

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

**Jointly Administered under
Case No. 08-45257**

Petters Company, Inc., et al.,

Court File No. 08-45257

Debtors.

Court File Nos:

(includes:

Petters Group Worldwide, LLC;

08-45258 (GFK)

PC Funding, LLC;

08-45326 (GFK)

Thousand Lakes, LLC;

08-45327 (GFK)

SPF Funding, LLC;

08-45328 (GFK)

PL Ltd, Inc.;

08-45329 (GFK)

Edge One LLC;

08-45330 (GFK)

MGC Finance, LLC;

08-45331 (GFK)

PAC Funding, LLC;

08-45371 (GFK)

Palm Beach Finance Holdings, Inc.)

08-45392 (GFK)

Chapter 11 Cases
Judge Gregory F. Kishel

**DECLARATION OF MARC A. AL IN SUPPORT OF MOTION BY
APRIVEN PARTNERS, LP; C&C CAPITAL, LLC;
AND TRUE NORTH FUNDING, LLC, FOR LEAVE TO CONDUCT
CONSTRUCTIVE-TRUST DISCOVERY PURSUANT TO
FEDERAL RULE OF BANKRUPTCY PROCEDURE 2004**

Marc A. Al, hereby declares under oath as follows:

1. I am one of the attorneys of record for Apriven Partners, LP; C&C Capital, LLC; and True North Funding, LLC.
2. I submit this declaration upon my own knowledge, and am competent to

testify to the matters set forth herein.

3. Since the commencement of this bankruptcy case, I have spoken with representatives of the Office of the United States Attorney for the District of Minnesota to review the opportunity to obtain access to bank records informally, namely Robyn Millenacker and Greg Brooker. While they were pleasant, both indicated no documents would be allowed to be reviewed.

4. I have similarly spoken with the court-appointed Receiver and three of his attorneys, to wit, James Lodoen, Terrance Fleming, and George Singer. They, too, were pleasant, but indicated they would not be able to allow review of any documents.

5. I have similarly spoken with Deanna Coleman's criminal counsel and civil counsel, and have e-mailed a request for the type of information we were looking for. A true and correct copy of two e-mails are attached hereto as Exhibits 1 and 2.

6. No response has been received to the inquiries, notwithstanding initial indications from criminal counsel that cooperation would be provided, and notwithstanding statements by Ms. Coleman in the Star Tribune that she was sympathetic to the victims and would "do what [she] can to help those who have been impacted." A true and correct copy of the Star Tribune article is attached hereto as Exhibit 3. The quoted language is contained in page 4 of Exhibit 3, in the second paragraph under the caption "Key witness will lose everything."

7. I have also spoken with George Singer, at Lindquist & Vennum P.L.L.P., regarding the balance in the M&I Bank account into which our clients wired their money. Mr. Singer advised me that approximately \$9,000 was found in that account.

8. Attached hereto as Exhibit 4 are true and correct copies of Informations, minutes of guilty-plea hearings from the docket of the United States District Court for the District of Minnesota, and several search-warrant applications leading up to the filing of the Informations. The transcripts of the guilty pleas are not yet available.

9. According to Deanna Coleman's sworn testimony at her guilty-plea hearing, which I attended, the Cooperating Witness (CW) referenced in the search-warrant affidavits is Deanna Coleman, the former Vice-President of Operations of Petters Company, Inc. (according to Ms. Coleman's guilty-plea testimony).

10. Attached hereto as Exhibit 5 is a true and correct copy of United States v. Petters, 08-CV-5348 (ADM/JSM), Docket No. 70 (D. Minn. Oct. 22, 2008).

11. Attached hereto as Exhibit 6 is a true and correct copy of the Complaint filed in Apriven Partners LP v. Petters Group Worldwide, LLC, 08-CV-5373 (ADM/JSM) (D. Minn.).

Dated: November 18, 2008

/e/ Marc A. Al
Marc A. Al (#247923)

Al, Marc

From: Al, Marc
Sent: Friday, October 31, 2008 10:47 AM
To: 'wskolnick@visi.com'; 'sshiff@skolnick-shiff.com'
Subject: Deanna Coleman

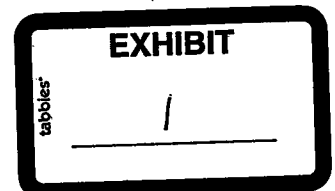
Dear counsel,

As you know, we represent Apriven Partners, C&C Capital, and True North Funding. As previously discussed via telephone, we would appreciate it if Ms. Coleman could assist us in determining the final disposition of funds involved by our clients just prior to the execution of search warrants by the FBI. We would prefer to obtain responses in writing but would also be happy to have it in oral form.

Specifically, we need some basic information that might assist us in tracing the wire deposits set forth below ("the Funds") which were made into Petters Company, Inc.'s ("PCI") M&I Bank account no. 195-9018 (the "M&I Account").

Apriven	4751	06/05/08	\$7,350,000.00	Bank of Texas, Account 31004377
	4752	06/06/08	\$3,000,000.00	Bank of Texas, Account 31004377
	4753	06/09/08	\$6,650,000.00	Bank of Texas, Account 31004377
	4755	07/03/08	\$4,500,000.00	Bank of Texas, Account 31004377
	4756	08/05/08	\$10,000,000.00	Bank of Texas, Account 31004377
	4757	08/07/08	\$10,000,000.00	Bank of Texas, Account 31004377
<i>Apriven Subtotal</i>			\$41,500,000.00	
C&C Capital	1001	07/17/08	\$1,500,000.00	Idaho Banking Company, Account 21815386
True North	1001	06/20/08	\$2,000,000.00	Idaho Banking Company, Account 21815388
True North	1001	06/20/08	\$1,100,000.00	Jordan Credit Union, Sandy, UT, Account 68459-0
True North	1001	06/20/08	\$500,000.00	
<i>True North Subtotal</i>			\$3,600,000.00	
<i>Total</i>			\$46,600,000.00	

1. Other than M&I Bank, what other banks were used by any of the entities involved in the fraud Ms. Coleman discussed during her guilty plea?
2. What records (other than bank statements, canceled checks, and wire information from the banks identified in response to the previous question) would we or Ms. Coleman need to trace the funds? Where were those records located before the execution of search warrants by the FBI?
3. Did the various Petters entities (PCI, Petters Group Worldwide, etc.) have consolidated bank accounts or were funds for each enterprise kept in separate accounts?
4. Was the M&I Account a general operating account for PCI, or was it used specifically to receive investments from PCI's creditors?
5. Who was responsible within PCI for keeping track of wire payments into the M&I Account?
6. Who was responsible within PCI for directing the use of funds out of the M&I Account?
7. Does Ms. Coleman have personal knowledge regarding the use of the Funds? If so, can she identify what happened to the Funds, to who or to what entity they were paid, and for what purpose (for example : advance to Sun Country Airlines evidenced by promissory note, or : purchase of asset still in the possession of a particular person or entity)?



