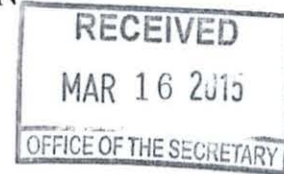


**COPY**

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING  
File No. 3-16336



In the Matter of

GUY ANDREW WILLIAMS,

Respondent

DECLARATION OF MELISSIA A.  
BUCKHALTER-HONORE IN  
SUPPORT OF DIVISION OF  
ENFORCEMENT'S MOTION FOR  
FINDINGS AND SANCTIONS  
AGAINST RESPONDENT GUY  
ANDREW WILLIAMS

I, Melissia A. Buckhalter-Honore, declare pursuant to 28 U.S.C. § 1746 as follows:

1. I am one of the attorneys representing the Division of Enforcement in this action. I have personal knowledge of the following facts and, if called as a witness, would testify competently thereto.

2. Attached as Exhibit 1 is a true and correct copy of a report regarding Guy Andrew Williams downloaded from the Investment Advisers Registration Depository (“IARD”).

3. Attached as Exhibit 2 is a true and correct copy of a report regarding Mathon Management Company, LLC downloaded from the IARD.

4. Attached as Exhibit 3 is a true and correct copy of a Form ADV filed by Mathon Management Company, LLC on February 6, 2004.

5. Attached as Exhibit 4 is a true and correct copy of an Amended Form ADV filed by Mathon Management Company, LLC on January 28, 2005.

6. Attached as Exhibit 5 is a true and correct copy of an Order Appointing Receiver issued in *Arizona Corporation Commission v. Mathon Management Company, LLC*, No. CV 2005-005484 (Ariz. Apr. 5, 2005), which Order was subsequently filed as an exhibit to a motion in *United States of America v. Guy Andrew Williams*, No. CR 09-01492-002-PHX-ROS (D. Ariz.).

7. Attached as Exhibit 6 is a certified copy of the Indictment in *United States of America v. Guy Andrew Williams*, No. CR 09-01492-002-PHX-ROS (D. Ariz.).

8. Attached as Exhibit 7 is a certified copy of the General Verdict form in *United States of America v. Guy Andrew Williams*, No. CR 09-01492-002-PHX-ROS (D. Ariz.).

9. Attached as Exhibit 8 is a certified copy of the Judgment in a Criminal Case in *United States of America v. Guy Andrew Williams*, No. CR 09-01492-002-PHX-ROS (D. Ariz.).

10. Attached as Exhibit 9 is a true and correct copy of the Amended (to reflect the restitution amount as ordered by the Court on December 30, 2013) Judgment in *United States of America v. Guy Andrew Williams*, No. CR 09-01492-002-PHX-ROS (D. Ariz.).

11. Attached as Exhibit 10 is a true and correct copy of the transcript of the sentencing hearing in *United States of America v. Guy Andrew Williams*, No. CR 09-01492-002-PHX-ROS (D. Ariz.).

12. Attached as Exhibit 11 is a true and correct copy of the Jury Instructions from *United States of America v. Guy Andrew Williams*, No. CR 09-01492-002-PHX-ROS (D. Ariz.).

I declare under penalty of perjury that the foregoing is true and correct.

Executed on March 12, 2015, in Los Angeles, California.



Melissia A. Buckhalter-Honore

## Notice

**CRD® or IARD(TM) Information:** This report contains information from the CRD (Central Registration Depository) system, or the IARD system (Investment Advisers Registration Depository), which are operated by FINRA, a national securities association registered under the Securities Exchange Act of 1934. The CRD system primarily contains information submitted on uniform broker-dealer and agent registration forms and certain other information related to registration and licensing. The IARD system primarily contains information submitted on uniform investment adviser and agent registration forms and certain other information related to registration and licensing. The information on Uniform Forms filed with the CRD or IARD is deemed to have been filed with each regulator with which the applicant seeks to be registered or licensed and shall be the joint property of the applicant and such regulators. The compilation constituting the CRD database as a whole is the property of FINRA. Neither FINRA nor a participating regulator warrants or guarantees the accuracy or the completeness of the CRD or IARD information. CRD information consists of reportable and non-reportable information.

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Details for Request#: 12296006  
Report: Snapshot - Individual  
Requested By: CC

<u>Parameter Name</u>	<u>Value</u>
Request by CRD# or SSN:	CRD#
Individual CRD# or SSN	2884297
Include Personal Information?	Yes
Include All Registrations with Employments:	Both Current and Previous Employments
Include All Registrations for Current and/or Previous Employments with:	All Regulators
Include Professional Designations?	Yes
Include Employment History?	Yes
Include Other Business?	Yes
Include Exam Information?	Yes
Include Continuing Education Information? (CRD Only)	No
Include Filing History? (CRD Only)	No
Include Current Reportable Disclosure Information?	Yes
Include Regulator Archive and Z Record Information? (CRD Only)	Yes

**Individual 2884297 - WILLIAMS, GUY ANDREW**

**Administrative Information**

**Composite Information**

Full Legal Name WILLIAMS, GUY ANDREW  
 State of Residence AZ  
 Active Employments <<No Current Active Employments found for this Individual.>>  
 Reportable Disclosures? Yes  
 Statutory Disqualification? SDRQRSRVW  
 Registered With Multiple Firms? No  
 Material Difference in Disclosure? No

**Personal Information**

Individual CRD# 2884297  
 Other Names Known By <<No Other Names found for this Individual.>>  
 Year of Birth 1971

**Registrations with Current Employer(s)**

<<No Registrations with Current Employer(s) found for this Individual.>>

**Registrations with Previous Employer(s)**

From 02/07/2005 To 04/20/2006 FIRST ATLANTA INVESTMENTS, LLC(119497)

**Reason for Termination**

**Termination Comment**

<<No Registrations with Previous Employer(s) found for this Individual.>>

From 05/17/2000 To 10/15/2003 TRANSAMERICA FINANCIAL ADVISORS, INC.(3600)

**Reason for Termination** Voluntary

**Termination Comment**

Regulator	Registration Category	Status Date	Registration Status	Approval Date
AZ	AG	10/17/2003	TERMED	05/17/2000
AZ	RA	10/17/2003	T_NOREG	
CA	AG	10/17/2003	TERMED	05/17/2000
CA	RA	10/17/2003	TERMED	02/19/2003
FINRA	GS	10/17/2003	TERMED	05/17/2000
FINRA	IR	10/17/2003	TERMED	05/17/2000
NV	AG	10/17/2003	TERMED	02/19/2003
NV	RA	10/17/2003	TERMED	02/19/2003
OH	AG	10/17/2003	TERMED	05/18/2000
UT	AG	10/17/2003	TERMED	05/17/2000
WA	AG	10/17/2003	TERMED	05/17/2000

From 01/09/2000 To 05/01/2000 NATHAN & LEWIS SECURITIES, INC.(8503)

**Reason for Termination** Voluntary

**Termination Comment**

Regulator	Registration Category	Status Date	Registration Status	Approval Date
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Individual 2884297 - WILLIAMS, GUY ANDREW

**Administrative Information**

**Registrations with Previous Employer(s)**

Regulator	Registration Category	Status Date	Registration Status	Approval Date
AZ	AG	05/09/2000	TERMED	01/25/2000
BX	GS	05/09/2000	TERMED	02/17/2000
FINRA	GS	05/09/2000	TERMED	02/17/2000
FINRA	IR	05/09/2000	TERMED	01/25/2000

From 04/17/1997 To 01/14/1999 SUNSET FINANCIAL SERVICES, INC.(3538)

Reason for Termination Other

Termination Comment OTH; FAILURE TO PAY RENEWAL FEES

Regulator	Registration Category	Status Date	Registration Status	Approval Date
AZ	AG	01/21/1999	TERMED	03/18/1998
CA	AG	01/21/1999	TERMED	06/26/1998
CO	AG	01/21/1999	TERMED	06/26/1998
FINRA	IR	01/21/1999	TERMED	07/01/1997
ID	AG	01/21/1999	TERMED	06/26/1998
NJ	AG	01/21/1999	TERMED	10/30/1998
OH	AG	01/21/1999	TERMED	11/10/1998
TX	AG	01/21/1999	TERMED	06/30/1998
UT	AG	01/21/1999	TERMED	07/01/1997
WA	AG	01/21/1999	TERMED	07/01/1997

Individual 2884297 - WILLIAMS, GUY ANDREW

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Administrative Information

Professional Designations

<<No Professional Designations found for this Individual.>>

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Employment History

From	12/2004	To	Present	Name	FIRST ATLANTA INVESTMENTS, LLC
				Location	MESA, AZ, USA
				Position	INDIRECT OWNER
				Investment Related	Yes
From	02/2002	To	Present	Name	MATHON MANAGEMENT COMPANY, LLC
				Location	MESA, AZ, USA
				Position	MANAGING DIRECTOR
				Investment Related	Yes
From	03/1999	To	Present	Name	SLADE WILLIAMS & ASSOC.
				Location	MESA, AZ, USA
				Position	PARTNER
				Investment Related	Yes
From	05/2000	To	10/2003	Name	TRANSAMERICA FINANCIAL RESOURCES
				Location	IRVINE, CA, USA
				Position	REGISTERED REP
				Investment Related	Yes
From	01/2000	To	05/2000	Name	NATHAN & LEWIS SECURITIES, INC.
				Location	NEW YORK, NY, UNITED STATES
				Position	REG. REP.
				Investment Related	Yes
From	03/1997	To	01/2000	Name	KANSAS CITY LIFE INSURANCE
				Location	KANSAS CITY, MO, UNITED STATES
				Position	AGENT - AGENT
				Investment Related	No
From	12/1996	To	12/1999	Name	SELF EMPLOYED
				Location	SEATTLE, WA
				Position	OTHER - SELF EMPLOYED AGENT
				Investment Related	No
From	04/1997	To	01/1999	Name	SUNSET FINANCIAL SERVICES, INC.
				Location	BELLEVUE, WA
				Position	NOT PROVIDED



Individual 2884297 - WILLIAMS, GUY ANDREW

Administrative Information

Employment History

			<b>Investment Related</b>	Yes
From	12/1995	To	12/1996	
			<b>Name</b>	THE ROCKLAND GROUP/NCFS
			<b>Location</b>	SALT LAKE CITY, UT
			<b>Position</b>	AGENT - AGENT
			<b>Investment Related</b>	No
From	08/1996	To	11/1996	
			<b>Name</b>	LARRY H. MILLER
			<b>Location</b>	SALT LAKE CITY, UT
			<b>Position</b>	OTHER - AUTO SALES/LEASING
			<b>Investment Related</b>	No
From	06/1996	To	08/1996	
			<b>Name</b>	ICON HEALTH & FITNESS
			<b>Location</b>	SMITHFIELD, UT
			<b>Position</b>	OTHER - POWER COATING EXERCISE EQUIP.
			<b>Investment Related</b>	No
From	05/1995	To	12/1995	
			<b>Name</b>	UNEMPLOYED
			<b>Location</b>	PROVO, UT
			<b>Position</b>	UNEMPLOYED - UNEMPLOYED
			<b>Investment Related</b>	No
From	08/1992	To	12/1995	
			<b>Name</b>	BRIGHAM YOUNG UNIVERSITY
			<b>Location</b>	PROVO, UT
			<b>Position</b>	OTHER - FULL-TIME STUDENT
			<b>Investment Related</b>	No
From	08/1992	To	12/1995	
			<b>Name</b>	PARIA GROUP
			<b>Location</b>	PROVO, UT
			<b>Position</b>	OTHER - TELEPHONE INTERVIEWER
			<b>Investment Related</b>	No
From	05/1993	To	07/1993	
			<b>Name</b>	DESERET FARMS
			<b>Location</b>	RUSKIN, FL
			<b>Position</b>	OTHER - SUMMER EMPLOYMENT
			<b>Investment Related</b>	No
From	07/1990	To	07/1992	
			<b>Name</b>	CHURCH OF JESUS CHRIST OF LATTER DAY ST.
			<b>Location</b>	SEATTLE, WA
			<b>Position</b>	OTHER - VOLUNTEER MISSIONARY
			<b>Investment Related</b>	No

**Individual 2884297 - WILLIAMS, GUY ANDREW**

**Administrative Information**

**Employment History**

From 05/1989 To 07/1990 Name BANDIN VENDING  
 Location DERIDDER, LA  
 Position OTHER - SUMMER PART TIME VENDING ROUTE  
 Investment Related No

**Office of Employment History**

From 02/2005 To 04/2006  
 Name FIRST ATLANTA INVESTMENTS, LLC(119497)

**Independent Contractor No**

**Office of Employment Address**

CRD Branch#	NYSE Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
From	05/2000	To	10/2003				
Name	TRANSAMERICA FINANCIAL ADVISORS, INC.(3600)						

**Independent Contractor No**

**Office of Employment Address**

CRD Branch#	NYSE Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
			No	No	05/17/2000	10/15/2003	Located At
Address 1819 E. SOUTHERN AVENUE, STE. D-10 MESA, AZ 85204 USA							

From 05/2002 To 08/2002  
 Name AGC SECURITIES LLC(121027)

**Independent Contractor No**

**Office of Employment Address**

CRD Branch#	NYSE Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
			No	No	05/23/2002	08/15/2002	
Address							

From 01/2000 To 05/2000  
 Name NATHAN & LEWIS SECURITIES, INC.(8503)

**Independent Contractor No**

**Office of Employment Address**

CRD Branch#	NYSE Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office

Individual 2884297 - WILLIAMS, GUY ANDREW

**Administrative Information**

**Office of Employment History**

**Office of Employment Address**

No No 01/09/2000 05/01/2000 Located At

Address 410 NORTH 44TH STREET STE. 1100  
PHOENIX, AZ 85008 UNITED STATES

From 04/1997 To 01/1999

Name SUNSET FINANCIAL SERVICES, INC.(3538)

Independent Contractor No

**Office of Employment Address**

CRD Branch#	NYSE Branch Code#	Firm Billing Code	Registered Location?	Private Residence?	Address Start Date	Address End Date	Type of Office
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No No 04/17/1997 01/14/1999 Located At

Address 11120 NE 2ND SUITE 100  
BELLEVUE, WA 98004

**Other Business**

1) MATHON MANAGEMENT COMPANY, LLC; INVESTMENT RELATED; 6816 E. BROWN RD, MESA AZ 85706; MANAGING OF MATHON FUND I, A FUND THAT PROVIDES SHORT TERM, HIGHLY SECURITIZED LOANS TO ELIGIBLE CORPORATE ENTITIES AND INDIVIDUALS; MANAGER; FEB 1, 2002; 20 HOURS PER MONTH; 10 HOURS PER MONTH DURING SECURITIES-TRADING HOURS; MANAGE THE MONIES BEING PLACED IN THE FUND AS WELL AS SCREENING OF POTENTIAL BORROWERS;2)SLADE WILLIAMS & ASSOC.;INVESTMENT RELATED;6816 E. BROWN RD, MESA AZ 85706; STARTED 03/1999; BUSINESS:FINANCIAL SERVICES; POSITION-MANAGING MEMBER;APPROX. 170 HRS./MTH DEVOTED TO BUSINESS, 130 HRS. DURING TRADING; DUTIES: MANAGING MEMBER OF SLADE WILLIAMS & ASSOCIATES.

**Exam Appointments**

<<No Exam Appointments found for this Individual.>>

**Exam History**

Exam	Enrollment ID	Exam Status	Status Date	Exam Date	Grade	Score	Window Dates
S6	22321395	Official Result	06/18/1997	06/18/1997	Passed	80	-
S7	22321398	Official Result	02/17/2000	02/16/2000	Passed	85	02/09/2000-06/08/2000
S63	22321396	Official Result	06/11/1997	06/11/1997	Passed	80	-
S65	22321397	Official Result	05/14/2001	05/11/2001	Passed	84	04/25/2001-08/23/2001

Individual 2884297 - WILLIAMS, GUY ANDREW

Reportable Events

Number of Reportable Events

Bankruptcy	0
Bond	0
Civil Judicial	1
Criminal	0
Customer Complaint	0
Internal Review	0
Investigation	0
Judgement/Lien	0
Regulatory Action	0
Termination	0

Occurrence#	1525243	Disclosure Type	Civil Judicial Action
FINRA Public Disclosable	Yes	Reportable	Yes
Material Difference in Disclosure	No		

Filing ID	28685847	Form (Form Version)	U6 (05/2009)
Filing Date	08/27/2010		
Source	Arizona		
Disclosure Questions Answered			

Civil Judicial DRP DRP Version 05/2009

- 1 A. Court action initiated by: Jurisdiction
- B. Name of party initiating the proceeding: ARIZONA CORPORATION COMMISSION SECURITIES DIVISION
- 2. Relief sought: Civil and Administrative Penalty(ies)/Fine(s)  
Injunction
- 3. Court action:
  - A. Filing date/Explanation: 04/01/2005
  - B. Date notice/process was served/Explanation: 04/13/2005
- 4. Product type(s): Promissory Note
- 5. Formal action brought in: State Court
  - A. Name of court: MARICOPA COUNTY SUPERIOR COURT
  - B. Location of court: PHOENIX, AZ
  - C. Docket/Case#: CV2005-0054484
- 6. Employing firm:
- 7. Allegation(s): RAISED OVER \$150 MILLION IN A PONZI SCHEME.  
RECEIVERSHIP/CONSERVATORSHIP STILL PENDING REGARDING ENTITIES
- 8. Current status: Final

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Individual 2884297 - WILLIAMS, GUY ANDREW

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Reportable Events

Civil Judicial DRP

DRP Version 05/2009

9. Limitations or restrictions  
while pending:

10. If on appeal:

A. Action appealed to:

B. Court location:

C. Docket/Case#:

D. Date appeal  
filed/Explanation:

E. Appeal details:

F. Limitations or  
restrictions while on  
appeal:

11. Resolution detail:

A. Resolution:                      Consent

B. Resolution                      11/26/2006  
date/Explanation:

12. Sanction detail:

A. Sanction detail:                      Civil and Administrative Penalty(ies)/Fine(s)  
Injunction  
Restitution

B. Other sanctions:

C. Enjoined:

Registration capacities affected: ENJOINED FROM VIOLATING ARIZONA'S SECURITIES ACT

Duration (length of                      PERMANENT  
time)/Explanation:                      PERMANENT

Start date/Explanation:                      11/29/2006

End date/Explanation:                      PERMANENT

D. Monetary Sanction:

Monetary related sanction type: MONETARYFINE

Explanation:

Total amount:                      \$750,000.00

Portion levied:                      \$750,000.00

Individual 2884297 - WILLIAMS, GUY ANDREW

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Reportable Events

Civil Judicial DRP

DRP Version 05/2009

Date paid / Explanation:

PAYMENTS BEING MADE THROUGH COLLECTION EFFORTS

Penalty waived:

No

Amount:

Monetary related sanction type: RESTITUTION

Explanation:

Total amount: \$76,448,389.00

Portion levied: \$76,448,389.00

Date paid / Explanation:

PAYMENTS BEING MADE THROUGH CONSERVATORSHIP. DEBT WILL BE CONSIDERED SATISFIED ON EFFECTIVE DATE OF PLAN CONSUMMATED UNDER BANKRUPTCY CODE

Penalty waived:

No

Amount:

13. Comment:

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Regulator Archive and Z Records

<<No Regulator Archive and Z Records found for this Individual.>>

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Details for Request#: 12697539  
Report: Snapshot - Firm  
Requested By: MMB

<u>Parameter Name</u>	<u>Value</u>
Organization CRD #	129822
Snapshot Type	IA
Include Current Administration Information?	Yes
Include Current Reportable Disclosure Information?	Yes
Include Current Non-Reportable Disclosure Information?	Yes
Include Part 2 Brochure Information? (only valid for IA firms)	Yes



CRD® or IARD(TM) System Current As Of: 12/05/2013  
Snapshot - Firm  
CRD® or IARD(TM) System Report provided to: SEC  
Request Submitted: 12/6/2013 7:26:19 PM

Page 3 of 11

Organization: 129822 - MATHON MANAGEMENT COMPANY, LLC

**Administrative Information**

Organization CRD#: 129822 SEC#:   
Primary Business Name: MATHON MANAGEMENT COMPANY, LLC  
Legal Name: MATHON MANAGEMENT, LLC

**Contact Information:**

Main Office Address: Phone: 480-558-8400  
6816 EAST BROWN ROAD  
MESA, AZ 85207 USA

**Mailing Office Address:**

Chief Compliance Officer Name: TERRANCE J. SHANAHAN (CHIEF COMPLIANCE OFFICER)  
Phone: 480 558-8400

**Additional Regulatory Contact Name :**

**Additional Regulatory Contact Person Telephone :**

**Public Reporting Company:**

**Registrations:**

Regulator	Registration Status	Status Effective Date
United States Securities and Exchange Commission	Cancelled	02/14/2011

**Notice Filings:**

Regulator	Notice Filing Status	Status Effective Date	Notice Filing Status Detail	Status Detail Effective Date
Arizona	No Longer Notice Filed	12/31/2005	Did Not Pay Renotice Fee	12/31/2005

**Exempt Reporting Statuses:**

<<No Exempt Reporting Status found for this Organization.>>

**Form Of Organization:**

Legal Status: Limited Liability Company Month Fiscal Year Ends: December  
State Of Formation: Delaware Country Of Formation: UNITED STATES

**Disclosure Questions:**

Yes Answers: 11D(4)  
No Answers: 11A(1),11A(2),11B(1),11B(2),11C(1),11C(2),11C(3),11C(4),11C(5),11D(1),11D(2),  
11D(3),11D(5),11E(1),11E(2),11E(3),11E(4),11F,11G,11H(1)(a),11H(1)(b),11H(1)(c),11H(2)  
Unanswered: 2(C),2(D),2E(1),2E(2),2E(3),2E(4),2E(5),2F(1),2F(2),2F(3),2F(4),2F(5)

**Non-Disclosure Questions:**

Yes Answers: 1(I),5F(1),9A(1)(a),9B(1)(a),10A,12A

CRD® or IARD(TM) System Report -- See notice regarding CRD Data on cover page.

Organization: 129822 - MATHON MANAGEMENT COMPANY, LLC

Administrative Information

No Answers: 1(L),4A,6B(1),6B(3),8A(1),8A(2),8A(3),8B(1),8B(2),8B(3),8C(1),8C(2),8C(3),8C(4),8D,8E,8F,9A(1)(b),9B(1)(b)

Unanswered: 6B(2),7B,9D(1),9D(2),12B(1),12B(2),12C(1),12C(2)

**Types Of Advisory Services:**

Financial planning services	No
Portfolio management for individuals and/or small businesses	No
Portfolio management for investment companies/BDCs	Yes
Portfolio management for pooled investment vehicles	No
Portfolio management for businesses (other than small businesses) or institutional clients	No
Pension consulting services	No
Selection of other advisers	No
Publication of periodicals or newsletters	No
Security ratings or pricing services	No
Market timing services	No
Educational seminars/workshops	No
Other	No
Other detail	No

**Direct Owners and Executive Officers:**

Full Legal Name: SHANAHAN, TERRANCE, JAMES

Title or Status: CHIEF COMPLIANCE OFFICER

Date Acquired: Ownership Code: Less than 5% D/F/I: Individual

Control Person: Yes Public Company: No ID #: 4868065

Full Legal Name: SLADE, DUANE, HAMBLIN

Title or Status: MANAGING DIRECTOR

Date Acquired: Ownership Code: 25% but less than 50% D/F/I: Individual

Control Person: Yes Public Company: No ID #: 2577905

Full Legal Name: TOWLER, DOUG, E

Title or Status: EXECUTIVE VP

Date Acquired: Ownership Code: 10% but less than 25% D/F/I: Individual

Control Person: Yes Public Company: No ID #: 4752068

Full Legal Name: WILLIAMS, BRENT, F

Title or Status: CHIEF FINANCIAL OFFICER

Date Acquired: Ownership Code: 10% but less than 25% D/F/I: Individual

Control Person: Yes Public Company: No ID #: 4752064

Full Legal Name: WILLIAMS, GUY, ANDREW

Title or Status: MANAGING DIRECTOR

Date Acquired: Ownership Code: 25% but less than 50% D/F/I: Individual

Organization: 129822 - MATHON MANAGEMENT COMPANY, LLC

Administrative Information

Control Person: Yes

Public Company: No

ID #: 2884297

Indirect Owners:

<<No Indirect Owners found for this Organization.>>

Other Business Names:

<<No Other Business Names for this Organization.>>

Other Business Activities:

Broker-dealer	No
Registered representative of a broker-dealer	Yes
Commodity pool operator, or commodity trading advisor	No
Futures commission merchant	No
Real estate broker, dealer, or agent	No
Insurance broker or agent	No
Bank (including a separately identifiable department or division of a bank)	No
Trust company	No
Registered municipal advisor	No
Registered security-based swap dealer	No
Major security-based swap participant	No
Accountant or accounting firm	No
Lawyer or law firm	No
Other financial product salesperson	No

Succession Information:

<<No Succession Information found for this Organization.>>

Private Funds:

Adviser to Private Funds:

Count of Private Funds - 7.B.(1): 0

Count of Private Funds - 7.B.(2): 0

Custody Information:

Advisor Custodian

Cash/Bank Accts: Yes

Securities: No

U.S. Dollar Amount:

Total Number of Clients:

Qualified Custodian:

Related Persons

Cash/Bank Accts: Yes

Securities: No

U.S. Dollar Amount:

Total Number of Clients:

Qualified Custodian:

Reports

Quarterly Statements: No

Annual Audit: No

Surprise Exam: No

Internal Control Report: No

CRD® or IARD(TM) System Current As Of: 12/05/2013

Snapshot - Firm

CRD® or IARD(TM) System Report provided to: SEC

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Organization: 129822 - MATHON MANAGEMENT COMPANY, LLC

Organization: 129822 - MATHON MANAGEMENT COMPANY, LLC

Reportable Disclosures

Occurrence:	19936	Disclosure Type:	Regulatory Action
Public Disclosable:	Yes	Reportable:	Yes

Disclosure Review Comments:

Form:	ADV	Received:	
Source:	IA		
Questions:	11D(4)		

PART I

A. Person or Entity for which this DRP is being filed is(are):

Applicant and One or more Control Affiliates

Advisory Affiliate/Individual Name: ROUND VALLEY CAPITAL, LLC

CRD#:

Type of Advisory Affiliate: Organization

Registered: No

Advisory Affiliate/Individual Name: MATHON FUND I, LLC

CRD#:

Type of Advisory Affiliate: Organization

Registered: No

B. If Advisory Affiliate is registered through the IARD system or CRD system, has Advisory Affiliate submitted a DRP or BD DRP? No

Regulatory Action DRP Content

1. Regulatory Action Initiated By: STATE OF UTAH, DEPARTMENT OF COMMERCE, DIVISION OF SECURITIES
2. Principal Sanction: Civil and Administrative Penalt(ies) /Fine(s)  
Other Sanctions: CEASE AND DESIST
3. Date Initiated: 08/27/2003
4. Docket/Case Number: SD-03-0051
5. Employing Firm:
6. Principal Product Type: Debt - Asset Backed  
Other Product Types:
7. Allegations: AGENTS OF THE COMPANY SELLING UNREGISTERED SECURITIES WHO WERE NOT LICENSED TO SELL SECURITIES.
8. Current Status: Final
9. Appealed to:
10. Resolution: Stipulation and Consent
11. Resolution Date/Explanation: 09/24/2003

Organization: 129822 - MATHON MANAGEMENT COMPANY, LLC

**Reportable Disclosures**

12. A. Resolution Detail: Monetary Sanction (Amount: \$25,000.00), Cease and Desist/Injunction Sanction

B. Other Sanctions Ordered:

C. Sanction Detail: THE FIRM WAS REQUIRED TO CEASE AND DESIST FROM SELLING ANY SECURITIES UNTIL DULY LISCENSED.

13. Summary: STIPULATION AND CONSENT ORDER EXECUTED ON SEPTEMBER 24, 2004.

Occurrence: 23647 Disclosure Type: Regulatory Action

Public Disclosable: Yes Reportable: Yes

**Disclosure Review Comments:**

Form: U6 Received: 02/16/2005

Source: U6

Questions:

**Regulatory Action DRP Content**

1. Regulatory Action Initiated By: UTAH DIVISION OF SECURITIES

2. Principal Sanction: Cease and Desist

Other Sanctions:

3. Date Initiated: 08/22/2003

4. Docket/Case Number: SD-03-0051

5. Employing Firm:

6. Principal Product Type: Investment Contract(s)

Other Product Types:

7. Allegations: UNLICENSED BROKER/DEALER AGENT EMPLOYING AN UNLICENSED AGENT

8. Current Status: Final

9. Appealed to:

10. Resolution: Stipulation and Consent

11. Resolution Date/Explanation: 09/24/2004

12. A. Resolution Detail: Monetary Sanction (Amount: \$25,000.00), Cease and Desist/Injunction Sanction

B. Other Sanctions Ordered:

C. Sanction Detail: RESPONDENTS SHALL CEASE AND DESIST FROM THE OFFER OR SALE OF SECURITIES IN OR FROM THE STATE OF UTAH UNLESS RESPONDENTS OR ANY AGENTS RETAINED BY RESPONDENTS TO EFFECT SUCH OFFERS AND SALES SHALL BE DULY LICENSED AS BROKER-DEALERS OR AGENTS PURSUANT TO UTAH CODE ANN., TITLE 61, CHAPTER 1. RESPONDENTS SHALL CEASE AND DESIST FROM ANY FURTHER VIOLATION OF THE UTAH UNIFORM SECURITIES ACT AND SHALL NOT AID, ABET, CONSEL, INDUCE, OR

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Organization: 129822 - MATHON MANAGEMENT COMPANY, LLC

Reportable Disclosures

13. Summary:

CAUSE ANY OTHER PERSON OR ENTITY TO ENGAGE IN SUCH VIOLATIONS. RESPONDENTS SHALL PAY TO THE DIVISION A FINE OF TWENTY-FIVE THOUSAND DOLLARS.

FOR MORE INFORMATION, PLEASE VISIT THE DIVISION'S WEB SITE AT: [HTTP://WWW.SECURITIES.STATE.UT.US/ACTIONSEVENTS.ASP?DOCKET+NUMBER=SD%2D03%2D0051](http://www.securities.state.ut.us/actionsevents.asp?DOCKET+NUMBER=SD%2D03%2D0051)

CRD® or IARD(TM) System Current As Of: 12/05/2013

Snapshot - Firm

CRD® or IARD(TM) System Report provided to: SEC

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Organization: 129822 - MATHON MANAGEMENT COMPANY, LLC

**Non-Reportable Disclosures**

<<No non-reportable disclosures found for this Organization.>>



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Organization: 129822 - MATHON MANAGEMENT COMPANY, LLC

PART 2 Brochures

<<No brochures found for this Organization.>>

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

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**ADV Part 1A, Page 1**

**WARNING:** Complete this form truthfully. False statements or omissions may result in denial of your application, revocation of your registration, or criminal prosecution. You must keep this form updated by filing periodic amendments. See Form ADV General Instruction 3.

**Item 1 Identifying Information**

Responses to this Item tell us who you are, where you are doing business, and how we can contact you.

- A. Your full legal name (if you are a sole proprietor, your last, first, and middle names):  
MATHON MANAGEMENT, LLC
- B. Name under which you primarily conduct your advisory business, if different from Item 1.A.  
MATHON MANAGEMENT, LLC  
*List on Section 1.B. of Schedule D any additional names under which you conduct your advisory business.*
- C. If this filing is reporting a change in your legal name (Item 1.A.) or primary business name (Item 1.B.), enter the new name and specify whether the name change is of  
 your legal name or  your primary business name:  
MATHON MANAGEMENT COMPANY, LLC
- D. If you are registered with the SEC as an investment adviser, your SEC file number: 801- 62792
- E. If you have a number ("CRD Number") assigned by the NASD's CRD system or by the IARD system, your CRD number: 129822  
*If your firm does not have a CRD number, skip this Item 1.E. Do not provide the CRD number of one of your officers, employees, or affiliates.*

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

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**Item 1 Identifying Information (Continued)****F. Principal Office and Place of Business**

(1) Address (do not use a P.O. Box):

Number and Street 1:

1819 E. SOUTHERN AVENUE

City:

MESA

State:

AZ

Number and Street 2:

SUITE D. 10

Country:

USA

ZIP+4/Postal Code:

85204

If this address is a private residence, check this box: 

*List on Section 1.F. of Schedule D any office, other than your principal office and place of business, at which you conduct investment advisory business. If you are applying for registration, or are registered, with one or more state securities authorities, you must list all of your offices in the state or states to which you are*

applying for registration or with whom you are registered. If you are applying for registration, or are registered only, with the SEC, list the largest five offices in terms of numbers of employees.

(2) Days of week that you normally conduct business at your principal office and place of business:

Monday-Friday  Other:

Normal business hours at this location:

9 AM -5 PM

(3) Telephone number at this location:

480-813-6100

(4) Facsimile number at this location:

480-854-6760

G. Mailing address, if different from your principal office and place of business address:

Number and Street 1:

Number and Street 2:

City:

State:

Country:

ZIP+4/Postal Code:

If this address is a private residence, check this box:

H. If you are a sole proprietor, state your full residence address, if different from your principal office and place of business address in Item 1.F.:

Number and Street 1:

Number and Street 2:

City:

State:

Country:

ZIP+4/Postal Code:

## FORM ADV

### UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

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#### Item 1 Identifying Information (Continued)

I. Do you have World Wide Web site addresses?

YES NO

If "yes," list these addresses on Section 1.I. of Schedule D. If a web address serves as a portal through which to access other information you have published on the World Wide Web, you may list the portal without listing addresses for all of the other information. Some advisers may need to list more than one portal address. Do not provide individual electronic mail addresses in response to this Item.

J. Contact Employee:

Name:

RUSSELL L SEWELL

Title:

CHIEF COMPLIANCE OFFICER

Telephone Number:

4808300106

Facsimile Number:

Number and Street 1:

1819 E SOUTHERN AVE, D - 10

Number and Street 2:

City:

MESA

State:

AZ

Country:

USA

ZIP+4/Postal Code:

85207

Electronic mail (e-mail) address, if contact employee has one:

RSEWELL@MATHONMGT.COM

The contact employee should be an employee whom you have authorized to receive information and respond to questions about this Form ADV.

YES NO

K. Do you maintain some or all of the books and records you are required to keep under Section 204 of the Advisers Act, or similar state law, somewhere other than your *principal office and place of business*?

If "yes," complete Section 1.K. of Schedule D.

YES NO

L. Are you registered with a foreign financial regulatory authority?

Answer "no" if you are not registered with a foreign financial regulatory authority, even if you have an affiliate that is registered with a foreign financial regulatory authority. If "yes", complete Section 1.L. of Schedule D.

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

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### Item 2 SEC Registration

Responses to this Item help us (and you) determine whether you are eligible to register with the SEC. Complete this Item 2 only if you are applying for SEC registration or submitting an *annual updating amendment* to your SEC registration.

A. To register (or remain registered) with the SEC, you must check at least one of the Items 2.A(1) through 2.A(11), below. If you are submitting an *annual updating amendment* to your SEC registration and you are no longer eligible to register with the SEC, check Item 2.A(12). You:

(1) have *assets under management* of \$25 million (in U.S. dollars) or more;

*See Part 1A Instruction 2.a. to determine whether you should check this box.*

(2) have your *principal office and place of business* in the U.S. Virgin Islands or Wyoming;

(3) have your *principal office and place of business* outside the United States;

(4) are an investment adviser (or sub-adviser) to an investment company registered under the Investment Company Act of 1940;

*See Part 1A Instruction 2.b. to determine whether you should check this box.*

(5) have been designated as a nationally recognized statistical rating organization;

*See Part 1A Instruction 2.c. to determine whether you should check this box.*

(6) are a pension consultant that qualifies for the exemption in rule 203A-2(b);

*See Part 1A Instruction 2.d. to determine whether you should check this box.*

(7) are relying on rule 203A-2(c) because you are an investment adviser that *controls, is controlled by, or is under common control with*, an investment adviser that is registered with the SEC, and your *principal office and place of business* is the same as the registered adviser;

*See Part 1A Instruction 2.e. to determine whether you should check this box. If you check this box, complete Section 2.A(7) of Schedule D.*

(8) are a newly formed adviser relying on rule 203A-2(d) because you expect to be eligible for SEC registration within 120 days;

See Part 1A Instruction 2.i. to determine whether you should check this box. If you check this box, complete Section 2.A(8) of Schedule D.

