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UNITED STATES OF AMERICA

UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA, Plaintiff, v. REED E. SLATKIN, Defendant.	No. CR 02 - _____ PLEA AGREEMENT FOR DEFENDANT REED E. SLATKIN

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

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PLEA

2. Defendant gives up the right to indictment by a grand jury and agrees to plead guilty to a fifteen-count Information in the form attached to this agreement or a substantially similar form.

NATURE OF THE OFFENSE

3. The elements of the various offenses to which defendant is pleading guilty are as follows:

a) In order for defendant to be guilty of counts one through five, which charge violations of Title 18, United States Code, Sections 1341 and 2, the following must be true: (1) defendant made up and/or executed a scheme or plan for obtaining money or property by making false promises or statements; (2) defendant knew that the promises or statements were false; (3) the promises or statements were material, that is they would reasonably influence a person to part with money or property; (4) defendant acted with the intent to defraud; and (5) defendant used or caused to be used, the mails or private commercial interstate carriers to carry out an essential part of the scheme.

b) In order for defendant to be guilty of counts six through eight, which charge violations of Title 18, United States Code, Sections 1343 and 2, the following must be true: (1) defendant made up and/or executed a scheme or plan for obtaining money or property by making false promises or statements; (2) defendant knew that the promises or statements were false; (3) the promises or statements were material, that is they would reasonably influence a person to part with money or

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

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

d) In order for defendant to be guilty of count fifteen, which charges a violation of Title 18, United States Code, Section 371, the following must be true: (1) there was an agreement between defendant and at least one other person 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 Securities and Exchange Commission ("SEC"), a department or agency of the United States, in violation of Title 18, United States Code, Section 1505; (2) defendant became a member of the conspiracy knowing of its object and intending to help accomplish it; and (3) one of the members of the conspiracy committed at

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

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

PENALTIES AND RESTITUTION

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

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

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

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

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

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

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

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

6. Supervised release is a period of time following imprisonment during which defendant will be subject to various restrictions and requirements. Defendant understands that if defendant violates one or more of the conditions of any supervised release imposed, defendant may be returned to prison for all or part of the term of supervised release, which could result in defendant serving a total term of imprisonment greater than the statutory maximum stated above.

FACTUAL BASIS

7. Defendant and the USAO agree and stipulate to the statement of facts attached hereto and incorporated herein by reference.

WAIVER OF CONSTITUTIONAL RIGHTS

8. By pleading guilty, defendant gives up the following rights:

a) The right to persist in a plea of not guilty.

b) The right to a speedy and public trial by jury.

c) The right to the assistance of counsel at trial, including, if defendant could not afford an attorney, the right to have the Court appoint one for defendant.

d) The right to be presumed innocent and to have the burden of proof placed on the government to prove defendant guilty beyond a reasonable doubt.

e) The right to confront and cross-examine witnesses against defendant.

f) The right, if defendant wished, to testify on defendant's own behalf and present evidence in opposition to the

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

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

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

SENTENCING FACTORS

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

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

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a) Guideline Calculation for Mail and Wire Fraud Offenses

Base Offense Level	:	6	[U.S.S.G. § 2F1.1(a)]
Specific Offense Characteristics			
Loss (over $80 million)	:	+18	[U.S.S.G. § 2F1.1.(b)(1)(S)]
More than minimal planning/multiple victims	:	+2	[U.S.S.G. § 2F1.1(b)(2)]
Sophisticated means	:	+2	[U.S.S.G. § 2F1.1(b)(6)(C)]
Adjustments			
Abuse of Position of Trust	:	+2	[U.S.S.G. § 3B1.3]
Obstruction of Justice	:	+2	[U.S.S.G. § 3C1.1]
Departures			
Loss understated	:	+3	[U.S.S.G. § 2F1.1]

b) Guideline Calculation for Money Laundering Offenses

Base Offense Level	:	17	[U.S.S.G. § 2S1.2(a)]
Specific Offense Characteristic			
Knowledge funds were proceeds of specified unlawful activity	:	+2	[U.S.S. G. § 2S1.2(b)(1)(B)]
Value of Funds (over $100 million)	:	+13	[U.S.S.G. §§ 2S1.2(b)(2); 2S1.1(b)(2)(N)]
Adjustments			
Obstruction of Justice	:	+2	[U.S.S.G. § 3C1.1]

c) Guideline Calculation for Conspiracy to Obstruct Justice

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

Adjustments

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

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

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

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

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

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

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

DEFENDANT'S OBLIGATIONS

13. Defendant agrees:

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

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

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

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

e) Not to commit any crime.