8. Between June 1, 2008, and September 2008, was there a particular method used for distribution of funds received via wire into the M&I Account (for example : 90% of incoming payments was used to pay interest on other outstanding promissory notes; or : 5% of incoming payments was reserved for Tom Petters salary and bonuses)?
9. Were any assets purchased with funds received into the M&I Account after June 1, 2008? If yes, what assets were purchased?
10. Were any expenses paid with funds received into the M&I Account after June 1, 2008? If yes, what are those expenses and their approximate amounts?
11. Were any loans made from the funds received into the M&I Account after June 1, 2008? If yes, what are those loans?
12. Generally speaking, what type of expenses were paid, or for what purposes were moneys deposited into the M&I Account spent, after June 1, 2008?
13. Is Ms. Coleman aware of any bank accounts or assets that have not been seized by the court-appointed receiver (such as off-shore or overseas bank accounts or valuables)?

We look forward to hearing from you.

Marc AI

Marc A. AI
Stoel Rives LLP, Attorneys at Law
33 South Sixth Street
Suite 4200
Minneapolis, MN 55402
(612) 373-8801 (telephone)
(612) 373-8881 (fax)
(651) 324-9495 (cell)
maal@stoel.com

Al, Marc

From: Al, Marc
Sent: Monday, November 03, 2008 1:51 PM
To: 'acaplan@caplanlaw.com'
Subject: FW: Deanna Coleman
Attachments: Marc A Al vcard.vcf

Dear Allan,

Understanding you're in trial right now, I'm sending this via e-mail, but would invite a call. In a prepared statement, presumably prepared by you, Deanna Coleman advised the Star Tribune that she "will do what [she] can to help those who have been impacted." That sentiment perfectly matches a conversation you and I had, at which time you referred me to Bill Skolnick.

To the extent Mr. Schiff in Bill's office may have a different inclination, I would appreciate a united front that ultimately will benefit Ms. Coleman. I am presuming her to be truthful in her public statements, including her regret and her willingness to help victims mitigate their damages.

Very basic information requests are set forth below. We'll take the information in any form. To the extent you might be able to assist us, allowing us ultimately to publicly confirm Ms. Coleman's willingness to assist the victims, it would be appreciated.

I look forward to hearing from you, via e-mail or office or mobile phone.

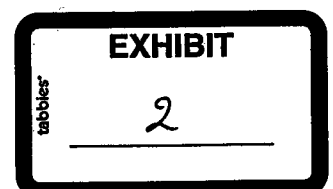
Marc Al

Marc A. Al
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Suite 4200
Minneapolis, MN 55402
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Marc Al

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money+business

STARTRIBUNE.COM/BUSINESS • SUNDAY, NOVEMBER 2, 2008 • SECTION D

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA
Criminal No.: 08-304 (HDDP PAA)

UNITED STATES OF AMERICA,

Plaintiff,

PLEA AGREEMENT AND
SENTENCING STIPULATIONS

DEANNA LYNN COLEMAN,

Defendant.

The United States of America and Deanna Lynn Coleman (hereinafter referred to as the "defendant") agree to resolve this case on the terms and conditions that follow. This plea agreement binds only the defendant and the United States Attorney's Office for the District of Minnesota. This agreement does not bind any other United States Attorney's Office or any other federal or state agency.

1. **Charges.** The defendant agrees to plead guilty to Count 1 of the information, which charges the defendant with conspiracy to commit mail fraud, in violation of Title 18, United States Code, Section 371.

2. Factual Basis.

The defendant conspired and agreed with others to commit mail fraud as set forth below. The defendant worked as an officer of the company PETERS COMPANY, INC. ("PCI"). On behalf of PCI, and at the direction of THOMAS JOSEPH PETERS, the owner and president of PCI, the defendant worked with another employee of PCI, ROBERT DEAN

EXHIBIT

3

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SHATTERED

• She came from humble beginnings but quickly grew accustomed to the millionaire lifestyle she learned from and could afford because of her boss and mentor, Tom Petters. It was only when she lost faith in the unscrupulous business practices in which she took part and Petters' plan to make it all right that **Deanna Coleman** turned to the FBI.

By **DAVID PHELPS** and **JON TEVLIN** • Star Tribune Staff Writers

Tom Petters, the jailed entrepreneur identified by federal authorities as the ringleader of a multibillion fraud scheme, rubbed off on Deanna Coleman, the woman who brought about his arrest last month.

Like Petters, Coleman over the years learned to work hard, play hard and enjoy the finer things in life.

And largely because of Petters, this woman of a modest upbringing obtained the money to live in million-dollar homes in the western suburbs of the Twin Cities, jet off to Costa Rica for vacations in her luxury condos and fly down to Las Vegas, where she was such a good customer that she had standing lines of credit at some of the city's top casinos.

But that came crashing to an end in September. Coleman, apparently overwhelmed by the size of the alleged fraud and feeling guilty for her own role in it, walked into the sixth-floor suite of the U.S. Attorney's office in the Minneapolis federal building and agreed to become an informant against her mentor and employer of 15 years.

Coleman told authorities that Petters — a fast-talking Twin Cities entrepreneur renowned for turning around struggling companies — was running a Ponzi scheme of staggering proportions.

She said her boss had separated investors from billions of dollars by promising them high returns on short-term investments in expensive electronics gear that would be sold through retailers like Sam's Club and BJ's Wholesale Club.

In truth, Coleman told federal investigators, no such mer-

DEANNA COLEMAN

Age: 42.

High school: Graduated from Elbow Lake-Wendell, 1984.

College: Received business degree, Moorhead State University, 1989.

Petters case timeline: Hired by Tom Petters, 1993; became government witness, Sept. 8, 2008; pleaded guilty to one charge of conspiracy to commit mail fraud, Oct. 8, 2008, and now is awaiting sentencing.

chandise existed; Petters used the money for other businesses, to provide lulling payments to investors, and to fund his opulent lifestyle.

Until Coleman walked through the door, the government had no clue about the alleged scheme, which the government said started soon after Petters hired her in March 1993.

But with Coleman working secretly as an informant, authorities moved quickly to arrest Petters and several cronies who, like Coleman, already have pleaded guilty in the case. Petters maintains he is innocent.

Coleman faces up to five years for her role in the fraud, but it's unlikely she'll get that much time. Prosecutors are expected to argue for leniency because of the key role she played in the case. Petters, by contrast, faces up to life in prison and remains in federal custody without bail.

It's been a long, strange road for the 42-year-old Coleman.

Coleman continues: Motive for coming forward unclear. **D7 ▶**

READ ALL OUR COVERAGE OF THE TOM PETTERS STORY AT STARTRIBUNE.COM/PETTERS

(18 U.S.C. § 371)

DEANNA LYNN COLEMAN,
Defendant.