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

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### Item 2 SEC Registration (Continued)

- (9) are a multi-state adviser relying on rule 203A-2(e);

See Part 1A Instruction 2.g. to determine whether you should check this box. If you check this box, complete Section 2.A(9) of Schedule D.

- (10) are an Internet investment adviser relying on rule 203A-2(f);

See Part 1A Instructions 2.h. to determine whether you should check this box.

- (11) have received an SEC order exempting you from the prohibition against registration with the SEC;

If you checked this box, complete Section 2.A(11) of Schedule D.

- (12) are no longer eligible to remain registered with the SEC.

See Part 1A Instructions 2.i. to determine whether you should check this box.

- B. Under state laws, SEC-registered advisers may be required to provide to state securities authorities a copy of the Form ADV and any amendments they file with the SEC. These are called *notice filings*. If this is an initial application, check the box(es) next to the state(s) that you would like to receive notice of this and all subsequent filings you submit to the SEC. If this is an amendment to direct your *notice filings* to additional state(s), check the box(es) next to the state(s) that you would like to receive notice of this and all subsequent filings you submit to the SEC. If this is an amendment to your registration to stop your *notice filings* from going to state(s) that currently receive them, uncheck the box(es) next to those state(s).

<input type="checkbox"/> AL	<input type="checkbox"/> ID	<input type="checkbox"/> MO	<input type="checkbox"/> PA
<input type="checkbox"/> AK	<input type="checkbox"/> IL	<input type="checkbox"/> MT	<input type="checkbox"/> PR
<input checked="" type="checkbox"/> AZ	<input type="checkbox"/> IN	<input type="checkbox"/> NE	<input type="checkbox"/> RI
<input type="checkbox"/> AR	<input type="checkbox"/> IA	<input type="checkbox"/> NV	<input type="checkbox"/> SC
<input type="checkbox"/> CA	<input type="checkbox"/> KS	<input type="checkbox"/> NH	<input type="checkbox"/> SD
<input type="checkbox"/> CO	<input type="checkbox"/> KY	<input type="checkbox"/> NJ	<input type="checkbox"/> TN
<input type="checkbox"/> CT	<input type="checkbox"/> LA	<input type="checkbox"/> NM	<input type="checkbox"/> TX
<input type="checkbox"/> DE	<input type="checkbox"/> ME	<input type="checkbox"/> NY	<input type="checkbox"/> UT
<input type="checkbox"/> DC	<input type="checkbox"/> MD	<input type="checkbox"/> NC	<input type="checkbox"/> VT
<input type="checkbox"/> FL	<input type="checkbox"/> MA	<input type="checkbox"/> ND	<input type="checkbox"/> VA
<input type="checkbox"/> GA	<input type="checkbox"/> MI	<input type="checkbox"/> OH	<input type="checkbox"/> WA
<input type="checkbox"/> GU	<input type="checkbox"/> MN	<input type="checkbox"/> OK	<input type="checkbox"/> WV

HI MS OR WI

If you are amending your registration to stop your notice filings from going to a state that currently receives them and you do not want to pay that state's notice filing fee for the coming year, your amendment must be filed before the end of the year (December 31).

**Item 3 Form Of Organization**

## A. How are you organized?

- Corporation     Sole Proprietorship     Limited Liability Partnership (LLP)  
 Partnership     Limited Liability Company (LLC)     Other (specify):

If you are changing your response to this Item, see Part 1A Instruction 4.

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

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**Item 3 Form Of Organization (Continued)**

## B. In what month does your fiscal year end each year?

December

## C. Under the laws of what state or country are you organized?

DELAWARE

If you are a partnership, provide the name of the state or country under whose laws your partnership was formed.

If you are a sole proprietor, provide the name of the state or country where you reside.

If you are changing your response to this Item, see Part 1A Instruction 4.

**Item 4 Successions**

YES NO

## A. Are you, at the time of this filing, succeeding to the business of a registered investment adviser?

 YES  NO

If "yes," complete Item 4.B. and Section 4 of Schedule D.

## B. Date of Succession: (MM/DD/YYYY)

If you have already reported this succession on a previous Form ADV filing, do not report the succession again. Instead, check "No." See Part 1A Instruction 4.

**Item 5 Information About Your Advisory Business**

Responses to this Item help us understand your business, assist us in preparing for on-site examinations, and provide us with data we use when making regulatory policy. Part 1A Instruction 5.a. provides additional guidance to newly-formed advisers for completing this Item 5.

Employees

## A. Approximately how many employees do you have? Include full and part-time employees but do not include any clerical workers.

- 1-5     6-10     11-50     51-250     251-500  
 501-1,000     More than 1,000    If more than 1,000, how many?  
(round to the nearest 1,000)

B.

(1) Approximately how many of these *employees* perform investment advisory functions (including research)?

- 0                       1-5                       6-10                       11-50                       51-250  
 251-500                       501-1,000                       More than 1,000                      If more than 1,000, how many?

(round to the nearest 1,000)

(2) Approximately how many of these *employees* are registered representatives of a broker-dealer?

- 0                       1-5                       6-10                       11-50                       51-250  
 251-500                       501-1,000                       More than 1,000                      If more than 1,000, how many?

(round to the nearest 1,000)

*If you are organized as a sole proprietorship, include yourself as an employee in your responses to Items 5.A (1) and 5.B(2). If an employee performs more than one function, you should count that employee in each of your responses to Item 5.B(1) and 5.B(2).*

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

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### Item 5 Information About Your Advisory Business (Continued)

(3) Approximately how many firms or other *persons* solicit advisory *clients* on your behalf?

- 0                       1-5                       6-10                       11-50                       51-250  
 251-500                       501-1,000                       More than 1,000                      If more than 1,000, how many?  
 (round to the nearest 1,000)

*In your response to Item 5.B(3), do not count any of your employees and count a firm only once -- do not count each of the firm's employees that solicit on your behalf.*

#### Clients

C. To approximately how many *clients* did you provide investment advisory services during your most-recently completed fiscal year?

- 0                       1-10                       11-25                       26-100                       101-250  
 251-500                       More than 500                      If more than 500, how many?  
 (round to the nearest 500)

D. What types of *clients* do you have? Indicate the approximate percentage that each type of *client* comprises of your total number of *clients*.

	None	Up	11-	26-	51-	More
	to	to	25%	50%	75%	Than
	10%	10%				75%
(1) Individuals (other than <i>high net worth individuals</i> )	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(2) <i>High net worth individuals</i>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(3) Banking or thrift institutions	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(4) Investment companies (including mutual funds)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(5) Pension and profit sharing plans (other than plan participants)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(6) Other pooled investment vehicles (e.g., hedge funds)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

- |   |                                  |                       |                       |                       |                       |                                  |
|---|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------------------|
| (7) Charitable organizations                          | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            |
| (8) Corporations or other businesses not listed above | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            |
| (9) State or municipal <i>government entities</i>     | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            |
| (10) Other: MANAGER OF MATHON FUND LLC                | <input type="radio"/>            | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> |

The category "individuals" includes trusts, estates, 401(k) plans and IRAs of individuals and their family members, but does not include businesses organized as sole proprietorships.

Unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940, check "None" in response to Item 5.D(4).

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

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### Item 5 Information About Your Advisory Business (Continued)

#### Compensation Arrangements

E. You are compensated for your investment advisory services by (check all that apply):

- (1) A percentage of assets under your management
- (2) Hourly charges
- (3) Subscription fees (for a newsletter or periodical)
- (4) Fixed fees (other than subscription fees)
- (5) Commissions
- (6) *Performance-based fees*
- (7) Other (specify): PERCENTAGE OF PLACED ASSETS IS PAID AS ORIGINATION FEE TO MGR

#### Assets Under Management

- |   | YES                              | NO                    |
|---|----------------------------------|-----------------------|
| F. (1) Do you provide continuous and regular supervisory or management services to securities portfolios? | <input checked="" type="radio"/> | <input type="radio"/> |
| (2) If yes, what is the amount of your assets under management and total number of accounts?              |                                  |                       |
| Discretionary:  | (a) \$ 25257000 .00              | (d) 1                 |
| Non-Discretionary:  | (b) \$ 0 .00                     | (e) 0                 |
| Total:  | (c) \$ 25257000 .00              | (f) 1                 |

*Part 1A Instruction 5.b. explains how to calculate your assets under management. You must follow these instructions carefully when completing this Item.*

#### Advisory Activities

G. What type(s) of advisory services do you provide? Check all that apply.

- (1) Financial planning services
- (2) Portfolio management for individuals and/or small businesses
- (3) Portfolio management for investment companies
- (4) Portfolio management for businesses or institutional *clients* (other than investment companies)



- (5) Pension consulting services
- (6) Selection of other advisers
- (7) Publication of periodicals or newsletters
- (8) Security ratings or pricing services
- (9) Market timing services
- (10) Other (specify):

*Do not check Item 5.G(3) unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940.*

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

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### Item 5 Information About Your Advisory Business (Continued)

H. If you provide financial planning services, to how many *clients* did you provide these services during your last fiscal year?

- 0                     
  1-10                     
  11-25                     
  26-50                     
  51-100  
 101-250                     
  251-500                     
  More than 500                     
 If more than 500, how many?  
 (round to the nearest 500)

I. If you participate in a *wrap fee program*, do you (check all that apply):

- (1) *sponsor* the *wrap fee program*?
- (2) act as a portfolio manager for the *wrap fee program*?

*If you are a portfolio manager for a wrap fee program, list the names of the programs and their sponsors in Section 5.I(2) of Schedule D.*

*If your involvement in a wrap fee program is limited to recommending wrap fee programs to your clients, or you advise a mutual fund that is offered through a wrap fee program, do not check either Item 5.I(1) or 5.I(2).*

### Item 6 Other Business Activities

In this Item, we request information about your other business activities.

A. You are actively engaged in business as a (check all that apply):

- (1) Broker-dealer
- (2) Registered representative of a broker-dealer
- (3) Futures commission merchant, commodity pool operator, or commodity trading advisor
- (4) Real estate broker, dealer, or agent
- (5) Insurance broker or agent
- (6) Bank (including a separately identifiable department or division of a bank)
- (7) Other financial product salesperson (specify):

YES NO

- B. (1) Are you actively engaged in any other business not listed in Item 6.A. (other than giving investment advice)?  YES  NO
- (2) If yes, is this other business your primary business?  YES  NO

If "yes," describe this other business on Section 6.B. of Schedule D.

(3) Do you sell products or provide services other than investment advice to your advisory clients?

YES NO

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

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### Item 7 Financial Industry Affiliations

In this Item, we request information about your financial industry affiliations and activities. This information identifies areas in which conflicts of interest may occur between you and your clients.

Item 7 requires you to provide information about you and your related persons. Your related persons are all of your advisory affiliates and any person that is under common control with you.

A. You have a related person that is a (check all that apply):

- (1) broker-dealer, municipal securities dealer, or government securities broker or dealer
- (2) investment company (including mutual funds)
- (3) other investment adviser (including financial planners)
- (4) futures commission merchant, commodity pool operator, or commodity trading advisor
- (5) banking or thrift institution
- (6) accountant or accounting firm
- (7) lawyer or law firm
- (8) insurance company or agency
- (9) pension consultant
- (10) real estate broker or dealer
- (11) sponsor or syndicator of limited partnerships

If you checked Item 7.A(3), you must list on Section 7.A. of Schedule D all your related persons that are investment advisers. If you checked Item 7.A(1), you may elect to list on Section 7.A. of Schedule D all your related persons that are broker-dealers. If you choose to list a related broker-dealer, the IARD will accept a single Form U-4 to register an investment adviser representative who also is a broker-dealer agent ("registered rep") of that related broker-dealer.

B. Are you or any related person a general partner in an investment-related limited partnership or manager of an investment-related limited liability company?

YES NO

If "yes," for each limited partnership or limited liability company, complete Section 7.B. of Schedule D. If, however, you are an SEC-registered adviser and you have related persons that are SEC-registered advisers who are the general partners of limited partnerships or the managers of limited liability companies, you do not have to complete Section 7.B. of Schedule D with respect to those related advisers' limited partnerships or limited liability companies.

To use this alternative procedure, you must state in the Miscellaneous Section of Schedule D: (1) that you have related SEC-registered investment advisers that manage limited partnerships or limited liability companies that are not listed in Section 7.B. of your Schedule D; (2) that complete and accurate information about those limited partnerships or limited liability companies is available in Section 7.B. of

Schedule D of the Form ADVs of your related SEC-registered advisers; and (3) whether your clients are solicited to invest in any of those limited partnerships or limited liability companies.

### Item 8 Participation or Interest in Client Transactions

In this Item, we request information about your participation and interest in your *clients'* transactions. Like Item 7, this information identifies areas in which conflicts of interest may occur between you and your *clients*.

Like Item 7, Item 8 requires you to provide information about you and your *related persons*.

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### Item 8 Participation or Interest in Client Transactions (Continued)

#### Proprietary Interest in Client Transactions

- |   | Yes                   | No                               |
|---|-----------------------|----------------------------------|
| A. Do you or any <i>related person</i> :  |                       |                                  |
| (1) buy securities for yourself from advisory <i>clients</i> , or sell securities you own to advisory <i>clients</i> (principal transactions)?  | <input type="radio"/> | <input checked="" type="radio"/> |
| (2) buy or sell for yourself securities (other than shares of mutual funds) that you also recommend to advisory <i>clients</i> ?  | <input type="radio"/> | <input checked="" type="radio"/> |
| (3) recommend securities (or other investment products) to advisory <i>clients</i> in which you or any <i>related person</i> has some other proprietary (ownership) interest (other than those mentioned in Items 8.A(1) or (2))? | <input type="radio"/> | <input checked="" type="radio"/> |

#### Sales Interest in Client Transactions

- |  | Yes                   | No                               |
|--|-----------------------|----------------------------------|
| B. Do you or any <i>related person</i> :   |                       |                                  |
| (1) as a broker-dealer or registered representative of a broker-dealer, execute securities trades for brokerage customers in which advisory <i>client</i> securities are sold to or bought from the brokerage customer (agency cross transactions)?        | <input type="radio"/> | <input checked="" type="radio"/> |
| (2) recommend purchase of securities to advisory <i>clients</i> for which you or any <i>related person</i> serves as underwriter, general or managing partner, or purchaser representative?  | <input type="radio"/> | <input checked="" type="radio"/> |
| (3) recommend purchase or sale of securities to advisory <i>clients</i> for which you or any <i>related person</i> has any other sales interest (other than the receipt of sales commissions as a broker or registered representative of a broker-dealer)? | <input type="radio"/> | <input checked="" type="radio"/> |

#### Investment or Brokerage Discretion

- |  | Yes                   | No                               |
|--|-----------------------|----------------------------------|
| C. Do you or any <i>related person</i> have <i>discretionary authority</i> to determine the:         |                       |                                  |
| (1) securities to be bought or sold for a <i>client's</i> account?                                   | <input type="radio"/> | <input checked="" type="radio"/> |
| (2) amount of securities to be bought or sold for a <i>client's</i> account?                         | <input type="radio"/> | <input checked="" type="radio"/> |
| (3) broker or dealer to be used for a purchase or sale of securities for a <i>client's</i> account?  | <input type="radio"/> | <input checked="" type="radio"/> |
| (4) commission rates to be paid to a broker or dealer for a <i>client's</i> securities transactions? | <input type="radio"/> | <input checked="" type="radio"/> |

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**Item 8 Participation or Interest in Client Transactions (Continued)**

- D. Do you or any *related person* recommend brokers or dealers to *clients*?
- E. Do you or any *related person* receive research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions?
- F. Do you or any *related person*, directly or indirectly, compensate any *person* for *client* referrals?

*In responding to this Item 8.F., consider in your response all cash and non-cash compensation that you or a related person gave any person in exchange for client referrals, including any bonus that is based, at least in part, on the number or amount of client referrals.*

**Item 9 Custody**

In this Item, we ask you whether you or a *related person* has *custody* of *client* assets. If you are registering or registered with the SEC and you deduct your advisory fees directly from your *clients'* accounts but you do not otherwise have *custody* of your *clients'* funds or securities, you may answer "no" to Item 9A.(1) and 9A.(2).

- |   | Yes                              | No                               |
|---|----------------------------------|----------------------------------|
| A. Do you have <i>custody</i> of any advisory <i>clients'</i> :   |                                  |                                  |
| (1) cash or bank accounts?  | <input checked="" type="radio"/> | <input type="radio"/>            |
| (2) securities?   | <input type="radio"/>            | <input checked="" type="radio"/> |
| B. Do any of your <i>related persons</i> have <i>custody</i> of any of your advisory <i>clients'</i> :  |                                  |                                  |
| (1) cash or bank accounts?  | <input checked="" type="radio"/> | <input type="radio"/>            |
| (2) securities?   | <input type="radio"/>            | <input checked="" type="radio"/> |
| C. If you answered "yes" to either Item 9.B(1) or 9.B(2), is that <i>related person</i> a broker-dealer registered under Section 15 of the Securities Exchange Act of 1934? | <input type="radio"/>            | <input checked="" type="radio"/> |

**Item 10 Control Persons**

In this Item, we ask you to identify every *person* that, directly or indirectly, *controls* you.

If you are submitting an initial application, you must complete Schedule A and Schedule B. Schedule A asks for information about your direct owners and executive officers. Schedule B asks for information about your indirect owners. If this is an amendment and you are updating information you reported on either Schedule A or Schedule B (or both) that you filed with your initial application, you must complete Schedule C.

	YES	NO
Does any <i>person</i> not named in Item 1.A. or Schedules A, B, or C, directly or indirectly, <i>control</i> your management or policies?	<input checked="" type="radio"/>	<input type="radio"/>

*If yes, complete Section 10 of Schedule D.*

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**Item 11 Disclosure Information**

In this Item, we ask for information about your disciplinary history and the disciplinary history of all your *advisory affiliates*. We use this information to determine whether to grant your application for registration, to decide whether to revoke your registration or to place limitations on your activities as an investment adviser, and to identify potential problem areas to focus on during our on-site examinations. One event may result in "yes" answers to more than one of the questions below.

Your *advisory affiliates* are: (1) all of your current *employees* (other than *employees* performing only clerical, administrative, support or similar functions); (2) all of your officers, partners, or directors (or any *person* performing similar functions); and (3) all *persons* directly or indirectly *controlling* you or *controlled* by you. If you are a

"separately identifiable department or division" (SID) of a bank, see the Glossary of Terms to determine who your *advisory affiliates* are.

*If you are registered or registering with the SEC, you may limit your disclosure of any event listed in Item 11 to ten years following the date of the event. If you are registered or registering with a state, you must respond to the questions as posed; you may, therefore, limit your disclosure to ten years following the date of an event only in responding to Items 11.A(1), 11.A(2), 11.B(1), 11.B(2), 11.D(4), and 11.H(1)(a). For purposes of calculating this ten-year period, the date of an event is the date the final order, judgment, or decree was entered, or the date any rights of appeal from preliminary orders, judgments, or decrees lapsed.*

You must complete the appropriate Disclosure Reporting Page ("DRP") for "yes" answers to the questions in this Item 11.

For "yes" answers to the following questions, complete a Criminal Action DRP:

- | A. In the past ten years, have you or any <i>advisory affiliate</i> :  | YES                   | NO                               |
|--|-----------------------|----------------------------------|
| (1) been convicted of or plead guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any <i>felony</i> ? | <input type="radio"/> | <input checked="" type="radio"/> |
| (2) been <i>charged</i> with any <i>felony</i> ?   | <input type="radio"/> | <input checked="" type="radio"/> |

*If you are registered or registering with the SEC, you may limit your response to Item 11.A(2) to charges that are currently pending.*

- | B. In the past ten years, have you or any <i>advisory affiliate</i> :  | YES                   | NO                               |
|--|-----------------------|----------------------------------|
| (1) been convicted of or plead guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to a <i>misdemeanor</i> involving: investments or an <i>investment-related</i> business, or any fraud, false statements, or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses? | <input type="radio"/> | <input checked="" type="radio"/> |
| (2) been <i>charged</i> with a <i>misdemeanor</i> listed in 11.B(1)?   | <input type="radio"/> | <input checked="" type="radio"/> |

*If you are registered or registering with the SEC, you may limit your response to Item 11.B(2) to charges that are currently pending.*

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### Item 11 Disclosure Information (Continued)

For "yes" answers to the following questions, complete a Regulatory Action DRP:

- | C. Has the SEC or the Commodity Futures Trading Commission (CFTC) ever:  | YES                   | NO                               |
|--|-----------------------|----------------------------------|
| (1) <i>found</i> you or any <i>advisory affiliate</i> to have made a false statement or omission?  | <input type="radio"/> | <input checked="" type="radio"/> |
| (2) <i>found</i> you or any <i>advisory affiliate</i> to have been <i>involved</i> in a violation of SEC or CFTC regulations or statutes?  | <input type="radio"/> | <input checked="" type="radio"/> |
| (3) <i>found</i> you or any <i>advisory affiliate</i> to have been a cause of an <i>investment-related</i> business having its authorization to do business denied, suspended, revoked, or restricted? | <input type="radio"/> | <input checked="" type="radio"/> |
| (4) entered an <i>order</i> against you or any <i>advisory affiliate</i> in connection with <i>investment-related</i> activity?  | <input type="radio"/> | <input checked="" type="radio"/> |
| (5) imposed a civil money penalty on you or any <i>advisory affiliate</i> , or <i>ordered</i> you or any <i>advisory affiliate</i> to cease and desist from any activity?                              | <input type="radio"/> | <input checked="" type="radio"/> |

D. Has any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority:

- (1) ever found you or any advisory affiliate to have made a false statement or omission, or been dishonest, unfair, or unethical?  YES  NO
- (2) ever found you or any advisory affiliate to have been involved in a violation of investment-related regulations or statutes?  YES  NO
- (3) ever found you or any advisory affiliate to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?  YES  NO
- (4) in the past ten years, entered an order against you or any advisory affiliate in connection with an investment-related activity?  YES  NO
- (5) ever denied, suspended, or revoked your or any advisory affiliate's registration or license, or otherwise prevented you or any advisory affiliate, by order, from associating with an investment-related business or restricted your or any advisory affiliate's activity?  YES  NO

E. Has any self-regulatory organization or commodities exchange ever:

- (1) found you or any advisory affiliate to have made a false statement or omission?  YES  NO
- (2) found you or any advisory affiliate to have been involved in a violation of its rules (other than a violation designated as a "minor rule violation" under a plan approved by the SEC)?  YES  NO
- (3) found you or any advisory affiliate to have been the cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?  YES  NO
- (4) disciplined you or any advisory affiliate by expelling or suspending you or the advisory affiliate from membership, barring or suspending you or the advisory affiliate from association with other members, or otherwise restricting your or the advisory affiliate's activities?  YES  NO

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#### Item 11 Disclosure Information (Continued)

F. Has an authorization to act as an attorney, accountant, or federal contractor granted to you or any advisory affiliate ever been revoked or suspended?  YES  NO

G. Are you or any advisory affiliate now the subject of any regulatory proceeding that could result in a "yes" answer to any part of Item 11.C., 11.D., or 11.E.?  YES  NO

For "yes" answers to the following questions, complete a Civil Judicial Action DRP:

- H. (1) Has any domestic or foreign court:
- (a) in the past ten years, enjoined you or any advisory affiliate in connection with any investment-related activity?  YES  NO
- (b) ever found that you or any advisory affiliate were involved in a violation of investment-related statutes or regulations?  YES  NO
- (c) ever dismissed, pursuant to a settlement agreement, an investment-related civil action brought against you or any advisory affiliate by a state or foreign financial regulatory authority?  YES  NO
- (2) Are you or any advisory affiliate now the subject of any civil proceeding that could result in a "yes" answer to any part of Item 11.H(1)?  YES  NO

#### Item 12 Small Businesses

The SEC is required by the Regulatory Flexibility Act to consider the effect of its regulations on small entities. In order to do this, we need to determine whether you meet the definition of "small business" or "small organization" under rule 0-

7.

Answer this Item 12 only if you are registered or registering with the SEC and you indicated in response to Item 5.F(2) (c) that you have assets under management of less than \$25 million. You are not required to answer this Item 12 if you are filing for initial registration as a state adviser, amending a current state registration, or switching from SEC to state registration.

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### Item 12 Small Businesses (Continued)

For purposes of this Item 12 only:

- Total Assets refers to the total assets of a firm, rather than the assets managed on behalf of *clients*. In determining your or another *person's* total assets, you may use the total assets shown on a current balance sheet (but use total assets reported on a consolidated balance sheet with subsidiaries included, if that amount is larger).
- Control means the power to direct or cause the direction of the management or policies of a *person*, whether through ownership of securities, by contract, or otherwise. Any *person* that directly or indirectly has the right to vote 25 percent or more of the voting securities, or is entitled to 25 percent or more of the profits, of another *person* is presumed to control the other *person*.

- |   |                                  | YES                   | NO                    |
|---|----------------------------------|-----------------------|-----------------------|
| A. Did you have total assets of \$5 million or more on the last day of your most recent fiscal year?  | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| <i>If "yes," you do not need to answer Items 12.B. and 12.C.</i>  |                                  |                       |                       |
| B. Do you:  |                                  |                       |                       |
| (1) <i>control</i> another investment adviser that had assets under management of \$25 million or more on the last day of its most recent fiscal year?  | <input type="radio"/>            | <input type="radio"/> | <input type="radio"/> |
| (2) <i>control</i> another <i>person</i> (other than a natural person) that had total assets of \$5 million or more on the last day of its most recent fiscal year?   | <input type="radio"/>            | <input type="radio"/> | <input type="radio"/> |
| C. Are you:   |                                  |                       |                       |
| (1) <i>controlled</i> by or under common <i>control</i> with another investment adviser that had assets under management of \$25 million or more on the last day of its most recent fiscal year?              | <input type="radio"/>            | <input type="radio"/> | <input type="radio"/> |
| (2) <i>controlled</i> by or under common <i>control</i> with another <i>person</i> (other than a natural person) that had total assets of \$5 million or more on the last day of its most recent fiscal year? | <input type="radio"/>            | <input type="radio"/> | <input type="radio"/> |

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You must complete this Part 1B only if you are applying for registration, or are registered, as an investment adviser with any of the *state securities authorities*.

### Part 1B Item 1 - State Registration

Complete this Item 1 if you are submitting an initial application for state registration or requesting additional state registration(s). Check the boxes next to the states to which you are submitting this application. If you are already registered with at least one state and are applying for registration with an additional state or states, check the boxes next to the states in which you are applying for registration. Do not check the boxes next to the states in which you are currently registered or where you have an application for registration pending.

<input type="checkbox"/> AL	<input type="checkbox"/> ID	<input type="checkbox"/> MO	<input type="checkbox"/> PA
<input type="checkbox"/> AK	<input type="checkbox"/> IL	<input type="checkbox"/> MT	<input type="checkbox"/> PR
<input type="checkbox"/> AZ	<input type="checkbox"/> IN	<input type="checkbox"/> NE	<input type="checkbox"/> RI
<input type="checkbox"/> AR	<input type="checkbox"/> IA	<input type="checkbox"/> NV	<input type="checkbox"/> SC
<input type="checkbox"/> CA	<input type="checkbox"/> KS	<input type="checkbox"/> NH	<input type="checkbox"/> SD
<input type="checkbox"/> CO	<input type="checkbox"/> KY	<input type="checkbox"/> NJ	<input type="checkbox"/> TN
<input type="checkbox"/> CT	<input type="checkbox"/> LA	<input type="checkbox"/> NM	<input type="checkbox"/> TX
<input type="checkbox"/> DE	<input type="checkbox"/> ME	<input type="checkbox"/> NY	<input type="checkbox"/> UT
<input type="checkbox"/> DC	<input type="checkbox"/> MD	<input type="checkbox"/> NC	<input type="checkbox"/> VT
<input type="checkbox"/> FL	<input type="checkbox"/> MA	<input type="checkbox"/> ND	<input type="checkbox"/> VA
<input type="checkbox"/> GA	<input type="checkbox"/> MI	<input type="checkbox"/> OH	<input type="checkbox"/> WA
<input type="checkbox"/> GU	<input type="checkbox"/> MN	<input type="checkbox"/> OK	<input type="checkbox"/> WV
<input type="checkbox"/> HI	<input type="checkbox"/> MS	<input type="checkbox"/> OR	<input type="checkbox"/> WI

#### Part 1B Item 2 - Additional Information

##### A. Person responsible for supervision and compliance:

Name:

Title:

Telephone:

Fax:

Number and Street 1:

Number and Street 2:

City:

State:

Country:

ZIP+4/Postal Code:

Email address, if available:

If this address is a private residence, check this box:

##### B. Bond/Capital Information, if required by your home state.

(1) Name of Issuing Insurance Company:

(2) Amount of Bond:

\$ .00

(3) Bond Policy Number:

(4) If required by your home state, are you in compliance with your home state's minimum capital requirements?

Yes No

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**Part 1B Item 2 - Additional Information (Continued)**

	Yes	No
For "yes" answers to the following question, complete a Bond DRP.		
C. Has a bonding company ever denied, paid out on, or revoked a bond for you?	<input type="radio"/>	<input type="radio"/>
For "yes" answers to the following question, complete a Judgment/Lien DRP:		
D. Do you have any unsatisfied judgments or liens against you?	<input type="radio"/>	<input type="radio"/>
For "yes" answers to the following questions, complete an Arbitration DRP:		
E. Are you, any <i>advisory affiliate</i> , or any <i>management person</i> currently the subject of, or have you, any <i>advisory affiliate</i> , or any <i>management person</i> been the subject of, an arbitration claim alleging damages in excess of \$2,500, involving any of the following:		
(1) any investment or an <i>investment-related</i> business of activity?	<input type="radio"/>	<input type="radio"/>
(2) fraud, false statement, or omission?	<input type="radio"/>	<input type="radio"/>
(3) theft, embezzlement, or other wrongful taking of property?	<input type="radio"/>	<input type="radio"/>
(4) bribery, forgery, counterfeiting, or extortion?	<input type="radio"/>	<input type="radio"/>
(5) dishonest, unfair, or unethical practices?	<input type="radio"/>	<input type="radio"/>
For "yes" answers to the following questions, complete a Civil Judicial Action DRP:		
F. Are you, any <i>advisory affiliate</i> , or any <i>management person</i> currently subject to, or have you, any <i>advisory affiliate</i> , or any <i>management person</i> been <i>found</i> liable in, a civil, <i>self-regulatory organization</i> , or administrative <i>proceeding</i> involving any of the following:		
(1) an investment or <i>investment-related</i> business or activity?	<input type="radio"/>	<input type="radio"/>
(2) fraud, false statement, or omission?	<input type="radio"/>	<input type="radio"/>
(3) theft, embezzlement, or other wrongful taking of property?	<input type="radio"/>	<input type="radio"/>
(4) bribery, forgery, counterfeiting, or extortion?	<input type="radio"/>	<input type="radio"/>
(5) dishonest, unfair, or unethical practices?	<input type="radio"/>	<input type="radio"/>
G. Other Business Activities		
(1) You are actively engaged in business as a(n) (check all that apply):		
<input type="checkbox"/> Attorney		
<input type="checkbox"/> Certified Public Accountant		
<input type="checkbox"/> Tax Preparer		

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**Part 1B Item 2 - Additional Information (Continued)**

(2) If you are actively engaged in any business other than those listed in Item 6.A of Part 1A or Item 2.G(1) of Part 1B, describe the business and the approximate amount of time spent on that business:

H. If you provide financial planning services, the investments made based on those services at the end of your last fiscal year totaled:

	Securities Investments	Non-Securities Investments
Under \$100,000	<input type="radio"/>	<input type="radio"/>
\$100,001 to \$500,000	<input type="radio"/>	<input type="radio"/>
\$500,001 to \$1,000,000	<input type="radio"/>	<input type="radio"/>
\$1,000,001 to \$2,500,000	<input type="radio"/>	<input type="radio"/>
\$2,500,001 to \$5,000,000	<input type="radio"/>	<input type="radio"/>
More than \$5,000,000	<input type="radio"/>	<input type="radio"/>

If securities investments are over \$5,000,000, how much? (round to the nearest \$1,000,000)

If non-securities investments are over \$5,000,000, how much? (round to the nearest \$1,000,000)

	Yes	No
<b>I. Custody</b>		
(1) Do you withdraw advisory fees directly from your <i>clients'</i> accounts? If you answered "yes", respond to the following:	<input type="radio"/>	<input type="radio"/>
(a) Do you send a copy of your invoice to the custodian or trustee at the same time that you send a copy to the <i>client</i> ?	<input type="radio"/>	<input type="radio"/>
(b) Does the custodian send quarterly statements to your <i>clients</i> showing all disbursements for the custodian account, including the amount of the advisory fees?	<input type="radio"/>	<input type="radio"/>
(c) Do your <i>clients</i> provide written authorization permitting you to be paid directly for their accounts held by the custodian or trustee?	<input type="radio"/>	<input type="radio"/>
(2) Do you act as a general partner for any partnership or trustee for any trust in which your advisory <i>clients</i> are either partners of the partnership or beneficiaries of the trust? If you answered "yes", respond to the following:	<input type="radio"/>	<input type="radio"/>
(a) As the general partner of a partnership, have you engaged an attorney or an independent certified public accountant to provide authority permitting each direct payment or any transfer of funds or securities from the partnership account?	<input type="radio"/>	<input type="radio"/>
(3) Do you require the prepayment of fees of more than \$500 per <i>client</i> and for six months or more in advance?	<input type="radio"/>	<input type="radio"/>

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### Part 1B Item 2 - Additional Information (Continued)

	Yes	No
<b>J. If you are organized as a sole proprietorship, please answer the following:</b>		
(1) (a) Have you passed, on or after January 1, 2000, the Series 65 examination?	<input type="radio"/>	<input type="radio"/>
(b) Have you passed, on or after January 1, 2000, the Series 66 examination and also passed, at any time, the Series 7 examination?	<input type="radio"/>	<input type="radio"/>
(2) (a) Do you have any investment advisory professional designations? <i>If "no", you do not need to answer Item 2.J(2)(b).</i>	<input type="radio"/>	<input type="radio"/>
(b) I have earned and I am in good standing with the organization that issued the following credential:		
<input type="checkbox"/> Certified Financial Planner ("CFP")		
<input type="checkbox"/> Chartered Financial Analyst ("CFA")		
<input type="checkbox"/> Chartered Financial Consultant ("ChFC")		

- Chartered Investment Counselor ("CIC")
- Personal Financial Specialist ("PFS")
- None of the above

(3) Your Social Security Number:

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

**Primary Business Name: MATHON MANAGEMENT COMPANY, LLC**

**CRD Number: 129822**

**ADV - SEC Initial, SCHEDULE A**

**Rev. 05/2003**

**2/6/2004 12:18:37 PM**

### Form ADV, Schedule A

#### Direct Owners and Executive Officers

1. Complete Schedule A only if you are submitting an initial application. Schedule A asks for information about your direct owners and executive officers. Use Schedule C to amend this information.
2. Direct Owners and Executive Officers. List below the names of:
  - (a) each Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Compliance Officer (Chief Compliance Officer is required and cannot be more than one individual), director, and any other individuals with similar status or functions;
  - (b) if you are organized as a corporation, each shareholder that is a direct owner of 5% or more of a class of your voting securities, unless you are a public reporting company (a company subject to Section 12 or 15(d) of the Exchange Act);

Direct owners include any *person* that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 5% or more of a class of your voting securities. For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.

