as a result of, or used to facilitate the
6 commission of, defendant's illegal activities, whether currently
7 owned or controlled by defendant or by other persons or entities,
8 including any information regarding the disposition, transfer,
9 and exchange of such monies, property, and assets.

10 i) To forfeit, to repatriate (to the extent located
11 within a foreign country), and to give up all right, title, and
12 interest in and to items identified pursuant to paragraph 13(h)
13 and to prevent the disbursement of any and all such assets and
14 any other things of value traceable to such assets (except as
15 directed by court order) if such disbursements are within
16 defendant's direct or indirect control.

17 j) To fill out and deliver to the USAO within thirty
18 (30) days of the date he executes this agreement, a completed
19 financial statement (Form OBD-500) listing defendant's assets.

20 k) That the USAO may share information provided
21 by defendant pursuant to paragraphs 13(h) and 13(j) and
22 information obtained by the USAO for purposes of its criminal
23 investigation of defendant with the Trustee and the Official
24 Committee of Unsecured Creditors of the Chapter 11 Bankruptcy
25 estate in the matter of In re Reed E. Slatkin, Bk. No. ND 01-
26 11549-RR.

27 l) To not challenge the right of the USAO, through
28 the grand jury and other investigative means, to investigate

1 defendant's criminal activities, including activities to which
2 defendant is pleading guilty, for the purposes of, among other
3 things, evaluating the veracity of information provided by
4 defendant pursuant to this agreement and the Letter Agreements
5 referenced below, determining whether defendant has obstructed
6 the government's investigation, and determining the full scope of
7 defendant's criminal activities.

8 m) To waive any attorney-client privilege he may hold
9 with respect to his communications with attorneys and law firms
10 with whom he conferred over the duration of the charged conduct
11 with the exception of his attorneys at the following law firms:
12 O'Neill Lysaght & Sun; Pachulski, Stang, Ziehl, Young & Jones;
13 and Michaelson, Susi & Michaelson.

14 14. Defendant further agrees to cooperate fully with the
15 USAO, the Federal Bureau of Investigation, and the Internal
16 Revenue Service, and, as directed by the USAO, with any federal
17 court (including the federal bankruptcy court and its
18 representatives, the Trustee and the court-approved counsel for
19 the Official Committee of Unsecured Creditors of the Chapter 11
20 Bankruptcy estate in the matter of In re Reed E. Slatkin, Bk. No.
21 ND 01-11549-RR), any state, local, or foreign court, and any
22 administrative or law enforcement agency. This cooperation
23 requires defendant to:

24 a) Respond truthfully and completely to all questions
25 that may be put to defendant, whether in interviews, before a
26 grand jury, or at any trial or other court proceeding.

27

28

1 d) Not to further prosecute defendant for violations
2 of federal law arising out of defendant's conduct described in
3 the stipulated factual basis set forth in the attached statement
4 of facts that has been incorporated herein by reference.
5 (Defendant understands that the USAO has no authority to dictate
6 to the Department of Justice Tax Division whether that office
7 should or should not prosecute defendant for criminal tax
8 violations, including conspiracy to commit such violations
9 chargeable under 18 U.S.C. § 371). Defendant understands that
10 the USAO is free to prosecute defendant for any other unlawful
11 past conduct or any unlawful conduct that occurs after the date
12 of this agreement. Defendant agrees that at the time of
13 sentencing, the Court may consider the uncharged conduct in
14 determining the applicable Sentencing Guidelines range, where the
15 sentence should fall within that range, and the propriety and
16 extent of any departure from that range.

17 e) Not to offer as evidence in its case-in-chief in
18 the above-captioned case or any other prosecution that may be
19 brought against defendant by the USAO, any statements made by
20 defendant or tangible evidence provided by defendant pursuant to
21 this agreement or the letter agreements previously entered into
22 by the parties dated June 27, 2001, July 25, 2001, and September
23 5, 2001 ("the Letter Agreements"). Defendant, however, agrees
24 that the USAO may use such statements and tangible evidence:
25 (1) to obtain and pursue leads to other evidence, which evidence
26 may be used for any purpose, including any prosecution of
27 defendant, (2) to cross-examine defendant should defendant
28 testify, or to rebut any evidence, argument or representations

1 made by defendant or a witness called by defendant in any trial,
2 sentencing hearing, or other court proceeding, (3) in any
3 prosecution of defendant for false statement, obstruction of
4 justice, or perjury, and (4) at defendant's sentencing.

5 Defendant understands that information provided by defendant
6 pursuant to this agreement will be disclosed to the probation
7 office and the Court.

8 f) In connection with defendant's sentencing, to
9 bring to the Court's attention the nature and extent of
10 defendant's cooperation.

11 g) If the USAO determines, in its exclusive judgment,
12 that defendant has provided substantial assistance to law
13 enforcement in the prosecution or investigation of another
14 ("substantial assistance"), to move the Court pursuant to
15 U.S.S.G. § 5K1.1 to impose a sentence below the sentencing range
16 otherwise dictated by the sentencing guidelines.

17 DEFENDANT'S UNDERSTANDINGS REGARDING SUBSTANTIAL ASSISTANCE

18 16. Defendant understands the following:

19 a) Any knowingly false or misleading statement by
20 defendant will subject defendant to prosecution for false
21 statement, obstruction of justice, and perjury and will
22 constitute a breach by defendant of this agreement.

23 b) Nothing in this agreement requires the USAO or any
24 other prosecuting or law enforcement agency to accept any
25 cooperation or assistance that defendant may offer, or to use it
26 in any particular way.

27 c) Defendant cannot withdraw defendant's guilty pleas
28 if the USAO does not make a motion pursuant to U.S.S.G. § 5K1.1

1 for a reduced sentence or if the USAO makes such a motion and the
2 Court does not grant it.

3 d) At this time the USAO makes no agreement or
4 representation as to whether any cooperation that defendant has
5 provided or intends to provide constitutes substantial
6 assistance. The USAO specifically advises defendant that the
7 government currently questions the veracity of certain
8 information provided by defendant regarding, among other things,
9 the alleged transfer and the alleged legitimacy of transfers of
10 certain assets including real estate, artwork, and gold, the
11 existence of foreign assets, and the potential destruction of
12 computer evidence. Defendant understands that resolution of
13 these questions against defendant could result in the government
14 declining to make a motion for downward departure. The decision
15 whether defendant has provided substantial assistance rests
16 solely within the discretion of the USAO.

17 e) The USAO's determination of whether defendant has
18 provided substantial assistance will not depend in any way on
19 whether the government prevails at any trial or court hearing in
20 which defendant testifies.

21 BREACH OF AGREEMENT

22 17. If defendant, at any time between the execution of this
23 agreement and the completion of defendant's cooperation pursuant
24 to this agreement or defendant's sentencing on a non-custodial
25 sentence or surrender for service of a custodial sentence,
26 whichever is later, knowingly violates or fails to perform any of
27 defendant's obligations under this agreement ("a breach"), the
28 USAO may declare this agreement breached. If the USAO declares

1 the agreement breached, and the Court finds such a breach to have
2 occurred, defendant will not be able to withdraw defendant's
3 guilty pleas, and the USAO will be relieved of all its
4 obligations under this agreement. In particular:

5 a) The USAO will no longer be bound by any agreements
6 concerning sentencing and will be free to seek any sentence up to
7 the statutory maximum for the crimes to which defendant has
8 pleaded guilty.