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

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

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

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

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

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

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

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

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

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

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

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

b) Attend all meetings, grand jury sessions, trials or other proceedings at which defendant's presence is requested by the USAO or compelled by subpoena or court order.

c) Produce voluntarily all documents, records, or other tangible evidence relating to matters about which the USAO, or its designee, inquires.

d) To assist in identifying, locating, and recovering for the benefit of the victims of defendant’s criminal conduct, all personal, family, partnership, and corporate monies, properties, and assets derived from or acquired as a result of, or used to facilitate the commission of, defendant's illegal activities, whether currently owned or controlled by defendant or by other persons or entities.

THE USAO'S OBLIGATIONS

15. If defendant complies fully with all defendant's obligations under this agreement, the USAO agrees:

a) To abide by all sentencing stipulations contained in this agreement.

b) At the time of sentencing, provided that defendant demonstrates an acceptance of responsibility for the offenses up to and including the time of sentencing, to recommend a two-level reduction in the applicable sentencing guideline offense level, pursuant to U.S.S.G. § 3E1.1, and an additional one-level reduction if available under that section.

c) At the time of sentencing, provided defendant demonstrates an extraordinary acceptance of responsibility for the offenses up to and including the time of sentencing, to recommend a downward departure on that basis.

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

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

made by defendant or a witness called by defendant in any trial, sentencing hearing, or other court proceeding, (3) in any prosecution of defendant for false statement, obstruction of justice, or perjury, and (4) at defendant's sentencing. Defendant understands that information provided by defendant pursuant to this agreement will be disclosed to the probation office and the Court.

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

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

DEFENDANT'S UNDERSTANDINGS REGARDING SUBSTANTIAL ASSISTANCE

16. Defendant understands the following:

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

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

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

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

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

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

BREACH OF AGREEMENT

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

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

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

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

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

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

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

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

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

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

LIMITED MUTUAL WAIVER OF APPEAL AND COLLATERAL ATTACK

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

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

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

RESULT OF VACATUR, REVERSAL OR SET-ASIDE

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

SCOPE OF AGREEMENT

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

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

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

NO ADDITIONAL AGREEMENTS

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

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

AGREED AND ACCEPTED

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

JOHN S. GORDON
United States Attorney

JACQUELINE CHOOLJIAN Date
Assistant United States Attorney

STEVEN J. OLSON Date
Assistant United States Attorney

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

REED E. SLATKIN Date
Defendant

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

BRIAN SUN, ESQ. Date
Counsel for Defendant
Reed E. Slatkin

STATEMENT OF FACTS

I. INTRODUCTION

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

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

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

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

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

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

II. SLATKIN'S SOLICITATION AND MAINTENANCE OF INVESTORS

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

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

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

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

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

III. SLATKIN'S SCHEME TO DEFRAUD

Beginning in or about 1986, and continuing until in or about May 2001, in the Central District of California and elsewhere, SLATKIN, knowingly and with intent to defraud, planned 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 making and causing materially false statements to be made to such investors and by concealing material facts from them.

In carrying out this scheme, SLATKIN engaged in and caused others to engage in the following fraudulent and deceptive acts, among others: (1) SLATKIN did not use the vast majority of investor funds to purchase securities and cash instruments as represented on account statements, but instead disbursed these funds to other investors as fraudulent returns, diverted funds for his own personal benefit, and dissipated funds on many speculative, undisclosed, and ultimately unprofitable investments in which SLATKIN had a beneficial interest; (2) account statements sent to SLATKIN's investors were misleading, deceptive and materially inaccurate. SLATKIN would fabricate the percentage of return to be represented to investors and would devise a false trading history for various securities. He caused others to generate fraudulent account statements reflecting this false information through the use of specialized computer programs. The false returns represented to investors averaged approximately 24% annually during the course of the scheme; (3) SLATKIN failed to maintain separate accounts for investors but rather commingled investor funds and treated them as his personal funds; (4) because SLATKIN's investments did not generate sufficient income to meet investors' periodic requests for payments, SLATKIN used newly invested funds from some investors to pay other investors. SLATKIN intended these payments to induce existing investors both to entrust him with new funds and to expand his pool of investors through referrals.

The Reed Slatkin Investment Club operated in much the same manner. From the inception of this program, SLATKIN commingled investors' retirement funds with other funds under his control.

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

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

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

Moreover, in order to lull and deceive investors into believing that his investment program was legitimate and to 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
7/15/97	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 TTEE, 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

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

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

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

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

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

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