- (c) if you are organized as a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 5% or more of your capital;
  - (d) in the case of a trust that directly owns 5% or more of a class of your voting securities, or that has the right to receive upon dissolution, or has contributed, 5% or more of your capital, the trust and each trustee; and
  - (e) if you are organized as a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 5% or more of your capital, and (ii) if managed by elected managers, all elected managers.
3. Do you have any indirect owners to be reported on Schedule B?     Yes     No
  4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner or executive officer is an individual.
  5. Complete the Title or Status column by entering board/management titles; status as partner, trustee, sole proprietor, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).
  6. Ownership codes are:    NA - less than 5%    B - 10% but less than 25%    D - 50% but less than 75%  
    A - 5% but less than 10%    C - 25% but less than 50%    E - 75% or more
  7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.  
 (b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.

(c) Complete each column.

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Title or Status	Date Title or Status Acquired MM/YYYY	Ownership Code	Control Person	PR	CRD No. If None: S.S. No. and Date of Birth, IRS Tax No., or Employer ID No.
SLADE, DUANE, HAMBLIN	I	MANAGING DIRECTOR	11/2003	C	Y	N	2577905
WILLIAMS, GUY, ANDREW	I	MANAGING DIRECTOR	11/2003	C	Y	N	2884297
SEWELL, RUSSELL, LAURENCE	I	CHIEF COMPLIANCE OFFICER	11/2003	B	Y	N	2018290
WILLIAMS, BRENT, F	I	CHIEF FINANCIAL OFFICER	11/2003	B	Y	N	4752064
TOWLER, DOUG, E	I	EXECUTIVE VP	11/2003	B	Y	N	4752068

**FORM ADV****UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION****Primary Business Name: MATHON MANAGEMENT COMPANY, LLC****CRD Number: 129822****ADV - SEC Initial, SCHEDULE B****Rev. 05/2003****2/6/2004 12:18:37 PM****Form ADV, Schedule B****Indirect Owners**

- Complete Schedule B only if you are submitting an initial application. Schedule B asks for information about your indirect owners; you must first complete Schedule A, which asks for information about your direct owners. Use Schedule C to amend this information.
- Indirect Owners. With respect to each owner listed on Schedule A (except individual owners), list below:
  - in the case of an owner that is a corporation, each of its shareholders that beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 25% or more of a class of a voting security of that corporation;
 

For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.
  - in the case of an owner that is a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 25% or more of the partnership's capital;
  - in the case of an owner that is a trust, the trust and each trustee; and
  - in the case of an owner that is a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 25% or more of the LLC's capital, and (ii) if managed by elected managers, all elected managers.
- Continue up the chain of ownership listing all 25% owners at each level. Once a public reporting company (a company subject to Sections 12 or 15(d) of the Exchange Act) is reached, no further ownership information need be given.
- In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner is an individual.
- Complete the Status column by entering the owner's status as partner, trustee, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).
- Ownership codes are: C - 25% but less than 50% E - 75% or more  
D - 50% but less than 75% F - Other (general partner, trustee, or elected manager)

7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.
- (b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.
- (c) Complete each column.

No Indirect Owner Information Filed

**FORM ADV**  
**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

**Primary Business Name: MATHON MANAGEMENT COMPANY, LLC**

**CRD Number: 129822**

**ADV - SEC Initial, SCHEDULE C**

**Rev. 05/2003**

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**Form ADV, Schedule C**

**Amendments to Schedules A and B**

- Use Schedule C only to amend information requested on either Schedule A or Schedule B. Refer to Schedule A and Schedule B for specific instructions for completing this Schedule C. Complete each column.
- In the Type of Amendment column, indicate "A" (addition), "D" (deletion), or "C" (change in information about the same *person*).
- Ownership codes are:
 

NA - less than 5%	C - 25% but less than 50%	G - Other (general partner, trustee, or elected member)
A - 5% but less than 10%	D - 50% but less than 75%	
B - 10% but less than 25%	E - 75% or more	
- List below all changes to Schedule A (Direct Owners and Executive Officers):

No Changes to Direct Owner / Executive Officer Information Filed

- List below all changes to Schedule B (Indirect Owners):

No Changes to Indirect Owner Information Filed

**FORM ADV**  
**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

**Primary Business Name: MATHON MANAGEMENT COMPANY, LLC**

**CRD Number: 129822**

**ADV - SEC Initial, SCHEDULE D Page 1**

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**Form ADV, Schedule D Page 1**

Certain items in Part 1A of Form ADV require additional information on Schedule D. Use this Schedule D Page 1 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

**Section 1.B. Other Business Names**

List your other business names and the jurisdictions in which you use them. You must complete a separate Schedule D for each business name.

No Information Filed

**Section 1.F. Other Offices**

Complete the following information for each office, other than your *principal office and place of business*, at which you conduct investment advisory business. You must complete a separate Schedule D Page 1 for each location. If you are applying for registration, or are registered, only with the SEC, list only the largest five (in terms of numbers of employees).

No Information Filed

**Section 1.I. World Wide Web Site Addresses**

List your World Wide Web site addresses. You must complete a separate Schedule D for each World Wide Web site address.

No Information Filed

**Section 1.K. Locations of Books and Records**

Complete the following information for each location at which you keep your books and records, other than your *principal office and place of business*. You must complete a separate Schedule D Page 1 for each location.

No Information Filed

**FORM ADV**  
**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

ADV - SEC Initial, SCHEDULE D, Page 2

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**Form ADV, Schedule D Page 2**

Use this Schedule D Page 2 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

**Section 1.L. Registration with Foreign Financial Regulatory Authorities**

List the name, in English, of each *foreign financial regulatory authority* and country with which you are registered. You must complete a separate Schedule D Page 2 for each *foreign financial regulatory authority* with whom you are registered.

No Information Filed

**Section 2.A(7) Affiliated Adviser**

If you are relying on the exemption in rule 203A-2(c) from the prohibition on registration because you *control*, are *controlled by*, or are under common *control* with an investment adviser that is registered with the SEC and your *principal office and place of business* is the same as that of the registered adviser, provide the following information:

Name of Registered Investment Adviser

CRD Number of Registered Investment Adviser (if any)

SEC Number of Registered Investment Adviser

### Section 2.A(8) Newly Formed Adviser

If you are relying on rule 203A-2(d), the newly formed adviser exemption from the prohibition on registration, you are required to make certain representations about your eligibility for SEC registration. By checking the appropriate boxes, you will be deemed to have made the required representations. You must make both of these representations:

- I am not registered or required to be registered with the SEC or a *state securities authority* and I have a reasonable expectation that I will be eligible to register with the SEC within 120 days after the date my registration with the SEC becomes effective.
- I undertake to withdraw from SEC registration if, on the 120th day after my registration with the SEC becomes effective, I would be prohibited by Section 203A(a) of the Advisers Act from registering with the SEC.

### Section 2.A(9) Multi-State Adviser

If you are relying on rule 203A-2(e), the multi-state adviser exemption from the prohibition on registration, you are required to make certain representations about your eligibility for SEC registration. By checking the appropriate boxes, you will be deemed to have made the required representations.

If you are applying for registration as an investment adviser with the SEC, you must make both of these representations:

- I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of 30 or more states to register as an investment adviser with the securities authorities in those states.
- I undertake to withdraw from SEC registration if I file an amendment to this registration indicating that I would be required by the laws of fewer than 25 states to register as an investment adviser with the securities authorities of those states.

If you are submitting your *annual updating amendment*, you must make this representation:

- Within 90 days prior to the date of filing this amendment, I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of at least 25 states to register as an investment adviser with the securities authorities in those states.

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

ADV - SEC Initial, SCHEDULE D, Page 3

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### Form ADV, Schedule D Page 3

Use this Schedule D Page 3 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

### Section 2.A(11) SEC Exemptive Order

No Information Filed

**Section 4 Successions**

Complete the following information if you are succeeding to the business of a currently-registered investment adviser. If you acquired more than one firm in the succession you are reporting on this Form ADV, you must complete a separate Schedule D Page 3 for each acquired firm. See Part 1A Instruction 4.

No Information Filed

**Section 5.I(2) Wrap Fee Programs**

If you are a portfolio manager for one or more *wrap fee programs*, list the name of each program and its *sponsor*. You must complete a separate Schedule D Page 3 for each *wrap fee program* for which you are a portfolio manager.

No Information Filed

**Section 6.B. Description of Primary Business**

No Information Filed

**Section 7.A. Affiliated Investment Advisers and Broker-Dealers**

You **MUST** complete the following information for each investment adviser with whom you are affiliated. You **MAY** complete the following information for each broker-dealer with whom you are affiliated. You must complete a separate Schedule D Page 3 for each listed affiliate.

No Information Filed

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

ADV - SEC Initial, SCHEDULE D, Page 4

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**Form ADV, Schedule D Page 4**

Use this Schedule D Page 4 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

**Section 7.B. Limited Partnership Participation**

You must complete a separate Schedule D Page 4 for each limited partnership in which you or a *related person* is a general partner and each limited liability company for which you or a *related person* is a manager.

Name of Limited Partnership or Limited Liability Company:

ASPEN GROVE CAPITAL GROUP

Yes No

Are your *clients* solicited to invest in the limited partnership or limited liability company?  

Approximately what percentage of your *clients* have invested in this limited partnership or limited liability company?  
0 %



Minimum investment commitment required of a limited partner or member:

\$ 100000

Current value of the total assets of the limited partnership or limited liability company:

\$ 3700000

**Section 10 Control Persons**

You must complete a separate Schedule D Page 4 for each *control person* not named in Item 1.A. or Schedules A, B, or C that directly or indirectly *controls* your management or policies.

Individual Name (Last, First, Middle)

WILLIAMS, GUY, ANDREW

CRD Number (if any)

2884297

Effective Date

11/01/2003

Termination Date

Business Address:

Number and Street 1:

1052 S 38TH ST

Number and Street 2:

City:

MESA

State:

AZ

Country:

USA

ZIP+4/Postal Code:

85206

If this address is a private residence, check this box: Briefly describe the nature of the *control*:

MANAGING DIRECTOR

**FORM ADV****UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

ADV - SEC Initial, SCHEDULE D, Page 5

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**Form ADV, Schedule D Page 5**

Use this Schedule D Page 5 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

**Miscellaneous**

You may use the space below to explain a response to an Item or to provide any other information.

**FORM ADV****UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

ADV - SEC Initial, DRP Pages

Rev. 05/2003

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**CRIMINAL DISCLOSURE REPORTING PAGE (ADV)**

No Information Filed

**REGULATORY ACTION DISCLOSURE REPORTING PAGE (ADV)****GENERAL INSTRUCTIONS**

This Disclosure Reporting Page (DRP ADV) is an  INITIAL **OR**  AMENDED response used to report details for affirmative responses to Items 11.C., 11.D., 11.E., 11.F. or 11.G. of Form ADV.

Check item(s) being responded to:

Regulatory Action			
<input type="checkbox"/> 11.C(1)	<input type="checkbox"/> 11.C(5)	<input checked="" type="checkbox"/> 11.D(4)	<input type="checkbox"/> 11.E(3)
<input type="checkbox"/> 11.C(2)	<input type="checkbox"/> 11.D(1)	<input type="checkbox"/> 11.D(5)	<input type="checkbox"/> 11.E(4)
<input type="checkbox"/> 11.C(3)	<input type="checkbox"/> 11.D(2)	<input type="checkbox"/> 11.E(1)	<input type="checkbox"/> 11.F
<input type="checkbox"/> 11.C(4)	<input type="checkbox"/> 11.D(3)	<input type="checkbox"/> 11.E(2)	<input type="checkbox"/> 11.G

Use a separate DRP for each event or *proceeding*. The same event or *proceeding* may be reported for more than one *person* or entity using one DRP. File with a completed Execution Page.

One event may result in more than one affirmative answer to Items 11.C., 11.D., 11.E., 11.F. or 11.G. Use only one DRP to report details related to the same event. If an event gives rise to actions by more than one regulator, provide details to each action on a separate DRP.

**PART I**A. The *person(s)* or entity(ies) for whom this DRP is being filed is (are):

- You (the advisory firm)  
 You and one or more of your *advisory affiliates*  
 One or more of your *advisory affiliates*

If this DRP is being filed for an *advisory affiliate*, give the full name of the *advisory affiliate* below (for individuals, Last name, First name, Middle name).

If the *advisory affiliate* has a CRD number, provide that number. If not, indicate "non-registered" by checking the appropriate box.

**ADV DRP - ADVISORY AFFILIATE**

CRD Number: \_\_\_\_\_ This *advisory affiliate* is  a Firm  an Individual

Registered:  Yes  No

Name: ROUND VALLEY CAPITAL, LLC  
(For individuals, Last, First, Middle)

CRD Number: \_\_\_\_\_ This *advisory affiliate* is  a Firm  an Individual

Registered:  Yes  No  
 Name: MATHON FUND I, LLC  
 (For individuals, Last, First, Middle)

This DRP should be removed from the ADV record because the *advisory affiliate(s)* is no longer associated with the adviser.

This DRP should be removed from the ADV record because: (1) the event or *proceeding* occurred more than ten years ago or (2) the adviser is registered or applying for registration with the SEC and the event was resolved in the adviser's or *advisory affiliate's* favor.

If you are registered or registering with a *state securities authority*, you may remove a DRP for an event you reported only in response to Item 11.D(4), and only if that event occurred more than ten years ago. If you are registered or registering with the SEC, you may remove a DRP for any event listed in Item 11 that occurred more than ten years ago.

B. If the *advisory affiliate* is registered through the IARD system or *CRD* system, has the *advisory affiliate* submitted a DRP (with Form ADV, BD or U-4) to the IARD or *CRD* for the event? If the answer is "Yes," no other information on this DRP must be provided.

Yes  No

**NOTE:** The completion of this form does not relieve the *advisory affiliate* of its obligation to update its IARD or *CRD* records.

#### PART II

1. Regulatory Action initiated by:

SEC  Other Federal  State  SRO  Foreign

(Full name of regulator, *foreign financial regulatory authority*, federal, state, or *SRO*)  
 STATE OF UTAH, DEPARTMENT OF COMMERCE, DIVISION OF SECURITIES

2. Principal Sanction:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanctions:

CEASE AND DESIST

3. Date Initiated (MM/DD/YYYY):

08/27/2003  Exact  Explanation

If not exact, provide explanation:

4. Docket/Case Number:

SD-03-0051

5. *Advisory Affiliate* Employing Firm when activity occurred which led to the regulatory action (if applicable):

6. Principal Product Type:

Debt - Asset Backed

Other Product Types:

7. Describe the allegations related to this regulatory action (your response must fit within the space provided):

AGENTS OF THE COMPANY SELLING UNREGISTERED SECURITIES WHO WERE NOT LICENSED TO SELL SECURITIES.

8. Current status ?  Pending  On Appeal  Final

9. If on appeal, regulatory action appealed to (SEC, *SRO*, Federal or State Court) and Date Appeal Filed:

If Final or On Appeal, complete all items below. For Pending Actions, complete Item 13 only.

## 10. How was matter resolved:

Stipulation and Consent

STIPCONS

## 11. Resolution Date (MM/DD/YYYY):

12/30/2003  Exact  Explanation

If not exact, provide explanation:

## 12. Resolution Detail:

A. Were any of the following Sanctions *Ordered* (check all appropriate items)?

- Monetary/Fine Amount:\$ 5000
- Revocation/Expulsion/Denial  Disgorgement/Restitution
- Censure  Cease and Desist/Injunction
- Bar  Suspension

B. Other Sanctions *Ordered*:

REVIEW OF ALL UTAH INVESTOR DATA; OFFER OF RESCISSION TO EXISTING UTAH INVESTORS, INCLUDING REQUIRED DISCLOSURE.

Sanction detail: if suspended, *enjoined* or barred, provide duration including start date and capacities affected (General Securities Principal, Financial Operations Principal, etc.). If requalification by exam/retraining was a condition of the sanction, provide length of time given to requalify/retrain, type of exam required and whether condition has been satisfied. If disposition resulted in a fine, penalty, restitution, disgorgement or monetary compensation, provide total amount, portion levied against you or an *advisory affiliate*, date paid and if any portion of penalty was waived:

THE FIRM WAS REQUIRED TO CEASE AND DESIST FROM SELLING ANY SECURITIES UNTIL DULLY LISCENSED.

## 13. Provide a brief summary of details related to the action status and (or) disposition and include relevant terms, conditions and dates (your response must fit within the space provided.)

CURRENTLY PROVIDING REQUIRED INFORMATION TO DIVISION OF SECURITIES. ENSURING THAT ANY AGENTS OF THE COMPANY ARE LICENSED. COMPLYING WITH ALL REQUESTS OF DIVISON OF SECURITIES. PREPARING RESCISSION DOCUMENTS FOR EXISTING UTAH INVESTORS.

**CIVIL JUDICIAL ACTION DISCLOSURE REPORTING PAGE (ADV)**

No Information Filed

**Bond DRPs**

No Information Filed

**Judgment/Lien DRPs**

No Information Filed

## Arbitration DRPs

No Information Filed

## FORM ADV

### UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

ADV - SEC Initial, Execution Pages

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**DOMESTIC INVESTMENT ADVISER EXECUTION PAGE**

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for SEC registration and all amendments to registration.

**Appointment of Agent for Service of Process**

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the Secretary of State or other legally designated officer, of the state in which you maintain your *principal office and place of business* and any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order instituting proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding* or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are submitting a *notice filing*.

**Signature**

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having custody or possession of these books and records to make them available to federal and state regulatory representatives.

Signature:

GUY WILLIAMS

Printed Name:

GUY WILLIAMS

Adviser CRD Number:

129822

Date: MM/DD/YYYY

02/06/2004

Title:

MANAGING DIRECTOR

**NON-RESIDENT INVESTMENT ADVISER EXECUTION**

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for SEC registration and all amendments to registration.

### 1. Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint each of the Secretary of the SEC, and the Secretary of State or other legally designated officer, of any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order instituting proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding*, or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of any state in which you are submitting a *notice filing*.

### 2. Appointment and Consent: Effect on Partnerships

If you are organized as a partnership, this irrevocable power of attorney and consent to service of process will continue in effect if any partner withdraws from or is admitted to the partnership, provided that the admission or withdrawal does not create a new partnership. If the partnership dissolves, this irrevocable power of attorney and consent shall be in effect for any action brought against you or any of your former partners.

### 3. *Non-Resident* Investment Adviser Undertaking Regarding Books and Records

By signing this Form ADV, you also agree to provide, at your own expense, to the U.S. Securities and Exchange Commission at its principal office in Washington D.C., at any Regional or District Office of the Commission, or at any one of its offices in the United States, as specified by the Commission, correct, current, and complete copies of any or all records that you are required to maintain under Rule 204-2 under the Investment Advisers Act of 1940. This undertaking shall be binding upon you, your heirs, successors and assigns, and any *person* subject to your written irrevocable consents or powers of attorney or any of your general partners and *managing agents*.

### Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the *non-resident* investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having custody or possession of these books and records to make them available to federal and state regulatory representatives.

Signature:

Date: MM/DD/YYYY

Printed Name:

Title:

Adviser CRD Number:

129822

### State Registered Investment Adviser Execution Page

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for state registration and all amendments to registration.

## 1. Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the legally designated officers and their successors, of the state in which you maintain your *principal office and place of business* and any other state in which you are applying for registration or amending your registration, as your agents to receive service, and agree that such persons may accept service on your behalf, of any notice, subpoena, summons, *order instituting proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding*, or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are applying for registration or amending your registration.

## 2. State-Registered Investment Adviser Affidavit

If you are subject to state regulation, by signing this Form ADV, you represent that, you are in compliance with the registration requirements of the state in which you maintain your principal place of business and are in compliance with the bonding, capital, and recordkeeping requirements of that state.

### Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having *custody* or possession of these books and records to make them available to federal and state regulatory representatives.

Signature	Date MM/DD/YYYY
CRD Number 129822	
Printed Name	Title

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## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

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**ADV Part 1A, Page 1**

**WARNING:** Complete this form truthfully. False statements or omissions may result in denial of your application, revocation of your registration, or criminal prosecution. You must keep this form updated by filing periodic amendments. See Form ADV General Instruction 3.

**Item 1 Identifying Information**

Responses to this Item tell us who you are, where you are doing business, and how we can contact you.

A. Your full legal name (if you are a sole proprietor, your last, first, and middle names):

MATHON MANAGEMENT, LLC

B. Name under which you primarily conduct your advisory business, if different from Item 1.A.

~~MATHON MANAGEMENT, LLC~~

MATHON MANAGEMENT COMPANY, LLC

List on Section 1.B. of Schedule D any additional names under which you conduct your advisory business.

C. If this filing is reporting a change in your legal name (Item 1.A.) or primary business name (Item 1.B.), enter the new name and specify whether the name change is of

your legal name or  your primary business name:

~~MATHON MANAGEMENT COMPANY, LLC~~

D. If you are registered with the SEC as an investment adviser, your SEC file number: 801- 62792

E. If you have a number ("CRD Number") assigned by the NASD's CRD system or by the IARD system, your CRD number: 129822

If your firm does not have a CRD number, skip this Item 1.E. Do not provide the CRD number of one of your officers, employees, or affiliates.

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

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**Item 1 Identifying Information (Continued)**

F. *Principal Office and Place of Business*

(1) Address (do not use a P.O. Box):

Number and Street 1:

~~1819 E. SOUTHERN AVENUE~~

6816 EAST BROWN ROAD

Number and Street 2:

~~SUITE D-10~~

City:

MESA

State:

AZ

Country:

USA

ZIP+4/Postal Code:

85204

85207

If this address is a private residence, check this box:



List on Section 1.F. of Schedule D any office, other than your principal office and place of business, at which you conduct investment advisory business. If you are applying for registration, or are registered, with one or more state securities authorities, you must list all of your offices in the state or states to which you are applying for registration or with whom you are registered. If you are applying for registration, or are registered only, with the SEC, list the largest five offices in terms of numbers of employees.

(2) Days of week that you normally conduct business at your principal office and place of business:

Monday-Friday  Other:

Normal business hours at this location:

9 AM -5 PM

(3) Telephone number at this location:

~~480-813-6100~~

480-558-8400

(4) Facsimile number at this location:

480-854-6760

G. Mailing address, if different from your principal office and place of business address:

Number and Street 1:

Number and Street 2:

City:

State:

Country:

ZIP+4/Postal Code:

If this address is a private residence, check this box:

H. If you are a sole proprietor, state your full residence address, if different from your principal office and place of business address in Item 1.F.:

Number and Street 1:

Number and Street 2:

City:

State:

Country:

ZIP+4/Postal Code:

## FORM ADV

### UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

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#### Item 1 Identifying Information (Continued)

I. Do you have World Wide Web site addresses?

YES NO



If "yes," list these addresses on Section 1.I. of Schedule D. If a web address serves as a portal through which to access other information you have published on the World Wide Web, you may list the portal without listing addresses for all of the other information. Some advisers may need to list more than one portal address. Do not provide individual electronic mail addresses in response to this Item.

J. Contact Employee:

Name:

RUSSELL L SEWELL

TERRANCE J. SHANAHAN

Telephone Number:

~~4808300106~~

480 558-8400

Number and Street 1:

~~1819 E SOUTHERN AVE, D-10~~

6816 EAST BROWN ROAD

City:

MESA

State:

AZ

Title:

CHIEF COMPLIANCE OFFICER

Facsimile Number:

480 854-6760

Number and Street 2:

Country:

USA

ZIP+4/Postal Code:

85207

Electronic mail (e-mail) address, the contact employee has one:

RSEWELL@MATHONMGT.COM

TSHANAHAN@MATHONMGT.COM

The contact employee should be an employee whom you have authorized to receive information and respond to questions about this Form ADV.

- K. Do you maintain some or all of the books and records you are required to keep under Section 204 of the Advisers Act, or similar state law, somewhere other than your principal office and place of business? YES NO  
   
If "yes," complete Section 1.K. of Schedule D.

- L. Are you registered with a foreign financial regulatory authority? YES NO  
   
Answer "no" if you are not registered with a foreign financial regulatory authority, even if you have an affiliate that is registered with a foreign financial regulatory authority. If "yes", complete Section 1.L. of Schedule D.

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

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### Item 2 SEC Registration

Responses to this Item help us (and you) determine whether you are eligible to register with the SEC. Complete this Item 2 only if you are applying for SEC registration or submitting an *annual updating amendment* to your SEC registration.

- A. To register (or remain registered) with the SEC, you must check at least one of the Items 2.A(1) through 2.A(11), below. If you are submitting an *annual updating amendment* to your SEC registration and you are no longer eligible to register with the SEC, check Item 2.A(12). You:

- (1) have assets under management of \$25 million (in U.S. dollars) or more;

*See Part 1A Instruction 2.a. to determine whether you should check this box.*

- (2) have your principal office and place of business in the U.S. Virgin Islands or Wyoming;

- (3) have your principal office and place of business outside the United States;

- (4) are an investment adviser (or sub-adviser) to an investment company registered under the Investment Company Act of 1940;

*See Part 1A Instruction 2.b. to determine whether you should check this box.*

- (5) have been designated as a nationally recognized statistical rating organization;

*See Part 1A Instruction 2.c. to determine whether you should check this box.*

- (6) are a pension consultant that qualifies for the exemption in rule 203A-2(b);

*See Part 1A Instruction 2.d. to determine whether you should check this box.*

- (7) are relying on rule 203A-2(c) because you are an investment adviser that *controls*, is *controlled by*, or is under common *control* with, an investment adviser that is registered with the SEC, and your principal office and place of business is the same as the registered adviser;

See Part 1A Instruction 2.c. to determine whether you should check this box. If you check this box, complete Section 2.A(7) of Schedule D.

- (8) are a newly formed adviser relying on rule 203A-2(d) because you expect to be eligible for SEC registration within 120 days;

See Part 1A Instruction 2.f. to determine whether you should check this box. If you check this box, complete Section 2.A(8) of Schedule D.

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

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### Item 2 SEC Registration (Continued)

- (9) are a multi-state adviser relying on rule 203A-2(e);

See Part 1A Instruction 2.g. to determine whether you should check this box. If you check this box, complete Section 2.A(9) of Schedule D.

- (10) are an Internet investment adviser relying on rule 203A-2(f);

See Part 1A Instructions 2.h. to determine whether you should check this box.

- (11) have received an SEC order exempting you from the prohibition against registration with the SEC;

If you checked this box, complete Section 2.A(11) of Schedule D.

- (12) are no longer eligible to remain registered with the SEC.

See Part 1A Instructions 2.i. to determine whether you should check this box.

B. Under state laws, SEC-registered advisers may be required to provide to state securities authorities a copy of the Form ADV and any amendments they file with the SEC. These are called *notice filings*. If this is an initial application, check the box(es) next to the state(s) that you would like to receive notice of this and all subsequent filings you submit to the SEC. If this is an amendment to direct your *notice filings* to additional state(s), check the box(es) next to the state(s) that you would like to receive notice of this and all subsequent filings you submit to the SEC. If this is an amendment to your registration to stop your *notice filings* from going to state(s) that currently receive them, uncheck the box(es) next to those state(s).

<input type="checkbox"/> AL	<input type="checkbox"/> ID	<input type="checkbox"/> MO	<input type="checkbox"/> PA
<input type="checkbox"/> AK	<input type="checkbox"/> IL	<input type="checkbox"/> MT	<input type="checkbox"/> PR
<input checked="" type="checkbox"/> AZ	<input type="checkbox"/> IN	<input type="checkbox"/> NE	<input type="checkbox"/> RI
<input type="checkbox"/> AR	<input type="checkbox"/> IA	<input type="checkbox"/> NV	<input type="checkbox"/> SC
<input type="checkbox"/> CA	<input type="checkbox"/> KS	<input type="checkbox"/> NH	<input type="checkbox"/> SD
<input type="checkbox"/> CO	<input type="checkbox"/> KY	<input type="checkbox"/> NJ	<input type="checkbox"/> TN
<input type="checkbox"/> CT	<input type="checkbox"/> LA	<input type="checkbox"/> NM	<input type="checkbox"/> TX
<input type="checkbox"/> DE	<input type="checkbox"/> ME	<input type="checkbox"/> NY	<input type="checkbox"/> UT

<input type="checkbox"/> DC	<input type="checkbox"/> MD	<input type="checkbox"/> NC	<input type="checkbox"/> VT
<input type="checkbox"/> FL	<input type="checkbox"/> MA	<input type="checkbox"/> ND	<input type="checkbox"/> VA
<input type="checkbox"/> GA	<input type="checkbox"/> MI	<input type="checkbox"/> OH	<input type="checkbox"/> WA
<input type="checkbox"/> GU	<input type="checkbox"/> MN	<input type="checkbox"/> OK	<input type="checkbox"/> WV
<input type="checkbox"/> HI	<input type="checkbox"/> MS	<input type="checkbox"/> OR	<input type="checkbox"/> WI

If you are amending your registration to stop your notice filings from going to a state that currently receives them and you do not want to pay that state's notice filing fee for the coming year, your amendment must be filed before the end of the year (December 31).

**Item 3 Form Of Organization**

## A. How are you organized?

- Corporation     Sole Proprietorship     Limited Liability Partnership (LLP)  
 Partnership     Limited Liability Company (LLC)     Other (specify):

If you are changing your response to this Item, see Part 1A Instruction 4.

## FORM ADV

### UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

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**Item 3 Form Of Organization (Continued)**

## B. In what month does your fiscal year end each year?

December

## C. Under the laws of what state or country are you organized?

DELAWARE

If you are a partnership, provide the name of the state or country under whose laws your partnership was formed.

If you are a sole proprietor, provide the name of the state or country where you reside.

If you are changing your response to this Item, see Part 1A Instruction 4.

**Item 4 Successions**

## A. Are you, at the time of this filing, succeeding to the business of a registered investment adviser?

YES NO

If "yes," complete Item 4.B. and Section 4 of Schedule D.

## B. Date of Succession: (MM/DD/YYYY)

If you have already reported this succession on a previous Form ADV filing, do not report the succession again. Instead, check "No." See Part 1A Instruction 4.

**Item 5 Information About Your Advisory Business**

Responses to this Item help us understand your business, assist us in preparing for on-site examinations, and provide us with data we use when making regulatory policy. Part 1A Instruction 5.a. provides additional guidance to newly-formed advisers for completing this Item 5.

Employees

A. Approximately how many *employees* do you have? Include full and part-time *employees* but do not include any clerical workers.

- 1-5     
  6-10     
  11-50     
  51-250     
  251-500  
 501-1,000     
  More than 1,000     
 If more than 1,000, how many?  
 (round to the nearest 1,000)

B. (1) Approximately how many of these *employees* perform investment advisory functions (including research)?

- 0     
  1-5     
  6-10     
  11-50     
  51-250  
 251-500     
  501-1,000     
  More than 1,000     
 If more than 1,000, how many?  
 (round to the nearest 1,000)

(2) Approximately how many of these *employees* are registered representatives of a broker-dealer?

- 0     
 1-5     
 6-10     
 11-50     
 51-250  
 251-500     
 501-1,000     
 More than 1,000     
 If more than 1,000, how many?  
 (round to the nearest 1,000)

*If you are organized as a sole proprietorship, include yourself as an employee in your responses to Items 5.A (1) and 5.B(2). If an employee performs more than one function, you should count that employee in each of your responses to Item 5.B(1) and 5.B(2).*

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

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### Item 5 Information About Your Advisory Business (Continued)

(3) Approximately how many firms or other *persons* solicit advisory *clients* on your behalf?

- 0     
  1-5     
  6-10     
  11-50     
  51-250  
 251-500     
 501-1,000     
 More than 1,000     
 If more than 1,000, how many?  
 (round to the nearest 1,000)

*In your response to Item 5.B(3), do not count any of your employees and count a firm only once -- do not count each of the firm's employees that solicit on your behalf.*

#### Clients

C. To approximately how many *clients* did you provide investment advisory services during your most-recently completed fiscal year?

- 0     
  1-10     
  11-25     
  26-100     
  101-250  
 251-500     
 More than 500     
 If more than 500, how many?  
 (round to the nearest 500)

D. What types of *clients* do you have? Indicate the approximate percentage that each type of *client* comprises of your total number of *clients*.

None	Up				
to	to	11-	26-	51-	More
10%	25%	25%	50%	75%	Than
					75%

- |   |                                  |                       |                       |                       |                       |                                  |
|---|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------------------|
| (1) Individuals (other than high net worth individuals)             | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            |
| (2) High net worth individuals                                      | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            |
| (3) Banking or thrift institutions                                  | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            |
| (4) Investment companies (including mutual funds)                   | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            |
| (5) Pension and profit sharing plans (other than plan participants) | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            |
| (6) Other pooled investment vehicles (e.g., hedge funds)            | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            |
| (7) Charitable organizations  | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            |
| (8) Corporations or other businesses not listed above               | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            |
| (9) State or municipal government entities                          | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/>            |
| (10) Other: MANAGER OF MATHON FUND LLC                              | <input type="radio"/>            | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input checked="" type="radio"/> |

The category "individuals" includes trusts, estates, 401(k) plans and IRAs of individuals and their family members, but does not include businesses organized as sole proprietorships.

Unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940, check "None" in response to Item 5.D(4).

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

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### Item 5 Information About Your Advisory Business (Continued)

#### Compensation Arrangements

E. You are compensated for your investment advisory services by (check all that apply):

- (1) A percentage of assets under your management
- (2) Hourly charges
- (3) Subscription fees (for a newsletter or periodical)
- (4) Fixed fees (other than subscription fees)
- (5) Commissions
- (6) Performance-based fees
- (7) Other (specify): PERCENTAGE OF PLACED ASSETS IS PAID AS ORIGINATION FEE TO MGR

#### Assets Under Management

- |                    |  | YES                              | NO                       |
|--------------------|--|----------------------------------|--------------------------|
| F. (1)             | Do you provide continuous and regular supervisory or management services to securities portfolios? | <input checked="" type="radio"/> | <input type="radio"/>    |
| (2)                | If yes, what is the amount of your assets under management and total number of accounts?           |                                  |                          |
|                    | U.S. Dollar Amount   |                                  | Total Number of Accounts |
| Discretionary:     | (a) \$ <del>25257000</del><br>65000000.00  |                                  | (d) 1                    |
| Non-Discretionary: | (b) \$ 0 .00   |                                  | (e) 0                    |
| Total:             | (c) \$ <del>25257000</del><br>65000000.00  |                                  | (f) 1                    |

Part 1A Instruction 5.b. explains how to calculate your assets under management. You must follow these instructions carefully when completing this Item.

Advisory Activities

G. What type(s) of advisory services do you provide? Check all that apply.

- (1) Financial planning services
- (2) Portfolio management for individuals and/or small businesses
- (3) Portfolio management for investment companies
- (4) Portfolio management for businesses or institutional *clients* (other than investment companies)
- (5) Pension consulting services
- (6) Selection of other advisers
- (7) Publication of periodicals or newsletters
- (8) Security ratings or pricing services
- (9) Market timing services
- (10) Other (specify):

*Do not check Item 5.G(3) unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940.*

**FORM ADV**  
**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

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**Item 5 Information About Your Advisory Business (Continued)**

H. If you provide financial planning services, to how many *clients* did you provide these services during your last fiscal year?

- 0                       1-10                       11-25                       26-50                       51-100
- 101-250                       251-500                       More than 500                      If more than 500, how many?  
(round to the nearest 500)

I. If you participate in a *wrap fee program*, do you (check all that apply):

- (1) *sponsor* the *wrap fee program*?
- (2) act as a portfolio manager for the *wrap fee program*?

*If you are a portfolio manager for a wrap fee program, list the names of the programs and their sponsors in Section 5.I(2) of Schedule D.*

*If your involvement in a wrap fee program is limited to recommending wrap fee programs to your clients, or you advise a mutual fund that is offered through a wrap fee program, do not check either Item 5.I(1) or 5.I(2).*

**Item 6 Other Business Activities**

In this Item, we request information about your other business activities.

A. You are actively engaged in business as a (check all that apply):

- (1) Broker-dealer
- (2) Registered representative of a broker-dealer
- (3) Futures commission merchant, commodity pool operator, or commodity trading advisor

- (4) Real estate broker, dealer, or agent
- (5) Insurance broker or agent
- (6) Bank (including a separately identifiable department or division of a bank)
- (7) Other financial product salesperson (specify):

YES NO

- B. (1) Are you actively engaged in any other business not listed in Item 6.A. (other than giving investment advice)?
- (2) If yes, is this other business your primary business?    
*If "yes," describe this other business on Section 6.B. of Schedule D.*

YES NO

- (3) Do you sell products or provide services other than investment advice to your advisory clients?