9 b) The USAO will no longer be bound by any agreements
10 regarding criminal prosecution, and will be free to prosecute
11 defendant for any crime, including charges that the USAO would
12 otherwise have been obligated not to prosecute pursuant to this
13 agreement.

14 c) The USAO will be free to prosecute defendant for
15 false statement, obstruction of justice, and perjury based on any
16 knowingly false or misleading statement by defendant.

17 d) The USAO will no longer be bound by any agreement
18 regarding the use of statements, tangible evidence, or
19 information provided by defendant, and will be free to use any of
20 those in any way in any investigation, prosecution, or civil or
21 administrative action. Defendant will not be able to assert
22 either (1) that those statements, tangible evidence, or
23 information were obtained in violation of the Fifth Amendment
24 privilege against compelled self-incrimination, or (2) any claim
25 under the United States Constitution, any statute, Rule 11(e)(6)
26 of the Federal Rules of Criminal Procedure, Rule 410 of the
27 Federal Rules of Evidence, or any other federal rule, that
28 statements, tangible evidence, or information provided by

1 defendant before or after the signing of this agreement, or any
2 leads derived therefrom, should be inadmissible.

3 18. Following a knowing and willful breach of this
4 agreement by defendant, should the USAO elect to pursue any
5 charge or any civil or administrative action that was either
6 dismissed or not filed as a result of this agreement, then:

7 a) Defendant agrees that any applicable statute of
8 limitations is tolled between the date of defendant's signing of
9 this agreement and the USAO's discovery of any knowing and
10 willful breach by defendant.

11 b) Defendant gives up all defenses based on the
12 statute of limitations, any claim of preindictment delay, or any
13 speedy trial claim with respect to any such prosecution or
14 action, except to the extent that such defenses existed as of the
15 date of defendant's signing of this agreement.

16 LIMITED MUTUAL WAIVER OF APPEAL AND COLLATERAL ATTACK

17 19. Defendant gives up the right to appeal any sentence
18 imposed by the Court, including any order of restitution, and the
19 manner in which the sentence is determined, provided that
20 (a) the sentence is within the statutory maximum specified above
21 and is constitutional, (b) the Court does not depart upward
22 except as specified in paragraph 10, and (c) the Court determines
23 that the total offense level is 34 or below and imposes a
24 sentence within the range corresponding to the determined total
25 offense level. Defendant also gives up any right to bring a
26 post-conviction collateral attack on the convictions or sentence,
27 including any order of restitution, except a post-conviction
28 collateral attack based on a claim of ineffective assistance of

1 counsel, a claim of newly discovered evidence, or an explicitly
2 retroactive change in the applicable Sentencing Guidelines,
3 sentencing statutes, or statutes of conviction.

4 20. The USAO gives up its right to appeal the Court's
5 Sentencing Guidelines calculations, provided that (a) the Court
6 does not depart downward in offense level or criminal history
7 category (except to the extent requested by the USAO) and (b) the
8 Court determines that the total offense level is 34 or above
9 prior to any departure under U.S.S.G. § 5K1.1.

10 RESULT OF VACATUR, REVERSAL OR SET-ASIDE

11 21. Defendant agrees that if any count of conviction is
12 vacated, reversed, or set aside, the USAO may: (a) ask the Court
13 to resentence defendant on any remaining counts of conviction,
14 with both the USAO and defendant being released from any
15 stipulations regarding sentencing contained in this agreement,
16 (b) ask the Court to void the entire plea agreement and vacate
17 defendant's guilty pleas on any remaining counts of conviction,
18 with both the USAO and defendant being released from all of their
19 obligations under this agreement, or (c) leave defendant's
20 remaining convictions, sentence, and plea agreement intact.
21 Defendant agrees that the choice among these three options rests
22 in the exclusive discretion of the USAO.

23 SCOPE OF AGREEMENT

24 22. The Court is not a party to this agreement and need not
25 accept any of the USAO's sentencing recommendations or the
26 parties' stipulations. Even if the Court ignores any sentencing
27 recommendation, finds facts or reaches conclusions different from
28 any stipulation, and/or imposes any sentence up to the maximum

1 established by statute, defendant cannot, for that reason,
 2 withdraw defendant's guilty pleas, and defendant will remain
 3 bound to fulfill all defendant's obligations under this
 4 agreement. No one -- not the prosecutor, defendant's attorney,
 5 or the Court -- can make a binding prediction or promise
 6 regarding the sentence defendant will receive, except that it
 7 will be within the statutory maximum.

8 23. This agreement applies only to crimes committed by
 9 defendant, has no effect on any proceedings against defendant not
 10 expressly mentioned herein, and shall not preclude any past,
 11 present, or future forfeiture actions.

12 NO ADDITIONAL AGREEMENTS

13 24. Except as set forth herein, there are no promises,
 14 understandings or agreements between the USAO and defendant or
 15 defendant's counsel. This agreement supersedes and replaces the
 16 Letter Agreements. Nor may any additional agreement,
 17 understanding or condition be entered into unless in a writing
 18 signed by all parties or on the record in court.


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1 This agreement is effective upon signature by defendant and
2 an Assistant United States Attorney.

3 AGREED AND ACCEPTED

4 UNITED STATES ATTORNEY'S OFFICE
5 FOR THE CENTRAL DISTRICT OF CALIFORNIA

6 JOHN S. GORDON
7 United States Attorney

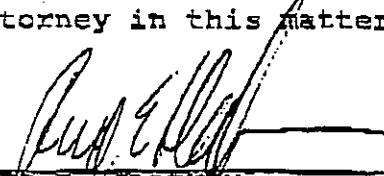
8 
9 JACQUELINE CHOOLJIAN
Assistant United States Attorney

3/26/02
Date

10 
11 STEVEN J. OLSON
12 Assistant United States Attorney

3/26/02
Date

13
14 I have read this agreement and carefully discussed every
15 part of it with my attorney. I understand the terms of this
16 agreement, and I voluntarily agree to those terms. My attorney
17 has advised me of my rights, of possible defenses, of the
18 Sentencing Guideline provisions, and of the consequences of
19 entering into this agreement. No promises or inducements have
20 been made to me other than those contained in this agreement. No
21 one has threatened or forced me in any way to enter into this
22 agreement. Finally, I am satisfied with the representation of my
23 attorney in this matter.

24 
25
26 REED E. SLATKIN
27 Defendant

3-26-02
Date

28

1 I am Reed E. Slatkin's attorney. I have carefully discussed
 2 every part of this agreement with my client. Further, I have
 3 fully advised my client of his rights, of possible defenses, of
 4 the Sentencing Guideline provisions, and of the consequences of
 5 entering into this agreement. To my knowledge, my client's
 6 decision to enter into this agreement is an informed and
 7 voluntary one.

8
 9 *Brian Sun by [Signature]* 3-26-02
 10 BRIAN SUN, ESQ. Date
 11 Counsel for Defendant
 12 Reed E. Slatkin *[Signature]*

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1 STATEMENT OF FACTS

2 I. INTRODUCTION

3 Between in or about 1986, and continuing until in or about
4 May 2002:

5 REED E. SLATKIN ("SLATKIN") was a resident of
6 Santa Barbara County, California. SLATKIN portrayed himself as
7 an investment adviser and money manager and accepted funds from
8 individuals for the stated purpose of investing these funds in
9 securities and other investments. SLATKIN was not registered as
10 an investment adviser with the Securities and Exchange Commission
11 ("SEC").