THE UNITED STATES ATTORNEY CHARGES THAT:

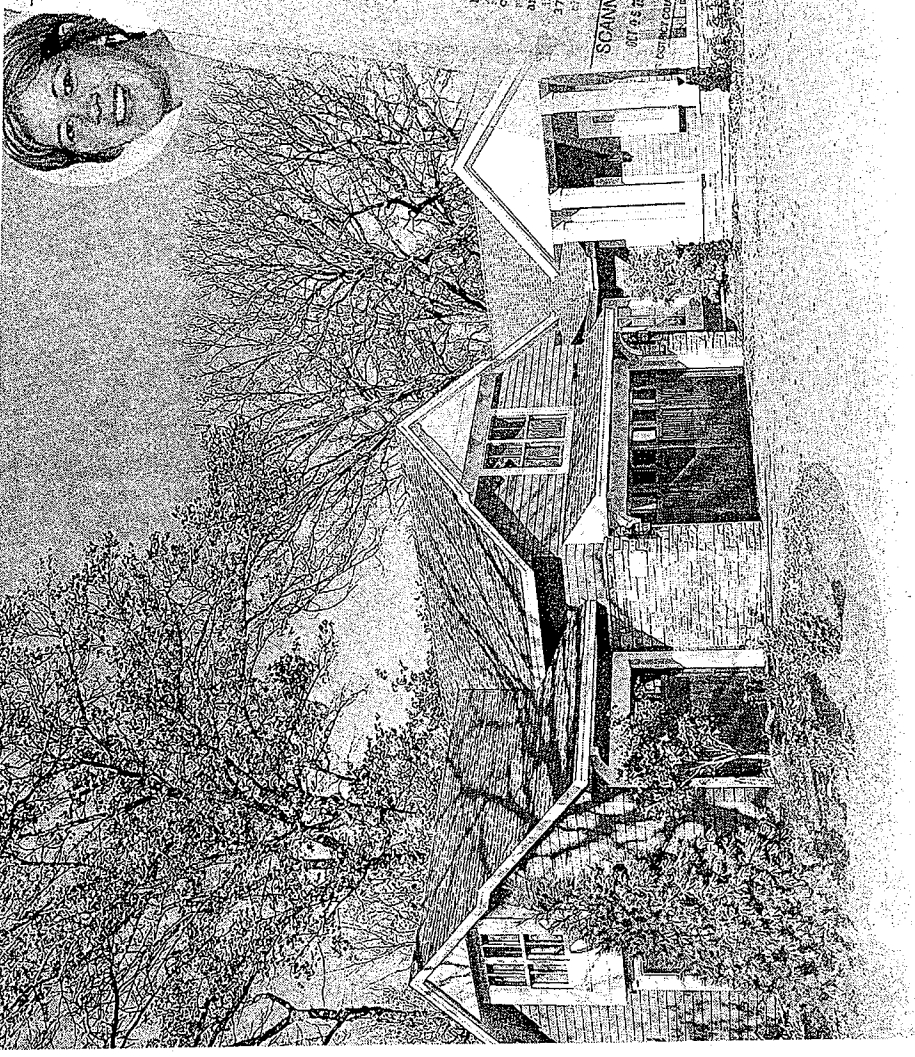
Count 1
(Conspiracy)
18 U.S.C. § 371

1. From in or about 1995 and continuing through in September 2008, in the State and District of Minnesota, the defendant,

DEANNA LYNN COLEMAN, along with persons identified in this Criminal Information, "Individual A," "Individual B," "Individual C," and "Individual D," conspired and agreed to perpetrate schemes, materially false and fraudulent pretenses, representations, and did knowingly cause to be sent, delivered, and work carrier various mailings for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 371.

2. The defendant worked for a company, Company A, on behalf

FILED OCT 6 20
JUDICIALENTED
DEPUTY CLERK



Deanna Coleman was living comfortably in this Plymouth house when she approached the FBI and became an informant against her boss, Tom Petters. Charges against Coleman state that she "did knowingly and unlawfully conspire and agree to perpetrate a scheme and artifice to defraud and to obtain money and property."

GLEN STUBBE
gstubbe@startribune.com
Star Tribune
photo illustration

STAR TRIBUNE

After graduating from Lakeview High School in 1984, she got a two-year degree in fashion merchandising then went on to graduate from Moorhead State University in 1989 with a business degree. From there, she went to work for a collection agency before hiring on as an office manager supervising four employees for Tom Petters.

But Coleman was a millionaire when she pleaded guilty three weeks ago to a single count of conspiracy to commit mail fraud. She stifled tears and gave one-word answers to questions about the charges against her, and has yet to publicly state why or when she decided to confess and expose the alleged fraud.

Through her attorney, Allan Caplan, Coleman declined to be interviewed for this story, although he offered an explanation of her motivation to approach government officials and detail the operation.

"She was deeply troubled by the scale [of the investment scheme]. She felt it had gotten out of hand," Caplan said when asked about her motivation for stepping forward. "She lost her confidence in Petters' ability to ever pay back investors."

Piecing together a profile

Little is known about Coleman despite her apparently key role in Petters' investment operations. But the Star Tribune was able to compile a profile of Coleman's background and her rise in the Petters organization through the review of records and documents and interviews with people familiar with her.

In a brief written statement in response to a Star Tribune question about her background, Coleman described herself as a farm girl who graduated from high school "with average grades," got a college degree — with help from an accounting tutor — and started working for Petters. She married a longtime boyfriend, Allen Munson, in March 1996.

Coleman rose to become vice president of operations for Petters Company, Inc. (PCI), the finance arm through which the alleged investment scheme operated. In the end, records show that Petters was paying her \$330,000 a year. And since 2002, she's been getting annual bonuses that reached seven figures. From 2004 until federal authorities stepped in, Coleman collected about \$8 million in bonuses, the government says.

Like Petters, Coleman liked to gamble, but claimed she was not addicted to it. Records show she's been supplementing her income with gambling winnings every year since 2001. In 2006, for example, she reported \$300,000 in winnings.

Coleman oversaw the daily activities of PCI and its affiliates; she managed PCI's checking account and handled its communications with hedge funds and investors, records show. Part of her job included helping to find funds to finance acquisitions for Petters or to aid his existing companies.

But according to an FBI affidavit filed to justify search warrants that were executed on Sept. 24, Coleman also created false purchase orders and invoices to prove to investors that their money was secured by electronic goods.

At one point before going to the FBI, Coleman described herself this way: "I've always been a very, loyal, dependable, hardworking employee... I came from a hardworking family, and I was expected to be responsible and self-sufficient," she said. "I get along well with people, and I am very dedicated to my employer, who has recognized my contributions and efforts."

One investment fund manager described Coleman as "laid-back."

"She reminded me of a soccer mom. She was personable. There was no flaunting of money," said the manager, who has since gone out of business and did not want to be identified.

But Coleman also lived the high life.

In Las Vegas, she had lines of credit for gambling at the Bellagio, MGM Grand, New York New York and Wynn Casinos. She also owned a home in Las Vegas and several properties, including a \$5,000 picture and \$10,000 statue, both acquired in Las Vegas.

Coleman and her now ex-husband paid \$1.6 million for two luxury condos in Costa Rica, and she'd charge most of their travel expenses to her Petters company American Express card. She'd also bring him along to Las Vegas or to West Palm Beach, where Petters Group Worldwide had an office.

In Minnesota, she belonged to the exclusive Lafayette Country Club on Lake Minnetonka and once received a fancy Gem golf cart from Petters as a gift. Records show that Coleman drove around in a 2008 Lexus 330 SUV, which cost her \$47,000, or a leased 2006 Lexus convertible. She spent several thousand dollars a month on clothing and accessories.

And until they separated in 2007, Coleman and Munson shared a \$1 million home in Minnetrista while they made plans — never fulfilled — to build a dream home on their \$3 million Lake Minnetonka lot.

Some of Coleman's expenditures, including a \$1.65 million payment on a home in 2004, were financed with loans from the company, according to documents reviewed by the Star Tribune. In recent years, Coleman was spending about \$800 a month more than her monthly net income of \$15,000.

When Coleman separated from Munson, he stayed in the Minnetrista home and she moved to another million-dollar home she bought in Plymouth. Their divorce was finalized this summer.