**FORM ADV**  
**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

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**Item 7 Financial Industry Affiliations**

In this Item, we request information about your financial industry affiliations and activities. This information identifies areas in which conflicts of interest may occur between you and your *clients*.

Item 7 requires you to provide information about you and your *related persons*. Your *related persons* are all of your *advisory affiliates* and any *person* that is under common *control* with you.

A. You have a *related person* that is a (check all that apply):

- (1) broker-dealer, municipal securities dealer, or government securities broker or dealer
- (2) investment company (including mutual funds)
- (3) other investment adviser (including financial planners)
- (4) futures commission merchant, commodity pool operator, or commodity trading advisor
- (5) banking or thrift institution
- (6) accountant or accounting firm
- (7) lawyer or law firm
- (8) insurance company or agency
- (9) pension consultant
- (10) real estate broker or dealer
- (11) sponsor or syndicator of limited partnerships

*If you checked Item 7.A(3), you must list on Section 7.A. of Schedule D all your related persons that are investment advisers. If you checked Item 7.A(1), you may elect to list on Section 7.A. of Schedule D all your related persons that are broker-dealers. If you choose to list a related broker-dealer, the IARD will accept a single Form U-4 to register an investment adviser representative who also is a broker-dealer agent ("registered rep") of that related broker-dealer.*

YES NO

- B. Are you or any *related person* a general partner in an *investment-related* limited partnership or manager of an *investment-related* limited liability company?



If "yes," for each limited partnership or limited liability company, complete Section 7.B. of Schedule D. If, however, you are an SEC-registered adviser and you have related persons that are SEC-registered advisers who are the general partners of limited partnerships or the managers of limited liability companies, you do not have to complete Section 7.B. of Schedule D with respect to those related advisers' limited partnerships or limited liability companies.

To use this alternative procedure, you must state in the Miscellaneous Section of Schedule D: (1) that you have related SEC-registered investment advisers that manage limited partnerships or limited liability companies that are not listed in Section 7.B. of your Schedule D; (2) that complete and accurate information about those limited partnerships or limited liability companies is available in Section 7.B. of Schedule D of the Form ADVs of your related SEC-registered advisers; and (3) whether your clients are solicited to invest in any of those limited partnerships or limited liability companies.

#### Item 8 Participation or Interest in Client Transactions

In this Item, we request information about your participation and interest in your *clients'* transactions. Like Item 7, this information identifies areas in which conflicts of interest may occur between you and your *clients*.

Like Item 7, Item 8 requires you to provide information about you and your *related persons*.

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#### Item 8 Participation or Interest in Client Transactions (Continued)

##### Proprietary Interest in Client Transactions

- | A. Do you or any <i>related person</i> :  | Yes                   | No                               |
|---|-----------------------|----------------------------------|
| (1) buy securities for yourself from advisory <i>clients</i> , or sell securities you own to advisory <i>clients</i> (principal transactions)?  | <input type="radio"/> | <input checked="" type="radio"/> |
| (2) buy or sell for yourself securities (other than shares of mutual funds) that you also recommend to advisory <i>clients</i> ?  | <input type="radio"/> | <input checked="" type="radio"/> |
| (3) recommend securities (or other investment products) to advisory <i>clients</i> in which you or any <i>related person</i> has some other proprietary (ownership) interest (other than those mentioned in Items 8.A(1) or (2))? | <input type="radio"/> | <input checked="" type="radio"/> |

##### Sales Interest in Client Transactions

- | B. Do you or any <i>related person</i> :   | Yes                   | No                               |
|--|-----------------------|----------------------------------|
| (1) as a broker-dealer or registered representative of a broker-dealer, execute securities trades for brokerage customers in which advisory <i>client</i> securities are sold to or bought from the brokerage customer (agency cross transactions)?        | <input type="radio"/> | <input checked="" type="radio"/> |
| (2) recommend purchase of securities to advisory <i>clients</i> for which you or any <i>related person</i> serves as underwriter, general or managing partner, or purchaser representative?  | <input type="radio"/> | <input checked="" type="radio"/> |
| (3) recommend purchase or sale of securities to advisory <i>clients</i> for which you or any <i>related person</i> has any other sales interest (other than the receipt of sales commissions as a broker or registered representative of a broker-dealer)? | <input type="radio"/> | <input checked="" type="radio"/> |

##### Investment or Brokerage Discretion

- | C. Do you or any <i>related person</i> have <i>discretionary authority</i> to determine the: | Yes                   | No                               |
|--|-----------------------|----------------------------------|
| (1) securities to be bought or sold for a <i>client's</i> account?                           | <input type="radio"/> | <input checked="" type="radio"/> |

- |  |                       |                                  |
|--|-----------------------|----------------------------------|
| (2) amount of securities to be bought or sold for a <i>client's</i> account?                         | <input type="radio"/> | <input checked="" type="radio"/> |
| (3) broker or dealer to be used for a purchase or sale of securities for a <i>client's</i> account?  | <input type="radio"/> | <input checked="" type="radio"/> |
| (4) commission rates to be paid to a broker or dealer for a <i>client's</i> securities transactions? | <input type="radio"/> | <input checked="" type="radio"/> |

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**Item 8 Participation or Interest in *Client* Transactions (Continued)**

- |  |                       |                                  |
|--|-----------------------|----------------------------------|
| D. Do you or any <i>related person</i> recommend brokers or dealers to <i>clients</i> ?  | <input type="radio"/> | <input checked="" type="radio"/> |
| E. Do you or any <i>related person</i> receive research or other products or services other than execution from a broker-dealer or a third party in connection with <i>client</i> securities transactions? | <input type="radio"/> | <input checked="" type="radio"/> |
| F. Do you or any <i>related person</i> , directly or indirectly, compensate any <i>person</i> for <i>client</i> referrals?   | <input type="radio"/> | <input checked="" type="radio"/> |

*In responding to this Item 8.F., consider in your response all cash and non-cash compensation that you or a related person gave any person in exchange for client referrals, including any bonus that is based, at least in part, on the number or amount of client referrals.*

**Item 9 Custody**

In this Item, we ask you whether you or a *related person* has *custody* of *client* assets. If you are registering or registered with the SEC and you deduct your advisory fees directly from your *clients'* accounts but you do not otherwise have *custody* of your *clients'* funds or securities, you may answer "no" to Item 9A.(1) and 9A.(2).

- |   | Yes                              | No                               |
|---|----------------------------------|----------------------------------|
| A. Do you have <i>custody</i> of any advisory <i>clients'</i> :   |                                  |                                  |
| (1) cash or bank accounts?  | <input checked="" type="radio"/> | <input type="radio"/>            |
| (2) securities?   | <input type="radio"/>            | <input checked="" type="radio"/> |
| B. Do any of your <i>related persons</i> have <i>custody</i> of any of your advisory <i>clients'</i> :  |                                  |                                  |
| (1) cash or bank accounts?  | <input checked="" type="radio"/> | <input type="radio"/>            |
| (2) securities?   | <input type="radio"/>            | <input checked="" type="radio"/> |
| C. If you answered "yes" to either Item 9.B(1) or 9.B(2), is that <i>related person</i> a broker-dealer registered under Section 15 of the Securities Exchange Act of 1934? | <input type="radio"/>            | <input checked="" type="radio"/> |

**Item 10 Control Persons**

In this Item, we ask you to identify every *person* that, directly or indirectly, *controls* you.

If you are submitting an initial application, you must complete Schedule A and Schedule B. Schedule A asks for information about your direct owners and executive officers. Schedule B asks for information about your indirect owners. If this is an amendment and you are updating information you reported on either Schedule A or Schedule B (or both) that you filed with your initial application, you must complete Schedule C.

- |  | YES                              | NO                    |
|--|----------------------------------|-----------------------|
| Does any <i>person</i> not named in Item 1.A. or Schedules A, B, or C, directly or indirectly, <i>control</i> your management or policies? | <input checked="" type="radio"/> | <input type="radio"/> |

*If yes, complete Section 10 of Schedule D.*

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**Item 11 Disclosure Information**

In this Item, we ask for information about your disciplinary history and the disciplinary history of all your *advisory affiliates*. We use this information to determine whether to grant your application for registration, to decide whether to revoke your registration or to place limitations on your activities as an investment adviser, and to identify potential problem areas to focus on during our on-site examinations. One event may result in "yes" answers to more than one of the questions below.

Your *advisory affiliates* are: (1) all of your current *employees* (other than *employees* performing only clerical, administrative, support or similar functions); (2) all of your officers, partners, or directors (or any *person* performing similar functions); and (3) all *persons* directly or indirectly *controlling* you or *controlled* by you. If you are a "separately identifiable department or division" (SID) of a bank, see the Glossary of Terms to determine who your *advisory affiliates* are.

If you are registered or registering with the SEC, you may limit your disclosure of any event listed in Item 11 to ten years following the date of the event. If you are registered or registering with a state, you must respond to the questions as posed; you may, therefore, limit your disclosure to ten years following the date of an event only in responding to Items 11.A(1), 11.A(2), 11.B(1), 11.B(2), 11.D(4), and 11.H(1)(a). For purposes of calculating this ten-year period, the date of an event is the date the final order, judgment, or decree was entered, or the date any rights of appeal from preliminary orders, judgments, or decrees lapsed.

You must complete the appropriate Disclosure Reporting Page ("DRP") for "yes" answers to the questions in this Item 11.

For "yes" answers to the following questions, complete a Criminal Action DRP:

- |  | YES                   | NO                               |
|--|-----------------------|----------------------------------|
| A. In the past ten years, have you or any <i>advisory affiliate</i> :  |                       |                                  |
| (1) been convicted of or plead guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any <i>felony</i> ? | <input type="radio"/> | <input checked="" type="radio"/> |
| (2) been <i>charged</i> with any <i>felony</i> ?   | <input type="radio"/> | <input checked="" type="radio"/> |

If you are registered or registering with the SEC, you may limit your response to Item 11.A(2) to charges that are currently pending.

- |  |                       |                                  |
|--|-----------------------|----------------------------------|
| B. In the past ten years, have you or any <i>advisory affiliate</i> :  |                       |                                  |
| (1) been convicted of or plead guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to a <i>misdemeanor</i> involving: investments or an <i>investment-related</i> business, or any fraud, false statements, or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses? | <input type="radio"/> | <input checked="" type="radio"/> |
| (2) been <i>charged</i> with a <i>misdemeanor</i> listed in 11.B(1)?   | <input type="radio"/> | <input checked="" type="radio"/> |

If you are registered or registering with the SEC, you may limit your response to Item 11.B(2) to charges that are currently pending.

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**Item 11 Disclosure Information (Continued)**

For "yes" answers to the following questions, complete a Regulatory Action DRP:

- |   | YES | NO |
|---|-----|----|
| C. Has the SEC or the Commodity Futures Trading Commission (CFTC) ever: |     |    |

- (1) *found you or any advisory affiliate to have made a false statement or omission?*
- (2) *found you or any advisory affiliate to have been involved in a violation of SEC or CFTC regulations or statutes?*
- (3) *found you or any advisory affiliate to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?*
- (4) *entered an order against you or any advisory affiliate in connection with investment-related activity?*
- (5) *imposed a civil money penalty on you or any advisory affiliate, or ordered you or any advisory affiliate to cease and desist from any activity?*

D. Has any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority:

- (1) *ever found you or any advisory affiliate to have made a false statement or omission, or been dishonest, unfair, or unethical?*
- (2) *ever found you or any advisory affiliate to have been involved in a violation of investment-related regulations or statutes?*
- (3) *ever found you or any advisory affiliate to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?*
- (4) *in the past ten years, entered an order against you or any advisory affiliate in connection with an investment-related activity?*
- (5) *ever denied, suspended, or revoked your or any advisory affiliate's registration or license, or otherwise prevented you or any advisory affiliate, by order, from associating with an investment-related business or restricted your or any advisory affiliate's activity?*

E. Has any self-regulatory organization or commodities exchange ever:

- (1) *found you or any advisory affiliate to have made a false statement or omission?*
- (2) *found you or any advisory affiliate to have been involved in a violation of its rules (other than a violation designated as a "minor rule violation" under a plan approved by the SEC)?*
- (3) *found you or any advisory affiliate to have been the cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?*
- (4) *disciplined you or any advisory affiliate by expelling or suspending you or the advisory affiliate from membership, barring or suspending you or the advisory affiliate from association with other members, or otherwise restricting your or the advisory affiliate's activities?*

## FORM ADV

### UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

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#### Item 11 Disclosure Information (Continued)

YES NO

F. Has an authorization to act as an attorney, accountant, or federal contractor granted to you or any advisory affiliate ever been revoked or suspended?

G. Are you or any advisory affiliate now the subject of any regulatory proceeding that could result in a "yes" answer to any part of Item 11.C., 11.D., or 11.E.?

For "yes" answers to the following questions, complete a Civil Judicial Action DRP:

H. (1) Has any domestic or foreign court: YES NO

(a) in the past ten years, enjoined you or any advisory affiliate in connection with any investment-related activity?

- (b) ever found that you or any advisory affiliate were involved in a violation of investment-related statutes or regulations?
- (c) ever dismissed, pursuant to a settlement agreement, an investment-related civil action brought against you or any advisory affiliate by a state or foreign financial regulatory authority?
- (2) Are you or any advisory affiliate now the subject of any civil proceeding that could result in a "yes" answer to any part of Item 11.H(1)?

**Item 12 Small Businesses**

The SEC is required by the Regulatory Flexibility Act to consider the effect of its regulations on small entities. In order to do this, we need to determine whether you meet the definition of "small business" or "small organization" under rule 0-7.

Answer this Item 12 only if you are registered or registering with the SEC and you indicated in response to Item 5.F(2) (c) that you have assets under management of less than \$25 million. You are not required to answer this Item 12 if you are filing for initial registration as a state adviser, amending a current state registration, or switching from SEC to state registration.

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**Item 12 Small Businesses (Continued)**

For purposes of this Item 12 only:

- Total Assets refers to the total assets of a firm, rather than the assets managed on behalf of *clients*. In determining your or another *person's* total assets, you may use the total assets shown on a current balance sheet (but use total assets reported on a consolidated balance sheet with subsidiaries included, if that amount is larger).
- Control means the power to direct or cause the direction of the management or policies of a *person*, whether through ownership of securities, by contract, or otherwise. Any *person* that directly or indirectly has the right to vote 25 percent or more of the voting securities, or is entitled to 25 percent or more of the profits, of another *person* is presumed to control the other *person*.

YES NO

A. Did you have total assets of \$5 million or more on the last day of your most recent fiscal year?  

If "yes," you do not need to answer Items 12.B. and 12.C.

B. Do you:

(1) control another investment adviser that had assets under management of \$25 million or more on the last day of its most recent fiscal year?  (2) control another person (other than a natural person) that had total assets of \$5 million or more on the last day of its most recent fiscal year?  

C. Are you:

(1) controlled by or under common control with another investment adviser that had assets under management of \$25 million or more on the last day of its most recent fiscal year?  (2) controlled by or under common control with another person (other than a natural person) that had total assets of \$5 million or more on the last day of its most recent fiscal year?  

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You must complete this Part 1B only if you are applying for registration, or are registered, as an investment adviser with any of the *state securities authorities*.

**Part 1B Item 1 - State Registration**

Complete this Item 1 if you are submitting an initial application for state registration or requesting additional state registration(s). Check the boxes next to the states to which you are submitting this application. If you are already registered with at least one state and are applying for registration with an additional state or states, check the boxes next to the states in which you are applying for registration. Do not check the boxes next to the states in which you are currently registered or where you have an application for registration pending.

<input type="checkbox"/> AL	<input type="checkbox"/> ID	<input type="checkbox"/> MO	<input type="checkbox"/> PA
<input type="checkbox"/> AK	<input type="checkbox"/> IL	<input type="checkbox"/> MT	<input type="checkbox"/> PR
<input type="checkbox"/> AZ	<input type="checkbox"/> IN	<input type="checkbox"/> NE	<input type="checkbox"/> RI
<input type="checkbox"/> AR	<input type="checkbox"/> IA	<input type="checkbox"/> NV	<input type="checkbox"/> SC
<input type="checkbox"/> CA	<input type="checkbox"/> KS	<input type="checkbox"/> NH	<input type="checkbox"/> SD
<input type="checkbox"/> CO	<input type="checkbox"/> KY	<input type="checkbox"/> NJ	<input type="checkbox"/> TN
<input type="checkbox"/> CT	<input type="checkbox"/> LA	<input type="checkbox"/> NM	<input type="checkbox"/> TX
<input type="checkbox"/> DE	<input type="checkbox"/> ME	<input type="checkbox"/> NY	<input type="checkbox"/> UT
<input type="checkbox"/> DC	<input type="checkbox"/> MD	<input type="checkbox"/> NC	<input type="checkbox"/> VT
<input type="checkbox"/> FL	<input type="checkbox"/> MA	<input type="checkbox"/> ND	<input type="checkbox"/> VA
<input type="checkbox"/> GA	<input type="checkbox"/> MI	<input type="checkbox"/> OH	<input type="checkbox"/> WA
<input type="checkbox"/> GU	<input type="checkbox"/> MN	<input type="checkbox"/> OK	<input type="checkbox"/> WV
<input type="checkbox"/> HI	<input type="checkbox"/> MS	<input type="checkbox"/> OR	<input type="checkbox"/> WI

**Part 1B Item 2 - Additional Information**

A. Person responsible for supervision and compliance:

Name:

Title:

Telephone:

Fax:

Number and Street 1:

Number and Street 2:

City:

State:

Country:

ZIP+4/Postal Code:

Email address, if available:

If this address is a private residence, check this box: B. Bond/Capital Information, if required by your *home state*.

(1) Name of Issuing Insurance Company:

(2) Amount of Bond:

\$ .00

(3) Bond Policy Number:

(4) If required by your home state, are you in compliance with your home state's minimum capital requirements?

Yes No

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### Part 1B Item 2 - Additional Information (Continued)

		Yes	No
For "yes" answers to the following question, complete a Bond DRP.			
C. Has a bonding company ever denied, paid out on, or revoked a bond for you?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
For "yes" answers to the following question, complete a Judgment/Lien DRP:			
D. Do you have any unsatisfied judgments or liens against you?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
For "yes" answers to the following questions, complete an Arbitration DRP:			
E. Are you, any <i>advisory affiliate</i> , or any <i>management person</i> currently the subject of, or have you, any <i>advisory affiliate</i> , or any <i>management person</i> been the subject of, an arbitration claim alleging damages in excess of \$2,500, involving any of the following:			
(1) any investment or an <i>investment-related</i> business of activity?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(2) fraud, false statement, or omission?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(3) theft, embezzlement, or other wrongful taking of property?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(4) bribery, forgery, counterfeiting, or extortion?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(5) dishonest, unfair, or unethical practices?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
For "yes" answers to the following questions, complete a Civil Judicial Action DRP:			
F. Are you, any <i>advisory affiliate</i> , or any <i>management person</i> currently subject to, or have you, any <i>advisory affiliate</i> , or any <i>management person</i> been found liable in, a civil, <i>self-regulatory organization</i> , or administrative <i>proceeding</i> involving any of the following:			
(1) an investment or <i>investment-related</i> business or activity?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(2) fraud, false statement, or omission?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(3) theft, embezzlement, or other wrongful taking of property?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(4) bribery, forgery, counterfeiting, or extortion?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(5) dishonest, unfair, or unethical practices?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Other Business Activities			
(1) You are actively engaged in business as a(n) (check all that apply):			
<input type="checkbox"/> Attorney			
<input type="checkbox"/> Certified Public Accountant			
<input type="checkbox"/> Tax Preparer			

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

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**Part 1B Item 2 - Additional Information (Continued)**

(2) If you are actively engaged in any business other than those listed in Item 6.A of Part 1A or Item 2.G(1) of Part 1B, describe the business and the approximate amount of time spent on that business:

H. If you provide financial planning services, the investments made based on those services at the end of your last fiscal year totaled:

	Securities Investments	Non-Securities Investments
Under \$100,000	<input type="radio"/>	<input type="radio"/>
\$100,001 to \$500,000	<input type="radio"/>	<input type="radio"/>
\$500,001 to \$1,000,000	<input type="radio"/>	<input type="radio"/>
\$1,000,001 to \$2,500,000	<input type="radio"/>	<input type="radio"/>
\$2,500,001 to \$5,000,000	<input type="radio"/>	<input type="radio"/>
More than \$5,000,000	<input type="radio"/>	<input type="radio"/>

If securities investments are over \$5,000,000, how much? (round to the nearest \$1,000,000)

If non-securities investments are over \$5,000,000, how much? (round to the nearest \$1,000,000)

	Yes	No
I. <i>Custody</i>		
(1) Do you withdraw advisory fees directly from your <i>clients'</i> accounts? If you answered "yes", respond to the following:	<input type="radio"/>	<input type="radio"/>
(a) Do you send a copy of your invoice to the custodian or trustee at the same time that you send a copy to the <i>client</i> ?	<input type="radio"/>	<input type="radio"/>
(b) Does the custodian send quarterly statements to your <i>clients</i> showing all disbursements for the custodian account, including the amount of the advisory fees?	<input type="radio"/>	<input type="radio"/>
(c) Do your <i>clients</i> provide written authorization permitting you to be paid directly for their accounts held by the custodian or trustee?	<input type="radio"/>	<input type="radio"/>
(2) Do you act as a general partner for any partnership or trustee for any trust in which your advisory <i>clients</i> are either partners of the partnership or beneficiaries of the trust? If you answered "yes", respond to the following:	<input type="radio"/>	<input type="radio"/>
(a) As the general partner of a partnership, have you engaged an attorney or an independent certified public accountant to provide authority permitting each direct payment or any transfer of funds or securities from the partnership account?	<input type="radio"/>	<input type="radio"/>
(3) Do you require the prepayment of fees of more than \$500 per <i>client</i> and for six months or more in advance?	<input type="radio"/>	<input type="radio"/>

**FORM ADV****UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

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**Part 1B Item 2 - Additional Information (Continued)**

	Yes	No
J. If you are organized as a sole proprietorship, please answer the following:		
(1) (a) Have you passed, on or after January 1, 2000, the Series 65 examination?	<input type="radio"/>	<input type="radio"/>
(b) Have you passed, on or after January 1, 2000, the Series 66 examination and also passed, at any time, the Series 7 examination?	<input type="radio"/>	<input type="radio"/>



(2) (a) Do you have any investment advisory professional designations?

If "no", you do not need to answer Item 2.J(2)(b).

(b) I have earned and I am in good standing with the organization that issued the following credential:

- Certified Financial Planner ("CFP")
- Chartered Financial Analyst ("CFA")
- Chartered Financial Consultant ("ChFC")
- Chartered Investment Counselor ("CIC")
- Personal Financial Specialist ("PFS")
- None of the above

(3) Your Social Security Number:

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**Form ADV, Schedule A**

**Direct Owners and Executive Officers**

1. Complete Schedule A only if you are submitting an initial application. Schedule A asks for information about your direct owners and executive officers. Use Schedule C to amend this information.
2. Direct Owners and Executive Officers. List below the names of:
  - (a) each Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Compliance Officer(Chief Compliance Officer is required and cannot be more than one individual), director, and any other individuals with similar status or functions;
  - (b) if you are organized as a corporation, each shareholder that is a direct owner of 5% or more of a class of your voting securities, unless you are a public reporting company (a company subject to Section 12 or 15(d) of the Exchange Act);

Direct owners include any *person* that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 5% or more of a class of your voting securities. For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.

- (c) if you are organized as a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 5% or more of your capital;
- (d) in the case of a trust that directly owns 5% or more of a class of your voting securities, or that has the right to receive upon dissolution, or has contributed, 5% or more of your capital, the trust and each trustee; and
- (e) if you are organized as a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 5% or more of your capital, and (ii) if managed by elected managers, all elected managers.

3. Do you have any indirect owners to be reported on Schedule B?  Yes  No

4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner or executive officer is an individual.

5. Complete the Title or Status column by entering board/management titles; status as partner, trustee, sole proprietor, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).

6. Ownership codes are: NA - less than 5% B - 10% but less than 25% D - 50% but less than 75%  
A - 5% but less than 10% C - 25% but less than 50% E - 75% or more

7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.

(b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.

(c) Complete each column.

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Title or Status	Date Title or Status Acquired MM/YYYY	Ownership Code	Control Person	PR	CRD No. If None: S.S. No. and Date of Birth, IRS Tax No., or Employer ID No.
SLADE, DUANE, HAMBLIN	I	MANAGING DIRECTOR	11/2003	C	Y	N	2577905
WILLIAMS, GUY, ANDREW	I	MANAGING DIRECTOR	11/2003	C	Y	N	2884297
WILLIAMS, BRENT, F	I	CHIEF FINANCIAL OFFICER	11/2003	B	Y	N	4752064
TOWLER, DOUG, E	I	EXECUTIVE VP	11/2003	B	Y	N	4752068
SHANAHAN, TERRANCE, JAMES	I	CHIEF COMPLIANCE OFFICER	01/2005	NA	Y	N	4868065
SEWELL, RUSSELL, LAURENCE	I	CHIEF COMPLIANCE OFFICER	11/2003	B	Y	N	2018290

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

ADV - Other-Than-Annual Amendment, SCHEDULE B

Rev. 05/2003

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### Form ADV, Schedule B

#### Indirect Owners

1. Complete Schedule B only if you are submitting an initial application. Schedule B asks for information about your indirect owners; you must first complete Schedule A, which asks for information about your direct owners. Use Schedule C to amend this information.

2. Indirect Owners. With respect to each owner listed on Schedule A (except individual owners), list below:

(a) in the case of an owner that is a corporation, each of its shareholders that beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 25% or more of a class of a voting security of that corporation;

For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.

(b) in the case of an owner that is a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 25% or more of the partnership's capital;

(c) in the case of an owner that is a trust, the trust and each trustee; and

- (d) in the case of an owner that is a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 25% or more of the LLC's capital, and (ii) if managed by elected managers, all elected managers.
3. Continue up the chain of ownership listing all 25% owners at each level. Once a public reporting company (a company subject to Sections 12 or 15(d) of the Exchange Act) is reached, no further ownership information need be given.
4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner is an individual.
5. Complete the Status column by entering the owner's status as partner, trustee, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).
6. Ownership codes are: C - 25% but less than 50% E - 75% or more  
D - 50% but less than 75% F - Other (general partner, trustee, or elected manager)
7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.
- (b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.
- (c) Complete each column.

No Indirect Owner Information Filed

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC

CRD Number: 129822

ADV - Other-Than-Annual Amendment, SCHEDULE C

Rev. 05/2003

1/28/2005 6:15:23 PM

**Form ADV, Schedule C****Amendments to Schedules A and B**

1. Use Schedule C only to amend information requested on either Schedule A or Schedule B. Refer to Schedule A and Schedule B for specific instructions for completing this Schedule C. Complete each column.
2. In the Type of Amendment column, indicate "A" (addition), "D" (deletion), or "C" (change in information about the same *person*).
3. Ownership codes are: NA - less than 5% C - 25% but less than 50% G - Other (general partner, trustee, or elected member)  
A - 5% but less than 10% D - 50% but less than 75%  
B - 10% but less than 25% E - 75% or more
4. List below all changes to Schedule A (Direct Owners and Executive Officers):

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Type of Amendment	Title or Status	Date Title or Status Acquired MM/YYYY	Ownership Code	Control Person	PR	CRD No. If None: S.S. No. and Date of Birth, IRS Tax No. or Employer ID No.
SEWELL, RUSSELL, LAURENCE	I	D	CHIEF COMPLIANCE OFFICER	11/2003	B	Y	N	2018290
SHANAHAN, TERRANCE, JAMES	I	A	CHIEF COMPLIANCE OFFICER	01/2005	NA	Y	N	4868065

5. List below all changes to Schedule B (Indirect Owners):

No Changes to Indirect Owner Information Filed

**FORM ADV**  
**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

**Primary Business Name: MATHON MANAGEMENT COMPANY, LLC**  
**ADV - Other-Than-Annual Amendment, SCHEDULE D Page 1**  
**1/28/2005 6:15:23 PM**

**CRD Number: 129822**  
**Rev. 05/2003**

<b>Form ADV, Schedule D Page 1</b>
Certain items in Part 1A of Form ADV require additional information on Schedule D. Use this Schedule D Page 1 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.
<b>Section 1.B. Other Business Names</b>
List your other business names and the jurisdictions in which you use them. You must complete a separate Schedule D for each business name.
No Information Filed
<b>Section 1.F. Other Offices</b>
Complete the following information for each office, other than your <i>principal office and place of business</i> , at which you conduct investment advisory business. You must complete a separate Schedule D Page 1 for each location. If you are applying for registration, or are registered, only with the SEC, list only the largest five (in terms of numbers of employees).
No Information Filed
<b>Section 1.I. World Wide Web Site Addresses</b>
List your World Wide Web site addresses. You must complete a separate Schedule D for each World Wide Web site address.
World Wide Web Site Address: WWW.MATHONMGT.COM
<b>Section 1.K. Locations of Books and Records</b>
Complete the following information for each location at which you keep your books and records, other than your <i>principal office and place of business</i> . You must complete a separate Schedule D Page 1 for each location.
No Information Filed

**FORM ADV**  
**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

**Primary Business Name: MATHON MANAGEMENT COMPANY, LLC**  
**ADV - Other-Than-Annual Amendment, SCHEDULE D, Page 2**  
**1/28/2005 6:15:23 PM**

**CRD Number: 129822**  
**Rev. 05/2003**

**Form ADV, Schedule D Page 2**

Use this Schedule D Page 2 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

### Section 1.L. Registration with *Foreign Financial Regulatory Authorities*

List the name, in English, of each *foreign financial regulatory authority* and country with which you are registered. You must complete a separate Schedule D Page 2 for each *foreign financial regulatory authority* with whom you are registered.

No Information Filed

### Section 2.A(7) Affiliated Adviser

If you are relying on the exemption in rule 203A-2(c) from the prohibition on registration because you *control*, are *controlled by*, or are under common *control* with an investment adviser that is registered with the SEC and your *principal office and place of business* is the same as that of the registered adviser, provide the following information:

Name of Registered Investment Adviser

CRD Number of Registered Investment Adviser (if any)

SEC Number of Registered Investment Adviser

### Section 2.A(8) Newly Formed Adviser

If you are relying on rule 203A-2(d), the newly formed adviser exemption from the prohibition on registration, you are required to make certain representations about your eligibility for SEC registration. By checking the appropriate boxes, you will be deemed to have made the required representations. You must make both of these representations:

- I am not registered or required to be registered with the SEC or a *state securities authority* and I have a reasonable expectation that I will be eligible to register with the SEC within 120 days after the date my registration with the SEC becomes effective.
- I undertake to withdraw from SEC registration if, on the 120th day after my registration with the SEC becomes effective, I would be prohibited by Section 203A(a) of the Advisers Act from registering with the SEC.

### Section 2.A(9) Multi-State Adviser

If you are relying on rule 203A-2(e), the multi-state adviser exemption from the prohibition on registration, you are required to make certain representations about your eligibility for SEC registration. By checking the appropriate boxes, you will be deemed to have made the required representations.

If you are applying for registration as an investment adviser with the SEC, you must make both of these representations:

- I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of 30 or more states to register as an investment adviser with the securities authorities in those states.
- I undertake to withdraw from SEC registration if I file an amendment to this registration indicating that I would be required by the laws of fewer than 25 states to register as an investment adviser with the securities authorities of those states.

If you are submitting your *annual updating amendment*, you must make this representation:

- Within 90 days prior to the date of filing this amendment, I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of at least 25 states to register as an investment adviser with the securities authorities in those states.

**FORM ADV**  
**UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

**Primary Business Name: MATHON MANAGEMENT COMPANY, LLC**  
**ADV - Other-Than-Annual Amendment, SCHEDULE D, Page 3**  
**1/28/2005 6:15:23 PM**

**CRD Number: 129822**

**Rev. 05/2003**

**Form ADV, Schedule D Page 3**

Use this Schedule D Page 3 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

**Section 2.A(11) SEC Exemptive Order**

No Information Filed

**Section 4 Successions**

Complete the following information if you are succeeding to the business of a currently-registered investment adviser. If you acquired more than one firm in the succession you are reporting on this Form ADV, you must complete a separate Schedule D Page 3 for each acquired firm. See Part 1A Instruction 4.

No Information Filed

**Section 5.I(2) Wrap Fee Programs**

If you are a portfolio manager for one or more *wrap fee programs*, list the name of each program and its *sponsor*. You must complete a separate Schedule D Page 3 for each *wrap fee program* for which you are a portfolio manager.

No Information Filed

**Section 6.B. Description of Primary Business**

No Information Filed

**Section 7.A. Affiliated Investment Advisers and Broker-Dealers**

You **MUST** complete the following information for each investment adviser with whom you are affiliated. You **MAY** complete the following information for each broker-dealer with whom you are affiliated. You must complete a separate Schedule D Page 3 for each listed affiliate.

Legal Name of Affiliate:

FIRST ATLANTA INVESTMENTS, LLC

Primary Business Name of Affiliate:

FIRST ATLANTA INVESTMENTS

Affiliate is (check only one box):

- Investment Adviser
- Broker - Dealer
- Dual (Investment Adviser and Broker-Dealer)

Affiliated Investment Adviser's SEC File Number (if any)

Affiliate's CRD Number (if any):

119497

## FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION

**Primary Business Name: MATHON MANAGEMENT COMPANY, LLC**  
**ADV - Other-Than-Annual Amendment, SCHEDULE D, Page 4**  
**1/28/2005 6:15:23 PM**

**CRD Number: 129822**  
**Rev. 05/2003**

### Form ADV, Schedule D Page 4

Use this Schedule D Page 4 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.

#### Section 7.B. Limited Partnership Participation

You must complete a separate Schedule D Page 4 for each limited partnership in which you or a *related person* is a general partner and each limited liability company for which you or a *related person* is a manager.

Name of Limited Partnership or Limited Liability Company:

ASPEN GROVE CAPITAL GROUP

Are your *clients* solicited to invest in the limited partnership or limited liability company?

Yes	No
<input type="radio"/>	<input checked="" type="radio"/>

Approximately what percentage of your *clients* have invested in this limited partnership or limited liability company?

0 %

Minimum investment commitment required of a limited partner or member:

\$ 100000

Current value of the total assets of the limited partnership or limited liability company:

\$ 3700000

#### Section 10 Control Persons

You must complete a separate Schedule D Page 4 for each *control person* not named in Item 1.A. or Schedules A, B, or C that directly or indirectly *controls* your management or policies.

Individual Name (Last, First, Middle)

WILLIAMS, GUY, ANDREW

CRD Number (if any)

2884297

Effective Date

11/01/2003

Termination Date			
Business Address:			
Number and Street 1:		Number and Street 2:	
1052 S 38TH ST			
City:	State:	Country:	ZIP+4/Postal Code:
MESA	AZ	USA	85206
If this address is a private residence, check this box: <input type="checkbox"/>			
Briefly describe the nature of the control:			
MANAGING DIRECTOR			

**FORM ADV  
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC  
 ADV - Other-Than-Annual Amendment, SCHEDULE D, Page 5  
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CRD Number: 129822  
 Rev. 05/2003

<b>Form ADV, Schedule D Page 5</b>
Use this Schedule D Page 5 to report details for items listed below. Report only new information or changes/updates to previously submitted information. Do not repeat previously submitted information.
<b>Miscellaneous</b>
You may use the space below to explain a response to an Item or to provide any other information.