12 The Reed Slatkin Investment Club was an investment program
13 created by SLATKIN in or about 1990 to invest individuals'
14 retirement funds. Topview LLC, Fanfare LLC, and London Powell
15 LLC were limited partnerships created by SLATKIN in or about the
16 year 2000 through which he offered his money management services.

17 Over the above-referenced years, SLATKIN obtained over \$593
18 million from approximately 800 investor accounts. With the
19 assistance of others, including Ronald Rakow, SLATKIN promoted
20 himself as a successful financial adviser and provided his
21 investors with account statements which purported to document a
22 consistent record of achieving above-market returns on their
23 investments. In truth, SLATKIN used the bulk of investor funds
24 to operate a massive "Ponzi" scheme whereby he defrauded his
25 investors by paying them returns largely with funds raised from
26 other investors.

27 SLATKIN generally did not buy the securities that he
28 represented to investors as having been bought on their behalf

1 with their funds. He invested only a small percentage of
2 investor funds, typically on speculative and ultimately
3 unprofitable ventures that were not disclosed to the investors.
4 SLATKIN also misappropriated investor funds by using them for the
5 personal benefit of himself and his family, friends, and business
6 associates.

7 II. SLATKIN'S SOLICITATION AND MAINTENANCE OF INVESTORS

8 SLATKIN obtained new investors through referrals from
9 existing investors and through the efforts of others, including
10 Ronald Rakow, who solicited individuals to invest their funds
11 with SLATKIN. In soliciting funds from investors, SLATKIN made
12 and caused others to make the following representations and
13 promises, among others: (1) SLATKIN had developed trading
14 techniques and theories that enabled him to achieve above-market
15 returns; (2) funds deposited by investors would be used to
16 purchase securities and cash instruments that SLATKIN determined
17 to be appropriate; (3) returns on investors' portfolios would be
18 based on profits from their investments; (4) investments would be
19 held in SLATKIN's name or in the name(s) of companies,
20 partnerships, and other entities that SLATKIN owned or
21 controlled; and (5) SLATKIN would maintain an accurate accounting
22 of individual investor portfolios.

23 In order to invest with SLATKIN, an individual investor
24 would mail, wire, or personally deliver funds to SLATKIN, to
25 others working at his direction, or to bank accounts controlled
26 by SLATKIN. Thereafter, SLATKIN would cause quarterly account
27 statements to be sent to investors which listed the account
28 number, the starting balance, any deposits and withdrawals for

1 the quarter, and the ending balance. Some investors would also
2 receive annual statements which purported to show the itemized
3 securities which they held, the proceeds from the purchase and
4 sale of these securities, and the overall performance of their
5 portfolio. These account statements represented that SLATKIN
6 held a large portfolio of securities on behalf of his investors
7 in corporations such as Lockheed Martin Corp., AT&T, and Global
8 Crossing, as well as a variety of smaller technology and
9 communications companies.

10 SLATKIN also developed a program, called the Reed Slatkin
11 Investment Club, whereby individuals could place their
12 retirements funds under his management. From in or about 1990 to
13 in or about May 2001, approximately 80 investors participated in
14 this program.

15 From in or about the year 2000 to in or about May 2001,
16 SLATKIN also formed limited partnerships with certain individuals
17 through which he offered his money management services in various
18 investments. These partnerships included Topview LLC, London
19 Powell LLC, and Fanfare LLC.

20 III. SLATKIN'S SCHEME TO DEFRAUD

21 Beginning in or about 1986, and continuing until in or about
22 May 2001, in the Central District of California and elsewhere,
23 SLATKIN, knowingly and with intent to defraud, planned and
24 executed a scheme to defraud approximately 800 investors
25 throughout the United States of over \$593 million, and to obtain
26 money and property from such investors by making and causing
27 materially false statements to be made to such investors and by
28 concealing material facts from them.

1 In carrying out this scheme, SLATKIN engaged in and caused
2 others to engage in the following fraudulent and deceptive acts,
3 among others: (1) SLATKIN did not use the vast majority of
4 investor funds to purchase securities and cash instruments as
5 represented on account statements, but instead disbursed these
6 funds to other investors as fraudulent returns, diverted funds
7 for his own personal benefit, and dissipated funds on many
8 speculative, undisclosed, and ultimately unprofitable investments
9 in which SLATKIN had a beneficial interest; (2) account
10 statements sent to SLATKIN's investors were misleading, deceptive
11 and materially inaccurate. SLATKIN would fabricate the
12 percentage of return to be represented to investors and would
13 devise a false trading history for various securities. He caused
14 others to generate fraudulent account statements reflecting this
15 false information through the use of specialized computer
16 programs. The false returns represented to investors averaged
17 approximately 24% annually during the course of the scheme;
18 (3) SLATKIN failed to maintain separate accounts for investors
19 but rather commingled investor funds and treated them as his
20 personal funds; (4) because SLATKIN's investments did not
21 generate sufficient income to meet investors' periodic requests
22 for payments, SLATKIN used newly invested funds from some
23 investors to pay other investors. SLATKIN intended these
24 payments to induce existing investors both to entrust him with
25 new funds and to expand his pool of investors through referrals.
26 The Reed Slatkin Investment Club operated in much the same
27 manner. From the inception of this program, SLATKIN commingled
28 investors' retirement funds with other funds under his control.

1 All account statements sent to investors were fabricated; the
2 listed investments, trades, and profits were false. Similarly,
3 SLATKIN commingled the investor funds he obtained through his
4 various partnerships with his other investor funds and used these
5 funds for his personal benefit, to payback other investors, and
6 to otherwise promote the continued operation of the Ponzi scheme.

7 SLATKIN misappropriated investor funds by, among other
8 things, using the funds to: (1) pay his personal expenses and the
9 personal expenses of his family and friends; (2) make payments
10 for the benefit of consultants and other business associates who
11 assisted him in perpetrating the fraudulent scheme; (3) invest in
12 speculative business ventures which he did not disclose to
13 investors and in which he had a beneficial interest; and
14 (4) purchase real estate, airplanes, cars, artwork, and other
15 luxury items for his personal use and the use of his family,
16 friends, and business associates.

17 SLATKIN concealed and caused others to conceal the following
18 material facts, among others, from investors: (1) the vast
19 majority of investor funds were not being used to purchase
20 securities and cash instruments; (2) the source of payments to
21 investors was generally funds solicited from other investors;
22 (3) investor funds were often squandered on speculative business
23 ventures; and (4) SLATKIN misappropriated investor funds for his
24 personal benefit, and the benefit of his family, friends, and
25 business associates.

26 Moreover, in order to lull and deceive investors into
27 believing that his investment program was legitimate and to
28 conceal the unauthorized diversion of investors' funds, SLATKIN

1 (1) sent or caused others to send account statements to investors
 2 which purported to state the value of their portfolios; (2) made
 3 or caused others to make payments to investors until near the end
 4 of the scheme, by which time SLATKIN had depleted their funds;
 5 and (3) made or caused others to make a variety of pretextual
 6 excuses to investors regarding why he could not return their
 7 funds, including that it was an inopportune time in the market to
 8 sell shares and that investor funds were temporarily frozen in
 9 overseas bank accounts.

