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2 STATEMENT OF FACTS

3 I. INTRODUCTION

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

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

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

18 Over the above-referenced years, SLATKIN obtained over \$500
19 million from approximately 800 investor accounts. With the
20 assistance of others, including Ronald Rakow, SLATKIN promoted
21 himself as a successful financial adviser and provided his
22 investors with account statements which purported to document a
23 consistent record of achieving above-market returns on their
24 investments. In truth, SLATKIN used the bulk of investor funds
25 to operate a massive "Ponzi" scheme whereby he defrauded his
26 investors by paying them returns largely with funds raised from
27 other investors.

28 SLATKIN generally did not buy the securities that he
29 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 III. 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
0 Ronald Rakow, who solicited individuals to invest their funds
1 with SLATKIN. In soliciting funds from investors, SLATKIN made
2 and caused others to make the following representations and
3 promises, among others: (1) SLATKIN had developed trading
4 techniques and theories that enabled him to achieve above-market
5 returns; (2) funds deposited by investors would be used to
6 purchase securities and cash instruments that SLATKIN determined
7 to be appropriate; (3) returns on investors' portfolios would be
8 based on profits from their investments; (4) investments would be
9 held in SLATKIN's name or in the name(s) of companies,
0 partnerships, and other entities that SLATKIN owned or
1 controlled; and (5) SLATKIN would maintain an accurate accounting
2 of individual investor portfolios.

3 In order to invest with SLATKIN, an individual investor
4 would mail, wire, or personally deliver funds to SLATKIN, to
5 others working at his direction, or to bank accounts controlled
6 by SLATKIN. Thereafter, SLATKIN would cause quarterly account
7 statements to be sent to investors which listed the account
8 number, the starting balance, any deposits and withdrawals for

1 one quarter, and the ending balance. Some investors would also
2 receive annual statements which purported to show the identified
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 retirement 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 and
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 perpetuating 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) sent or caused others to send account statements to investors which purported to state the value of their portfolios; 2) made or caused others to make payments to investors until near the end of the scheme, by which time SLATKIN had depleted their funds; and 3) made or caused others to make a variety of pretextual excuses to investors regarding why he could not return their funds, including that it was an inopportune time in the market to sell shares and that investor funds were temporarily frozen in overseas bank accounts.

IV. THE MAILINGS AND WIRINGS

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

DATE	ITEM MAILED
7/13/97	Quarterly account statement from SLATKIN to Richard G. Reims, 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 \$1,707,112.13 for the period ending 9/30/00

DATE	ITEM MAILED
1/17/01	Quarterly account statement from SLATKIN to E. Barry Shuman TRZ, 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
9/8/00	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. Coala 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

VI. THE CONSPIRACY TO OBSTRUCT JUSTICE

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

Beginning in or about November 1999, and continuing until a date unknown, in the Central District of California and 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 lure and
7 deceive investors. Specifically, SLATKIN provided and caused
8 Jean Jans, Dan Jacobs, Didier Waroquier, 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 on
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 Jans fabricated lists of
24 liquidated investor accounts which she knew would be provided to
25 the SEC. Dan Jacobs and Didier Waroquier 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 Axiell, 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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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

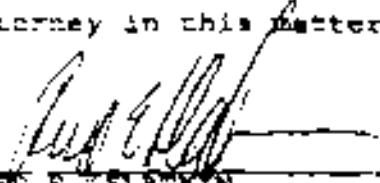
8 
9 JACQUELINE CROOKMAN
10 Assistant United States Attorney

11 3/26/02
12 Date

13 
14 STEVEN E. OLSON
15 Assistant United States Attorney

16 3/26/02
17 Date

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

28 
29 REED E. SLATKIN
30 Defendant

31 3-26-02
32 Date

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 *Witness Seen by [Signature]* 3-26-02
10 ~~BRIAN SUN, ESO.~~ Date
11 Counsel for Defendant
12 Reed E. Slatkin *[Signature]*