**FORM ADV  
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC  
 ADV - Other-Than-Annual Amendment, DRP Pages  
 1/28/2005 6:15:23 PM

CRD Number: 129822  
 Rev. 05/2003

<b>CRIMINAL DISCLOSURE REPORTING PAGE (ADV)</b>
No Information Filed

<b>REGULATORY ACTION DISCLOSURE REPORTING PAGE (ADV)</b>
<b>GENERAL INSTRUCTIONS</b>
This Disclosure Reporting Page (DRP ADV) is an <input checked="" type="checkbox"/> INITIAL <b>OR</b> <input checked="" type="checkbox"/> AMENDED response used to report details for affirmative responses to Items 11.C., 11.D., 11.E., 11.F. or 11.G. of Form ADV.
Check item(s) being responded to:
<i>Regulatory Action</i>
<input type="checkbox"/> 11.C(1) <input type="checkbox"/> 11.C(5) <input checked="" type="checkbox"/> 11.D(4) <input type="checkbox"/> 11.E(3)



- |                                  |                                  |                                  |                                  |
|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <input type="checkbox"/> 11.C(2) | <input type="checkbox"/> 11.D(1) | <input type="checkbox"/> 11.D(5) | <input type="checkbox"/> 11.E(4) |
| <input type="checkbox"/> 11.C(3) | <input type="checkbox"/> 11.D(2) | <input type="checkbox"/> 11.E(1) | <input type="checkbox"/> 11.F    |
| <input type="checkbox"/> 11.C(4) | <input type="checkbox"/> 11.D(3) | <input type="checkbox"/> 11.E(2) | <input type="checkbox"/> 11.G    |

Use a separate DRP for each event or *proceeding*. The same event or *proceeding* may be reported for more than one *person* or entity using one DRP. File with a completed Execution Page.

One event may result in more than one affirmative answer to Items 11.C., 11.D., 11.E., 11.F. or 11.G. Use only one DRP to report details related to the same event. If an event gives rise to actions by more than one regulator, provide details to each action on a separate DRP.

## PART I

A. The *person(s)* or entity(ies) for whom this DRP is being filed is (are):

- You (the advisory firm)
- You and one or more of your *advisory affiliates*
- One or more of your *advisory affiliates*

If this DRP is being filed for an *advisory affiliate*, give the full name of the *advisory affiliate* below (for individuals, Last name, First name, Middle name).

If the *advisory affiliate* has a CRD number, provide that number. If not, indicate "non-registered" by checking the appropriate box.

## ADV DRP - ADVISORY AFFILIATE

CRD Number: \_\_\_\_\_ This advisory affiliate is  a Firm  an Individual

Registered:  Yes  No

Name: ROUND VALLEY CAPITAL, LLC  
(For individuals, Last, First, Middle)

CRD Number: \_\_\_\_\_ This advisory affiliate is  a Firm  an Individual

Registered:  Yes  No

Name: MATHON FUND I, LLC  
(For individuals, Last, First, Middle)

- This DRP should be removed from the ADV record because the *advisory affiliate(s)* is no longer associated with the adviser.
- This DRP should be removed from the ADV record because: (1) the event or *proceeding* occurred more than ten years ago or (2) the adviser is registered or applying for registration with the SEC and the event was resolved in the adviser's or *advisory affiliate's* favor.

If you are registered or registering with a *state securities authority*, you may remove a DRP for an event you reported only in response to Item 11.D(4), and only if that event occurred more than ten years ago. If you are registered or registering with the SEC, you may remove a DRP for any event listed in Item 11 that occurred more than ten years ago.

B. If the *advisory affiliate* is registered through the IARD system or CRD system, has the *advisory affiliate* submitted a DRP (with Form ADV, BD or U-4) to the IARD or CRD for the event? If the answer is "Yes," no other information on this DRP must be provided.

- Yes  No

NOTE: The completion of this form does not relieve the *advisory affiliate* of its obligation to update its IARD or CRD records.

## PART II

## 1. Regulatory Action initiated by:

SEC  Other Federal  State  SRO  Foreign

(Full name of regulator, foreign financial regulatory authority, federal, state, or SRO)

STATE OF UTAH, DEPARTMENT OF COMMERCE, DIVISION OF SECURITIES

## 2. Principal Sanction:

Civil and Administrative Penalt(ies) /Fine(s)

Other Sanctions:

CEASE AND DESIST

## 3. Date Initiated (MM/DD/YYYY):

08/27/2003  Exact  Explanation

If not exact, provide explanation:

## 4. Docket/Case Number:

SD-03-0051

5. *Advisory Affiliate* Employing Firm when activity occurred which led to the regulatory action (if applicable):

## 6. Principal Product Type:

Debt - Asset Backed

Other Product Types:

## 7. Describe the allegations related to this regulatory action (your response must fit within the space provided):

AGENTS OF THE COMPANY SELLING UNREGISTERED SECURITIES WHO WERE NOT LICENSED TO SELL SECURITIES.

8. Current status ?  Pending  On Appeal  Final

## 9. If on appeal, regulatory action appealed to (SEC, SRO, Federal or State Court) and Date Appeal Filed:

If Final or On Appeal, complete all items below. For Pending Actions, complete Item 13 only.

## 10. How was matter resolved:

Stipulation and Consent

STIPCONS

## 11. Resolution Date (MM/DD/YYYY):

12/30/2003

09/24/2003  Exact  Explanation

If not exact, provide explanation:

## 12. Resolution Detail:

A. Were any of the following Sanctions *Ordered* (check all appropriate items)?

Monetary/Fine Amount: \$ 5000

25000

Revocation/Expulsion/Denial

Disgorgement/Restitution

Censure

Cease and Desist/Injunction

Bar

Suspension

**B. Other Sanctions Ordered:**

~~REVIEW OF ALL UTAH INVESTOR DATA; OFFER OF RESCISSION TO EXISTING UTAH INVESTORS, INCLUDING REQUIRED DISCLOSURE.~~

Sanction detail: if suspended, *enjoined* or barred, provide duration including start date and capacities affected (General Securities Principal, Financial Operations Principal, etc.). If requalification by exam/retraining was a condition of the sanction, provide length of time given to requalify/retrain, type of exam required and whether condition has been satisfied. If disposition resulted in a fine, penalty, restitution, disgorgement or monetary compensation, provide total amount, portion levied against you or an *advisory affiliate*, date paid and if any portion of penalty was waived:

~~THE FIRM WAS REQUIRED TO CEASE AND DESIST FROM SELLING ANY SECURITIES UNTIL DULLY LISCENSED.~~

THE FIRM WAS REQUIRED TO CEASE AND DESIST FROM SELLING ANY SECURITIES UNTIL DULY LISCENSED.

13. Provide a brief summary of details related to the action status and (or) disposition and include relevant terms, conditions and dates (your response must fit within the space provided.)

~~CURRENTLY PROVIDING REQUIRED INFORMATION TO DIVISION OF SECURITIES. ENSURING THAT ANY AGENTS OF THE COMPANY ARE LICENSED. COMPLYING WITH ALL REQUESTS OF DIVISON OF SECURITIES. PREPARING RESCISSION DOCUMENTS FOR EXISTING UTAH INVESTORS.~~

STIPULATION AND CONSENT ORDER EXECUTED ON SEPTEMBER 24, 2004.

**CIVIL JUDICIAL ACTION DISCLOSURE REPORTING PAGE (ADV)**

No Information Filed

**Bond DRPs**

No Information Filed

**Judgment/Lien DRPs**

No Information Filed

**Arbitration DRPs**

No Information Filed

**FORM ADV  
UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

Primary Business Name: MATHON MANAGEMENT COMPANY, LLC  
ADV - Other-Than-Annual Amendment, Execution Pages  
1/28/2005 6:15:23 PM

CRD Number: 129822  
Rev. 05/2003

**DOMESTIC INVESTMENT ADVISER EXECUTION PAGE**

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for SEC registration and all amendments to registration.

### Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the Secretary of State or other legally designated officer, of the state in which you maintain your *principal office and place of business* and any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order instituting proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding* or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are submitting a *notice filing*.

### Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having custody or possession of these books and records to make them available to federal and state regulatory representatives.

Signature:	Date: MM/DD/YYYY
GUY WILLIAMS	02/06/2004
TERRANCE J. SHANAHAN	01/28/2005
Printed Name:	Title:
GUY WILLIAMS	MANAGING DIRECTOR
TERRANCE J. SHANAHAN	CHIEF COMPLIANCE OFFICER
Adviser CRD Number:	
129822	

### NON-RESIDENT INVESTMENT ADVISER EXECUTION

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for SEC registration and all amendments to registration.

#### 1. Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint each of the Secretary of the SEC, and the Secretary of State or other legally designated officer, of any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order instituting proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding*, or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of any state in which you are submitting a *notice filing*.

#### 2. Appointment and Consent: Effect on Partnerships

If you are organized as a partnership, this irrevocable power of attorney and consent to service of process will continue in effect if any partner withdraws from or is admitted to the partnership, provided that the admission or withdrawal does not create a new partnership. If the partnership dissolves, this irrevocable power of attorney and consent shall be in effect for any action brought against you or any of your former partners.

### 3. *Non-Resident* Investment Adviser Undertaking Regarding Books and Records

By signing this Form ADV, you also agree to provide, at your own expense, to the U.S. Securities and Exchange Commission at its principal office in Washington D.C., at any Regional or District Office of the Commission, or at any one of its offices in the United States, as specified by the Commission, correct, current, and complete copies of any or all records that you are required to maintain under Rule 204-2 under the Investment Advisers Act of 1940. This undertaking shall be binding upon you, your heirs, successors and assigns, and any *person* subject to your written irrevocable consents or powers of attorney or any of your general partners and *managing agents*.

#### Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the *non-resident* investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having custody or possession of these books and records to make them available to federal and state regulatory representatives.

Signature:

Date: MM/DD/YYYY

Printed Name:

Title:

Adviser CRD Number:  
129822

### State Registered Investment Adviser Execution Page

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial application for state registration and all amendments to registration.

#### 1. Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the legally designated officers and their successors, of the state in which you maintain your *principal office and place of business* and any other state in which you are applying for registration or amending your registration, as your agents to receive service, and agree that such persons may accept service on your behalf, of any notice, subpoena, summons, *order instituting proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding*, or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are applying for registration or amending your registration.

#### 2. State-Registered Investment Adviser Affidavit

If you are subject to state regulation, by signing this Form ADV, you represent that, you are in compliance with the

registration requirements of the state in which you maintain your principal place of business and are in compliance with the bonding, capital, and recordkeeping requirements of that state.

### Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having *custody* or possession of these books and records to make them available to federal and state regulatory representatives.

Signature	Date MM/DD/YYYY
CRD Number 129822	
Printed Name	Title

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# Exhibit A

1 ARIZONA CORPORATION COMMISSION  
Wendy Coy, #013195  
2 1300 West Washington, 3<sup>rd</sup> Floor  
Phoenix, Arizona 85007  
3 Attorney for Plaintiff  
Telephone: (602) 542-0633  
4 Fax: (602) 594-7418

5  
6 STATE OF ARIZONA

7 MARICOPA COUNTY SUPERIOR COURT

8 ARIZONA CORPORATION COMMISSION )

No. CV 2005-005484

9 Plaintiff )

ORDER APPOINTING RECEIVER

10 v. )

11 MATHON MANAGEMENT COMPANY, )  
L.L.C., fka an Arizona limited liability company )  
12 now dba a Delaware limited liability company, )  
SLADE WILLIAMS AND ASSOCIATES, )  
13 L.L.C., an Arizona limited liability company, )  
MATHON FUND I, L.L.C., an Arizona limited )  
14 liability company, MATHON FUND, L.L.C., fka )  
an Arizona limited liability company now dba a )  
15 Delaware limited liability company, INTEGRITY )  
16 101, L.L.C., an Arizona limited liability company, )  
INTEGRITY 201, L.L.C., an Arizona limited )  
17 liability company, INTEGRITY 301, L.L.C., an )  
Arizona limited liability company, INTEGRITY )  
18 401, L.L.C., an Arizona limited liability company, )  
INTEGRITY 501, L.L.C., an Arizona limited )  
19 liability company, INTEGRITY 601, L.L.C., an )  
Arizona limited liability company, INTEGRITY )  
20 701, L.L.C., an Arizona limited liability company, )  
INTEGRITY 801, L.L.C., an Arizona limited )  
21 liability company, INTEGRITY 901, L.L.C., an )  
Arizona limited liability company, ROUND )  
22 VALLEY CAPITAL, L.L.C., an Arizona limited )  
23 liability company, W.S.F. - WORLD SPORTS )  
FANS L.L.C., an Arizona limited liability )  
24 company, MILL CREEK L.L.C., an Arizona )  
25 limited liability company, BELLEVUE )  
HOLDINGS, L.L.C., an Arizona limited liability )  
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1 company, OAK HARBOR FINANCIAL, L.L.C., )  
2 an Arizona limited liability company, SW )  
3 STRATEGIC WEALTH ADVISORS, L.L.C., an )  
4 Arizona limited liability company, EVERETT )  
5 CAPITAL, L.L.C., an Arizona limited liability )  
6 company, CRE CAPITAL, L.L.C., an Arizona )  
7 limited liability company, MEZZANINE )  
8 MANAGEMENT, L.L.C., an Arizona limited )  
9 liability company, MEZZANINE FUND I, )  
10 L.L.C., an Arizona limited liability company, )  
11 JONAS FUND I, L.L.C., an Arizona limited )  
12 liability company, TEMPLAR FUND, L.L.C., fka )  
13 an Arizona limited liability company now dba a )  
14 Delaware limited liability company, MERCER )  
15 ISLAND, L.L.C., an Arizona limited liability )  
16 company, CONNECTICUT PROPERTIES, )  
17 L.L.C., an Arizona limited liability company, )  
18 FIRST ATLANTA INVESTMENTS, L.L.C., a )  
19 Georgia limited liability company, MM )  
20 COLONIAL FUND, L.L.C., a Delaware limited )  
21 liability company, SLADE CONSTRUCTION, )  
22 L.L.C., an Arizona limited liability company, )  
23 DUANE SLADE and JENNIFER SLADE, )  
24 husband and wife, GUY ANDREW WILLIAMS )  
25 and LISA WILLIAMS, husband and wife, )  
26 Defendants.

17 Plaintiff the Arizona Corporation Commission ("ACC") having filed a Verified Complaint  
18 and an Application for Appointment of a Receiver for the Defendants listed in Exhibit "A"  
19 attached hereto (collectively "Receivership Defendants"), the Court finds, based upon the papers  
20 filed by the ACC, that this Order Appointing Receiver is both necessary and appropriate in order to  
21 prevent waste and dissipation of the assets of the Receivership Defendants to the detriment of  
22 investors.

23 IT IS THEREFORE ORDERED:

24 1. This Court hereby takes exclusive jurisdiction and possession of the assets, monies,  
25 securities, choses in action, and properties, real and personal, tangible and intangible, of whatever  
26

1 kind and description, wherever situated, of the Receivership Defendants, (hereinafter,  
2 "Receivership Assets").

3           2. James C. Sell located at 2222 E. Camelback Road, Suite 110, Phoenix, Arizona  
4 85016-3426, with the phone number of 602.265.3519, facsimile number 602.265.3622, is  
5 appointed Receiver for the Receivership Assets. The Receiver shall file with the Clerk of this Court  
6 a bond in the sum of \$100,000, without need for sureties approved by the Court, to assure his  
7 conscientious performance of the duties and responsibilities imposed by this Order. The Receiver  
8 is hereby authorized to take and have possession and control of the Receivership Assets. Until  
9 further order of this Court, the Receiver shall have complete and exclusive control, possession, and  
10 custody of all Receivership Assets. The Receiver shall be the agent of the court and shall be  
11 accountable directly to this Court.

12           3. All persons, including, but not limited to, Defendants and their officers, agents,  
13 servants, employees, attorneys, and all persons in active concert or participation with them who  
14 receive actual notice of this Order by personal service or otherwise, and specifically including any  
15 bank or other financial or depository institution holding accounts for or on behalf of the  
16 Receivership Defendants, shall promptly deliver to the Receiver all Receivership Assets in the  
17 possession or under the control of any one or more of them and shall promptly surrender all books  
18 and records of any kind pertaining or belonging to the Receivership Defendants.

19           4. The Defendants shall fully cooperate with and assist the Receiver, which shall  
20 include, but not be limited to, providing information to the Receiver that the Receiver deems  
21 necessary to exercising the authority and discharging the responsibilities of the Receiver under this  
22 Order; providing any password required to access any computer, electronic file, or telephonic data  
23 in any medium; advising all persons who owe money to the Receivership Defendants that all debts  
24 should be paid directly to the Receiver; and provide to the Receiver all keys and codes necessary to  
25 gain or to secure access to any Receivership Assets or Receivership Records.

26

1           5. All persons, including, but not limited to, Defendants and their officers, agents,  
2 servants, employees, attorneys, and all persons in active concert or participation with them, who  
3 receive actual notice of this Order by personal service or otherwise, are enjoined from in any way  
4 interfering with the operation of the Receivership or in any way disturbing the Receivership Assets  
5 and from filing or prosecuting any actions or proceedings which involve the Receiver or which  
6 affect the Receivership Assets, specifically including any proceeding initiated pursuant to the  
7 United States Bankruptcy Code, except with the prior permission of this Court. Any actions so  
8 authorized to determine disputes relating to Receivership Assets shall be filed in this Court.

9           6. All Defendants are hereby restrained and enjoined from directly or indirectly  
10 destroying, secreting, defacing, transferring or otherwise altering or disposing of any documents of  
11 the Defendants, including, but not limited to, books, records, accounts, writings, drawings, graphs,  
12 charts, photographs, audio and video recordings, computer records and other data compilations,  
13 electronically stored records, or any other papers of any kind or nature. Defendants are also  
14 restrained and enjoined from excusing debts owed to the Defendants or transferring, receiving,  
15 altering selling, encumbering, pledging, assigning, liquidating, or otherwise disposing of any assets  
16 owned, controlled, or in the possession or custody of, or in which an interest is held or claimed by,  
17 the Receivership Defendants, or the Receiver.

18           7. All banks, broker-dealers, savings and loans, escrow agents, title companies,  
19 commodity trading companies, or other financial institutions shall cooperate with all reasonable  
20 requests of the Receiver relating to implementation of this Order, including transferring funds at  
21 his direction and producing records related to the assets of the Receivership Defendants.

22           8. The Receiver is hereby authorized to make appropriate notification to the United  
23 States Postal Service to forward delivery of any mail addressed to the Receivership Defendants,  
24 any company or entity under the direction or control of any of the Receivership Defendants, to any  
25 Post Office box or other mail depository, to himself. Further, the Receiver is hereby authorized to  
26

1 open and inspect all such mail, to determine the location or identity of assets or the existence and  
2 amount of claims.

3 9. The Receiver is hereby authorized to open one or more bank accounts with financial  
4 institutions insured by an agency of the United States. The Receiver shall Deposit all Receivership  
5 Assets in such designated accounts and shall make all payments and disbursements from the  
6 Receivership Assets from such accounts. The Receiver shall be responsible, to the best of his  
7 ability, to collect and allocate the loan proceeds, both principal and interest, and to make land  
8 payments to the lenders.

9 10. The Receiver is hereby authorized to make such ordinary and necessary payments,  
10 distributions, and disbursements as he deems advisable or proper for the marshaling, maintenance  
11 or preservation of the Receivership Assets. The Receiver shall have the authority to contact and  
12 negotiate with any creditors of the Receivership Defendants, for the purpose of compromising or  
13 settling any claim. To this purpose, in those instances in which Receivership Assets serve as  
14 collateral to secured creditors, the Receiver may surrender such assets to secured creditors, and  
15 shall have the authority to make such surrender conditional upon the waiver of any deficiency of  
16 collateral. Furthermore, the Receiver is authorized to renew, cancel, terminate, or otherwise adjust  
17 any pending lease agreements to which the Receivership Defendants are a party.

18 11. The Receiver is hereby directed to prevent the inequitable distribution of assets and  
19 determine, adjust, and protect the interests of persons with an interest in or claim against the  
20 Receivership Assets.

21 12. The Receiver is hereby directed to file with this Court and serve upon the parties,  
22 within 30 days after entry of this Order, a preliminary report setting out the identity, location and  
23 value of the Receivership Assets, and any liabilities pertaining thereto. Further, at the time the  
24 Receiver makes such report, he shall recommend to the Court whether, in his opinion, based on his  
25 initial investigation, claims against Defendants, should be adjudged in the Bankruptcy Court. After  
26 providing the parties an opportunity to be heard, this Court will determine whether to accept the

1 Receiver's recommendation and, if appropriate, issue an order authorizing the Receiver to  
2 commence a bankruptcy proceeding.

3 13. Except by leave of this Court, during pendency of the Receivership ordered herein,  
4 the Defendants, and all other persons and entities be and hereby are stayed from taking any action  
5 to establish or enforce any claim, right, or interest for, against, on behalf of, in, or in the name of,  
6 any of the Receivership Defendants, any of their subsidiaries, affiliates, partnerships, assets,  
7 documents, or the Receiver or the Receiver's duly authorized agents acting in their capacities as  
8 such, including, but not limited to, the following actions:

- 9 a. Commencing, prosecuting, continuing, entering, or enforcing any suit or  
10 proceeding, except that such actions may be filed to toll any applicable statute of  
11 limitations;
- 12 b. Accelerating the due date of any obligation or claimed obligation; filing or  
13 enforcing any lien; taking or attempting to take possession, custody, or control of  
14 any asset; attempting to foreclose, forfeit, alter, or terminate any interest in any  
15 asset, whether such acts are part of a judicial proceeding, are acts of self-help, or  
16 otherwise;
- 17 c. Executing, issuing, serving, or causing the execution, issuance or service of, any  
18 legal process, including, but not limited to, attachments, garnishments, subpoenas,  
19 writs of replevin, writs of execution, or any other form of process whether specified  
20 in this Order or not; or
- 21 d. Doing any act or thing whatsoever to interfere with the Receiver taking custody,  
22 control, possession, or management of the assets or documents subject to this  
23 receivership, or to harass or interfere with the Receiver in any way, or to interfere in  
24 any manner with the exclusive jurisdiction of this Court over the assets or  
25 documents of the Receivership Defendants.
- 26

1           14.     Except as otherwise provided in this Order, all persons and entities in need of  
2 documentation from the Receiver shall in all instances first attempt to secure such information by  
3 submitting a formal written request to the Receiver, and, if such request has not been responded to  
4 within fifteen (15) days of receipt by the Receiver, any such person or entity may thereafter seek an  
5 Order of this Court with regard to the relief requested.

6           15.     The Receivership Defendants will have access to the business records, including  
7 copies of computer records, of the Receivership Defendants upon twenty-four (24) hour notice to  
8 the Receiver and under the receivers' supervision. The Receivership Defendants will not remove  
9 the business records from the Receiver.

10          16.     The Receiver is hereby authorized to employ such employees, accountants, and  
11 attorneys as are necessary and proper for the collection, preservation and maintenance of the  
12 Receivership Assets.

13          17.     The Receiver is hereby authorized and directed to receive and collect any and all  
14 sums of money due or owing to the Receivership Defendants, whether the same are now due or  
15 shall hereafter become due and payable, and is authorized to incur such reasonable expenses and  
16 make such disbursements as are necessary and proper for the collection, preservation, maintenance  
17 and operation of the Receivership Assets. The Receiver shall be authorized to compromise or  
18 adjust obligations which may be owed to the Receivership Estate. The Receiver shall seek and  
19 obtain the approval of the Court for any proposed compromise or settlement. Court approval may  
20 be sought on an expedited basis.

21          18.     The Receiver is authorized to liquidate Receivership Assets, as may in his discretion  
22 be advisable. The Receiver shall first seek and obtain the approval of this Court for the proposed  
23 sale. Court approval may be sought on an expedited basis.

24          19.     The Receiver is hereby authorized to institute, defend, compromise or adjust such  
25 actions or proceedings in state or federal courts now pending and hereafter instituted, as may in his  
26 discretion be advisable or proper for the protection of the Receivership Assets or proceeds

1 therefrom, and to institute, prosecute, compromise or adjust such actions or proceedings in state or  
2 federal court as may in his judgment be necessary or proper for the collection, preservation and  
3 maintenance of the Receivership Assets.

4 20. The Receiver is hereby authorized to institute such actions or proceedings to impose  
5 a constructive trust, obtain possession and/or recover judgment with respect to persons or entities  
6 who received assets or funds traceable to investor monies. All such actions shall be filed in this  
7 Court.

8 21. The Receiver shall be authorized, after notice and hearing, to seek Court approval  
9 for the amendment of the Receivership Order to include additional parties to the pending litigation.

10 22. Upon the request of the Receiver, any peace officer of this State is authorized and  
11 directed to assist the Receiver in carrying out his duties to take possession, custody or control of, or  
12 identify the location of, any Receivership Assets. The Receiver is authorized to remove any person  
13 from any premises or real estate constituting a Receivership Asset that attempts to interfere with  
14 the Receiver, his attorneys or agents in the performance of their duties. The Receiver is further  
15 authorized to change any locks or other security mechanisms with respect to any premises or other  
16 assets that constitute Receivership Assets.

17 23. The Receiver shall keep the ACC and the Receivership Defendants apprised at  
18 reasonable intervals of developments concerning the operation of the receivership, and shall  
19 provide to the ACC upon request any documents under the control of the Receiver.

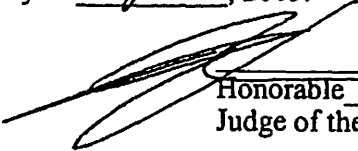
20 24. The Receiver shall seek and obtain the approval of this Court prior to disbursement  
21 of professional fees and expenses to himself or counsel, by presentation of a written application  
22 therefor and after consultation with the ACC or in accordance with further order of the Court. All  
23 costs incurred by the Receiver shall be paid from the Receivership Assets.

24 IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this action for all  
25 purposes. The Receiver is hereby authorized, empowered and directed to apply to this Court, with  
26

1 notice to the ACC and Defendants, for issuance of such other orders as may be necessary and  
2 appropriate in order to carry out the mandate of this Court.

3 IT IS FURTHER ORDERED that this Order will remain in effect until modified by further  
4 order of this Court.

5 DATED this 5 day of April, 2005.

6  
7  Honorable **BARREY C. SCHNEIDER**  
Judge of the Superior Court

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EXHIBIT "A"

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1. MATHON MANAGEMENT COMPANY, L.L.C., fka an Arizona limited liability company dba a Delaware limited liability company
2. SLADE WILLIAMS AND ASSOCIATES, L.L.C., an Arizona limited liability company
3. MATHON FUND I, L.L.C., an Arizona limited liability company
4. MATHON FUND, L.L.C., fka an Arizona limited liability company dba a Delaware limited liability company
5. INTEGRITY 101, L.L.C., an Arizona limited liability company
6. INTEGRITY 201, L.L.C., an Arizona limited liability company
7. INTEGRITY 301, L.L.C., an Arizona limited liability company
8. INTEGRITY 401, L.L.C., an Arizona limited liability company
9. INTEGRITY 501, L.L.C., an Arizona limited liability company
10. INTEGRITY 601, L.L.C., an Arizona limited liability company
11. INTEGRITY 701, L.L.C., an Arizona limited liability company
12. INTEGRITY 801, L.L.C., an Arizona limited liability company
13. INTEGRITY 901, L.L.C., an Arizona limited liability company
14. ROUND VALLEY CAPITAL, L.L.C., an Arizona limited liability company
15. W.S.F. – WORLD SPORTS FANS, L.L.C., an Arizona limited liability company

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- 16. MILL CREEK L.L.C., an Arizona limited liability company
- 17. BELLEVUE HOLDINGS, L.L.C., an Arizona limited liability company
- 18. OAK HARBOR FINANCIAL, L.L.C., an Arizona limited liability company
- 19. SW STRATEGIC WEALTH ADVISORS, L.L.C., an Arizona limited liability company
- 20. EVERETT CAPITAL, L.L.C., an Arizona limited liability company
- 21. CRE CAPITAL, L.L.C., an Arizona limited liability company
- 22. MEZZANINE MANAGEMENT, L.L.C., an Arizona limited liability company
- 23. MEZZANINE FUND I, L.L.C., an Arizona limited liability company
- 24. JONAS FUND I, L.L.C., an Arizona limited liability company
- 25. TEMPLAR FUND, L.L.C., fka an Arizona limited liability company now dba a Delaware limited liability company
- 26. MERCER ISLAND, L.L.C., an Arizona limited liability company
- 27. CONNECTICUT PROPERTIES, L.L.C., an Arizona limited liability company
- 28. FIRST ATLANTA INVESTMENTS, L.L.C., a Georgia limited liability company
- 29. MM COLONIAL FUND, L.L.C., a Delaware limited liability company
- 30. SLADE CONSTRUCTION, L.L.C., an Arizona limited liability company

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CLERK U S DISTRICT COURT  
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UNITED STATES DISTRICT COURT  
DISTRICT OF ARIZONA

United States of America  
Plaintiff,

v.

- 1) Duane Hamblin Slade  
Counts 1 - 40
  - 2) Guy Andrew Williams  
Counts 1 - 40
  - 3) Brent F. Williams  
Counts 1 - 40
  - 4) Douglas Edward Towler  
Counts 1-3, 6-15, 19-36
  - 5) Russell Laurence Sewell  
Count 1 .
- Defendants.

NO CR 09-1492-PHX- EHC CDED)

**INDICTMENT**

VIO: 18 U.S.C. § 1349  
(Conspiracy)  
Count 1

18 U.S.C. § 1341  
(Mail Fraud)  
Counts 2-5

18 U.S.C. § 1343  
(Wire Fraud)  
Counts 6-18

18 U.S.C. § 1957(a)  
(Transactional Money  
Laundering)  
Counts 19-40

18 U.S.C. § 2  
(Aid and Abet)  
Counts 1-40

18 U.S.C. § 981(a)(1)(C)  
18 U.S.C. § 982(a)(1)  
28 U.S.C. § 2461(c)  
(Forfeiture Allegations)

1 THE GRAND JURY CHARGES:

2 At all times material to this Indictment:

3 **DEFENDANTS**

4 1. DUANE HAMBLIN SLADE ("SLADE" or "DS"), was a resident of Mesa, Arizona.  
5 Starting at a time before the formation of Mathon Fund I, through on or about April 2005, he,  
6 along with others, operating through Mathon-related Entities,<sup>1/</sup> induced victims to "invest"  
7 funds, primarily in Mathon Fund I and/or Mathon Fund, with false promises that the defendants  
8 and others could earn high-yield rates of return by making short-term, high-interest hard money  
9 loans to borrowers, and through this fraudulent process he and others greatly enriched  
10 themselves through excessive origination fees, management fees, and/or other means.

11 2. GUY ANDREW WILLIAMS ("G. WILLIAMS" or "GW"), was a resident of Mesa,  
12 Arizona. Starting at a time before the formation of Mathon Fund I, through on or about April  
13 2005, he, along with others, operating through the Mathon-related Entities, induced victims to  
14 "invest" funds, primarily in Mathon Fund I and/or Mathon Fund, with false promises that the  
15 defendants and others could earn high-yield rates of return by making short-term, high-interest  
16 hard money loans to borrowers, and through this fraudulent process he and others greatly  
17 enriched themselves through excessive origination fees, management fees, and/or other means.

18 3. BRENT F. WILLIAMS ("B. WILLIAMS" or "BW"), was a resident of Mesa, Arizona, and  
19 served, at various times, as the Chief Financial Officer and Chief Operating Officer of the  
20 Mathon-related Entities from on or about August 2003, until on or about April 2005. With  
21 SLADE and G. WILLIAMS, B. WILLIAMS helped oversee the financial and "investment"  
22 aspects of the Mathon-related Entities.

23 \_\_\_\_\_  
24 <sup>1/</sup> The Mathon-related entities included, among others, Mathon Management Company,  
25 L.L.C., Slade Williams and Associates, L.L.C., Mathon Fund I, L.L.C., Mathon Fund, L.L.C.,  
26 Round Valley Capital, L.L.C., W.S.F. World Sports Fan, L.L.C., MM Colonial Fund, L.L.C.,  
27 Mill Creek, L.L.C., Cedar Crest, L.L.C., and Aspen Grove L.L.C. (collectively referred to as  
28 "Mathon-related Entities"). The defendants created and managed approximately 53 oftentimes  
overlapping Mathon-related Entities. They also opened, controlled, and used approximately 60  
bank accounts in the names of these different Mathon-related Entities, and directed and  
controlled the allocation of the funds within those bank accounts.

1 4. DOUGLAS EDWARD TOWLER (“TOWLER” or “DT”), was a resident of Scottsdale,  
2 Arizona. Between on or about June 2002 to on or about February 8, 2005, TOWLER played a  
3 key role in locating particular short-term borrowers, and thereafter purportedly conducting the  
4 necessary due diligence to determine whether each borrower had the assets and revenue stream  
5 to repay the loans when due. TOWLER often was introduced to victim investors for the purpose  
6 of giving victim investors a false sense and assurance that the short-term, high interest hard  
7 money loans were secure and likely to be repaid. According to records provided to investors,  
8 TOWLER purportedly served as Executive Vice President of Mathon Fund and was in charge  
9 of corporate consulting and advisory services.

10 5. RUSSELL LAURENCE SEWELL (“SEWELL” or “RS”), was a resident of Mesa, Arizona.  
11 Between on or about October 2003 through on or about July 2004, SEWELL served as Chief  
12 Compliance Officer within the Mathon-related Entities and was the managing partner and often  
13 sole member of the Aspen Grove entities. SEWELL helped create the Mathon Fund, managed  
14 its sales representatives, and reviewed subscription agreements with victim investors.

15 **RELEVANT ENTITIES**

16 6. Slade Williams and Associates, L.L.C. (“SWA”), was an Arizona limited liability company,  
17 formed on or about May 17, 1999. The only members of SWA were defendants SLADE and G.  
18 WILLIAMS.

19 7. Mathon Management Company, L.L.C. (“MMC”), was originally formed as an Arizona  
20 limited liability company on or about February 5, 2002. On or about November 14, 2003, MMC  
21 was then formed into a Delaware limited liability company. The sole member of MMC was  
22 SWA.

23 8. Mathon Fund I, L.L.C. (“MATHON FUND I”), was an Arizona limited liability company,  
24 formed on or about February 5, 2002. MMC was the sole member of MATHON FUND I.  
25 MATHON FUND I and MATHON FUND (see below) were the primary entities through which  
26 funds “invested” by victims were loaned to third-party borrowers. MATHON FUND I was one  
27 of the primary entities through which *Ponzi* payments were made to “investors.” It was falsely  
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1 represented to victims that the funds invested in MATHON FUND I would be loaned to specific  
2 borrowers.

3 9. Mathon Fund, L.L.C. ("MATHON FUND"), was originally an Arizona limited liability  
4 company, formed on or about August 20, 2003. On or about September 17, 2003, MATHON  
5 FUND was then formed into a Delaware limited liability company. MMC was the sole member  
6 of MATHON FUND and was the manager of MATHON FUND. As aforementioned,  
7 MATHON FUND and MATHON FUND I were the primary entities used by the defendants.  
8 Unlike MATHON FUND I, the funds "invested" in the MATHON FUND were pooled  
9 purportedly for the purpose of making high-interest, short-term hard money loans to borrowers.  
10 MATHON FUND was one of the primary entities through which *Ponzi* payments were made to  
11 "investors."

12 10. Round Valley Capital, L.L.C. ("ROUND VALLEY"), was an Arizona limited liability  
13 company, formed on or about May 25, 2001. The only members of ROUND VALLEY were  
14 defendants SLADE and G. WILLIAMS. Some "investor" funds were transferred to or deposited  
15 with ROUND VALLEY.

16 11. W.S.F. - World Sports Fans, L.L.C. ("WSF"), was an Arizona limited liability company,  
17 formed on or about July 19, 1999. The only members of WSF were defendants SLADE and G.  
18 WILLIAMS. Some "investor" funds were transferred to or deposited with WSF.

19 12. MM Colonial Fund, L.L.C. ("MM COLONIAL"), was a Delaware limited liability  
20 company, formed on or about October 29, 2003. The original name of MM COLONIAL was  
21 Mathon Fund II, L.L.C. MMC was the manager of the MM COLONIAL, and SWA was a  
22 member.