10 IV. THE MAILINGS AND WIRINGS

11 On or about the dates set forth below, in the Central
 12 District of California and elsewhere, SLATKIN, for the purpose of
 13 executing the above-described scheme, caused the following items
 14 to be placed in an authorized depository for mail matter and to
 15 be sent and delivered by the U.S. Postal Service according to the
 16 directions thereon:

DATE	ITEM MAILED
7/15/97	Quarterly account statement from SLATKIN to Richard G. Reinis, SEP/IRA, Los Angeles, California, showing balance of \$156,962.85 for the period ending 6/30/97
4/17/98	Quarterly account statement from SLATKIN to Carolyn Judd, Los Angeles, California, showing balance of \$5,819,468.26 for the period ending 3/31/98.
9/7/00	Brokerage statement from Jersey Shore Trading Group Inc. to Top View LLC, Santa Barbara, California, showing closing balance of \$638,729.47 for month ending 8/31/00
10/17/00	Quarterly account statement from SLATKIN to Ike Kezsbom, Nationwide Title Clearing, Inc., Glendale, California, showing balance of \$1,707,112.15 for the period ending 9/30/00

DATE	ITEM MAILED
1/17/01	Quarterly account statement from SLATKIN to E. Barry Shuman TEE, Connections One Inc. Retirement Trust, Studio City, California, showing balance of \$5,945,728.11 for the period ending 12/31/00

On or about the dates set forth below, in the Central District of California, SLATKIN, for the purpose of executing the above-referenced scheme, caused the following transmissions, by means of wire communications in interstate commerce:

DATE	TRANSMISSION
11/4/99	Wire transfer of \$5,000,000 from an account of Michael Azeez (Prudential Securities Inc.) at Bank of New York in New York, New York to an account of SLATKIN at Union Bank of California in Irvine, California
6/2/00	Wire transfer of \$500,000 from an account of Gregory Abbott at Morgan Guarantee Trust in New York, New York to an account of SLATKIN at Union Bank of California in Irvine, California
9/26/00	Wire transfer of \$200,000 from an account of Wesley West Mineral Ltd. (Stuart W. Stedman) at Bank of New York in New York, New York, to an account of SLATKIN at Union Bank of California in Irvine, California

V. THE MONEY LAUNDERING

On or about the dates set forth below, in the Central District of California, SLATKIN, knowingly engaged in, aided and abetted, and caused others to engage in the following monetary transactions in criminally derived property of a value greater than \$10,000 which property was derived from specified unlawful activities, namely, mail fraud and wire fraud:

DATE	MONETARY TRANSACTION
1/13/99	Payment to investor Linda Rosen in the amount of \$1,850,000 by wire from an account of SLATKIN at Union Bank of California, using funds derived from a variety of investors
11/29/99	Payment to Dan Jacobs (Corporate Development International), for "consulting" services, in the amount of \$880,000 by wire from an account of SLATKIN at Union Bank of California, using funds derived from a variety of investors
7/28/00	Payment to Cessna Aircraft, for corporate airplane, in the amount of \$250,000 by wire from an account of SLATKIN at Union Bank of California, using funds derived from a variety of investors
9/5/00	Payment to Denise Del Bianco, for "consulting" services, in the amount of \$250,000 by wire from an account of SLATKIN at Union Bank of California, using funds derived from investors Paul Junger Witt and Susan Harris
1/17/01	Payment to investor John P. Coale in the amount of \$500,000 by wire from an account of SLATKIN at Union Bank of California, using funds derived from investor Arthur Berke
2/21/01	Payment to investor Arthur Berke (Berke Enterprises) in the amount of \$1,200,000 by wire from an account of SLATKIN at Union Bank of California, using funds derived from investor John Poitras

19 VI. THE CONSPIRACY TO OBSTRUCT JUSTICE

20 In or about November 1999, the SEC initiated a formal
 21 investigation of SLATKIN's investment activities. On or about
 22 December 13, 1999, the SEC issued a subpoena requiring SLATKIN to
 23 testify under oath before the SEC and to identify and provide
 24 various documents including account statements for all of his
 25 investors.

26 Beginning in or about November 1999, and continuing until a
 27 date unknown, in the Central District of California and
 28 elsewhere, SLATKIN, Jean Janu, Dan Jacobs, Didier Waroquiers, and

1 others, knowingly conspired and agreed to obstruct the SEC
2 proceedings. SLATKIN provided and caused others
3 to provide materially false documentation to the SEC to obstruct
4 the SEC investigation and to conceal the fact that his investment
5 program was a massive Ponzi scheme and that his investor account
6 statements were complete fabrications designed to lull and
7 deceive investors. Specifically, SLATKIN provided and caused
8 Jean Janu, Dan Jacobs, Didier Waroquiers, and others to provide
9 the SEC with, among other things, fabricated investor account
10 statements, fabricated lists of liquidated investor accounts, and
11 fabricated correspondence and account statements from a non-
12 existent, purportedly legitimate Swiss brokerage company called
13 NAA Financial ("NAA") where a significant amount of investor
14 funds were purportedly held.

15 SLATKIN falsely testified under oath before the SEC in
16 several material respects for the same purposes. Specifically,
17 SLATKIN testified falsely about, among other things, the
18 purported success of his investments made on behalf of investors,
19 the purported accuracy of account statements sent to investors,
20 the purported existence of NAA and brokerage accounts held with
21 NAA, his purported efforts to liquidate investor accounts, and
22 his purported intention not to accept additional investor funds.

23 At SLATKIN's direction, Jean Janu fabricated lists of
24 liquidated investor accounts which she knew would be provided to
25 the SEC. Dan Jacobs and Didier Waroquiers assisted SLATKIN in
26 maintaining the fictions that NAA really existed, that it was a
27 legitimate brokerage company, and that investors' funds were held
28 overseas in one or more NAA accounts.

1 SLATKIN, Janu, Jacobs, and Waroquiers committed and caused
2 the commission of numerous acts within the Central District of
3 California, including, but not limited to the following: (1) on
4 or about January 7, 2000, SLATKIN caused fraudulent investor
5 account statements to be sent to the SEC identifying
6 approximately 500 investor accounts with a purported cumulative
7 value of approximately \$230 million as of September 1999; (2) on
8 or about the same date, SLATKIN caused the SEC to be advised that
9 SLATKIN was in the process of liquidating investor accounts, that
10 is, repaying investors the funds SLATKIN managed for them;
11 (3) between on or about January 19, 2000 and in or about April
12 2000, SLATKIN, in an effort to demonstrate the existence and
13 legitimacy of NAA, caused the SEC to be provided with false
14 information regarding NAA, including fabricated correspondence
15 and account statements on NAA letterhead; (4) on or about January
16 21, 2000, SLATKIN falsely testified under oath during a
17 deposition before the SEC that (a) NAA was an established
18 investment firm located in Zurich, Switzerland; (b) as of March
19 31, 1999, he had been holding over \$217 million in investor funds
20 in an account with NAA; and (c) he was not accepting any new
21 accounts or any money for existing accounts; (5) between in or
22 about the beginning of the year 2000 to in or about May 2001,
23 SLATKIN concealed from the SEC the material fact that he obtained
24 approximately \$135 million in new funds from investors during
25 that time frame; (6) on or about February 2, 2000, Waroquiers,
26 using the false name Michel Axiall, fabricated a letter on NAA
27 letterhead reflecting that SLATKIN had an account with NAA
28 through which assets were being held in five different European