Through his Minneapolis attorney, John Warchol, Munson declined to comment for this article. Warchol said Munson, a 51-year-old carpenter, knew nothing about Coleman's fraudulent activities.

Key witness will lose everything

Caplan, Coleman's defense attorney, said all of his client's assets will go to the government for restitution to investors, a fact that will likely leave her penniless for life.

"I hope that by bringing this fraudulent scheme forward, I can begin with a new chapter in my life," Coleman said in a prepared statement for this article. "I realize that I must suffer the consequences for my actions, and will do what I can to help those who have been impacted. My life, as well as the lives of others, will be forever changed by the events of my past, and for that I am truly remorseful."

Friends of Coleman remain at her side and believe that her remorse is genuine.

Steve McGee, a friend from near Elbow Lake, has talked to Coleman since her plea about why she eventually turned on Petters. "She just woke up one morning and said, 'Enough is enough,'" McGee said. "That's what she said, and I believe her."

"Deanna has a conscience, she always has," McGee said. "I think she just got sucked into a whirlwind."

McGee blames Petters for Coleman's crimes. "I think she was definitely brainwashed, if you want my opinion," he said. "I've known the [Coleman] family for years and they are honest, hardworking people. This totally goes against her character."

Coleman was a bridesmaid at the wedding of Tim and Brenda Nisbet in 2002. Brēnda Nisbet and Coleman have been friends since school days back in Elbow Lake. Tim Nisbet said they were stunned by her guilty plea.

"It surprises me that it ever happened to her, but it doesn't surprise me that she would step up to the plate and say: 'This just isn't right,'" Nisbet said.

Coleman's friends say she didn't talk much about work, or exactly what she did. They believed she was an executive assistant or perhaps managed the office. Occasional-

ly when they were out, Petters would call for information,

they said. "They live a different lifestyle that was much more above mine," Nisbet said. "It was never a topic of discussion between us. The money was there — and it was impressive — but it wasn't throw it in your face like, look what I've got."

Nisbet said his wife went to Vegas once with Coleman, and a couple of years ago, she took them to a Minnesota casino for an hour or so, then to Canterbury Park in Shakopee. But he doesn't recall her betting a lot.

McGee said he'd gamble "nickel-dime stuff" with her sometimes at Mystic Lake, and he and his wife went with her to Las Vegas last year, where they played nickel slots together.

Coleman didn't shower friends with expensive gifts, though she occasionally picked up nice meals, McGee said. "I just thought she was very successful, and good for her," he said.

McGee said he thinks her friends will stick by her despite her guilty plea. "She's very remorseful," he said. "She'll get through this with a lot of prayers and close friends."

David Phelps • 612-673-7269 | Jon Tevlin 612-673-1702

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
DEANNA LYNN COLEMAN,)
)
Defendant.)

INFORMATION

CRO8-304 MOD

(18 U.S.C. § 371)

THE UNITED STATES ATTORNEY CHARGES THAT:

Count 1
(Conspiracy)
18 U.S.C. § 371

1. From in or about 1995 and continuing through in or about
September 2008, in the State and District of Minnesota and
elsewhere, the defendant,

DEANNA LYNN COLEMAN,

along with persons identified in this Criminal Information as
"Individual A," "Individual B," "Individual C," and "Individual E,"
and others known and unknown to the United States, did knowingly
and unlawfully conspire and agree to perpetrate a scheme and
artifice to defraud and to obtain money and property by means of
materially false and fraudulent pretenses, representations, and
promises and did knowingly cause to be sent, delivered, and moved
by the United States Postal Service and interstate commercial
carrier various mailings for the purpose of executing such scheme
and artifice, in violation of Title 18, United States Code, Section
371.

2. The defendant worked for a company, Company A. On behalf

SCANNED

OCT 06 2008

U.S. DISTRICT COURT MPLS

FILED OCT 6 2008

RICHARD D. SLETTEN

JUDGMENT ENTD

DEPUTY CLERK

EXHIBIT

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4

U.S. v. Deanna Lynn Coleman

of Company A, and at the direction of Individual A, the owner and president of Company A, the defendant worked with another employee of Company A (Individual E) to fabricate documents used by Individual A and others to induce third parties to provide Company A with billions of dollars in loans.

3. The fabricated documentation purported to memorialize the purchase of merchandise by Company A from two supplier companies: Company B, run by Individual B, and Company C, run by Individual C. Company A represented to the third-party lenders that Company A would then resell the merchandise it purchased from Company B and Company C to big box retailers based on purchase orders purportedly received from these retailers. The transactions were fictitious and the documents were fabricated.

4. A substantial portion of the funds that were lent to Company A were secured by promissory notes, and in some instances by security agreements, that pledged as collateral either: (a) the merchandise that Company A purportedly had purchased from Company B and Company C; and/or (b) accounts receivable for the fictitious purchase orders between Company A and the big box retailers. In many instances, lenders would wire the funds lent to Company A directly to Company B or Company C based on representations made to the lenders by Individual A and Company A that the funds would be

U.S. v. Deanna Lynn Coleman

used to finance the merchandise purportedly purchased by Company A. In such cases, rather than provide Company A with merchandise, Company B and Company C, at the direction of Individual A, would simply re-direct the funds to Company A less a commission. During the course of the conspiracy, Company B and Company C funneled tens of billions of dollars through their respective accounts in furtherance of the scheme. Individuals B and C were paid millions of dollars to use their companies' bank accounts to conceal and disguise the nature, source, ownership and control of the funds.

5. The current debt of Company A is more than \$3 billion, much of which was obtained through the fraudulent scheme over the course of more than 13 years.

6. For her efforts, the defendant received millions of dollars. The vast majority of the fraud proceeds went to Company A and Individual A, and were then used to fund the operations of other companies owned by Individual A, to pay others who assisted in the fraud scheme, and for Individual A's extravagant lifestyle.

7. The defendant understood that in furtherance of the scheme, items would be sent, delivered, and moved by the United States Postal Service and interstate commercial carrier various mailings for the purpose of executing the scheme.

All in violation of Title 18, United States Code, Section 371.

U.S. v. Deanna Lynn Coleman

Forfeiture Allegations

Count 1 of this Information are hereby realleged and incorporated as if fully set forth herein by reference, for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and 982(a)(1), and Title 28, United States Code, Section 2461(c).

As a result of the offense alleged in Count 1 of this Information, the defendant shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the violation of Title 18, United States Code, Section 371.

If any of the above-described forfeitable property is unavailable for forfeiture, the United States intends to seek the forfeiture of substitute property as provided for in Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and by Title 28, United States Code, Section 2461(c).

U.S. v. Deanna Lynn Coleman

All in violation of Title 18, United States Code, Sections
981(a)(1)(C), 982(a)(1), 371, 1341, and Title 28, United States
Code, Section 2461(c).

Date: *October 6, 2008*

FRANK J. MAGILL, JR.
United States Attorney

BY: *Joseph T. Dixon III*
JOSEPH T. DIXON, III
JOHN R. MARTI
TIMOTHY C. RANK
Assistant U.S. Attorneys

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MINNESOTA**

PLEA HEARING

UNITED STATES OF AMERICA,	)	COURT MINUTES - CRIMINAL
Plaintiff,)	
)	
v.	)	Case No: Criminal 08-299 PAM
	)	Date: October 8, 2008
	)	Court Reporter: Ron Moen
Deanna Lynn Coleman,	)	Time Commenced: 9:30 a.m.
Defendant.	)	Time Concluded: 10:00 a.m.
	)	Time in Court: Hours & 30 Minutes
)	

Defendant's true name if different from charging instrument:

- ☐ Parties ordered to file stipulation or proposed order for name change.
☐ Clerk of Court is directed to change name to:

Before Paul A. Magnuson, United States District Judge, at St. Paul, Minnesota.