23 13. Mill Creek, L.L.C. ("MILL CREEK"), was an Arizona limited liability company, formed  
24 on or about May 25, 2001. SWA was the sole member of MILL CREEK.

25 14. Defendant SEWELL formed several Aspen Grove entities (collectively referred to as  
26 "ASPEN GROVE"). Aspen Grove Capital, L.L.C. was originally formed as a Utah limited  
27 liability corporation on or about December 9, 1999. On or about October 24, 2005, the entity

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1 was registered in Arizona and listed its principal place of business in Mesa, Arizona. Defendant  
2 SEWELL was its sole member. Aspen Grove Capital Group, L.L.C. was a Delaware limited  
3 liability company, formed on or about May 5, 2000. The entity had its principal place of  
4 business in Mesa, Arizona, and defendant SEWELL was its sole member. Aspen Grove Capital  
5 Partners I, LP, was a Delaware limited liability partnership, formed on or about May 5, 2000.  
6 Defendant SEWELL was its managing partner. Aspen Grove Capital Management, L.L.C. was  
7 a Delaware limited liability company, formed on or about September 14, 2001. Defendant  
8 SEWELL was its managing partner.

9 **COUNT ONE**  
10 **Conspiracy**  
11 **[18 U.S.C. § 1349]**

12 15. The factual allegations in paragraphs 1 through 14 of this Indictment are incorporated by  
13 reference and re-alleged as though fully set forth herein.

14 16. Beginning no later than on or about February 2002, through on or about April 2005, in the  
15 District of Arizona and elsewhere, defendants SLADE, G. WILLIAMS, B. WILLIAMS,  
16 TOWLER, and SEWELL, individually and doing business under the entities described above,  
17 along with other individuals and entities known and unknown to the Grand Jury, did knowingly  
18 and willfully agree and conspire with each other to commit the following offenses against the  
19 United States:

- 20 a. Title 18, United States Code, Section 1341 (Mail Fraud); and  
21 b. Title 18, United States Code, Section 1343 (Wire Fraud).

22 **OBJECTS OF THE CONSPIRACY AND SCHEMES TO DEFRAUD**

23 17. The objects of the conspiracy and schemes to defraud, as devised and executed by the  
24 defendants and others, through the various entities described above, were:

- 25 a. to induce victims to "invest" funds, generally in MATHON FUND I and/or  
26 MATHON FUND, with false promises that the victims could earn high-yield rates  
27 of return by making short-term, high-interest hard money loans to borrowers,  
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1 when the defendants and others knew that existing loans were in default or non-  
2 performing and/or otherwise incapable of generating sufficient income to meet the  
3 loan obligations;

4 b. to conceal from victim investors that the loans to borrowers were in default, non-  
5 performing and/or otherwise incapable of generating high rates of returns on the  
6 “investments” as represented;

7 c. to repay most of the earlier victim investors with funds from later victim investors  
8 defrauded in the same manner (i.e., through a *Ponzi* scheme); and

9 d. to avail themselves of large sums of “investor” funds in the form of exorbitant  
10 management and origination fees, salaries, bonuses, or by whatever means, to the  
11 detriment of victim investors.

12 **MANNER AND MEANS OF THE CONSPIRACY AND SCHEMES TO DEFRAUD**

13 18. The manner and means used by the defendants, and others, through the entities described  
14 above, to achieve the objects of the conspiracy and the schemes and artifices to defraud, included  
15 the following:

16 a. The defendants established and controlled a network of sales representatives and  
17 management employees for the Mathon-related Entities. This network was used  
18 to assist in the false and fraudulent schemes to raise money from victim investors  
19 in at least four different but overlapping “investment” programs. Three of the  
20 programs purportedly involved short-term hard money loans.<sup>2/</sup> The remaining  
21 program offered a so-called equity interest in the management fees generated by  
22 these “investment” schemes.<sup>3/</sup>

23 b. Prior to the inception of MATHON FUND I, defendant SLADE offered and sold  
24 participation points in defendant SEWELL’s Aspen Grove Management  
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26 <sup>2/</sup> Mathon Fund I, Mathon Fund and MM Colonial Fund.

27 <sup>3/</sup> MMC Participation Points.



1 Company. Some of the funds eventually raised from the victim investors in  
2 MATHON FUND I were fraudulently used to repay the “investors” in the Aspen  
3 Grove participation point program, which was a precursor to the fraudulent  
4 participation points program used by the defendants in MMC. Because the Aspen  
5 Grove debtor-investors were led to believe that their Aspen Grove “investment”  
6 had earned a legitimate return on investment, and having no awareness that the  
7 funds actually came from victim investors in MATHON FUND I, many of the  
8 Aspen Grove participants were fraudulently induced to continue “investing” funds  
9 in programs sponsored by the defendants in the Mathon-related Entities.

10 c. The defendants began fraudulently deceiving victim investors through MATHON  
11 FUND I, which was created on or about February 2002. From on or about  
12 November 2002, through February 2004, the defendants fraudulently induced over  
13 175 victims to “invest” more than \$102 million into MATHON FUND I. To get  
14 victims to invest these sums, the defendants, and others, fraudulently  
15 misrepresented the following:

- 16 (1) That the “investments” could earn extraordinary above-market rates  
17 of return (e.g., 75% or more annualized) by making short-term, high  
18 interest hard money loans to borrowers;
- 19 (2) That the defendants had substantial experience making loans of this  
20 nature, with few, if any, historical defaults on such risky loans;
- 21 (3) That other victim investors had already profited greatly from  
22 “investing” in the program;<sup>4/</sup>
- 23 (4) That the loans were performing and not troubled or in a state of  
24 default;

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26 <sup>4/</sup> MATHON FUND I and MATHON FUND were marketed almost exclusively to  
27 members of The Church of Jesus Christ of Latter-day Saints, to which defendants belonged.  
28 Word of mouth and cross-selling among Church members were used heavily by the defendants  
in their schemes to defraud.

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- (5) That each loan was secured and collateralized by specific assets with a fair market value at least two to three times the amount of the loan;
- (6) That many of the loans were further secured by personal guarantees from the borrowers; and
- (7) That “returns” came from the repayment of these high risk loans, when, in effect, victims were generally paid with funds from new “investors.”

- d. The defendants had victims sign an “Investment Agreement,” a “Letter of Understanding and Agency Agreement,” a “Guaranty Agreement,” a “Non-Recourse and Unsecured Promissory Note,” and a “Credit and Security Agreement,” which reflected that their funds would be loaned to MATHON FUND I, rather than the third-party borrowers. Thereafter, MATHON FUND I would loan some of the “investment” funds to these third party borrowers, and would secure the MATHON FUND I third-party loans with some collateral from the borrowers. By structuring each transaction in this fashion, a victim investor’s “investment” was completely unsecured and without recourse against the actual borrower’s collateral.
- e. The defendants also structured each transaction in a way that hid each side of the transaction from the other (i.e., actual borrower and actual lender). The defendants did not disclose the identity of the true borrower to the “investor” or the “investor” to the actual borrower. This double-blind loan structure helped the defendants conceal from victim investors the troubled or default nature of these loans, and allowed defendants to conduct the ruse of continuing to pay earlier victim investors through the deposits of later investors rather than from any actual interest earned from any hard money loans (e.g., in a *Ponzi* fashion).

- 1 f. The defendants and others, through MATHON FUND I, oftentimes structured the  
2 sales pitch and marketing materials to make victim investors believe that their  
3 “investments” were earmarked for particular investment “pipes” or “tranches”  
4 pertaining to unidentified but distinct borrowers. This sales method often  
5 deceived a victim investor into thinking that he or she was the only “investor” for  
6 that borrower, and that the promised collateral and guarantees were not being  
7 shared or diluted among a pool of other victim investors for the same loan.
- 8 g. The defendants and others, through MATHON FUND I, sometimes would  
9 oversell a particular “investment” loan arrangement to victim investors, on  
10 occasion after the borrower had obtained his loan and the so-called “investment”  
11 opportunity had closed. An example of this was the Texen Oil transaction. The  
12 defendants raised approximately \$10 million from victim investors in 2003 for this  
13 particular loan, but distributed only about \$3.2 million to the borrower. Instead,  
14 approximately fifty percent (50%) of the “investment” funds, around \$4.9 million,  
15 was siphoned off to MMC and ROUND VALLEY. In this same manner, the  
16 defendants created other sales stratagems to fraudulently induce victim investors  
17 to “invest” their funds in either MATHON FUND I or MATHON FUND. An  
18 example is the purported sale or transfer of victim MB’s “investment” interest in  
19 MATHON FUND I. Starting on or about December 2003, after failing to get  
20 victim MB to “roll” his \$4.1 million “investment” into the MATHON FUND, and  
21 because victim MB was requesting full repayment through the personal guarantee  
22 given to him from defendant SLADE, the defendants devised the idea of selling  
23 MB’s interest at a discount to other victim investors. The defendants and others  
24 told potential victim investors that victim MB needed to sell his MATHON FUND  
25 “investment” at a discount because he was going through a “nasty” divorce and  
26 needed to purportedly liquidate his “investment” for the divorce proceedings. At  
27 the time, all of the purported loans associated with victim MB’s “investment”  
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1 were non-performing or in default. With this story, the defendants fraudulently  
2 induced several victim investors to transfer approximately \$14.8 million to the  
3 defendants for victim MB's so-called \$4.1 million position in the MATHON  
4 FUND I "investments."

5 h. The defendants structured the "investments" to skim off excessive fees.  
6 MATHON FUND I oftentimes charged investors an annual \$25,000 management  
7 fee. The defendants also charged origination fees and commissions to the actual  
8 third-party hard money borrowers. At times, the upfront fees charged to  
9 borrowers were 20% of the amount of the loans, or higher. The burden of these  
10 excessive fees, when combined with the extremely high interest rates being  
11 charged on these short term loans, made it almost an economic and accounting  
12 certainty that most of the loans would be non-performing and go into default. By  
13 skimming off so much of the "investor" funds on the front end, the defendants  
14 knew from the beginning that the actual loans were unlikely to be viable as a  
15 means of paying the individual victim investors their promised returns. Therefore,  
16 almost from the beginning, the defendants had to structure their schemes in a way  
17 that would generate the funds necessary to perpetuate an inevitable *Ponzi* scenario.

18 i. The defendants, from the inception of MATHON FUND I, began fraudulently  
19 diverting "investor" funds to projects and activities wholly unrelated to the  
20 promises and representations made to victim investors. For example, on or about  
21 November 2002, the defendants fraudulently raised approximately \$6.2 million  
22 from victim investors. Instead of using the monies to fund "hard money" loans  
23 as promised, the defendants took this \$6.2 million and purportedly "loaned" these  
24 funds to MILL CREEK ( an entity wholly owned by defendants WILLIAMS and  
25 SLADE through SWA). This "loan" to MILL CREEK was structured to make it  
26 appear that victim investor funds were purportedly being "invested" in a typical  
27 loan arrangement, when, in fact, MILL CREEK was nothing more than a shell  
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1 entity used by the defendants to buy the ASPEN GROVE "equity" or  
2 "participation" points from an earlier group of "investors" in ASPEN GROVE.  
3 Because the defendants made the "loan" to MILL CREEK on a short-term basis,  
4 the defendants thereafter raised, from on or about December 2002, through on or  
5 about June 2003, approximately \$7.8 million from a second wave of new  
6 MATHON FUND I victims to pay these prior MATHON FUND I victims whose  
7 money was purportedly loaned to MILL CREEK. This *Ponzi* process continued  
8 and the defendants subsequently raised, from on or about April 2003, through on  
9 or about November 2003, a third wave of approximately \$9.4 million from  
10 purportedly selling "equity" or "participation" points in MMC, and these funds  
11 were thereafter used to fraudulently repay the second wave of MATHON FUND  
12 I victim investors as noted above. Eventually, because the MILL CREEK "loan"  
13 had no collateral or guarantees, and was a fiction except on paper, approximately  
14 \$2.4 million of principal and interest on the MATHON FUND I books was  
15 written off as a purportedly uncollectible debt.

16 j. In many instances, a short-term, high interest loan was funded for a long-term,  
17 non-revenue generating project. These mismatches made the loans and  
18 "investment" scenarios non-viable from the beginning. An example was the TMC  
19 Partners \$14.1 million loan for the commercial and residential development of  
20 326 acres of raw land in Waterford, Connecticut. A short term loan of this nature,  
21 for a project of this sort, could not conceivably meet the promised returns to  
22 victim investors in the timeframe established under the usurious and onerous  
23 terms of the loan. The fact that the defendants also failed to adequately assess  
24 several zoning issues, the need for several structural enhancements to the land,  
25 and the potential demise of the main employer in the region, further exacerbated  
26 the non-viable nature of this loan and the underlying project. The Parsons 4E loan  
27 was another example. More than \$5 million was loaned on a short-term basis to  
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1 a coal mine operator in Kentucky in order for the borrower to maintain certain  
2 coal leases.

3 k. The defendants fraudulently extended loans, or advanced additional funds, to  
4 losing ventures. This was done by the defendants to make loans in default or  
5 arrears appear to be viable, in order to attract more investors and/or generate still  
6 more exorbitant fees, most of which were fraudulently transferred to entities  
7 controlled and owned by the defendants. The Parsons 4E lending scenario  
8 illustrates this part of the scheme. On or about October 2, 2003, the borrower  
9 signed a promissory note for \$5,350,000, which was due on February 11, 2004.  
10 Only \$3,384,000 of the funds from MATHON FUND I "investors" was loaned to  
11 the borrower. Mathon-related Entities received \$816,000 in commissions and  
12 origination fees. Of the \$816,000, defendants SLADE and WILLIAMS received  
13 \$179,430, defendant B. WILLIAMS received \$16,534, defendant TOWLER  
14 received \$93,947, and defendant SEWELL received \$24,775. No payments were  
15 made on the original note, which went into default on February 11, 2004. On or  
16 about March 16, 2004, a two-month extension agreement on the original defaulted  
17 note was signed with a new due date of May 15, 2004, and a new principal and  
18 interest balance of \$5,937,140. On or about March 16, 2004, the Parson 4E  
19 borrower signed a second promissory note with WSF for \$400,000, with a  
20 maturity date of May 15, 2004. The rate of interest on this note was fifty percent  
21 (50%) *per month*. No funds on this \$400,000 Note were ever distributed to the  
22 borrower. Instead, knowing this loan was non-performing, defendants enriched  
23 themselves by extending it. On April 5, 2004, the defendants caused MATHON,  
24 using victim investor funds from MATHON FUND I, to purchase the \$400,000  
25 note from WSF for \$800,000. That same day, WSF then transferred the following  
26 sums to the defendants: TOWLER (\$114,280); WILLIAMS (\$100,000); SLADE  
27 (\$100,000); B. WILLIAMS (\$57,140) and SEWELL (\$28,580). Both the Original  
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1 Note and the Second Note were extended again. On or about February 11, 2005,  
2 the promissory Notes were rewritten into a "Settlement Agreement and Mutual  
3 Release" note in the amount of \$7 million, and at a lower interest rate. The  
4 Parsons 4E borrower never made one payment on any of these Notes and/or  
5 extensions.

6 l. By late 2003, the MATHON FUND I's loan portfolio was either non-performing,  
7 projected to be non-performing, or in default. To extend the life of the *Ponzi*  
8 scheme, the defendants devised the idea of creating a new "equity" MATHON  
9 FUND. The defendants created MATHON FUND to convert the old MATHON  
10 FUND I "lender investors" into so-called "equity investors." In this fashion, on  
11 the eve of many loans going into default, the old MATHON FUND I "investors"  
12 would supposedly "roll over" their original "investment," plus earned interest, into  
13 the new MATHON FUND. No funds were ever transferred from MATHON  
14 FUND I to MATHON FUND. Only the obligations owed to the MATHON FUND  
15 I "investors" were rolled over, thus creating the illusion that their original  
16 "investment" had paid in full. Any new MATHON FUND "investors" were not  
17 told that the MATHON FUND was insolvent from its inception.

18 m. The defendants began operating the MATHON FUND pursuant to a Private  
19 Placement Memorandum ("PPM") dated November 25, 2003. The PPM did not  
20 disclose MMC's intent to convert or "roll over" many of the MATHON FUND  
21 I victim investors into the new MATHON FUND, nor did the PPM disclose  
22 MMC's plan to transfer troubled or defaulted loans from MATHON FUND I into  
23 the new MATHON FUND loan portfolio. The PPM further touted MMC's prior  
24 experience with MATHON FUND I, but failed to disclose how many MATHON  
25 FUND I loans were non-performing, under-collateralized, and in or near default.  
26 The PPM also falsely claimed that the new MATHON FUND would be less risky  
27 for the following reasons:  
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- 1 (1) That pooling funds and loans would spread the risk of default across
- 2 a broader investment base;
- 3 (2) That “fund insurance” would be purchased to insure the loan
- 4 portfolio from unusual default rates; and
- 5 (3) That a “Reserve Account” would be created and funded to act as a
- 6 safety net in troubled times.

7 None of these measures was implemented in a way that created any real benefits  
8 to “investors” in MATHON FUND. Instead, the defendants actually augmented  
9 the risks to “investors” by consolidating most of the troubled loans from  
10 MATHON FUND I into the portfolio of loans for MATHON FUND; they never  
11 purchased “fund insurance” of any sort; and they funded the so-called “Reserve  
12 Account” with non-performing or troubled assets.

- 13 n. The PPM prohibited “investors” from withdrawing funds unless or until the funds  
14 had been “invested” with MATHON FUND for at least 180 days, thus delaying  
15 the discovery of the *Ponzi* scheme.
- 16 o. The defendants, in a manner even more aggressive than their conduct in  
17 MATHON FUND I, charged “investors” an exorbitant monthly management fee  
18 of 2.0833%, or 25% annually, of the total balance of all MATHON FUND capital  
19 accounts. The defendants used this fee structure to syphon off additional millions  
20 from victim investors. In light of this new exorbitant fee structure, in combination  
21 with the impractical loan origination fees and usurious rates of interest charged on  
22 hard money loans, the defendants knew that the MATHON FUND, like its  
23 predecessor MATHON FUND I, was, in fact, a non-viable endeavor and nothing  
24 more than the latest evolution in their *Ponzi* scheme.
- 25 p. As part of the *Ponzi* scheme, the defendants sent victim “investors” in the  
26 MATHON FUND purported monthly account statements of their capital accounts.  
27 These “account statements” were often sent out late, and supposedly reflected  
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1 what a victim's account was worth under a "cash" and "accrual" basis of  
2 accounting. Many of the entries were contrived and clearly not supported by the  
3 underlying economic circumstances or accounting records. Both methods failed  
4 to accurately account for the non-performing or default nature of the loan  
5 portfolio, or the fact that each victim's "capital investment" was already greatly  
6 diminished in value and insufficiently collateralized. Instead, the defendants  
7 falsely represented that these "capital" accounts had maintained their value, and  
8 that the loans underlying these accounts were performing and otherwise accruing  
9 realizable investment interest.

10 q. From November 2003, until April 5, 2005, when the Arizona Corporation  
11 Commission obtained a restraining order in the Conservatorship Action against  
12 defendants SLADE, G. WILLIAMS and the entities they owned and controlled,  
13 the defendants fraudulently induced over 100 victim investors to transfer more  
14 than \$51 million into MATHON FUND.

15 r. To fraudulently raise additional funds from victim investors, the defendants,  
16 through MMC, also sold so-called "participation points" in MMC's exorbitant  
17 monthly management fee. A participation point "investor" was supposedly  
18 entitled to receive a proportionate share of MMC's monthly management fee for  
19 managing the MATHON FUND. A participation point victim was purportedly  
20 entitled to receive one percent (1%) of MMC's annual twenty-five percent (25%)  
21 management fee, which was assessed against the inaccurately reported outstanding  
22 principal balances in the MATHON FUND capital accounts. One equity point  
23 was stated to cost \$1 million, though it was sometimes sold to victim investors at  
24 a price different than its purported face value. In some instances, MATHON  
25 FUND "investors" rolled over their "investment" into the participation point  
26 investment scheme.

- 1 s. From December 2003, until April 5, 2005, the defendants fraudulently induced at  
2 least nine victim investors to “invest” more than \$9 million in this “participation  
3 points” *Ponzi* program.
- 4 t. In the months just prior to the Arizona Corporation Commission (“ACC”)   
5 Conservatorship action on April 5, 2005, the defendants were in the formative  
6 stage of creating the next stage in the *Ponzi* scheme – MM COLONIAL, a  
7 Delaware limited liability company formed on or about October 29, 2003. It was  
8 originally named Mathon Fund II, but on or about February 9, 2005, the name was  
9 changed in the State of Delaware to MM COLONIAL. The Articles of  
10 Amendment to change the name to MM COLONIAL was filed with the ACC on  
11 or about February 15, 2005. MM COLONIAL was formed as a successor to  
12 MATHON FUND to raise additional funds from new victim “investors.” In the  
13 brief time MM COLONIAL was up and running, approximately \$300,000 was  
14 raised from victim investor SK. Shortly after the “investment” was made by SK,  
15 defendant B. WILLIAMS had \$250,000 of SK’s funds transferred as a *Ponzi*  
16 payment to victim investor KH on his previous “investment” in MATHON  
17 FUND.
- 18 u. The defendants, through the various entities and “investment” mechanisms  
19 outlined above, used funds obtained from later “investors” to improperly repay  
20 claims from or obligations owed to earlier “investors.” Through various  
21 fraudulent maneuvers and voluminous misrepresentations, the defendants  
22 fraudulently induced earlier “investors” to believe they were earning actual returns  
23 from the repayment of hard money loans, or that they should “re-invest” their  
24 alleged paper earnings in the next stage of this *Ponzi* scheme. As to later  
25 “investors,” the defendants did not disclose that their funds would be used to repay  
26 old debts or satisfy earlier *Ponzi* victims of the scheme.

1 v. During the period of this *Ponzi* scheme, the defendants took the following  
2 approximate sums from victim investors as purported compensation and other  
3 financial remuneration for their fraudulent activities:

- |   |     |                |                         |
|---|-----|----------------|-------------------------|
| 4 | (1) | Duane Slade    | \$5,442,840             |
| 5 | (2) | Guy Williams   | \$5,862,064             |
| 6 | (3) | Brent Williams | \$623,888               |
| 7 | (4) | Douglas Towler | \$2,440,092             |
| 8 | (5) | Russell Sewell | \$239,255 <sup>5/</sup> |

9 w. From on or about February 2002, through on or about April 2005, during this  
10 *Ponzi* scheme, the defendants defrauded at least 240 victim investors out of more  
11 than \$160 million. When the *Ponzi* scheme was discovered, approximately 147  
12 victims had unrecovered losses totaling more than \$75 million.

13 **OVERT ACTS**

14 19. In furtherance of the aforesaid conspiracy, and to achieve the objects of the conspiracy, the  
15 defendants, and others known and unknown, through the entities described above, committed  
16 or caused to be committed, various acts in the District of Arizona and elsewhere.

17 a. The following overt acts, among others, were committed:

- 18 (1) On or about February 5, 2002, Articles of Organization were filed with the  
19 Arizona Corporation Commission to form MATHON FUND I.
- 20 (2) On or about January 3, 2003, defendant SLADE caused victim investor WP  
21 to transfer \$100,000 to MATHON FUND I.
- 22 (3) On or about January 6, 2003, defendant SLADE caused victim investor SJ  
23 to transfer \$125,000 to MATHON FUND I.
- 24 (4) On or about March 11, 2003, defendant SLADE caused victim investor DD  
25 to wire \$120,000 to the Bank of America account for MATHON FUND I.

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27 <sup>5/</sup> Defendant SEWELL was "employed" only nine months. This figure does not take into  
28 consideration any monies/benefits he might have received through ASPEN GROVE entities.

- 1 (5) On or about March 11, 2003, MATHON FUND I issued a check to victim  
2 investor CP in the amount of \$62,500. Defendant SLADE falsely  
3 represented the funds were a return on CP's original "investment" when,  
4 in fact, the funds came from a new victim investor.
- 5 (6) On or about March 11, 2003, MATHON FUND I issued a check to victim  
6 investor GD in the amount of \$62,500. Defendant SLADE falsely  
7 represented the funds were a return on GD's original "investment" when,  
8 in fact, the funds came from a new victim investor.
- 9 (7) On or about April 7, 2003, defendant SLADE caused victim investor MB  
10 to wire \$1,000,000 to the Bank of America account for MATHON FUND  
11 I.
- 12 (8) On or about June 2, 2003, victim investor SJ received an Investor Receipt  
13 of Investment Funds statement from MATHON FUND I, acknowledging  
14 that he received \$175,000 for his \$125,000 "investment" made on January  
15 6, 2003.
- 16 (9) On or about July 3, 2003, defendant SLADE and others caused victim  
17 investor DR to transfer \$200,000 to MATHON FUND I.
- 18 (10) On or about August 20, 2003, Articles of Organization were filed with the  
19 Arizona Corporation Commission to form MATHON FUND, L.L.C.
- 20 (11) On or about September 24, 2003, defendant SLADE caused victim investor  
21 MJB, Ltd. to transfer \$1,500,000 to the MATHON FUND I.
- 22 (12) On or about October 2, 2003, MATHON FUND I loaned Parsons 4E  
23 \$5,350,000 due on February 10, 2004.
- 24 (13) On or about October 2, 2003, defendant SEWELL received a payment of  
25 \$24,775 from an MMC account for the purported commission on the  
26 Parsons 4E promissory note.
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- 1 (14) On or about October 2, 2003, defendant TOWLER received a payment of  
2 \$24,775 from an MMC account for the purported commission on the  
3 Parsons 4E promissory note.
- 4 (15) On or about October 2, 2003, defendant TOWLER received a payment of  
5 \$52,638 from a ROUND VALLEY account for the purported commission  
6 on the Parsons 4E promissory note.
- 7 (16) On or about October 29, 2003, Articles of Organization were filed with the  
8 Arizona Corporation Commission to form MM COLONIAL FUND,  
9 L.L.C.
- 10 (17) On or about November 10, 2003, victim investor DR received \$253,000 as  
11 a purported return on his original "investment" in MATHON FUND I  
12 dated on or about July 3, 2003.
- 13 (18) On or about December 15, 2003, defendant SLADE caused victim investor  
14 BCC to transfer \$2,000,000 to MATHON FUND I.
- 15 (19) On or about December 17, 2003, defendant SLADE caused victim investor  
16 SJ to purportedly rollover his September 5, 2003 investment of \$490,000  
17 into the purported purchase of a MM Participation Point.
- 18 (20) On or about December 31, 2003, defendants SLADE, G. WILLIAMS and  
19 B. WILLIAMS wrote off \$2,472,000 of principal and interest on the MILL  
20 CREEK loan.
- 21 (21) On about January 31, 2004, defendant G. WILLIAMS transferred  
22 MATHON FUND I's entire interest in the TMC Partners loan to  
23 MATHON FUND.
- 24 (22) On or about March 9, 2004, an email was sent to SLADE and G.  
25 WILLIAMS regarding maturing loans. The email discussed repaying past  
26 loans from new victim investor funds coming into the MATHON FUND.  
27 Defendants SLADE and G. WILLIAMS were advised that they risked  
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being accused of “robbing Peter to pay Paul” and they should take precautions.

(23) On or about March 12, 2004, defendant TOWLER loaned WSF \$100,000 purportedly for the Parsons 4E loan. Despite the loan being in default, defendant TOWLER received back his original investment plus interest.

(24) On or about March 12, 2004, defendant SEWELL provided a check in the amount of \$25,000 for the Parsons 4E loan extension.

(25) On or about March 16, 2004, with the Parson 4E loan in default at this time, defendant G. WILLIAMS signed an extension agreement extending the due date for the repayment of the loan.

(26) On or about March 18, 2004, defendant TOWLER received \$50,000 from ROUND VALLEY as a part of the Parsons 4E loan extension.

(27) On or about March 18, 2004, defendant TOWLER received \$42,860 from WSF as part of the Parsons 4E loan extension.

(28) On or about March 18, 2004, defendant B. WILLIAMS received \$21,430 from WSF as part of the Parsons 4E loan extension.

(29) On or about March 18, 2004, defendant SEWELL received \$10,710 from WSF as part of the Parsons 4E loan extension.

(30) On or about March 25, 2004, defendants SLADE and G. WILLIAMS caused victim investor KH to transfer \$500,000 to MATHON FUND.

(31) On or about March 29, 2004, defendants SLADE, G. WILLIAMS, B. WILLIAMS, TOWLER and SEWELL held a management meeting for the Mathon-related Entities, in which they discussed issues regarding the problems with cash flow, specifically upcoming payroll, point payments, defaulted loans, and replenishment of the reserve fund.

(32) On or about March 29, 2004, victim investor KH received a check for \$990,526.03 personally from defendant G. WILLIAMS. Defendant G.

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WILLIAMS represented that the funds were from defendants SLADE and G. WILLIAMS' personal funds, because the loan associated with the original "investment" had not yet paid off.

- (33) On or about April 1, 2004, the defendants caused victim investor AA to transfer \$1,500,000 to MATHON FUND.
- (34) On or about April 2, 2004, defendants SLADE and G. WILLIAMS caused victim investor KH to transfer \$900,000 to MATHON FUND.
- (35) On or about April 5, 2004, MATHON FUND purchased this second Parsons 4E promissory note with WSF for \$800,000.
- (36) On or about April 5, 2004, defendant TOWLER received \$114,280 from WSF as part of the Parsons 4E second promissory note arrangement.
- (37) On or about April 5, 2004, defendant B. WILLIAMS received \$57,140 from WSF as part of the Parsons 4E second promissory note arrangement.
- (38) On or about April 5, 2004, defendant SEWELL received \$28,580 from WSF as part of the Parsons 4E second promissory note arrangement.
- (39) On or about April 6, 2004, defendants SLADE and G. WILLIAMS caused victim investor KH to transfer \$350,000 to MATHON FUND.
- (40) On or about April 12, 2004, defendants SLADE, G. WILLIAMS, B. WILLIAMS, TOWLER and SEWELL held a management meeting for the Mathon-related Entities to discuss problem and defaulted loans.
- (41) On or about April 27, 2004, the defendants caused victim investor LWP to "rollover" a purported "investment" of \$720,813 from MATHON FUND I to MATHON FUND.
- (42) On or about May 5, 2004, defendant G. WILLIAMS, on behalf of MATHON FUND I, executed but did not record a partial assignment of beneficial interest for the TMC Partners property.

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- (43) On or about May 7, 2004, the defendants transferred \$2,499,980 to victim BCC from the MATHON FUND Compass Bank account.
- (44) On or about June 22, 2004, defendant SEWELL caused victim investor SJ LT to purportedly roll his original October 27 and 29, 2003 "investment" of \$500,000 into the MATHON FUND.
- (45) On or about July 1, 2004, the defendants caused victim investor KH, Inc., to transfer \$2,600,000 to MATHON FUND.
- (46) On or about July 6, 2004, defendants SLADE, G. WILLIAMS and B. WILLIAMS drafted a Private Placement Memorandum for prospective investors, which contained false and misleading information.
- (47) On or about July 30, 2004, the defendants caused victim investor JW to transfer \$1,500,000 to MATHON FUND.
- (48) On or about August 31, 2004, defendants SLADE, G. WILLIAMS, and others, caused victim investor AG to transfer \$1,000,000 to MMC, and the victim investor was falsely told that he would be buying out a previous victim investor who needed his money back because of a divorce.
- (49) On or about September 8, 2004, defendant SLADE and G. WILLIAMS transferred victim investor funds of \$1,750,000 from MMC to Wealth Partners.
- (50) On or about September 13, 2004, defendant G. WILLIAMS signed a promissory note with victim investor RL for a \$1 million purported "investment" with Mathon Management Company.
- (51) On or about December 10, 2004, the defendants caused victim investors P and JZ to transfer \$200,000 to MATHON FUND.
- (52) On or about December 10, 2004, the defendants caused victim investor GZ to transfer \$100,000 to MATHON FUND.



- 1 (53) On or about December 16, 2004, the defendants caused victim investors P
- 2 and JZ to transfer \$100,000 to MATHON FUND.
- 3 (54) On or about December 17, 2004, the defendants caused victim investor DG
- 4 Development to transfer \$500,000 to MATHON FUND.
- 5 (55) On or about December 21, 2004, the defendants caused victim investor DS,
- 6 through entity SLF, L.L.C., to transfer \$1,500,000 to MATHON FUND.
- 7 (56) On or about December 22, 2004, the defendants caused victim investor EP,
- 8 L.L.C., to transfer \$100,000 to MATHON FUND.
- 9 (57) On or about December 22, 2004, the defendants caused victim investor SB,
- 10 through entity FTF, to transfer \$75,000 to MATHON FUND.
- 11 (58) On or about December 23, 2004, the defendants caused victim investor
- 12 BB, through entity BV, to transfer \$300,000 to MATHON FUND.
- 13 (59) On or about December 23, 2004, the defendants caused victim investor
- 14 BB, through entity BV, to transfer \$200,000 to MATHON FUND.
- 15 (60) On or about December 30, 2004, the defendants caused victim investor PF
- 16 to transfer \$34,000 to MATHON FUND.
- 17 (61) On or about January 7, 2005, the defendants caused victim investors J and
- 18 EB to transfer \$100,000 to MATHON FUND.
- 19 (62) On or about January 7, 2005, the defendants caused victim investors P and
- 20 JZ to transfer \$400,000 to MATHON FUND.
- 21 (63) On or about January 27, 2005, the defendants caused victim investor AW,
- 22 L.L.C., to transfer \$2,700,000 to MATHON FUND.
- 23 (64) On or about January 28, 2005, the defendants caused MATHON FUND to
- 24 transfer \$50,000 victim investor BW, through entity TL.
- 25 (65) On or about February 8, 2005, the defendants caused victim investor BV
- 26 to transfer \$250,000 to MATHON FUND.
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- 1 (66) On or about February 11, 2005, defendants SLADE, G. WILLIAMS and  
2 B. WILLIAMS drafted a Private Placement Memorandum for MM  
3 COLONIAL, which contained false and misleading information and was  
4 provided to prospective investors.
- 5 (67) On or about February 11, 2005, with the loan in default at this time,  
6 defendant SLADE, G. WILLIAMS, and B. WILLIAMS signed another  
7 extension agreement extending the due date for the repayment of the  
8 Parsons 4E loan.
- 9 (68) On or about February 11, 2005, with the loan in default at this time,  
10 defendants SLADE, G. WILLIAMS and B. WILLIAMS released the  
11 collateral securing the Parsons 4E loan.
- 12 (69) On or about February 17, 2005, the defendants caused victim investor  
13 HCBG, L.L.C., to transfer \$200,000 to MATHON FUND.
- 14 (70) On or about March 11, 2005, the defendants caused victim investors P &  
15 JZ FT, to transfer \$250,000 to MATHON FUND.
- 16 (71) On or about March 25, 2005, the defendants caused victim investor BF to  
17 transfer \$500,000 to MATHON FUND.
- 18 (72) On or about March 29, 2005, the defendants caused victim investor Dr. K  
19 to transfer \$300,000 to MM COLONIAL.
- 20 (73) On or about April 1, 2005, the defendants caused MATHON FUND to  
21 transfer \$100,000 to victim investor KT, through entity KH.
- 22 (74) On or about April 4, 2005, the defendants caused MATHON FUND to  
23 transfer \$53,511.51 to victim investor RSB.

24 All in violation of Title 18, United States Code, Sections 1349 and 2.  
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**COUNTS TWO THROUGH FIVE**

**Mail Fraud  
[18 U.S.C. § 1341]**

20. The factual allegations in paragraphs 1-14 and 17-19 of the Indictment are incorporated by reference and re-alleged as though fully set forth herein.

21. Beginning no later than on or about February 2002, through on or about April 2005, in the District of Arizona and elsewhere, defendants SLADE, G. WILLIAMS, B. WILLIAMS and TOWLER (as to Counts 2 and 3), individually and doing business under the entities described above, along with others known and unknown to the Grand Jury, did knowingly and willfully devise and intend to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent promises, pretenses, and representations, and the concealment of material facts.