1 banks; (7) on or about August 17, 2000, Janu prepared a list to
2 be provided to the SEC which falsely reflected that as of July
3 31, 2000, SLATKIN had liquidated all but approximately \$33.5
4 million of investor accounts; (8) on or about the next day,
5 SLATKIN caused the SEC to be provided with the fabricated list
6 that Janu had prepared the previous day; (9) In or about
7 September 2000, SLATKIN caused account balances for approximately
8 two-thirds of his investors to be shifted from an existing
9 computer database (the RBF database) to two newly created
10 databases (the London Powell and Fanfare databases) so that it
11 would appear to the SEC that these investors had zero account
12 balances; (10) on or about October 5, 2000, Janu fabricated
13 another list to be submitted to the SEC which falsely reflected
14 that as of September 30, 2000, SLATKIN had liquidated all but
15 approximately \$3 million of investor accounts; and (11) on or
16 about October 6, 2000, SLATKIN caused the SEC to be provided with
17 the fabricated list that had been generated by Janu and caused
18 the SEC to be informed that his liquidation of investor accounts
19 was virtually complete.

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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,
Plaintiff,

v.

REED E. SLATKIN,
Defendant.

No. CR 02 - _____

I N F O R M A T I O N

[18 U.S.C. § 1341: Mail
Fraud; 18 U.S.C. § 1343:
Wire Fraud; 18 U.S.C.
§ 1957(a): Money
Laundering; 18 U.S.C.
§ 371: Conspiracy; 18
U.S.C. § 2: Aiding and
Abetting and Causing an Act
to Be Done]

The United States Attorney charges:

COUNTS ONE THROUGH FIVE

[18 U.S.C. §§ 1341, 2]

I N T R O D U C T I O N

At all times relevant to this Information:

1. Defendant REED E. SLATKIN ("SLATKIN") was a resident of
Santa Barbara County, California.

2. Defendant SLATKIN portrayed himself as an investment
adviser and money manager and accepted funds from individuals

JC:SJO

00042

1 for the stated purpose of investing these funds in securities and
2 other investments. Defendant SLATKIN was not registered as an
3 investment adviser with the Securities and Exchange Commission
4 ("SEC").

5 3. The Reed Slatkin Investment Club was an investment
6 program created by defendant SLATKIN in or about 1990 to invest
7 individuals' retirement funds.

8 4. Topview LLC, Fanfare LLC, and London Powell LLC were
9 limited partnerships created by defendant SLATKIN in or about the
10 year 2000 to facilitate the offering of his money management
11 services.

12 5. From approximately 1986 until May 2001, defendant
13 SLATKIN obtained over \$593 million from approximately 800
14 investor accounts. Defendant SLATKIN, with the assistance of
15 others, promoted himself as a successful financial adviser and
16 provided his investors with account statements which purported to
17 document a consistent record of achieving above-market returns on
18 their investments. In truth, defendant SLATKIN used the bulk of
19 investor funds to operate a massive "Ponzi" scheme whereby he
20 defrauded his investors by paying them returns largely with funds
21 raised from other investors. Defendant SLATKIN generally did not
22 buy the securities that he represented to investors as having
23 been bought on their behalf with their funds. He invested only a
24 small percentage of investor funds, typically on speculative and
25 ultimately unprofitable ventures that were not disclosed to the
26 investors. Defendant SLATKIN also misappropriated investor funds
27 by using them for the personal benefit of himself and his family,
28 friends, and business associates.

1 THE SOLICITATION AND MAINTENANCE OF INVESTORS

2 6. Defendant SLATKIN obtained new investors through
3 referrals from existing investors and through the efforts of
4 others known and unknown. In soliciting funds from investors,
5 defendant SLATKIN made the following representations and
6 promises, among others:

7 a. Defendant SLATKIN had developed trading techniques
8 and theories that enabled him to achieve above-market returns.

9 b. Funds deposited by investors would be used to
10 purchase securities and cash instruments that defendant SLATKIN
11 determined to be appropriate.

12 c. Returns on investors' portfolios would be based on
13 profits from their investments.

14 d. The investments would be held in the name of
15 defendant SLATKIN or in companies, partnerships, and other
16 entities that defendant SLATKIN owned or controlled.

17 e. Defendant SLATKIN would maintain an accurate
18 accounting of individual investor portfolios.

19 7. To invest with defendant SLATKIN, an individual
20 investor would mail, wire, or personally deliver funds to
21 defendant SLATKIN, to others working at his direction, or to bank
22 accounts controlled by defendant SLATKIN.

23 8. Thereafter, defendant SLATKIN would cause quarterly
24 account statements to be sent to investors which listed the
25 account number, the starting balance, any deposits and
26 withdrawals for the quarter, and the ending balance. Some
27 investors would also receive annual statements which purported to
28 show the itemized securities which they held, the proceeds from

1 the purchase and sale of these securities, and the overall
2 performance of their portfolio. These account statements
3 represented that defendant SLATKIN held a large portfolio of
4 securities on behalf of his investors in corporations such as
5 Lockheed Martin Corp., AT&T, and Global Crossing, as well as a
6 variety of smaller technology and communications companies.

7 9. Defendant SLATKIN also developed a program, called the
8 Reed Slatkin Investment Club, whereby individuals could place
9 their retirements funds under his management. From in or about
10 1990 to in or about May 2001, approximately 80 investors
11 participated in this program.

12 10. From in or about the year 2000 to in or about May
13 2001, defendant SLATKIN also formed limited partnerships with
14 certain individuals through which he offered his money management
15 services in various investments. These partnerships included
16 Topview LLC, London Powell LLC, and Fanfare LLC.

17 THE SCHEME TO DEFRAUD

18 11. Beginning in or about 1986, and continuing until in or
19 about May 2001, in the Central District of California and
20 elsewhere, defendant SLATKIN, knowingly and with intent to
21 defraud, devised, participated in, and executed a scheme to
22 defraud approximately 800 investors throughout the United States
23 of over \$593 million, and to obtain money and property from such
24 investors by means of materially false and fraudulent pretenses,
25 representations, and promises, and the concealment of material
26 facts.

27 12. In carrying out this scheme to defraud, defendant
28 SLATKIN engaged in and caused others to engage in the following

1 fraudulent and deceptive acts, practices, and devices, among
2 others:

3 a. Defendant SLATKIN did not use the vast majority of
4 investor funds to purchase securities and cash instruments as
5 represented on account statements, but instead disbursed these
6 funds to other investors as fraudulent returns, diverted funds
7 for his own personal benefit, and dissipated funds on many
8 speculative, undisclosed, and ultimately unprofitable investments
9 in which defendant SLATKIN had a beneficial interest.

10 b. The account statements sent to defendant SLATKIN's
11 investors were misleading, deceptive and materially inaccurate.
12 Defendant SLATKIN would fabricate the percentage of return to be
13 represented to investors and would devise a false trading history
14 for various securities. He caused others to generate fraudulent
15 account statements reflecting this false information through the
16 use of specialized computer programs. The false returns
17 represented to investors averaged approximately 24% annually
18 during the course of the scheme.