APPEARANCES:

For Plaintiff: Timothy Rank
For Defendant: Allan Caplan ☐ FPD ☐ CJA ☒ Retained ☐ Appointed

PROCEEDINGS:

- ☒ **Arraignment** on ☒ Information, ☐ Indictment
☐ **Change of Plea Hearing.**
☐ **Initial Appearance.**
☒ Indictment waived.
☐ Defendant withdraws plea of as to Count(s):

- ☒ **PLEA:**
☒ Guilty as to Count(s): 1
☐ "Nolo Contendere" as to Count(s):
☐ Defendant admits allegations in the Information.

- ☒ Presentence Investigation and Report requested.
☒ Bond set \$25,000 unsecured.
☐ ~Util Set/Reset Hearings: Sentencing is scheduled for at before.
☐ Defendant remanded to the custody of the U.S. Marshal.

s/Suzanne M. Ruiz
Calendar Clerk

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

UNITED STATES OF AMERICA,)
) INFORMATION CR 08-299 PAM
Plaintiff,)
) (18 U.S.C. § 1341)
v.) (18 U.S.C. § 1957)
) (18 U.S.C. § 2)
ROBERT DEAN WHITE,)
)
Defendant.)

THE UNITED STATES ATTORNEY CHARGES THAT:

Count 1
(Mail Fraud)
18 U.S.C. § 1341

1. From in or about 1995 and continuing through in or about
September 2008, in the State and District of Minnesota and
elsewhere, the defendant,

ROBERT DEAN WHITE,

along with persons identified in this Criminal Information as
"Individual A," "Individual B," "Individual C," and "Individual D,"
and others known and unknown to the United States, did knowingly
and unlawfully participate in a scheme and artifice to defraud and
to obtain money and property by means of materially false and
fraudulent pretenses, representations, and promises and did
knowingly cause to be sent, delivered, and moved by the United
States Postal Service and interstate commercial carrier various
mailings for the purpose of executing such scheme and artifice, in
violation of Title 18, United States Code, Sections 2 and 1341.

SCANNED

SEP 30 2008

U.S. DISTRICT COURT MPLS

1

FILED SEP 30 2008
RICHARD D. SLETTEN
JUDGMENT ENTD _____
DEPUTY CLERK _____

U.S. v. Robert Dean White

2. The defendant worked for a company, Company A. On behalf of Company A, and at the direction of Individual A, the owner and president of Company A, the defendant worked with another employee of Company A (Individual D) to fabricate documents used by Individual A and others to induce third parties to provide Company A with billions of dollars in loans.

3. The fabricated documentation purported to memorialize the purchase of merchandise by Company A from two supplier companies: Company B, run by Individual B, and Company C, run by Individual C. Company A represented to the third-party lenders that Company A would then resell the merchandise it purchased from Company B and Company C to big box retailers based on purchase orders purportedly received from these retailers. The transactions were fictitious and the documents were fabricated.

4. A substantial portion of the funds that were lent to Company A were secured by promissory notes, and in some instances by security agreements, that pledged as collateral either: (a) the merchandise that Company A purportedly had purchased from Company B and Company C; and/or (b) accounts receivable for the fictitious purchase orders between Company A and the big box retailers. In many instances, lenders would wire the funds lent to Company A directly to Company B or Company C based on representations made to the lenders by Individual A and Company A that the funds would be

U.S. v. Robert Dean White

used to finance the merchandise purportedly purchased by Company A. In such cases, rather than provide Company A with merchandise, Company B and Company C, at the direction of Individual A, would simply re-direct the funds to Company A less a commission. During the course of the conspiracy, Company B and Company C funneled tens of billions of dollars through their respective accounts in furtherance of the scheme. Individuals B and C were paid millions of dollars to use their companies' bank accounts to conceal and disguise the nature, source, ownership and control of the funds.

5. The current debt of Company A is more than \$3 billion, much of which was obtained through the fraudulent scheme over the course of more than 13 years.

6. For his efforts, the defendant received millions of dollars. The vast majority of the fraud proceeds went to Company A and Individual A, and were then used to fund the operations of other companies owned by Individual A, to pay others who assisted in the fraud scheme, and for Individual A's extravagant lifestyle.

7. In furtherance of the scheme, the defendant and other participants in the fraud scheme knowingly caused to be sent, delivered, and moved by the United States Postal Service and interstate commercial carrier various mailings for the purpose of executing the scheme. In particular, on or about June 23, 2008, defendant, or another acting at his direction or the direction of

U.S. v. Robert Dean White

Individual A or Individual D, sent to the third-party lender [REDACTED] by interstate commercial carrier a "Receivable Participation Note" in the amount of \$18,250,000 and a fraudulent security agreement, which were delivered by such carrier according to the directions, in violation of Title 18, United States Code, Sections 2 and 1341.

Count 2
(Illegal Monetary Transactions)
18 U.S.C. § 1957

8. On or about December 18, 2007, in the State and District of Minnesota, the defendant,

ROBERT DEAN WHITE,

did knowingly engage in a monetary transaction by, through, and to a financial institution, affecting interstate commerce, in criminally derived property of a value greater than \$10,000.00, that is, by depositing into his own account at First Minnesota Bank a check for \$500,000 written on Company A's account at Crown Bank, Minnesota (account number XXX2227) from the proceeds of the mail fraud described in Count 1. The financial institution through which the check cleared engaged in interstate commerce. All in which was in violation of Title 18, United States Code, Section 1957.

U.S. v. Robert Dean White

Forfeiture Allegations

Counts 1 and 2 of this Information are hereby realleged and incorporated as if fully set forth herein by reference, for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and 982(a)(1), and Title 28, United States Code, Section 2461(c).

As a result of the offense alleged in Count 1 of this Information, the defendant shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the violations of Title 18, United States Code, Section 1341.

As a result of the offense alleged in Count 2 of this Information, the defendant shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(1) any property, real or personal, involved in such offense, and any property traceable to such property.

If any of the above-described forfeitable property is unavailable for forfeiture, the United States intends to seek the forfeiture of substitute property as provided for in Title 21, United States Code, Section 853(p), as incorporated by Title 18,

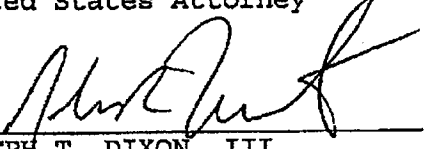
U.S. v. Robert Dean White

United States Code, Section 982(b)(1) and by Title 28, United States Code, Section 2461(c).

All in violation of Title 18, United States Code, Sections 981(a)(1)(C), 982(a)(1), 1341, 1957, and Title 28, United States Code, Section 2461(c).