22. On or about the dates listed below, in the District of Arizona and elsewhere, for the purpose of executing and attempting to execute the aforesaid scheme and artifice to defraud and to obtain money by means of materially false and fraudulent pretenses, representations, and promises, defendants SLADE, G. WILLIAMS, B. WILLIAMS, and TOWLER (as to Counts 2 and 3), individually and doing business under the entities described above, along with others known and unknown to the Grand Jury, placed and caused to be placed in a post office and authorized depository for mail matter, to be sent and delivered by the United States Postal Service, and deposited and caused to be deposited for delivery by a private and commercial interstate carrier, for delivery by commercial interstate carriers, as shown below for each Count, from the District of Arizona, to the locations set forth in the chart below, each such instance being a separate Count of this Indictment:

Count	(On or About) Date Mailed	Item Mailed	Carrier
2	1/10/05	Statement of Account Balances, MATHON FUND, cash and accrual basis, mailed to D. and J. H.	U.S. Mail

3	1/10/05	Statement of Account Balance, MATHON FUND, mailed to C. and N. J.	U.S. Mail
4	2/14/05	Private Placement Memorandum #10871, subscription Agreement, and Operating Agreement, for MATHON FUND, mailed to D.H.	U.S. Express Mail
5	3/16/05	Statement of Account Balances, December 2004, for MMC, mailed to S.W.	U.S. Mail

In violation of Title 18, United States Code, Sections 1341 and 2.

**COUNTS SIX THROUGH EIGHTEEN**

**Wire Fraud**

**[18 U.S.C. § 1343]**

23. The factual allegations in paragraphs 1-14 and 17-19 of the Indictment are incorporated by reference and re-alleged as though fully set forth herein.

24. Beginning no later than on or about February 2002, through on or about April 2005, in the District of Arizona and elsewhere, defendants SLADE, G. WILLIAMS, B. WILLIAMS and TOWLER (as to Counts 6-15), individually and doing business under the entities described above, along with others known and unknown to the Grand Jury, did knowingly and willfully devise and intend to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent promises, pretenses and representations, and concealment of material facts.

25. On or about the dates listed below, in the District of Arizona and elsewhere, for the purpose of executing and attempting to execute said scheme and artifice to defraud and to obtain money by means of materially false and fraudulent pretenses, representations and promises, defendants SLADE, G. WILLIAMS, B. WILLIAMS, and TOWLER (as to Counts 6-15), individually and doing business under the entities described above, along with others known and unknown to the Grand Jury, did knowingly transmit and cause to be transmitted, by means of wire and radio communications in interstate commerce, certain writings, pictures, signals and sounds (i.e., interstate telephone calls and facsimile transmissions), to and from the District of Arizona and

1 elsewhere, to and from the Compass Bank in Arizona (accounts ending in 7518 or 7526), as set  
 2 forth in the chart below, each such instance being a separate Count of this Indictment:

Count	(On or About) Wire Date	Approximate Amount Wired	Investor Initials City/State of Residence	Sending Financial Institution / City/State (Receiving Financial Institution / last 4 account numbers)
6	12-10-2004	\$200,000	P and J.Z. Henderson, Nevada	Merrill Lynch Las Vegas, NV (Compass Bank/7526)
7	12-10-2004	\$100,000	GZ Las Vegas, NV	Wells Fargo Las Vegas, NV (Compass Bank/7526)
8	12-16-2004	\$100,000	P and J. Z. Henderson, NV	Merrill Lynch Las Vegas, NV (Compass Bank/7526)
9	12-21-2004	\$1,500,000	D.S. through entity S.L. F. LLC Farmington, UT	Wells Fargo Farmington, UT (Compass Bank/7526)
10	12-22-2004	\$75,000	S.B. through entity F.T.F., LLC Washington, MO	U.S. Bank St. Claire, MO (Compass Bank/7526)
11	12-23-2004	\$300,000	B.B. through entity B.V. Salt Lake City, UT	U.S. Bank Salt Lake City, UT (Compass Bank/7526)
12	12-23-2004	\$200,000	B.B. through entity B.V. Salt Lake City, UT	Morgan Stanley New York, NY (Compass Bank/7526)
13	1-7-2005	\$400,000	P. and J.Z. Henderson, NV	Merrill Lynch New York, NY (Compass Bank/7526)
14	1-28-2005	\$50,000	B.W. through entity T.L. Investments West Lynn, OR	Compass Bank/7518 San Francisco, CA (Wells Fargo/5155)
15	1-31-2005	\$570,000	S. and S.W. Seattle, WA	Compass Bank/7518 Shoreline, WA (Shoreline Bank/1040)
16	3-11-2005	\$150,000	G. and J.Z. Las Vegas, NV	Merrill Lynch New York, NY (Compass Bank/7518)

17	3-11-2005	\$250,000	P. and J.Z. Henderson, NV	Merrill Lynch New York, NY (Compass Bank/7526)
18	4-1-2005	\$100,000	K. T. through entity K.H. Las, Vegas, NV	Compass Bank/7518 New York, NY Bank of America/6986)

In violation of Title 18, United States Code, Sections 1343 and 2.

**COUNTS NINETEEN THROUGH FORTY**  
**Transactional Money Laundering**  
**[18 U.S.C. § 1957(a)]**

26. The factual allegations in paragraphs 1-25 of the Indictment are incorporated by reference and re-alleged as though fully set forth herein.

27. On or about the dates set forth below, each such instance being a separate count of this Indictment, defendants SLADE, G. WILLIAMS, B. WILLIAMS, and TOWLER (as to Counts 19-36), and others known and unknown to the Grand Jury, within the United States, knowingly engaged in monetary transactions from a financial institution in the District of Arizona, as set forth below, in criminally derived property of a value greater than \$10,000, and which was derived from specified unlawful activity, namely violations of 18 U.S.C. §§ 1341 (Mail Fraud), and 1343 (Wire Fraud), as alleged in Counts 2 through 18 of the Indictment, each such instance being a separate Count of this Indictment, as follows:

Count	Date of Transaction (Financial Inst. / Last 4 Account numbers) [Check No. / Wire Out / Deposit of Check / Transfer]	Amount Payee	Source of Funds Disbursed	Description of Payment
19	12-13-2004 (Northern Trust / 8401) [Check # 10634]	\$19,299.40 C.P.	Victim Investor Funds	<i>Ponzi Payment</i>
20	12-13-2004 (Northern Trust / 8401) [Check #10635]	\$19,299.40 G.D.	Victim Investor Funds	<i>Ponzi Payment</i>

Count	Date of Transaction (Financial Inst. / Last 4 Account numbers) [Check No. / Wire Out / Deposit of Check / Transfer]	Amount Payee	Source of Funds Disbursed	Description of Payment
21	12-15-2004 (Northern Trust / 8401) [Check #10639]]	\$38,598.81 L.P.	Victim Investor Funds	<i>Ponzi</i> Payment
22	12-16-2004 (Northern Trust / 8401) [Check # 10636]	\$38,598.81 S.J.	Victim Investor Funds	<i>Ponzi</i> Payment
23	12-21-2004 (Compass Bank / 7518) [Wire Out]	\$20,000.00 S.W.	Victim Investor Funds	<i>Ponzi</i> Payment
24	12-22-2004 (Compass Bank / 7518) [Wire Out]	\$1,557,063.38 MMC - Northern Trust / 8401	Victim Investor Funds	Business Operations
25	12-22-2004 (Compass Bank / 7518) [Wire Out]	\$32,423.30 W.K.	Victim Investor Funds	Payments to Salesmen
26	12-23-2004 (Northern Trust / 8401 [Wire Out].	\$74,980.00 MD	Victim Investor Funds	Payment to Salesmen
27	12-22-2004 (Northern Trust / 8401) [Check #10659]	\$15,000 T.F.	Victim Investor funds	Payments to Salesmen
28	12-22-2004 (Northern Trust / 8401) [Check #10664]	\$40,988.67 L.P.	Victim Investor Funds	<i>Ponzi</i> Payment
29	12-22-2004 Northern Trust / 8401) [Check #10663]	\$10,247.17 Brent Williams	Victim Investor Funds	Participation Point Payment
30	12-23-2004 (Northern Trust / 8401) [Wire Out]	\$330,147.16 J.G.	Victim Investor Funds	<i>Ponzi</i> Payment

Count	Date of Transaction (Financial Inst. / Last 4 Account numbers) [Check No. / Wire Out / Deposit of Check / Transfer]	Amount Payee	Source of Funds Disbursed	Description of Payment
31	12-23-2004 (Northern Trust / 8401) [Check #10661]	\$20,494.33 C.P.	Victim Investor Funds	<i>Ponzi Payment</i>
32	12-23-2004 (Northern Trust / 8401) [Check #10662]	\$20,494.33 G.D.	Victim Investor Funds	<i>Ponzi Payment</i>
33	1-10-2005 (Compass Bank / 7518) [Wire Out]	\$250,000.00 S.M.	Victim Investor Funds	<i>Ponzi Payment</i>
34	1-14-2005 (Compass bank / 7518) [Wire Out]	\$50,000.00 S. and S.W.	Victim Investor Funds	<i>Ponzi Payment</i>
35	2-1-2005 (Northern Trust / 8401 [Check #10680]	\$11,172.23 Brent Williams	Victim Investor Funds	Participation Point Payment
36	2-1-2005 (Northern Trust / 8401) [Check #10687]	\$89,377.86 WSF	Victim Investor funds	Insider Payment
37	3-11-2005 Northern Trust / 8401) [Check #10709]	\$26,755.75 G.D.	Victim Investor Funds	<i>Ponzi Payment</i>
38	3-11-2005 (Compass Bank 7518) [Wire Out]	\$150,000 MMC	Victim Investor Funds	Insider Payment
39	3-14-2005 (Northern Trust / 8401) [Check #10710]	\$26,755.75 C.P.	Victim Investor Funds	<i>Ponzi Payment</i>
40	4-4-2005 (Northern Trust / 8401) [Transfer of Funds	\$26,755.75 WSF - Northern Trust / 8233	Victim Investor Funds	<i>Ponzi Payment</i>



1  
2 In violation of Title 18, United States Code, Sections 1957(a) and 2.

3 **FORFEITURE ALLEGATIONS**

4 28. The factual allegations in paragraphs 1 through 27 of the Indictment are incorporated by  
5 reference and re-alleged as though set forth fully herein.

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7 29. Pursuant to 18 U.S.C. § 981(a)(1)(C), and 28 U.S.C. § 2461, and as a result of committing  
8 one or more of the offenses charged in Counts 1-18 of this Indictment, defendants SLADE, G.  
9 WILLIAMS, B. WILLIAMS, TOWLER, and SEWELL shall forfeit to the United States, all  
10 property, real and personal, that constitutes or is derived from proceeds traceable to the  
11 commission of the offenses, including but not limited to the aggregate sum of \$78,738,707 in  
12 U.S. currency, in that the aggregate sum is the proceeds of the specified unlawful acts, as defined  
13 in 18 U.S.C. § 1956(c)(7)(A) and § 1961(1), to wit: 18 U.S.C. § 1341 (Mail Fraud) and  
14 18 U.S.C. § 1343 (Wire Fraud).

15  
16 30. Pursuant to 18 U.S.C. §982(a)(1), and as a result of committing one or more of the money  
17 laundering offenses charged in Counts 19-40 of this Indictment, in violation of 18 U.S.C.  
18 § 1957, defendants SLADE, G. WILLIAMS, B. WILLIAMS, and TOWLER, shall forfeit to the  
19 United States:

- 20 (a) All right, title, and interest in any and all property involved in each offense in  
21 violation of Title 18, United States Code, Section 1956 or 1957, for which the  
22 defendants are convicted, and all property traceable to such property, including the  
23 following: 1) all money or other property that was the subject of each transaction,  
24 transportation, transmission or transfer in violation of Section 1957; 2) all  
25 commissions, fees and other property constituting proceeds obtained as a result of  
26 those violations; and 3) all property used in any manner or part to commit or to  
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1 facilitate the commission of those violations including, but not limited to the  
2 following:

3 Real property located at and known as 3940 E. Forge Avenue, Mesa,  
4 Arizona 85206-4543, legal description of Lot 65, Bradley Country Estates,  
5 according to Book 300 of Maps, Page 09, records of Maricopa County,  
6 Arizona, Tax Parcel No: 140-47-366, titled to Brent F. and Patricia Elaine  
7 Williams.  
8

9 (b) A sum of money equal to the total amount of money involved in each offense for  
10 which the defendants are convicted.

11 31. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18,  
12 United States Code, Section 982(b), and 28 U.S.C. Section 2461, the defendants shall forfeit  
13 substitute property, up to the value of the amount described above, if by any act or omission of  
14 the defendants, the property described above, or any portion thereof, cannot be located upon the  
15 exercise of due diligence; has been transferred, sold to or deposited with a third party; has been  
16 placed beyond the jurisdiction of the court; has been substantially diminished in value; or has  
17 been commingled with other property which cannot be divided without difficulty.  
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1 All in accordance with Title 18, United States Code, Sections 981 and 982(a)(1); 28 United  
2 States Code, Section 2461; 19 U.S.C. Section 1343 and Rule 32.2(a), Federal Rules of Criminal  
3 Procedure.

4 A TRUE BILL

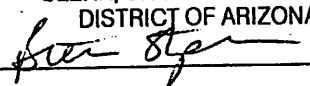
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6  
7 /S/  
8 FOREPERSON OF THE GRAND JURY  
9 Date: December 2, 2009

10 DENNIS K. BURKE  
11 United States Attorney  
12 District of Arizona

13 /S/  
14 STEPHEN W. LARAMORE  
15 PETER SEXTON  
16 KEVIN RAPP  
17 Assistant U.S. Attorneys

18 WENDY COY  
19 Special Assistant U.S. Attorney

20  
21  
22  
23  
24  
25  
26  
27 I hereby attest and certify on 2-12-15  
28 that the foregoing document is a full, true and correct  
copy of the original on file in my office and in my cus-  
tody.

33  
CLERK, U.S. DISTRICT COURT  
DISTRICT OF ARIZONA  
by  Deputy

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JUN 28 2013	
CLERK U S DISTRICT COURT DISTRICT OF ARIZONA	
BY _____	DEPUTY

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA  
PHOENIX DIVISION

United States of America,

Case No. 2:09 CR 1492-1 - ROS

Plaintiff,

**GENERAL VERDICT**

-vs-

**JUDGE JACK ZOUHARY**

Guy Williams

*Redacted*

and

Brent Williams,

Defendants.

We, the jury, duly impaneled and sworn, find as follows:

**COUNT 1**

(Conspiracy to Commit Mail Fraud and/or Wire Fraud)

\* \* \*

Defendant Guy Williams

GUILTY

NOT GUILTY

(circle one)

Defendant Brent Williams

GUILTY

NOT GUILTY

(circle one)

**COUNTS 4 & 5**  
(Mail Fraud)

<u>Count</u>	<u>"On or About"</u> <u>Date Mailed</u>	<u>Item Mailed</u>	<u>Carrier</u>
4	February 14, 2005	Private Placement Memorandum #10871, subscription Agreement and Operating Agreement for Mathon Fund, mailed to David Halling	U.S. Express Mail

\* \* \*

Defendant Guy Williams

**GUILTY**

NOT GUILTY

(circle one)

Defendant Brent Williams

**GUILTY**

NOT GUILTY

(circle one)

<u>Count</u>	<u>"On or About" Date Mailed</u>	<u>Item Mailed</u>	<u>Carrier</u>
5	March 16, 2005	Statement of Account Balances, December 2004, for Mathon Management Company, mailed to Steve Wellington	U.S. Mail

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)

NOT GUILTY


Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY

**COUNTS 6-18**  
(Wire Fraud)

<u>Count</u>	<u>"On or About"</u> <u>Wire Date</u>	<u>Approximate</u> <u>Amount</u> <u>Wired</u>	<u>Investor(s) /</u> <u>City, State of</u> <u>Residence</u>	<u>Sending Financial</u> <u>Institution / City, State</u> <u>(Receiving Financial</u> <u>Institution / Last 4</u> <u>Digits of Account</u> <u>Numbers)</u>
6	December 10, 2004	\$200,000	 Henderson, NV	Merrill Lynch Las Vegas, NV (Compass Bank/7526)

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)

NOT GUILTY

Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY

<u>Count</u>	<u>"On or About"</u> <u>Wire Date</u>	<u>Approximate</u> <u>Amount</u> <u>Wired</u>	<u>Investor(s) /</u> <u>City, State of</u> <u>Residence</u>	<u>Sending Financial</u> <u>Institution / City, State</u> <u>(Receiving Financial</u> <u>Institution / Last 4</u> <u>Digits of Account</u> <u>Numbers)</u>
7	December 10, 2004	\$100,000	[REDACTED] Las Vegas, NV	Wells Fargo Las Vegas, NV (Compass Bank/7526)

\* \* \*


Defendant Guy Williams

GUILTY NOT GUILTY  
(circle one)

Defendant Brent Williams

GUILTY NOT GUILTY  
(circle one)



<u>Count</u>	<u>"On or About"</u> <u>Wire Date</u>	<u>Approximate</u> <u>Amount</u> <u>Wired</u>	<u>Investor(s) /</u> <u>City, State of</u> <u>Residence</u>	<u>Sending Financial</u> <u>Institution / City, State</u> <u>(Receiving Financial</u> <u>Institution / Last 4</u> <u>Digits of Account</u> <u>Numbers)</u>
8	December 16, 2004	\$100,000	 Henderson, NV	Merrill Lynch Las Vegas, NV (Compass Bank/7526)

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)


NOT GUILTY

Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY

<u>Count</u>	<u>"On or About"</u> <u>Wire Date</u>	<u>Approximate</u> <u>Amount</u> <u>Wired</u>	<u>Investor(s) /</u> <u>City, State of</u> <u>Residence</u>	<u>Sending Financial</u> <u>Institution / City, State</u> <u>(Receiving Financial</u> <u>Institution / Last 4</u> <u>Digits of Account</u> <u>Numbers)</u>
9	December 21, 2004	\$1,500,000	 Farmington, UT	Wells Fargo Farmington, UT (Compass Bank/7526)


\* \* \*

Defendant Guy Williams

GUILTY NOT GUILTY  
(circle one)

Defendant Brent Williams

GUILTY NOT GUILTY  
(circle one)

<u>Count</u>	<u>"On or About"</u> <u>Wire Date</u>	<u>Approximate</u> <u>Amount</u> <u>Wired</u>	<u>Investor(s) /</u> <u>City, State of</u> <u>Residence</u>	<u>Sending Financial</u> <u>Institution / City, State</u> <u>(Receiving Financial</u> <u>Institution / Last 4</u> <u>Digits of Account</u> <u>Numbers)</u>
10	December 22, 2004	\$75,000	 Washington, MO	U.S. Bank St. Clare, MO (Compass Bank/7526)

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)

NOT GUILTY

Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY

<u>Count</u>	<u>"On or About"</u> <u>Wire Date</u>	<u>Approximate</u> <u>Amount</u> <u>Wired</u>	<u>Investor(s) /</u> <u>City, State of</u> <u>Residence</u>	<u>Sending Financial</u> <u>Institution / City, State</u> <u>(Receiving Financial</u> <u>Institution / Last 4</u> <u>Digits of Account</u> <u>Numbers)</u>
11	December 23, 2004	\$300,000	[REDACTED] Salt Lake City, UT	U.S. Bank Salt Lake City, UT (Compass Bank/7526)

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)


NOT GUILTY

Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY

<u>Count</u>	<u>"On or About"</u> <u>Wire Date</u>	<u>Approximate</u> <u>Amount</u> <u>Wired</u>	<u>Investor(s) /</u> <u>City, State of</u> <u>Residence</u>	<u>Sending Financial</u> <u>Institution / City, State</u> <u>(Receiving Financial</u> <u>Institution / Last 4</u> <u>Digits of Account</u> <u>Numbers)</u>
12	December 23, 2004	\$200,000	 Salt Lake City, UT	Morgan Stanley New York, NY (Compass Bank/7526)

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)


NOT GUILTY

Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY

<u>Count</u>	<u>"On or About"</u> <u>Wire Date</u>	<u>Approximate</u> <u>Amount</u> <u>Wired</u>	<u>Investor(s) /</u> <u>City, State of</u> <u>Residence</u>	<u>Sending Financial</u> <u>Institution / City, State</u> <u>(Receiving Financial</u> <u>Institution / Last 4</u> <u>Digits of Account</u> <u>Numbers)</u>
13	January 7, 2005	\$400,000	 Henderson, NV	Merrill Lynch New York, NY (Compass Bank/7526)

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)


NOT GUILTY

Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY

<u>Count</u>	<u>"On or About" Wire Date</u>	<u>Approximate Amount Wired</u>	<u>Investor(s) / City, State of Residence</u>	<u>Sending Financial Institution / City, State (Receiving Financial Institution / Last 4 Digits of Account Numbers)</u>
14	January 28, 2005	\$50,000	 West Lynn, OR	Compass Bank/7518 San Francisco, CA (Wells Fargo/5155)

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)


NOT GUILTY

Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY

<u>Count</u>	<u>"On or About"</u> <u>Wire Date</u>	<u>Approximate</u> <u>Amount</u> <u>Wired</u>	<u>Investor(s) /</u> <u>City, State of</u> <u>Residence</u>	<u>Sending Financial</u> <u>Institution / City, State</u> <u>(Receiving Financial</u> <u>Institution / Last 4</u> <u>Digits of Account</u> <u>Numbers)</u>
15	January 31, 2005	\$570,000	 Seattle, WA	Compass Bank/7518 Shoreline, WA (Shoreline Bank/1040)

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)

NOT GUILTY

Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY



<u>Count</u>	<u>"On or About"</u> <u>Wire Date</u>	<u>Approximate</u> <u>Amount</u> <u>Wired</u>	<u>Investor(s) /</u> <u>City, State of</u> <u>Residence</u>	<u>Sending Financial</u> <u>Institution / City, State</u> <u>(Receiving Financial</u> <u>Institution / Last 4</u> <u>Digits of Account</u> <u>Numbers)</u>
16	March 11, 2005	\$150,000	[REDACTED] Las Vegas, NV	Merrill Lynch New York, NY (Compass Bank/7518)

\* \* \*

Defendant Guy Williams

GUILTY

NOT GUILTY

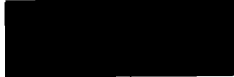
(circle one)

Defendant Brent Williams

GUILTY

NOT GUILTY

(circle one)

<u>Count</u>	<u>"On or About"</u> <u>Wire Date</u>	<u>Approximate</u> <u>Amount</u> <u>Wired</u>	<u>Investor(s) /</u> <u>City, State of</u> <u>Residence</u>	<u>Sending Financial</u> <u>Institution / City, State</u> <u>(Receiving Financial</u> <u>Institution / Last 4</u> <u>Digits of Account</u> <u>Numbers)</u>
17	March 11, 2005	\$250,000	 Henderson, NV	Merrill Lynch New York, NY (Compass Bank/7526)

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)


NOT GUILTY

Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY

<u>Count</u>	<u>"On or About"</u> <u>Wire Date</u>	<u>Approximate</u> <u>Amount</u> <u>Wired</u>	<u>Investor(s) /</u> <u>City, State of</u> <u>Residence</u>	<u>Sending Financial</u> <u>Institution / City, State</u> <u>(Receiving Financial</u> <u>Institution / Last 4</u> <u>Digits of Account</u> <u>Numbers)</u>
18	April 1, 2005	\$100,000	 Las Vegas, NV	Compass Bank/7518 New York, NY (Bank of America/6986)

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)

NOT GUILTY

Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY

**COUNTS 19-40**  
(Transactional Money Laundering)

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
19	December 13, 2004 (Northern Trust / 8401) [Check # 10634]	\$19,299.40 [REDACTED]	Victim Investor Funds	Payment to Investors

\* \* \*

Defendant Guy Williams

GUILTY NOT GUILTY  
(circle one)

Defendant Brent Williams

GUILTY NOT GUILTY  
(circle one)

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
20	December 13, 2004 (Northern Trust / 8401) [Check # 10635]	\$19,299.40 [REDACTED]	Victim Investor Funds	Payment to Investors

\* \* \*

Defendant Guy Williams

GUILTY NOT GUILTY  
(circle one)

Defendant Brent Williams

GUILTY NOT GUILTY  
(circle one)

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
21	December 15, 2004 (Northern Trust / 8401) [Check # 10639]	\$38,598.81 [REDACTED]	Victim Investor Funds	Payment to Investors

\* \* \*

Defendant Guy Williams

GUILTY NOT GUILTY  
(circle one)

Defendant Brent Williams

GUILTY NOT GUILTY  
(circle one)

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
22	December 16, 2004 (Northern Trust / 8401) [Check # 10636]	\$38,598.81 [REDACTED]	Victim Investor Funds	Payment to Investors


\* \* \*

Defendant Guy Williams

GUILTY NOT GUILTY  
(circle one)

Defendant Brent Williams

GUILTY NOT GUILTY  
(circle one)

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
23	December 21, 2004 (Compass Bank / 7518) [Wire Out]	\$20,000 	Victim Investor Funds	Payment to Investors

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)

NOT GUILTY


Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY



<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
24	December 22, 2004 (Compass Bank / 7518) [Wire Out]	\$1,557,063.38 	Victim Investor Funds	Business Operations

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)

NOT GUILTY

Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
25	December 22, 2004 (Compass Bank / 7518) [Wire Out]	\$32,423.30 [REDACTED]	Victim Investor Funds	Payments to Salesmen

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)

NOT GUILTY

Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
26	December 23, 2004 (Northern Trust / 8401) [Wire Out]	\$74,980 [REDACTED]	Victim Investor Funds	Payments to Salesmen

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)


NOT GUILTY

Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
27	December 22, 2004 (Northern Trust / 8401) [Check # 10659]	\$15,000 	Victim Investor Funds	Payments to Salesmen

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)

NOT GUILTY

Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
28	December 22, 2004 (Northern Trust / 8401) [Check # 10664]	\$40,988.67 [REDACTED]	Victim Investor Funds	Payment to Investors


\* \* \*

Defendant Guy Williams

GUILTY (circle one) NOT GUILTY

Defendant Brent Williams

GUILTY (circle one) NOT GUILTY

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
29	December 22, 2004 (Northern Trust / 8401) [Check # 10663]	\$10,247.17 	Victim Investor Funds	Participation Point Payment

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)

NOT GUILTY

Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
30	December 23, 2004 (Northern Trust / 8401) [Wire Out]	\$330,147.16 [REDACTED]	Victim Investor Funds	Payment to Investors

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)

NOT GUILTY

Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
31	December 23, 2004 (Northern Trust / 8401) [Check # 10661]	\$20,494.33 [REDACTED]	Victim Investor Funds	Payment to Investors

\* \* \*

Defendant Guy Williams

GUILTY  
(circle one)

NOT GUILTY

Defendant Brent Williams

GUILTY  
(circle one)

NOT GUILTY



<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
32	December 23, 2004 (Northern Trust / 8401) [Check # 10662]	\$20,494.33 [REDACTED]	Victim Investor Funds	Payment to Investors

\* \* \*

Defendant Guy Williams

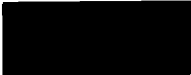
GUILTY  
(circle one)

NOT GUILTY

Defendant Brent Williams

GUILTY  
(circle one)

NOT GUILTY

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
33	January 10, 2005 (Compass Bank / 7518) [Wire Out]	\$250,000 	Victim Investor Funds	Payment to Investors

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)


NOT GUILTY

Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
34	January 14, 2005 (Compass Bank / 7518) [Wire Out]	\$50,000 	Victim Investor Funds	Payment to Investors

\* \* \*

Defendant Guy Williams

GUILTY  
(circle one)

NOT GUILTY

Defendant Brent Williams

GUILTY  
(circle one)

NOT GUILTY

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of Check/Transfer]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
35	February 1, 2005 (Northern Trust / 8401) [Check # 10680]	\$11,172.23 [REDACTED]	Victim Investor Funds	Participation Point Payment

\* \* \*

Defendant Guy Williams

GUILTY      NOT GUILTY  
(circle one)

Defendant Brent Williams

GUILTY      NOT GUILTY  
(circle one)

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
36	February 1, 2005 (Northern Trust / 8401) [Check # 10687]	\$89,377.86 [REDACTED]	Victim Investor Funds	Insider Payment

\* \* \*

Defendant Guy Williams

GUILTY  
(circle one)

NOT GUILTY

Defendant Brent Williams

GUILTY  
(circle one)

NOT GUILTY

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
37	March 11, 2005 (Northern Trust / 8401) [Check # 10709]	\$26,755.75 [REDACTED]	Victim Investor Funds	Payment to Investors

\* \* \*

Defendant Guy Williams

**GUILTY**  
(circle one)

NOT GUILTY

Defendant Brent Williams

**GUILTY**  
(circle one)

NOT GUILTY

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
38	March 11, 2005 (Compass Bank / 7518) [Wire Out]	\$150,000 Mathon Management - Northern Trust / 8401	Victim Investor Funds	Insider Payment

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)

NOT GUILTY

Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
39	March 14, 2005 (Northern Trust / 8401) [Check # 10710]	\$26,755.75 [REDACTED]	Victim Investor Funds	Payment to Investors

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)

NOT GUILTY

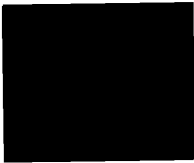
Defendant Brent Williams

GUILTY

(circle one)

NOT GUILTY



<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of <u>Check/Transfer</u> ]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
40	April 4, 2005 (Northern Trust / 8401) [Transfer of Funds]	\$26,755.75 	Victim Investor Funds	Payment to Investors

\* \* \*

Defendant Guy Williams

GUILTY

(circle one)

NOT GUILTY

Defendant Brent Williams

GUILTY


(circle one)

NOT GUILTY

We, the jury, unanimously agree with the above findings as to each count.

I hereby attest and certify on 2-12-15  
that the foregoing document is a full, true and correct  
copy of the original on file in my office and in my cus-  
tody.

CLERK, U.S. DISTRICT COURT  
DISTRICT OF ARIZONA

by  Deputy

I hereby attest and certify on November 3, 2014  
that the foregoing document is a full, true and correct  
copy of the original on file in my office and in my cus-  
tody.

By [Signature] Deputy  
CLERK, U.S. DISTRICT COURT  
DISTRICT OF ARIZONA

**UNITED STATES DISTRICT COURT  
DISTRICT OF ARIZONA**

**United States of America**

v.

**Guy Andrew Williams**

**JUDGMENT IN A CRIMINAL CASE**

(For Offenses Committed on or After November 1, 1987)

**No. CR 09-01492-002-PHX-ROS**

**Stephen M. Dichter and Jeff Hutchins (Retained)**  
Attorney for Defendant

USM#: 81356-208

**THERE WAS A verdict of guilty on 6/28/2013 as to Counts 1, 4-5, 6-18 and 19-40 of the Indictment.**

**ACCORDINGLY, THE COURT HAS ADJUDICATED THAT THE DEFENDANT IS GUILTY OF THE FOLLOWING OFFENSE(S):** violating Title 18, U.S.C. §§1349, 1341, and 1343, Conspiracy to Commit Mail Fraud and/or Wire Fraud, a Class C Felony offense, as charged in Count 1 of the Indictment; Title 18, U.S.C. §1341, Mail Fraud, a Class C Felony offense, as charged in Counts 4-5 of the Indictment; Title 18, U.S.C. §1343, Wire Fraud, a Class C Felony offense, as charged in Counts 6-18 of the Indictment; Title 18, U.S.C. §1957(a), Transactional Money Laundering, a Class C Felony offense, as charged in Counts 19-40 of the Indictment.

**IT IS THE JUDGMENT OF THIS COURT THAT** the defendant is hereby committed to the custody of the Bureau of Prisons for a term of **ONE HUNDRED FIFTY (150) MONTHS**, with credit for time served. This term consists of **ONE HUNDRED FIFTY (150) MONTHS** on Counts 1, 4-5, and 6-18 and **ONE HUNDRED TWENTY (120) MONTHS** on Counts 19-40, all counts to run concurrently. Upon release from imprisonment, the defendant shall be placed on supervised release for a term of **THREE (3) YEARS** on Counts 1, 4-5, 6-18 and 19-40, all counts to run concurrently. The Court recommends that the defendant be placed in an institution near Mesa, Arizona.

**CRIMINAL MONETARY PENALTIES**

The defendant shall pay to the Clerk the following total criminal monetary penalties:

**SPECIAL ASSESSMENT: \$3,800.00    FINE: Waived    RESTITUTION: To be determined**

The defendant shall pay a special assessment of \$3,800.00, which shall be due immediately.

The Court finds the defendant does not have the ability to pay a fine and orders the fine waived.

If incarcerated, payment of criminal monetary penalties are due during imprisonment at a rate of not less than \$25 per quarter and payment shall be made through the Bureau of Prisons' Inmate Financial Responsibility Program. Criminal monetary payments shall be made to the Clerk of U.S. District Court, Attention: Finance, Suite 130, 401 West Washington Street, SPC 1, Phoenix, Arizona 85003-2118. Payments should be credited to the various monetary penalties imposed by the Court in the priority established under 18 U.S.C. § 3612(c). The total special assessment of \$3,800.00 shall be paid pursuant to Title 18, United States Code, Section 3013 for Count 1, 4-5, 6-18 and 19-40 of the Indictment.

CR 09-01492-002-PHX-ROS  
USA vs. Guy Andrew Williams

Page 2 of 4

Any unpaid balance shall become a condition of supervision and shall be paid within 90 days prior to the expiration of supervision. Until all restitutions, fines, special assessments and costs are fully paid, the defendant shall immediately notify the Clerk, U.S. District Court, of any change in name and address. The Court hereby waives the imposition of interest and penalties on any unpaid balances.

### **SUPERVISED RELEASE**

Upon release from imprisonment, the defendant is placed on supervised release for a term of **THREE (3) YEARS** on Counts 1, 4-5, 6-18 and 19-40, all counts to run concurrently.

The defendant shall report to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons.

It is the order of the Court that, pursuant to General Order 12-13, which incorporates the requirements of USSG §§5B1.3 and 5D1.2, you shall comply with the following conditions, of particular importance, you shall not commit another federal, state or local crime during the term of supervision and the defendant shall abstain from the use of illicit substances:

- 1) You shall not commit another federal, state, or local crime during the term of supervision.
- 2) You shall not leave the judicial district or other specified geographic area without the permission of the Court or probation officer.
- 3) The defendant shall report to the probation officer in a manner and frequency directed by the court or probation officer.
- 4) You shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer.
- 5) You shall support your dependents and meet other family responsibilities.
- 6) You shall work regularly at a lawful occupation unless excused by the probation officer for schooling, training, or other acceptable reasons.
- 7) You shall notify the probation officer at least ten days prior to any change of residence or employment.
- 8) You shall refrain from excessive use of alcohol and are subject to being prohibited from the use of alcohol if ordered by the Court in a special condition of supervision.
- 9) You shall not purchase, possess, use, distribute or administer any narcotic or other controlled substance as defined in section 102 of the Controlled Substances Act (21 U.S.C. § 801) or any paraphernalia related to such substances, without a prescription by a licensed medical practitioner. The use or possession of medicinal marijuana, even with a physician's written certification, is not permitted. Possession of controlled substances will result in mandatory revocation of your term of supervision.
- 10) You shall not frequent places where controlled substances are illegally sold, used, distributed or administered, or other places specified by the Court.
- 11) You shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer.
- 12) You shall permit a probation officer to visit at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view by the probation officer.
- 13) You shall immediately notify the probation officer (within forty-eight (48) hours if during a weekend or on a holiday) of being arrested or questioned by a law enforcement officer.
- 14) You shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the Court.
- 15) As directed by the probation officer, you shall notify third parties of risks that may be occasioned by your criminal record or personal history or characteristics, and shall permit the probation officer to make such notification and to confirm your compliance with such notification requirement.
- 16) If you have ever been convicted of a felony, you shall refrain from possessing a firearm, ammunition, destructive device, or other dangerous weapon. If you have ever been convicted of a misdemeanor involving domestic violence, you shall refrain from possession of any firearm or ammunition. Possession of a firearm will result in mandatory revocation of your term of supervision. This prohibition does not apply to misdemeanor cases that did not entail domestic

- violence, unless a special condition is imposed by the Court.
- 17) Unless suspended by the Court, you shall submit to one substance abuse test within the first 15 days of supervision and thereafter at least two, but no more than two periodic substance abuse tests per year of supervision, pursuant to 18 U.S.C. §§ 3563(a)(5) and 3583(d);
  - 18) If supervision follows a term of imprisonment, you shall report in person to the Probation Office in the district to which you are released within seventy-two (72) hours of release.
  - 19) You shall pay any monetary penalties as ordered by the Court. You will notify the probation officer of any material change in your economic circumstances that might affect your ability to pay restitution, fines, or special assessments.
  - 20) If you have ever been convicted of any qualifying federal or military offense (including any federal felony) listed under 42 U.S.C. § 14135a(d)(1) or 10 U.S.C. § 1565(d), you shall cooperate in the collection of DNA as directed by the probation officer pursuant to 42 U.S.C. § 14135a(a)(2).