19 c. Defendant SLATKIN failed to maintain separate
20 accounts for investors but rather commingled investor funds and
21 treated them as his personal funds.

22 d. Because defendant SLATKIN's investments did not
23 generate sufficient income to meet investors' periodic requests
24 for payments, defendant SLATKIN used newly invested funds from
25 some investors to pay other investors. Defendant SLATKIN
26 intended these payments to induce existing investors both to
27 entrust him with new funds and to expand his pool of investors
28 through referrals.

1 13. The Reed Slatkin Investment Club operated in much the
2 same manner. From the inception of this program, defendant
3 SLATKIN commingled investors' retirement funds with other funds
4 under his control. All account statements sent to investors were
5 fabricated; the listed investments, trades, and profits were
6 false. Similarly, defendant SLATKIN commingled the investor
7 funds he obtained through his various partnerships with his other
8 investor funds and used these funds for his personal benefit, to
9 payback other investors, and to otherwise promote the continued
10 operation of the Ponzi scheme.

11 14. Defendant SLATKIN misappropriated investor funds by,
12 among other things, using the funds to:

13 a. Pay his personal expenses and the personal
14 expenses of his family and friends;

15 b. Make payments for the benefit of consultants and
16 other business associates who assisted him in perpetrating the
17 fraudulent scheme;

18 c. Invest in speculative business ventures which he
19 did not disclose to investors and in which he had a beneficial
20 interest; and

21 d. Purchase real estate, airplanes, cars, artwork,
22 and other luxury items for his personal use and the use of his
23 family, friends, and business associates.

24 15. Defendant SLATKIN concealed and caused others to
25 conceal the following material facts, among others, from
26 investors:

27 a. The vast majority of investor funds were not being
28 used to purchase securities and cash instruments;

1 placed in an authorized depository for mail matter and to be sent
 2 and delivered by the U.S. Postal Service according to the
 3 directions thereon:

COUNT	DATE	ITEM MAILED
ONE	7/15/97	Quarterly account statement from defendant SLATKIN to Richard G. Reinis, SEP/IRA, Los Angeles, California, showing balance of \$156,962.85 for the period ending 6/30/97
TWO	4/17/98	Quarterly account statement from defendant SLATKIN to Carolyn Judd, Los Angeles, California, showing balance of \$5,819,468.26 for the period ending 3/31/98
THREE	9/7/00	Brokerage statement from Jersey Shore Trading Group Inc. to Top View LLC, Santa Barbara, California, showing closing balance of \$638,729.47 for month ending 8/31/00
FOUR	10/17/00	Quarterly account statement from defendant SLATKIN to Ike Kezsbom, Nationwide Title Clearing, Inc., Glendale, California, showing balance of \$1,707,112.15 for the period ending 9/30/00
FIVE	1/17/01	Quarterly account statement from defendant SLATKIN to E. Barry Shuman TTEE, Connections One Inc. Retirement Trust, Studio City, California, showing balance of \$5,945,728.11 for the period ending 12/31/00

COUNTS SIX THROUGH EIGHT

[18 U.S.C. §§ 1343, 2]

18. The United States Attorney realleges and incorporates by reference paragraphs one through sixteen of this Information.

19. On or about the dates set forth below, in the Central District of California and elsewhere, defendant SLATKIN, knowingly and with intent to defraud, devised, participated in, and executed a scheme to defraud approximately 800 investors throughout the United States of over \$593 million, and to obtain money and property from such investors by means of materially false and fraudulent pretenses, representations, and promises, and the concealment of material facts, as more fully described in paragraphs one through sixteen of this Information.

20. On or about the dates set forth below, in the Central District of California and elsewhere, defendant SLATKIN, for the purpose of executing the scheme to defraud as described above and in paragraphs one through sixteen, caused the following transmissions, by means of wire communications in interstate commerce:

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COUNT	DATE	TRANSMISSION
SIX	11/4/99	Wire transfer of \$5,000,000 from an account of Michael Azeez (Prudential Securities Inc.) at Bank of New York in New York, New York to an account of defendant SLATKIN at Union Bank of California in Irvine, California
SEVEN	6/2/00	Wire transfer of \$500,000 from an account of Gregory Abbott at Morgan Guarantee Trust in New York, New York to an account of defendant SLATKIN at Union Bank of California in Irvine, California
EIGHT	9/26/00	Wire transfer of \$200,000 from an account of Wesley West Mineral Ltd. (Stuart W. Stedman) at Bank of New York in New York, New York, to an account of defendant SLATKIN at Union Bank of California in Irvine, California

COUNTS NINE THROUGH FOURTEEN

[18 U.S.C. §§ 1957(a), 2]

21. The United States Attorney realleges and incorporates by reference paragraphs one through sixteen, and eighteen through nineteen of this Information.

22. On or about the dates set forth below, in the Central District of California and elsewhere in the United States, defendant SLATKIN, knowingly engaged in, aided and abetted, and caused others to engage in the following monetary transactions in criminally derived property of a value greater than \$10,000 and derived from specified unlawful activity, namely, mail fraud and wire fraud:

COUNT	DATE	MONETARY TRANSACTION
NINE	1/13/99	Payment to investor Linda Rosen in the amount of \$1,850,000 by wire from an account of defendant SLATKIN at Union Bank of California, using funds derived from a variety of investors
TEN	11/29/99	Payment to Dan Jacobs (Corporate Development International), for "consulting" services, in the amount of \$880,000 by wire from an account of defendant SLATKIN at Union Bank of California, using funds derived from a variety of investors
ELEVEN	7/28/00	Payment to Cessna Aircraft, for corporate airplane, in the amount of \$250,000 by wire from an account of defendant SLATKIN at Union Bank of California, using funds derived from a variety of investors

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COUNT	DATE	MONETARY TRANSACTION
TWELVE	9/5/00	Payment to Denise Del Bianco, for "consulting" services, in the amount of \$250,000 by wire from an account of defendant SLATKIN at Union Bank of California, using funds derived from investors Paul Junger Witt and Susan Harris
THIRTEEN	1/17/01	Payment to investor John P. Coale in the amount of \$500,000 by wire from an account of defendant SLATKIN at Union Bank of California, using funds derived from investor Arthur Berke
FOURTEEN	2/21/01	Payment to investor Arthur Berke (Berke Enterprises) in the amount of \$1,200,000 by wire from an account of defendant SLATKIN at Union Bank of California, using funds derived from investor John Poitras

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COUNT FIFTEEN

[18 U.S.C. § 371]

23. The United States Attorney realleges and incorporates by reference paragraphs one through sixteen of this Information.

BACKGROUND

24. In or about November 1999, the SEC initiated a formal investigation of defendant SLATKIN's investment activities.

25. On or about December 13, 1999, the SEC issued a subpoena requiring defendant SLATKIN to testify under oath before the SEC and to identify and provide various documents including account statements for all of his investors.

THE OBJECT OF THE CONSPIRACY

26. Beginning in or about November 1999, and continuing until a date unknown, in the Central District of California and elsewhere, defendant SLATKIN, together with others known and unknown, knowingly and unlawfully combined, conspired, and agreed to corruptly influence, obstruct, and impede, and endeavor to influence, obstruct, and impede the due and proper administration of the law under which a pending proceeding was being had before the SEC, a department or agency of the United States, in violation of Title 18, United States Code, Section 1505.