Date: 9/30/2008

FRANK J. MAGILL, JR.
United States Attorney

BY: 
JOSEPH T. DIXON, III
JOHN R. MARTI
TIMOTHY C. RANK
Assistant U.S. Attorneys

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MINNESOTA**

PLEA HEARING

UNITED STATES OF AMERICA,	)	COURT MINUTES - CRIMINAL
Plaintiff,)	
	)	Case No: Criminal 08-299 PAM
v.	)	Date: October 8, 2008
	)	Court Reporter: Ron Moen
Robert Dean White,	)	Time Commenced: 9:00 a.m.
Defendant.	)	Time Concluded: 9:30 a.m.
	)	Time in Court: Hours & 30 Minutes
)	

Defendant's true name if different from charging instrument:

☐ Parties ordered to file stipulation or proposed order for name change.

☐ Clerk of Court is directed to change name to:

Before Paul A. Magnuson, United States District Judge, at St. Paul, Minnesota.

APPEARANCES:

For Plaintiff: Timothy Rank

For Defendant: Joseph Friedberg ☐ FPD ☐ CJA ☒ Retained ☐ Appointed

PROCEEDINGS:

☒ Arraignment on ☒ Information, ☐ Indictment

☐ Change of Plea Hearing.

☐ Initial Appearance.

☒ Indictment waived.

☐ Defendant withdraws plea of as to Count(s):

☒ PLEA:

☒ Guilty as to Count(s): 1 and 2

☐ "Nolo Contendere" as to Count(s):

☐ Defendant admits allegations in the Information.

☒ Presentence Investigation and Report requested.

☒ Bond set \$25,000 unsecured.

☐ ~Util Set/Reset Hearings: Sentencing is scheduled for at before.

☐ Defendant remanded to the custody of the U.S. Marshal.

s/Suzanne M. Ruiz
Calendar Clerk

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
LAWRENCE REYNOLDS)
)
Defendant.)

INFORMATION

(18 U.S.C. § 1956(h))

CR08-320 RHK

THE UNITED STATES ATTORNEY CHARGES THAT:

Count 1

(Money Laundering Conspiracy)

18 U.S.C. § 1956(h)

1. From in or about 2002 and continuing through in or about September 2008, in the State and District of Minnesota and elsewhere, the defendant,

LAWRENCE REYNOLDS,

did knowingly and willfully conspire with a person identified in this Criminal Information as "Individual A," and others known and unknown to the United States, knowingly and willfully to conduct and attempt to conduct financial transactions affecting interstate commerce, namely, transfers of the proceeds of specified unlawful activity to themselves or for their benefit, which transactions involved proceeds of a specified unlawful activity, that is, the mail fraud described herein, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity and knowing that the transactions were designed in whole and in part to conceal or disguise the nature, source, ownership and control of the proceeds of the specified unlawful activity and with the intent to promote the carrying on of

SCANNED

OCT 16 2008

U.S. DISTRICT COURT MFL

FILED OCT 16 2008
RICHARD D. SLETTEN, CLERK
JUDGMENT ENTERED
DEPUTY CLERK'S INITIALS

specified unlawful activity, in violation of Title 18, United States Code, Sections 1956(a)(1)(A)(i) and (B)(i), all in violation of Title 18, United States Code, Section 1956(h).

2. The defendant owned and operated Nationwide International Resources ("NIR"), a California Corporation. In or about 2002, the defendant opened a bank account in the name of NIR at First Regional Bank, a federally insured bank in California. At the request of Individual A, the owner and president of another company, Company A, the defendant began receiving funds into the NIR account at Anchor Bank for Company A. These funds were wired into the NIR account at First Regional Bank from third-party investors that loaned money to Company A. These third-party investors were advised that the funds were being sent to NIR for the purchase of consumer electronics by Company A. In fact, the defendant wired almost all of the funds back to Company A.

3. Starting in or about 2002 until in or about September 2008, approximately \$12 billion was routed through the NIR account and re-directed to the account of Company A. Multiple times each month, wire transfers were made into the NIR account. Wire transfers into the NIR account from lenders ranged from approximately \$2 million to approximately \$25 million. Based on an agreement with Individual A, the defendant kept a percentage of the funds run through the NIR account as a "commission." After each wire transfer into the account, the defendant, or someone working at his direction, caused a wire transfer of the funds, less a

commission of approximately .05 percent, from the NIR account to the account of Company A.

4. The defendant knew that the funds wired into the NIR account came from investors that were providing loans to Company A. The defendant, Individual A and Company A made false representations to investors about NIR and the purpose of the funds wired to NIR. The defendant knew that the wire transfers to the NIR account were purported to be for the purchase of merchandise from NIR by Company A. The defendant, Individual A and Company A provided false purchase orders to investors to make it appear that Company A had purchased merchandise from NIR. The defendant knew that Company A made no purchases of merchandise from NIR. The defendant knew that the NIR account was being used by Individual A and Company A to conceal or disguise the nature, source, ownership and control of the funds and to promote Individual A's mail fraud scheme.

5. From in or about 2002 until in or about September 2008, the defendant obtained more than \$6 million for his role in the scheme. The vast majority of the fraud proceeds went to Company A and Individual A, and were then used to fund the operations of other companies owned by Individual A, to pay others who assisted in the fraud scheme, and for Individual A's extravagant lifestyle.

Forfeiture Allegations

Count 1 of this Information is hereby realleged and incorporated as if fully set forth herein by reference, for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 982(a)(1).

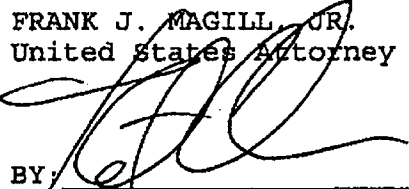
As a result of the offense alleged in Count 1 of this Information, the defendant shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(1), all property, real or personal, involved in such offense, and any property traceable to such property.

If any of the above-described forfeitable property is unavailable for forfeiture, the United States intends to seek the forfeiture of substitute property as provided for in Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1).

All in violation of Title 18, United States Code, Sections 982(a)(1) and 1956(h).

Date: *October 16, 2008*

FRANK J. MAGILL, JR.
United States Attorney


BY:
JOSEPH T. DIXON, III
JOHN R. MARTI
TIMOTHY C. RANK
Assistant U.S. Attorneys

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MINNESOTA**

PLEA HEARING

UNITED STATES OF AMERICA,	)	COURT MINUTES - CRIMINAL
Plaintiff,)	
	)	Case No: Criminal 08-320 PAM
v.	)	Date: October 23, 2008
	)	Court Reporter: Ron Moen
Larry Reynolds,	)	Time Commenced: 9:15 am
Defendant.	)	Time Concluded: 9:45 am
	)	Time in Court: Hours & 30 Minutes
)	

Defendant's true name if different from charging instrument: Larry Reynolds

☐ Parties ordered to file stipulation or proposed order for name change.

☒ Clerk of Court is directed to change name to: Larry Reynolds

Before Paul A. Magnuson, United States District Judge, at St. Paul, Minnesota.

APPEARANCES:

For Plaintiff: John Marti, Joseph Dixon, Timothy Rank

For Defendant: Frederic Bruno ☐ FPD ☐ CJA ☒ Retained ☐ Appointed

Interpreter/Language: /

☐ Appointment of Counsel requested - ☐ granted ☐ denied.

☐ Appointed

PROCEEDINGS:

☒ Arraignment on ☒ Information, ☐ Indictment

☐ Change of Plea Hearing.

☒ Initial Appearance.

☒ Indictment waived.