THE MEANS BY WHICH THE OBJECT OF THE CONSPIRACYWAS TO BE ACCOMPLISHED

The object of the conspiracy was to be accomplished, in substance, as follows:

27. Defendant SLATKIN would provide and would cause others to provide materially false documentation to the SEC to obstruct the SEC investigation, and to conceal the fact that his

1 investment program was a massive Ponzi scheme and that his
2 investor account statements were complete fabrications designed
3 to lull and deceive investors. Specifically, defendant SLATKIN
4 would provide and would cause others to provide the SEC with,
5 among other things, fabricated investor account statements,
6 fabricated lists of liquidated investor accounts, and fabricated
7 correspondence and account statements from a non-existent,
8 purportedly legitimate Swiss brokerage company called NAA
9 Financial ("NAA") where a significant amount of investor funds
10 were purportedly held.

11 28. An unindicted co-conspirator would fabricate lists of
12 liquidated investor accounts to be provided to the SEC.

13 29. Defendant SLATKIN would also falsely testify under oath
14 before the SEC in several material respects in order to obstruct
15 the SEC investigation, and to conceal the fact that his
16 investment program was a massive Ponzi scheme and that his
17 investor account statements were complete fabrications designed
18 to lull and deceive investors. Specifically, defendant SLATKIN
19 would testify falsely about, among other things, the purported
20 success of his investments made on behalf of investors, the
21 purported accuracy of account statements sent to investors, the
22 purported existence of NAA and brokerage accounts held with NAA,
23 his purported efforts to liquidate investor accounts, and his
24 purported intention not to accept additional investor funds.

25 30. Unindicted co-conspirators would assist defendant
26 SLATKIN in maintaining the fictions that NAA really existed, that
27 it was a legitimate brokerage company, and that investors' funds
28 were held overseas in one or more NAA accounts.

1 was not accepting any new accounts or any money for existing
2 accounts.

3 36. Between in or about the beginning of the year 2000 to
4 in or about May 2001, defendant SLATKIN concealed from the SEC
5 the material fact that he obtained approximately \$135 million in
6 new funds from investors during that time frame.

7 37. On or about February 2, 2000, an unindicted co-
8 conspirator fabricated a letter on NAA letterhead reflecting that
9 defendant SLATKIN had an account with NAA through which assets
10 were being held in five different European banks.

11 38. On or about August 17, 2000, an unindicted co-
12 conspirator prepared a list to be provided to the SEC which
13 falsely reflected that as of July 31, 2000, defendant SLATKIN had
14 liquidated all but approximately \$33.5 million of investor
15 accounts.

16 39. On or about August 18, 2000, defendant SLATKIN caused
17 the SEC to be provided with a list which falsely reflected that
18 as of July 31, 2000, defendant SLATKIN had liquidated all but
19 approximately \$33.5 million of investor accounts.

20 40. In or about September 2000, defendant SLATKIN caused
21 account balances for approximately two-thirds of his investors to
22 be shifted from an existing computer database to two newly
23 created databases so that it would appear to the SEC that these
24 investors had zero account balances.

25 41. On or about October 5, 2000, an unindicted co-
26 conspirator prepared a list to be submitted to the SEC which
27 falsely reflected that as of September 30, 2000, defendant
28

1 SLATKIN had liquidated all but approximately \$3 million of
2 investor accounts.

3 42. On or about October 6, 2000, defendant SLATKIN caused
4 the SEC to be provided with false information reflecting that
5 defendant SLATKIN's liquidation of investor accounts was
6 virtually complete and that defendant SLATKIN had liquidated all
7 but approximately \$3 million of investor accounts.

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10 JOHN S. GORDON
United States Attorney

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12 RONALD L. CHENG
Assistant United States Attorney
13 Acting Chief, Criminal Division

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15 GREGORY J. WEINGART
Assistant United States Attorney
16 Chief, Major Frauds Section

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CERTIFICATE OF SERVICE BY MAIL

1
2 I, Christine Clark, declare: That I am a citizen of the
3 United States and resident or employed in Los Angeles County,
4 California; that my business address is Office of United States
5 Attorney, United States Courthouse, 312 North Spring Street, Los
6 Angeles, California 90012; that I am over the age of eighteen
7 years, and am not a party to the above-entitled action;

8 That I am employed by the United States Attorney for the
9 Central District of California who is a member of the Bar of the
10 United States District Court for the Central District of
11 California, at whose direction the service by mail described in
12 this certificate was made, that on March 26, 2002, deposited in
13 the United States mail in the United States Courthouse at 312
14 North Spring Street, Los Angeles, California, the above-entitled
15 action, in an envelope bearing the requested postage, a copy of:


PLEA AGREEMENT FOR DEFENDANT REED E. SLATKIN

17 addressed to: BRIAN A. SUN, ESQ.
18 O'NEILL, LYSAGHT & SUN
19 100 WILSHIRE BLVD., SUITE 700
20 SANTA MONICA, CA 90401

21 at his last known address, at which place there is a delivery
22 service by United States mail.

23 This Certificate is executed on March 26, 2002, Los
24 Angeles, California.

25 I certify under penalty of perjury that the foregoing is
26 true and correct.

27 
28 CHRISTINE CLARK

00059

SLATKIN, REED E

INVESTOR ANALYSIS BY RECOVERY PERIOD

CLEAR DATE	BANK	ACCT #	NET	7 YEAR NET	4 YEAR NET	1 YEAR NET	90 DAY NET
KOBRIN, MICHAEL & HELENA							
<u>MISCELLANEOUS ACTIVITY</u>							
1 -	12/30/99 UBOC	0630057574	-40,000.00	-40,000.00	-40,000.00		
	TOTAL LOAN		-40,000.00	-40,000.00	-40,000.00	0.00	0.00
2 -	08/15/91 UBOC	069249386	-24,000.00				
	TOTAL OTHER		-24,000.00	0.00	0.00	0.00	0.00
	CLAIM(+) OR NET RECOVERABLE(-) TOTALS		-64,000.00	-40,000.00	-40,000.00	0.00	0.00
<u>10821</u>							
3 -	05/04/94 UBOC	069265069	300,000.00	300,000.00			
4 -	08/04/94 UBOC	069265069	-40,000.00	-40,000.00			
5 -	12/14/94 UBOC	069265069	-10,000.00	-10,000.00			
6 -	04/11/95 UBOC	069265069	-160,000.00	-160,000.00			
7 -	06/30/95 UBOC	069265069	-5,000.00	-5,000.00			
8 -	08/15/95 UBOC	069265069	-5,000.00	-5,000.00			
9 -	09/26/95 UBOC	069265069	-10,000.00	-10,000.00			
10 -	12/22/95 UBOC	069265069	-30,000.00	-30,000.00			
11 -	06/26/96 UBOC	069265069	-7,500.00	-7,500.00			
12 -	05/29/97 UBOC	0631265063	-5,000.00	-5,000.00	-5,000.00		
13 -	10/17/97 UBOC	0631265063	-15,000.00	-15,000.00	-15,000.00		
14 -	03/03/98 UBOC	0631265063	-15,000.00	-15,000.00	-15,000.00		
15 -	04/14/98 UBOC	0631265063	-50,000.00	-50,000.00	-50,000.00		
16 -	06/30/98 UBOC	0631265063	-10,000.00	-10,000.00	-10,000.00		
17 -	07/02/98 UBOC	0631265063	-135,000.00	-135,000.00	-135,000.00		
18 -	07/19/99 UBOC	0630057582	-10,000.00	-10,000.00	-10,000.00		
19 -	05/15/00 UBOC	0630057582	-20,000.00	-20,000.00	-20,000.00	-20,000.00	
	TOTAL INVESTOR 10821		-227,500.00	-227,500.00	-260,000.00	-20,000.00	0.00
	CLAIM(+) OR NET RECOVERABLE(-) TOTALS		-227,500.00	-227,500.00	-227,500.00	-20,000.00	0.00
INVESTOR TOTAL KOBRIN, MICHAEL & HELENA			-291,500.00	-267,500.00	-300,000.00	-20,000.00	0.00
CLAIM(+) OR NET RECOVERABLE(-) TOTALS			-291,500.00	-267,500.00	-267,500.00	-20,000.00	0.00

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EXHIBIT 2

B. 104 (Rev. 8/99)	<h2 style="margin:0;">ADVERSARY PROCEEDING SHEET</h2> <p style="margin:0;">(Instructions on Reverse)</p>	ADVERSARY PROCEEDING NUMBER (For Court Use Only)
PLAINTIFFS Address	DEFENDANTS Address	
ATTORNEYS (Firm Name, Address, and Telephone Number) Bar ID: Telephone # Fax #	ATTORNEYS (if known) Bar ID: Telephone # Fax #	
PARTY (Check one box only) 1 U.S. PLAINTIFF 2 U.S. DEFENDANT 3 U.S. NOT A PARTY		
CAUSE OF ACTION (Write a brief statement of cause of action, including all U.S. statutes involved)		
NATURE OF SUIT (Check the one most appropriate box only)		
454 To recover money or property 435 To determine validity, priority, or extent of a lien or other interest in property 458 To obtain approval for the sale of both the interest of the estate and of a co-owner in property 424 To object or to revoke a discharge 11 U.S.C. § 727	455 To revoke an order of confirmation of a Chapter 11 or Chapter 13 Plan 426 To determine the dischargeability of a debt 11 U.S.C. § 523 434 To obtain an injunction or other equitable relief 457 To subordinate any allowed claim or interest except where such subordination is provided in a Plan	456 To obtain a declaratory judgment relating to any of the foregoing causes of action 459 To determine a claim or cause of action removed to a bankruptcy court 498 Other (specify)
ORIGIN OF PROCEEDING (Check one box only)	1 Original Proceeding 2 Removed Proceeding 4 Reinstated or Reopened 5 Transferred from Another Bankruptcy Court	CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23
DEMAND	NEAREST THOUSAND \$	OTHER RELIEF SOUGHT
BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES		
NAME OF DEBTOR	BANKRUPTCY CASE NUMBER	
DISTRICT IN WHICH CASE IS PENDING Central District of California	DIVISIONAL OFFICE	NAME OF JUDGE
RELATED ADVERSARY PROCEEDING (IF ANY)		
PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NUMBER
DISTRICT	DIVISIONAL OFFICE	NAME OF JUDGE
FILING FEE (Check one box only)	FEE ATTACHED FEE NOT REQUIRED FEE IS DEFERRED	
DATE	PRINT NAME	SIGNATURE OF ATTORNEY (OR PLAINTIFF) <i>/S/</i>

In re	CHAPTER
Debtor.	CASE NUMBER

1.	Other Plaintiff(s) Listed on the Complaint	Attorney for Plaintiff(s) Listed on the Complaint		Bar ID:
		Telephone #	Fax#	
2.				Bar ID:
		Telephone #	Fax#	
3.				Bar ID:
		Telephone #	Fax#	
4.				Bar ID:
		Telephone #	Fax#	
5.				Bar ID:
		Telephone #	Fax#	

1.	Other Defendant(s) Listed on the Complaint	Attorney for Defendant(s) Listed on the Complaint		Bar ID:
		Telephone #	Fax#	
2.				Bar ID:
		Telephone #	Fax#	
3.				Bar ID:
		Telephone #	Fax#	
4.				Bar ID:
		Telephone #	Fax#	
5.				Bar ID:
		Telephone #	Fax#	

ADVERSARY PROCEEDING COVER SHEET (Reverse Side)

This cover sheet must be completed by the plaintiff's attorney (or by the plaintiff if the plaintiff is not represented by an attorney) and submitted to the Clerk of the Court upon the filing of a complaint initiating an adversary proceeding.

The cover sheet and the information contained on it **do not** replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. This form is required for the use of the Clerk of the Court to initiate the docket sheet and to prepare necessary indices and statistical records. A separate cover sheet must be submitted to the Clerk of the Court for each complaint filed. The form is largely self-explanatory.

Parties. The names of the parties to the adversary proceeding **exactly** as they appear on the complaint. Give the names and addresses of the attorneys if known. Following the heading "Party," check the appropriate box indicating whether the United States is a party named in the complaint.

Cause of Action. Give a brief description of the cause of action including all federal statutes involved. For example, "Complaint seeking damages for failure to disclose information, Consumer Credit Protection Act, 15 U.S.C. § 1601 et seq.," or "Complaint by trustee to avoid a transfer of property by the debtor, 11 U.S.C. § 544."

Nature of Suit. Place an "X" in the appropriate box. Only one box should be checked. If the cause fits more than one category of suit, select the most definitive.

Origin of Proceedings. Check the appropriate box to indicate the origin of the case:

1. Original Proceeding.
2. Removed from a State or District Court.
4. Reinstated or Reopened.
5. Transferred from Another Bankruptcy Court.

Demand. On the next line, state the dollar amount demanded in the complaint in thousands of dollars. For \$1,000, enter "1," for \$10,000, enter "10," for \$100,000, enter "100," if \$1,000,000, enter "1000." If \$10,000,000 or more, enter "9999." If the amount is less than \$1,000, enter "0001." If no monetary demand is made, enter "XXXX." If the plaintiff is seeking non-monetary relief, state the relief sought, such as injunction or foreclosure of a mortgage.

Bankruptcy Case In Which This Adversary Proceeding Arises. Enter the name of the debtor and the docket number of the bankruptcy case from which the proceeding now being filed arose. Beneath, enter the district and divisional office where the case was filed and the name of the presiding judge.

Related Adversary Proceedings. State the names of the parties and six-digit adversary proceeding number from any adversary proceeding concerning the same two parties or the same property currently pending in any bankruptcy court. On the next line, enter the district where the related case is pending and the name of the presiding judge.

Filing Fee. Check one box. The fee must be paid upon filing unless the plaintiff meets one of the following exceptions. The fee is not required if the plaintiff is the United States government or the debtor. If the plaintiff is the trustee or a debtor in possession and there are no liquid funds in the estate, the filing fee may be deferred until there are funds in the estate. (In the event no funds are ever recovered for the estate, there will be no fee.) There is no fee for adding a party after the adversary proceeding has been commenced.

Signature. This cover sheet must be signed by the attorney of record in the box on the right of the last line of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is *pro se*, that is, not represented by an attorney, the plaintiff must sign.

The name of the signatory must be printed in the box to the left of the signature. The date of the signing must be indicated in the box on the far left of the last line.