☐ Defendant withdraws plea of as to Count(s):

☒ PLEA:

☒ Guilty as to Count(s): one

☐ "Nolo Contendere" as to Count(s):

☐ Defendant admits allegations in the Information.

☒ Presentence Investigation and Report requested.

☒ No Bond.

☐ ~Util Set/Reset Hearings: Sentencing is scheduled for at before.

☐ Defendant remanded to the custody of the U.S. Marshal.

s/Suzanne M. Ruiz
Calendar Clerk

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

UNITED STATES OF AMERICA,

Plaintiff,

V.

MICHAEL ALAN CATAIN,

Defendant.

INFORMATION

(18 U.S.C. § 1956(h))

CR 08-302 THR

THE UNITED STATES ATTORNEY CHARGES THAT:

Count 1

(Money Laundering Conspiracy)

18 U.S.C. § 1956(h)

1. From in or about 1995 and continuing through in or about September 2008, in the State and District of Minnesota and elsewhere, the defendant,

MICHAEL ALAN CATAIN,

did knowingly and willfully conspire with a person identified in this Criminal Information as "Individual A," and others known and unknown to the United States, knowingly and willfully to conduct and attempt to conduct financial transactions affecting interstate commerce, namely, transfers of the proceeds of specified unlawful activity to themselves or for their benefit, which transactions involved proceeds of a specified unlawful activity, that is, the mail fraud described herein, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity and knowing that the transactions were designed in whole and in part to conceal or disguise the nature, source, ownership and control of the proceeds of the specified unlawful activity and with the intent to promote the carrying on of,

SCANNED

OCT 03 2008

U.S. DISTRICT COURT MPLS

FILED

Oct 3 2008

RICHARD D. SLETTEN

JUDGMENT ENTD

DEPUTY CLERK

specified unlawful activity, in violation of Title 18, United States Code Sections 1956(a)(1)(A)(i) and (B)(i), all in violation of Title 18, United States Code, Section 1956(h).

2. In or about 2002, the defendant started a company, Enchanted Family Buying Company ("EFBC"), a Minnesota Corporation. EFBC was a shell corporation and had no real operations. In or about 2002, the defendant opened a bank account in the name of EFBC at Anchor Bank, a federally insured bank in Minnesota. At the request of Individual A, the owner and president of another company, Company A, the defendant began receiving funds into the EFBC account at Anchor Bank for Company A. These funds were wired into the EFBC account at Anchor Bank from third-party investors that loaned money to Company A. These third-party investors were advised that the funds were being sent to EFBC for the purchase of consumer electronics by Company A. In fact, the defendant wired almost all of the funds back to Company A.

3. Starting in or about 2002 until in or about September 2008, approximately \$12 billion was routed through the EFBC account and re-directed to the account of Company A. Multiple times each month, wire transfers were made into the EFBC account. Wire transfers into the EFBC account from lenders ranged from approximately \$2 million to approximately \$25 million. Based on an agreement with Individual A, the defendant kept a percentage of the funds run through the EFBC account as a "commission." After each wire transfer into the account, the defendant, or someone working

at his direction, caused a wire transfer of the funds, less a commission of between .025 and .05 percent, from the EFBC account to the account of Company A.

4. The defendant knew that the funds wired into the EFBC account came from investors that were providing loans to Company A. The defendant knew that Individual A and Company A made false representations to investors about EFBC and the purpose of the funds wired to EFBC. The defendant knew that the wire transfers to the EFBC account were purported to be for the purchase of merchandise from EFBC by Company A. The defendant knew that Company A made no purchases of merchandise from EFBC. The defendant knew that the EFBC account was being used by Individual A and Company A to conceal or disguise the nature, source, ownership and control of the funds and to promote Individual A's mail fraud scheme.

5. From in or about 2002 until in or about September 2008, the defendant obtained over \$3 million dollars in commissions for his role in the scheme. The vast majority of the fraud proceeds went to Company A and Individual A, and were then used to fund the operations of other companies owned by Individual A, to pay others who assisted in the fraud scheme, and for Individual A's extravagant lifestyle.

Forfeiture Allegations

Count 1 of this Information is hereby realleged and incorporated as if fully set forth herein by reference, for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 982(a)(1).

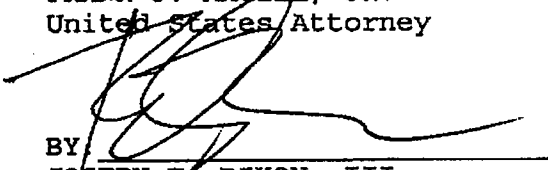
As a result of the offense alleged in Count 1 of this Information, the defendant shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(1), all property, real or personal, involved in such offense, and any property traceable to such property.

If any of the above-described forfeitable property is unavailable for forfeiture, the United States intends to seek the forfeiture of substitute property as provided for in Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1).

All in violation of Title 18, United States Code, Sections 982(a)(1) and 1956(h).

Date: 10/3/08

FRANK J. MAGILL, JR.
United States Attorney

BY 
JOSEPH T. DIXON, III
JOHN R. MARTI
TIMOTHY C. RANK
Assistant U.S. Attorneys

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MINNESOTA**

PLEA HEARING

UNITED STATES OF AMERICA,	)	COURT MINUTES - CRIMINAL
Plaintiff,)	
)	
v.	)	Case No: Criminal 08-302 PAM
	)	Date: October 8, 2008
	)	Court Reporter: Ron Moen
Michael Catain,	)	Time Commenced: 3:30 p.m.
Defendant.	)	Time Concluded: 4:00 p.m.
	)	Time in Court: Hours & 30 Minutes
)	

Defendant's true name if different from charging instrument: the Govt moved to file an amended Information striking the depts middle name. The deft has no middle name. The Court grants this.

☐ Parties ordered to file stipulation or proposed order for name change.

☒ Clerk of Court is directed to change name to: Michael Catain

Before Paul A. Magnuson, United States District Judge, at St. Paul, Minnesota.

APPEARANCES:

For Plaintiff: Timothy Rank

For Defendant: Michael Colich ☐ FPD ☐ CJA ☒ Retained ☐ Appointed

PROCEEDINGS:

☒ Arraignment on ☐ Information, ☐ Indictment

☐ Change of Plea Hearing.

☐ Initial Appearance.

☐ Indictment waived.

☐ Defendant withdraws plea of as to Count(s):

☒ PLEA:

☒ Guilty as to Count(s): one

☐ "Nolo Contendere" as to Count(s):

☐ Defendant admits allegations in the Information.

☒ Presentence Investigation and Report requested.

☒ Bond set \$25,000 unsecured.

☐ ~Util Set/Reset Hearings: Sentencing is scheduled for at before.

☐ Defendant remanded to the custody of the U.S. Marshal.

s/Suzanne M. Ruiz
Calendar Clerk

UNITED STATES DISTRICT COURT
STATE AND DISTRICT OF MINNESOTA

APPLICATION AND AFFIDAVIT
FOR SEIZURE WARRANT

In the Matter of the Seizure of
(Address or brief description of property or premises to be seized)

ANY AND ALL FUNDS HELD IN M&I MARSHALL & ILSLEY
BANK ACCOUNT NUMBER 1959018 IN THE
NAME OF PETTERS COMPANY INC.

CASE NUMBER: 08-mj-364 (FLN)

I, Valerie Ingram, being duly sworn depose and say:

I am a Special Agent of the Internal Revenue Service, and have reason to believe that in the State and District of Minnesota there is now certain property which is subject to forfeiture to the United States, namely (describe the property to be seized)

Any and all funds held in M&I Marshall & Ilsley Bank account number 1959018 in the name of Petters Company Inc.


which is (state one or more bases for seizure under the United States Code) subject to seizure pursuant to 18 U.S.C. § 981(b) and subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C) and 18 U.S.C. § 984

concerning violations of 18 U.S.C. § 1343.

The facts to support a finding of Probable Cause for issuance of a Seizure Warrant are as follows:

See Affidavit attached hereto and incorporated herein by reference.

Continued on the attached sheet and made a part hereof. ☒ Yes ☐ No



Signature of Affiant
Valerie Ingram, Special Agent
Internal Revenue Service

Sworn to before me, and subscribed in my presence

September 25, 2008 11:15 am.

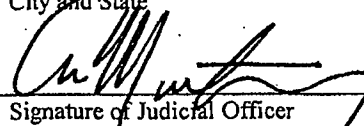
Date and Time Issued

at Minneapolis, MN

City and State

ANN D. MONTGOMERY, U.S. District Judge

Name and Title of Judicial Officer



Signature of Judicial Officer

AUG 29 2008
FILED
RICHARD D. SLETTEN, CLERK
JUDGMENT ENTD
DEPUTY CLERK

JSA:AS

UNITED STATES DISTRICT COURT
STATE AND DISTRICT OF MINNESOTA

In the Matter of the Seizure of
(Address or brief description of property
or premises to be seized)

SEIZURE WARRANT

CASE NUMBER: 08-MJ-364(FLN)

ANY AND ALL FUNDS HELD IN M&I MARSHALL & ILSLEY
BANK ACCOUNT NUMBER 1959018 IN THE
NAME OF PETTERS COMPANY INC.

TO: The Internal Revenue Service and any Authorized Officer of the United States

Affidavit(s) having been made before me by Special Agent Valerie Ingram, who has reason to believe that in the State and District of Minnesota there is now certain property which is subject to forfeiture to the United States, namely (describe the property to be seized)

Any and all funds held in M&I Marshall & Ilsley Bank account number 1959018 in the name of Petters Company Inc.

I am satisfied that the affidavit(s) and any recorded testimony establish probable cause to believe that the property so described is subject to seizure and that the grounds exist for the issuance of this seizure warrant.

YOU ARE HEREBY COMMANDED to seize within 10 days the property specified, serving this warrant and making the seizure in the daytime — 6:00 A.M. to 10:00 P.M. — leaving a copy of this warrant and receipt for the property seized, and prepare a written inventory of the property seized and promptly return this warrant to Honorable Ann D. Montgomery, US District Court Judge, as required by law.

September 25, 2008 11:15 am

Date and Time Issued

at Minneapolis, MN

City and State

ANN D. MONTGOMERY, U.S. District Judge

Name and Title of Judicial Officer

Signature of Judicial Officer

STATE OF MINNESOTA)

) ss.

AFFIDAVIT OF VALERIE INGRAM

COUNTY OF HENNEPIN)

I, Valerie Ingram, being duly sworn, state that the following is true and correct to the best of my knowledge and belief:

AFFIANT'S BACKGROUND & EXPERTISE

1. I am a Special Agent (SA) with the Internal Revenue Service, Criminal Investigation Division. I have held this position since February 2005. As a Special Agent I have been involved in the investigation of money laundering, bank fraud, mail fraud, wire fraud, and conspiracies to commit these crimes. My duties and responsibilities have included conducting criminal investigations of individuals and entities for possible violations of federal laws, particularly those laws found in Titles 18, 26 and 31 of the United States Code.
2. This Affidavit is submitted in support of an application for a seizure warrant for any and all funds currently held in account 1959018 at M&I Marshall & Ilsley Bank. This account is a commercial checking account held in the name of Petters Company Inc. As described further below, probable cause exists to conclude that this account has been funded with the proceeds of wire fraud. Therefore, the funds contained in account 1959018 at M&I Marshall & Ilsley Bank are subject to civil forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C) and 18 U.S.C. § 984, and are subject to civil seizure pursuant to 18 U.S.C. § 981(b).

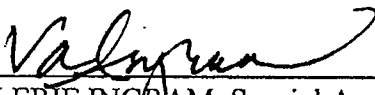
CURRENT INVESTIGATION

3. I am currently assisting a joint federal investigation with the Internal Revenue Service - Criminal Investigation Division and the United States Postal Inspection Service which is focusing on the business and financing activities of PETTERS COMPANY, INC (PCI), PCI affiliated entities and persons; NATIONWIDE INTERNATIONAL RESOURCES, INC. (NIR); and ENCHANTED FAMILY BUYING COMPANY (ENCHANTED).
4. THOMAS JOSEPH PETTERS, the owner of PCI; employees of PCI and other PETTERS' entities; and other businesses have created and are continuing to execute a scheme to fraudulently induce investors to provide funds for, and financing to, PCI. Based on the fraudulent scheme, over 20 identified investors and investment groups have currently provided well in excess of \$100 million, and possibly substantially more, in PCI and related entities.
5. I am advised that 18 U.S.C. § 984 allows the United States to seize for civil forfeiture identical property found in the same account where the "guilty" property had been kept. I am advised that, by section 984(b), this affidavit need not demonstrate that the monies now in the account to be seized are the particular monies which constitute the proceeds of wire

fraud, so long as the forfeiture is sought for other funds on deposit in the same account, and so long as the forfeiture is commenced within one year of the wire fraud offense(s).

6. On September 24, 2008, a grand jury subpoena was served on M&I Marshall & Ilsley Bank. Attached and incorporated by reference is a copy of the Affidavit of Timothy Bisswurm which served as the basis for search warrants for nine premises and two vehicles. The Affidavit of Timothy Bisswurm provides background information concerning this investigation.
7. I have reviewed account statements for the time period from January 1 through August 31, 2008 for account number 1959018 at M&I Marshall & Ilsley Bank. As noted above, this account is a commercial checking account held in the name of Petters Company Inc. The account statements for this account reveal that this account is funded almost entirely with incoming wire transfers. The account statement for the month of August 2008 indicates that there were total deposits to this account during the month in the amount of \$174,839,500.07. Virtually all of these deposits were in the form of incoming wire transfers. I was advised on September 24, 2008, that the current balance for this account is \$1,026,352.86. The account statement for the month of August 2008 indicates that the account had an average balance of \$1,113,207.21 for the month of August 2008. The investigation to date has indicated that the business of Petters Company Inc. is largely if not entirely fraudulent, and that Petters Company has regularly received large wire transfers funded with monies provided by investors, which monies were fraudulently obtained by the Petters Company.
8. Based on the above information, and the background information provided in the Affidavit of Timothy Bisswurm, probable cause exists that proceeds of wire fraud substantially in excess of the current balance of the account were deposited to this account during the past year. Therefore, the funds currently contained in account number 1959018 at M&I Marshall & Ilsley Bank are subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C) and 984, and are subject to seizure pursuant to 18 U.S.C. § 981(b).

Further Affiant sayeth not.


VALERIE INGRAM, Special Agent
Internal Revenue Service
Criminal Investigation Division

SUBSCRIBED and SWORN TO before me

on this 25 day of September, 2008.


ANN D. MONTGOMERY
United States District Judge