The following special conditions are in addition to the conditions of supervised release or supersede any related standard condition:

1. Defendant is prohibited from making major purchases, incurring new financial obligations, or entering into any financial contracts without prior approval of the probation office.
2. Defendant shall provide all financial documentation requested by the probation office.
3. Defendant shall apply all monies received from income tax refunds, lottery winnings, judgments, and/or any other anticipated or unexpected financial gains to the outstanding court-ordered financial obligation.
4. Defendant shall cooperate with the Internal Revenue Service and pay all tax liabilities. Defendant shall file timely, accurate and lawful income tax returns and provide proof to the probation office.
5. Defendant is prohibited from being employed in, or operating, a business where he is responsible for handling or investing others' money without the express written permission of the probation office.
6. Defendant is prohibited from contacting any of the victim investors in this case. The probation office will verify compliance.

**THE DEFENDANT IS ADVISED OF DEFENDANT'S RIGHT TO APPEAL BY FILING A NOTICE OF APPEAL IN WRITING WITHIN 14 DAYS OF ENTRY OF JUDGMENT.**


The Court may change the conditions of probation or supervised release or extend the term of supervision, if less than the authorized maximum, at any time during the period of probation or supervised release. The Court may issue a warrant and revoke the original or any subsequent sentence for a violation occurring during the period of probation or supervised release.

The Court orders commitment to the custody of the Bureau of Prisons and recommends that the defendant be placed in an institution near Mesa, Arizona

The defendant shall self-surrender for service of sentence at the institution designated by the Bureau of Prisons or United States Marshal by 12:00 p.m. on 12/30/2013.

CR 09-01492-002-PHX-ROS  
USA vs. Guy Andrew Williams

Date of Imposition of Sentence: **Monday, September 30, 2013**

 Date 9/30/13  
\_\_\_\_\_  
JACK ZOUHARY, United States District Judge

RETURN

I have executed this Judgment as follows: \_\_\_\_\_

Defendant delivered on \_\_\_\_\_ to \_\_\_\_\_ at \_\_\_\_\_, the institution designated by the Bureau of Prisons, with a certified copy of this judgment in a Criminal case.

\_\_\_\_\_  
United States Marshal

By: \_\_\_\_\_  
Deputy Marshal

Manufactured by  
JULIUS BLUMBERG, INC.  
NYC 10003

**UNITED STATES DISTRICT COURT  
DISTRICT OF ARIZONA**

**United States of America**

**v.**

**Guy Andrew Williams**

**AMENDED(to reflect the restitution amount as  
ordered by the Court on December 30, 2013)**

**JUDGMENT IN A CRIMINAL CASE**

(For Offenses Committed on or After November 1, 1987)

**No. CR 09-01492-002-PHX-ROS**

**Stephen M. Dichter and Jeff Hutchins (Retained)**  
Attorney for Defendant

USM#: 81356-208

**THERE WAS A** verdict of guilty on 6/28/2013 as to Counts 1, 4-5, 6-18 and 19-40 of the Indictment.

**ACCORDINGLY, THE COURT HAS ADJUDICATED THAT THE DEFENDANT IS GUILTY OF THE FOLLOWING OFFENSE(S):** violating Title 18, U.S.C. §§1349, 1341, and 1343, Conspiracy to Commit Mail Fraud and/or Wire Fraud, a Class C Felony offense, as charged in Count 1 of the Indictment; Title 18, U.S.C. §1341, Mail Fraud, a Class C Felony offense, as charged in Counts 4-5 of the Indictment; Title 18, U.S.C. §1343, Wire Fraud, a Class C Felony offense, as charged in Counts 6-18 of the Indictment; Title 18, U.S.C. §1957(a), Transactional Money Laundering, a Class C Felony offense, as charged in Counts 19-40 of the Indictment.

**IT IS THE JUDGMENT OF THIS COURT THAT** the defendant is hereby committed to the custody of the Bureau of Prisons for a term of **ONE HUNDRED FIFTY (150) MONTHS**, with credit for time served. This term consists of **ONE HUNDRED FIFTY (150) MONTHS** on Counts 1, 4-5, and 6-18 and **ONE HUNDRED TWENTY (120) MONTHS** on Counts 19-40, all counts to run concurrently. Upon release from imprisonment, the defendant shall be placed on supervised release for a term of **THREE (3) YEARS** on Counts 1, 4-5, 6-18 and 19-40, all counts to run concurrently. The Court recommends that the defendant be placed in an institution near Mesa, Arizona.

**CRIMINAL MONETARY PENALTIES**

The defendant shall pay to the Clerk the following total criminal monetary penalties:

**SPECIAL ASSESSMENT:** \$3,800.00      **FINE:** Waived      **RESTITUTION:** \$32,965,166.43

The defendant shall pay a special assessment of \$3,800.00, which shall be due immediately.

The Court finds the defendant does not have the ability to pay a fine and orders the fine waived.

The defendant shall pay restitution to the following victim(s) in the following amount(s):

\$32,965,166.43 to victims identified in sealed Exhibit A attached to this judgment, to be jointly and severally with co-defendants in this case until full restitution amount is paid.



CR 09-01492-002-PHX-ROS  
USA vs. Guy Andrew Williams

Page 2 of 4

The defendant shall pay a total of \$ 32,968,966.43 in criminal monetary penalties, due immediately. Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties are due as follows: Balance is due in equal monthly installments of \$ 500.00 over a period of 34 months to commence 60 days after the release from imprisonment to a term of supervised release.

If incarcerated, payment of criminal monetary penalties are due during imprisonment at a rate of not less than \$25 per quarter and payment shall be made through the Bureau of Prisons' Inmate Financial Responsibility Program. Criminal monetary payments shall be made to the Clerk of U.S. District Court, Attention: Finance, Suite 130, 401 West Washington Street, SPC 1, Phoenix, Arizona 85003-2118. Payments should be credited to the various monetary penalties imposed by the Court in the priority established under 18 U.S.C. § 3612(c). The total special assessment of \$3,800.00 shall be paid pursuant to Title 18, United States Code, Section 3013 for Count 1, 4-5, 6-18 and 19-40 of the Indictment.

Any unpaid balance shall become a condition of supervision and shall be paid within 90 days prior to the expiration of supervision. Until all restitutions, fines, special assessments and costs are fully paid, the defendant shall immediately notify the Clerk, U.S. District Court, of any change in name and address. The Court hereby waives the imposition of interest and penalties on any unpaid balances.

### **SUPERVISED RELEASE**

Upon release from imprisonment, the defendant is placed on supervised release for a term of **THREE (3) YEARS** on Counts 1, 4-5, 6-18 and 19-40, all counts to run concurrently.

The defendant shall report to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons.

It is the order of the Court that, pursuant to General Order 12-13, which incorporates the requirements of USSG §§5B1.3 and 5D1.2, you shall comply with the following conditions, of particular importance, you shall not commit another federal, state or local crime during the term of supervision and the defendant shall abstain from the use of illicit substances:

- 1) You shall not commit another federal, state, or local crime during the term of supervision.
- 2) You shall not leave the judicial district or other specified geographic area without the permission of the Court or probation officer.
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- 4) You shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer.
- 5) You shall support your dependents and meet other family responsibilities.
- 6) You shall work regularly at a lawful occupation unless excused by the probation officer for schooling, training, or other acceptable reasons.
- 7) You shall notify the probation officer at least ten days prior to any change of residence or employment.
- 8) You shall refrain from excessive use of alcohol and are subject to being prohibited from the use of alcohol if ordered by the Court in a special condition of supervision.
- 9) You shall not purchase, possess, use, distribute or administer any narcotic or other controlled substance as defined in section 102 of the Controlled Substances Act (21 U.S.C. § 801) or any paraphernalia related to such substances, without a prescription by a licensed medical practitioner. The use or possession of medicinal marijuana, even with a physician's written certification, is not permitted. Possession of controlled substances will result in mandatory revocation of your term of supervision.
- 10) You shall not frequent places where controlled substances are illegally sold, used, distributed or administered, or other places specified by the Court.
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- weekend or on a holiday) of being arrested or questioned by a law enforcement officer.
- 14) You shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the Court.
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  - 18) If supervision follows a term of imprisonment, you shall report in person to the Probation Office in the district to which you are released within seventy-two (72) hours of release.
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The following special conditions are in addition to the conditions of supervised release or supersede any related standard condition:

1. Defendant is prohibited from making major purchases, incurring new financial obligations, or entering into any financial contracts without prior approval of the probation office.
2. Defendant shall provide all financial documentation requested by the probation office.
3. Defendant shall apply all monies received from income tax refunds, lottery winnings, judgments, and/or any other anticipated or unexpected financial gains to the outstanding court-ordered financial obligation.
4. Defendant shall cooperate with the Internal Revenue Service and pay all tax liabilities. Defendant shall file timely, accurate and lawful income tax returns and provide proof to the probation office.
5. Defendant is prohibited from being employed in, or operating, a business where he is responsible for handling or investing others' money without the express written permission of the probation office.
6. Defendant is prohibited from contacting any of the victim investors in this case. The probation office will verify compliance.

**THE DEFENDANT IS ADVISED OF DEFENDANT'S RIGHT TO APPEAL BY FILING A NOTICE OF APPEAL IN WRITING WITHIN 14 DAYS OF ENTRY OF JUDGMENT.**

The Court may change the conditions of probation or supervised release or extend the term of

CR 09-01492-002-PHX-ROS  
USA vs. Guy Andrew Williams

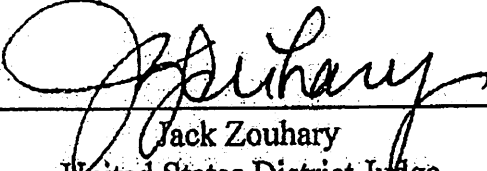
supervision, if less than the authorized maximum, at any time during the period of probation or supervised release. The Court may issue a warrant and revoke the original or any subsequent sentence for a violation occurring during the period of probation or supervised release.

The Court orders commitment to the custody of the Bureau of Prisons and recommends that the defendant be placed in an institution near Mesa, Arizona

The defendant shall self-surrender for service of sentence at the institution designated by the Bureau of Prisons or United States Marshal by 12:00 p.m. on 12/30/2013.

Date of Imposition of Sentence: **Monday, September 30, 2013**  
Judgment Amended on: **Thursday, January 9, 2013**

DATED this 9<sup>th</sup> day of January, 2014.

  
\_\_\_\_\_  
Jack Zouhary  
United States District Judge

**RETURN**

I have executed this Judgment as follows: \_\_\_\_\_

Defendant delivered on \_\_\_\_\_ to \_\_\_\_\_ at \_\_\_\_\_, the institution designated by the Bureau of Prisons, with a certified copy of this judgment in a Criminal case.

\_\_\_\_\_  
United States Marshal

By: \_\_\_\_\_  
Deputy Marshal

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA

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United States of America,	)	
	)	No. CR-09-1492-PHX-ROS
Plaintiff,	)	
	)	
vs.	)	Phoenix, Arizona
	)	September 30, 2013
Guy Andrew Williams,	)	8:33 a.m.
	)	
Defendant.	)	

---

BEFORE: THE HONORABLE JACK ZOUHARY, JUDGE

REPORTER'S TRANSCRIPT OF PROCEEDINGS

SENTENCING

Official Court Reporter:  
Candy L. Potter, RMR, CRR  
Sandra Day O'Connor U.S. Courthouse, Suite 312  
401 West Washington Street, Spc 36  
Phoenix, Arizona 85003-2151  
(602) 322-7246

Proceedings Reported by Stenographic Court Reporter  
Transcript Prepared by Computer-Aided Transcription

CR-09-1492-PHX-ROS - September 30, 2013

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A P P E A R A N C E S

For the Plaintiff:

U.S. Attorney's Office  
By: **Dominic William Lanza, Esq.**  
**Kevin M. Rapp, Esq.**  
**Peter S. Sexton, Esq.**  
40 North Central Avenue, Suite 1200  
Phoenix, Arizona 85004

For Defendant Duane Slade:

Kimerer & Derrick  
By: **Michael D. Kimerer, Esq.**  
1313 East Osborn Road, Suite 100  
Phoenix, Arizona 85014

For Defendant Guy Williams:

Harper Christian Dichter & Sluga  
By: **Stephen M. Dichter, Esq.**  
**Jeffrey Hutchins, Esq.**  
2700 North Central Avenue, Suite 1200  
Phoenix, Arizona 85004

For Defendant Brent Williams:

Alan M. Simpson PC  
By: **Alan M. Simpson, Esq.**  
**Sean Robert Forrester, Esq.**  
P.O. Box 1976  
Carefree, Arizona 85377

CR-09-1492-PHX-ROS - September 30, 2013

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I N D E X

<u>WITNESS:</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
JAMES SELL				
By the Court	5			
By Mr. Dichter		15		
By Mr. Simpson		26		

CR-09-1492-PHX-ROS - September 30, 2013

1 (Proceedings begin at 8:33 a.m.)

2 THE CLERK: This is case number CR-09-1492 and case  
3 number CR-13-460, United States of America versus Duane Hamblin  
4 Slade, on for sentencing.

5 MR. RAPP: Good morning, Kevin Rapp, Dominic Lanza, 08:33:32  
6 and Pete Sexton on behalf of the United States as to all cases.

7 MR. KIMERER: Good morning, Michael Kimerer on behalf  
8 of Mr. Slade, who is in custody and present.

9 MR. DICHTER: Good morning, Your Honor, Steven Dichter  
10 on behalf of Guy Williams, who is present out of custody. 08:33:51

11 MR. SIMPSON: And good morning, Alan Simpson and Sean  
12 Forrester with Brent Williams.

13 MR. SELL: And I'm James Sell, Your Honor.

14 THE COURT: And you're ready to go, I can tell.  
15 Good morning everyone. 08:34:04

16 We're here this morning for sentencing four  
17 individuals. And I had a brief conversation with counsel  
18 before taking the bench.

19 Mr. Sells is present in the courtroom at my request,  
20 and with agreement of counsel, I'm going to question Mr. Sells 08:34:19  
21 a bit about his work on this case, and allow counsel then some  
22 follow-up questions if they wish.

23 As my order indicated, the focus of this questioning  
24 is with respect to an exhibit that I understand Mr. Sells  
25 either prepared or was prepared at his direction. 08:34:37

James Sell - Direct Examination

1 If you would take the stand over here, our deputy  
2 clerk will swear you in.

3 (JAMES SELL DULY SWORN)

4 DIRECT EXAMINATION

5 BY THE COURT:

6 Q. Your name for the record, please.

7 A. My name is James, middle initial C., last name Sell,  
8 S-E-L-L.

9 Q. If you would turn the top of the microphone towards you, it  
10 will pick you up better.

08:35:26

11 Do you have in front of you a document which is  
12 captioned Mathon Partnership Trust Net Investment, June 30,  
13 2013?

14 A. Yes, that's correct.

15 Q. Consists of eight pages?

08:35:40

16 A. Pardon me?

17 Q. Consists of eight pages?

18 A. Yes.

19 Q. Are you familiar with this document?

20 A. Yes, I am.

08:35:47

21 Q. How so? Tell me.

22 A. This document was prepared by my office at my direction. I  
23 was intimately involved in the calculations that were made to  
24 prepare this schedule.

25 Q. And the purpose of preparing this schedule was what?

08:36:01



James Sell - Direct Examination

1 A. The purpose of the preparation of this schedule was to  
2 determine what the net investment was by the investor into the  
3 Mathon -- various Mathon funds.

4 Q. And as I understand it you served as the conservator during  
5 what I'll call a related proceeding to this case?

08:36:20

6 A. Yes, Your Honor.

7 Q. If would you next, walk me through each column. They're  
8 captioned across the top of each page, left to right, and tell  
9 me what each column is meant to convey.

10 A. Okay. The first three columns refer to the actual  
11 investors. A number of the investors invested through  
12 entities, so we put both the name of the entity and the  
13 individual's name that was in control of that entity.

08:36:37

14 Q. The next column, which is Total Cash Invested.

15 A. Yes. That is what we determined was the total amount of  
16 cash that was invested by the investors.

08:36:59

17 Q. The next column, Original Net Investment, with a date of  
18 4-5-2005.

19 A. Yes. That was essentially the date that I started, when I  
20 was appointed conservator.

08:37:21

21 Q. Next column, Excluded Insiders and Net Winners. What does  
22 that mean?

23 A. That means principally the defendants and some of the  
24 salespeople that were also listed as investors.

25 Q. Tell me again, what does that mean, net winners?

08:37:43

James Sell - Direct Examination

1 A. Net winners is the amount of cash that the investors put  
2 in, minus any distributions they had received up to that point.

3 Q. And the next column, which has the caption Net Investment,  
4 and the date of 4-5-2005.

5 A. The 4-5-2005, that was the net investment. We took gross  
6 investment, and then there were a number of investments that  
7 were rolled over, but there was no new cash that was invested.

08:38:10

8 And what the goal was was to take the actual amount of cash  
9 that each investor put in, deduct any amount of cash that they  
10 had received, and then the extra one where we excluded what we  
11 believed were insiders.

08:38:33

12 Q. This number is often the same as the column two over to the  
13 left, yes?

14 A. Yes, in a number of instances it is. And that would  
15 represent -- where the numbers are the same, that would  
16 represent investors that put cash in but never received any  
17 back.

08:38:53

18 Q. So what you're doing in column -- column 5, you're taking  
19 column 5, you're subtracting column 6, and that comes up with  
20 column 7?

08:39:17

21 A. Correct.

22 Q. Distributions.

23 A. Distributions would be cash distributions that I had made  
24 back to the investors through that point.

25 Q. Through what point?

08:39:34

James Sell - Direct Examination

1 A. June 30th, 2013.

2 Q. Transfers and Adjustments.

3 A. When we went through the original proof of payment, there  
4 were several investors that disputed the amount that were

5 listed, and we went through and analyzed all of the

08:39:50

6 transactions. And part of the problem was, some of the

7 investors had paid cash and it was not recorded on the books.

8 And so we went through an extensive proof of claim process to

9 work out all of those adjustments. Some of the investors had

10 claimed some of their investments that were outside of the

08:40:15

11 Mathon entities.

12 Q. So you made corrections to the record, so to speak, when

13 there was cash involved to determine the accuracy of that cash

14 investment?

15 A. Yes. And that's the hardest thing to analyze, is where

08:40:32

16 someone made a cash investment. Because once it gets into a

17 bank account somewhere, it becomes generic.

18 Q. Hard to trace.

19 A. It's very hard to trace. And it's very hard to prove that

20 somebody actually made a cash payment.

08:40:51

21 Q. Did you utilize the records of Mathon in conjunction with  
22 the investor's claim to try and reconcile?

23 A. Yes, we relied extensively on the records, some of which

24 included going beyond the actual records of Mathon, going into

25 detailed analysis of bank accounts.

08:41:12

James Sell - Direct Examination

1 Q. Next column, Settlements and Forfeitures.

2 A. There were a number of individual salesmen and people that  
3 were putting together their own investments group -- investment  
4 groups. And rather than them litigate against me for recovery  
5 of moneys, we entered into settlements where they forfeited 08:41:39  
6 their investments. And in many cases that does represent cash  
7 that they actually put in, but as part of their settlement with  
8 the conservator they agreed to forfeit that investment.

9 Q. And so if we go down to the bottom of the first page next  
10 to Barnes Investments, on this column that we're talking about 08:42:03  
11 I see the number \$171,064.99. Tell me how that relates to the  
12 preceding columns for that particular investment.

13 A. Particularly what we would -- and I believe you're talking  
14 about the Beames Investment.

15 Q. Yes, I'm sorry. I said "Barnes" and it's "Beames." 08:42:24

16 A. Beams, which was Hal Beames, put together a couple groups  
17 that included friends, relatives, associates. The amount that  
18 was forfeited was his investment, not what we perceived were  
19 the innocent victims in the Mathon investment.

20 Q. And the next column then, the Net Investment 6-30-13. It's 08:42:48  
21 the last column.

22 A. On the last page?

23 Q. On the first page. The columns are the same for every  
24 page, I'm just trying to get through the headings and what they  
25 mean, and then we'll turn to the last page. 08:43:06

James Sell - Direct Examination

1 A. Yes.

2 Q. And that last column?

3 A. That is the net investment after all adjustments.

4 Q. And so let's go to the last page.

5 A. And --

08:43:21

6 Q. Go ahead.

7 A. Before we get to that I would point out one thing. In the  
8 example of Hal Beames, he forfeited his personal investment.

9 The individual investors in his groups got credit for the  
10 amount of cash that they had put in, and then they received  
11 distributions, whereas Hal Beames received no distributions.

08:43:35

12 Q. Got it.

13 Then on the last page, if you go to the last column,  
14 the total line reads \$47,748,447.31. What does that number  
15 represent?

08:43:59

16 A. That represents the net of all of the investors after  
17 distributions and adjustments. There was -- I believe there  
18 was only one adjustment that was made to those numbers, and  
19 that was done after June 30th, 2013. And that was a  
20 longstanding dispute over the amount of actual investment. So  
21 this number actually goes up a little bit. And I don't recall  
22 the exact amount of the adjustment, but it was in the range of  
23 3 to \$500,000.

08:44:31

24 Q. And now work me back to the left. What column am I adding  
25 and subtracting to get to the \$47 million number?

08:44:58

## James Sell - Direct Examination

1 A. What you're doing is, after we determined the net  
2 investment for 4-5-05, that is where the distributions,  
3 transfers and adjustments, and settlement forfeitures come in  
4 to come up with the net investment.

5 Q. That's a \$77 million number?

08:45:29

6 A. Yes, that's correct.

7 Q. And so you take that, and then you subtract the next three  
8 columns to come up with the \$47 million number?

9 A. Correct.

10 Q. Go one to the left of the \$77 million number. That's a  
11 \$10 million number that is under the heading, Excluded Insiders  
12 and Net Winners. And you've added that to the original net  
13 investment number of 67 million.

08:45:43

14 A. That's correct.

15 Q. And you added that because?

08:46:00

16 A. Primarily because of the net winners. I mean, if you're  
17 just looking at the raw numbers, you have pluses and minuses.  
18 And when you pull out the net winners, the actual amount of  
19 investors' cash that was lost is represented by that number.

20 There actually were some investors early on that  
21 received their cash back plus a premium.

08:46:21

22 Q. And so are you adding in this column the cash they got back  
23 or only the premium?

24 A. The premium.

25 Q. Is it your belief that this last column, the \$47 million

08:46:38

James Sell - Direct Examination

1 number, represents the losses that investors suffered as a  
2 result of this Mathon Fund and funds?

3 A. Yes. Except for what I had mentioned was a final  
4 adjustment to it that --

5 Q. That takes it up a tick?

08:47:07

6 A. Yes.

7 Q. Is your work completed now as conservator, or almost  
8 completed?

9 A. I still have one property left to dispose of, and that's in  
10 Connecticut. Everything else has been finished. We just -- in  
11 fact, the draft of the settlement agreement in our lawsuit  
12 against the attorneys is just being finalized now.

08:47:19

13 Q. Do you expect any more assets or collateral to come in,  
14 other than the Connecticut property?

15 A. Yes. I expect that net of everything should  
16 be -- distributable to investors will in the range of 4 to  
17 \$6 million.

08:47:42

18 Q. Additional money?

19 A. Yes. The Connecticut property is quite valuable. Hard to  
20 sell, but quite valuable.

08:48:01

21 Q. When do you expect that to wrap up, or do you have a time  
22 table?

23 A. I've been expecting it for the last five years, Your Honor.  
24 I have just put together, not quite completed, but a new  
25 marketing package for the Connecticut property that I'm going

08:48:17

James Sell - Direct Examination

1 to be sending out to brokers to attempt to once more get this  
2 property sold. We have had it in escrow at least three times  
3 and none of them worked out.

4 Q. How about your fees or other related expenses for your work  
5 as conservator, how does that fit into this chart? 08:48:37

6 A. The -- those moneys came out of what was recovered. And  
7 these are net of all the fees and that. When I gave you the  
8 estimate of what would be distributed, that's net of any  
9 remaining fees that are owed to myself or the attorneys.

10 Q. In some of the filings in this case -- and I think this is 08:49:01  
11 my last question -- there was some comment that when your work  
12 started there was anticipated a higher dollar amount of  
13 collateral or other moneys that could be used to satisfy  
14 investors.

15 Can you comment on why the ultimate result was less 08:49:20  
16 than expected, I guess is a phrase I'll use?

17 A. The reason for that is the cost of litigation, the  
18 cost -- the number of documents that exist, the need that there  
19 was to establish a database to be able to pursue the  
20 litigation. Plus the assets, there wasn't any asset remaining 08:49:49  
21 that I can recall in Mathon that didn't have some flaw on the  
22 title or some other problem that existed with the property.  
23 That took an extensive amount of time to resolve.

24 There was one asset that we actually got a lot more  
25 for than I think was realistically anticipated by anyone. We 08:50:15



James Sell - Direct Examination

1 could have ended up with a zero on that property, and that was  
2 the Las Vegas property, because we were in a minority position,  
3 and we could have been forced out by a capital call. And we  
4 ended up getting \$10 million for that asset.

5 THE COURT: Those are all the questions I have. If  
6 counsel wish to question, they may.

08:50:38

7 Start with the Government.

8 MR. LANZA: Your Honor, we don't have any questions  
9 based on Mr. Sell's testimony this morning. Maybe this is  
10 something we can take up after, but I think for purposes of the  
11 bottom-line restitution figure, we'd agree that if the Court --  
12 the Court should impose an order that says restitution is  
13 47.7 million, minus whatever future money is gained by Mr. Sell  
14 and distributed to investors.

08:50:49

15 THE COURT: I'm not sure I can do that. I think I  
16 have to come up with a specific number. Now I can -- I'm happy  
17 to couch it that way.

08:51:09

18 But I think we should also talk about whether we want  
19 to wait 90 days to enter a final restitution order, which I  
20 think under rule we have the option of doing.

08:51:25

21 MR. LANZA: I guess maybe, Mr. Sell, do you think that  
22 within 90 days you'll have sold Connecticut and distributed it?

23 THE WITNESS: No.

24 THE COURT: That's sort of what I was asking him, and  
25 he really can't say, he has no clue.

08:51:40

James Sell - Cross-Examination

1 MR. LANZA: I'm happy to defer it 90 days under the  
2 circumstances.

3 THE COURT: I'd suggest we all caucus and figure out  
4 what you'd like me to do. I'm happy to do a number today if  
5 you want, or I'm happy to wait 90 days to see if something at  
6 that end that gives further clarity.

08:51:51

7 Defense counsel, anyone with questions?

8 MR. KIMERER: I have no questions, Your Honor.

9 MR. DICHTER: I have some, if I may.

10 CROSS-EXAMINATION

11 BY MR. DICHTER:

12 Q. Mr. Sell, so I can understand the Exhibit A or 1.

13 Your Honor, is it 1 or A? Did you mark it? The  
14 chart?

15 So the distributions on page 8 are 28.2 million; is  
16 that right?

08:52:17

17 A. Yes, that's correct.

18 Q. Okay. So above that -- and I think I heard you say that  
19 that's net of fees and costs of collection and all of that?

20 A. That's correct.

08:52:40

21 Q. And net of your fees and so on?

22 A. That's been paid to date. There's still some outstanding  
23 fees.

24 Q. How many -- how much in fees to everybody, above the  
25 \$28.2 million, have been paid?

08:52:54

James Sell - Cross-Examination

1 A. Without looking at my records, I don't know.

2 Q. 14 million approximately; is that right?

3 A. It could have been that high. That sounds high, but it  
4 could have been as much as that.

5 Q. All right. What number are you actually comfortable with  
6 that wouldn't be too high? How about 12 million?

08:53:10

7 A. I don't know that I'm comfortable with any number over  
8 about \$5 million, unless I look at the records.

9 Q. You're not sure between 5 million and 14 million?

10 A. Not without looking at the records.

08:53:27

11 Q. What would you need to look at?

12 A. I would need to basically look at the general ledger, which  
13 would detail what each law firm was paid.

14 Q. So the -- all of the recovery -- let me go at it this way:  
15 The gross -- the distributables to the victims, plus all of the  
16 fees, did they come from the disposal of Mathon assets?

08:53:43

17 A. That and the recovery from settlements, which were either  
18 negotiated settlements or the results of lawsuits.

19 Q. All right. I want to start with the Mathon assets. Now  
20 let's separate them from the settlements and so on. In other  
21 words, you brought a number of third-party lawsuits, yes?

08:54:12

22 A. That's correct.

23 Q. Some of which were successful and some of which to date  
24 have not been so successful?

25 A. That's correct.

08:54:26

James Sell - Cross-Examination

1 Q. Like the Lewis and Roca lawsuit was not successful, at  
2 least until this time?

3 A. That is what's in settlement right now. There's an  
4 agreement on it, but it's not been finalized.

5 Q. All right. And I take it that you're not inclined in this  
6 public setting to disclose the settlement amount?

08:54:37

7 A. That's correct.

8 Q. Because it hasn't been finalized yet?

9 A. That's correct. And also there's a nondisclosure clause in  
10 the settlement.

08:54:52

11 Q. Well, okay. The nondisclosure part wouldn't count in this  
12 court, you understand, if it were subpoenaed here.

13 Is it a number -- are you comfortable with saying that  
14 it's -- is it a seven-figure number?

15 A. Yes.

08:55:10

16 Q. Okay. Now, have there -- I want to separate out the  
17 settlements -- well, you've already said that you anticipated  
18 that remaining resolutions of issues, I think -- what was the  
19 number you used, between 3 and \$5 million? I didn't hear it,  
20 so I'm not sure.

08:55:30

21 A. I believe I said approximately \$5 million, or 4 to  
22 \$5 million that would be distributable to the investors.

23 Q. So that means the gross number would be -- well, let's  
24 break it down. There are two components of that, the potential  
25 Lewis and Roca settlement and the sale of the Connecticut

08:55:48

## James Sell - Cross-Examination

1 property?

2 A. No, I was just talking about the Connecticut property.

3 There will be a distribution out of the Lewis and Roca  
4 settlement, and there will be a distribution when Connecticut  
5 is actually sold.

08:56:03

6 Q. Right. So you believe Connecticut will sell for  
7 approximately \$5 million?

8 A. In a range of 4 to \$6 million.

9 Q. All right. And will there be fees that have to come out of  
10 that, like brokerage fees, I assume?

08:56:18

11 A. Yes.

12 Q. Has the Connecticut sale been accompanied by litigation, or  
13 is that just, you have to -- you foreclosed on the property and  
14 need to sell the property?

15 A. I think my answer would be none of the above.

08:56:28

16 Q. All right. So 4 to \$6 million for Connecticut.

17 And Lewis and Roca, a seven figure but not disclosable  
18 here number, would be in addition to the 4 to \$6 million for  
19 Connecticut?

20 A. Yes.

08:56:44

21 Q. All right. Out of the Lewis and Roca settlement, is there  
22 a law firm to pay a contingency fee?

23 A. Yes.

24 Q. All right. Who's the law firm that's representing you  
25 there?

08:56:54

James Sell - Cross-Examination

1 A. Sherman Howard.

2 Q. Here in the Phoenix office?

3 A. Correct.

4 Q. Is that a third or 40 percent or less?

5 A. It's a little less than -- I believe it's 25 percent is  
6 what they're entitled to at this point, plus any costs that are  
7 outstanding.

08:57:01

8 Q. So actually if we were looking at what has been recovered  
9 as opposed to what's been distributed to victims, we can agree  
10 that that number as it sits today, as it sat June 30th of 2013,  
11 is higher than \$28 million, yes?

08:57:17

12 A. Would you repeat that question?

13 Q. Yes. The amount recovered is higher than \$28 million which  
14 was distributed.

15 A. Correct.

08:57:35

16 Q. And it may be, you said, 5 million for sure, but it might  
17 be as much as \$14 million, you wouldn't know without looking at  
18 the general ledger. And that would suggest then from 33  
19 to -- well, I'm sorry, my math's terrible -- \$33 million on the  
20 low side and \$42 million or so on the high side; is that  
21 roughly correct?

08:58:00

22 A. For gross proceeds?

23 Q. Gross.

24 A. Yes.

25 Q. All right. Now if we go back -- and the Judge asked you

08:58:09

## James Sell - Cross-Examination

1 about this, and I'll ask you about it too, because I think it  
2 was in reference to a pleading I filed that he made his  
3 comment. You prepared a conservator's initial report that you  
4 filed in the Bankruptcy Court, document 18-6, on November 16,  
5 2005. I don't expect you to remember those numbers. But you  
6 remember the report? 08:58:28

7 A. I don't remember the actual date. But I do remember filing  
8 an initial report and then a subsequent report.

9 Q. Right. And you said that -- I'm quoting you now -- our  
10 analysis of the assets of Mathon indicates a value of 08:58:43  
11 approximately \$60 million, and you cite to a number. A  
12 potential but not probable value above \$60 million would  
13 require the investment of additional funds into assets that are  
14 more in the nature of venture capital equity positions rather  
15 than loans. 08:59:02

16 Do you remember writing that?

17 A. Yes.

18 Q. All right. So -- and you said, our analysis of the assets  
19 of Mathon indicates a value of approximately \$60 million.

20 So what I'd like you to tell the Judge is, what 08:59:16  
21 analysis are you talking about? That is, what did you do to  
22 determine a probable value of \$60 million against the 67 or  
23 \$77 million of invested capital?

24 A. In the initial report the value of the assets was primarily  
25 based on what the carrying values were on the books of Mathon. 08:59:35

## James Sell - Cross-Examination

1 Q. Well, the carrying values of the books on -- on the books.

2 That would mean the amount of the loans, basically?

3 A. Generally, yes, minus some adjustments that we considered  
4 would bring it down to a better estimate of the potential  
5 value.

09:00:10

6 Q. All right.

7 A. And at that time what we had not done was we had not  
8 analyzed the property in sufficient depth to determine their  
9 marketability and any clouds that might be on the title of  
10 those properties.

09:00:28

11 Q. All right. So let's look at -- well, first of all, if  
12 we're talking about variables, Mathon had or claimed to have,  
13 generally speaking, I suppose, first position interests in  
14 collateral for property on which they were lending money?

15 A. Yes.

09:00:45

16 Q. All right. In some instances I think you're telling us --  
17 well, let me ask it this way: In some -- in any instance were  
18 they not actually in first position?

19 A. As I recall, yes.

20 Q. All right. In any instance did they think they were not in  
21 first position? 09:01:01

22 A. Is the question, did they think they were not in first  
23 position?

24 Q. Yes.

25 A. It's difficult for me to speculate what they were thinking. 09:01:14



James Sell - Cross-Examination

1 Q. All right.

2 A. And I don't know what was in their mind at the time. I can  
3 only go off of what my analysis of the records and the actual  
4 properties were.

5 Q. In other words, I guess -- first of all, were there any  
6 properties in which they stated they knew they -- they stated  
7 that they were in less than a first position? Like in second  
8 or third or fourth.

09:01:29

9 A. There were loans on the books that were not secured by any  
10 real estate.

09:01:50

11 Q. Okay.

12 A. And so there's -- it's not even a question of whether they  
13 were in first position. For example, Mill Creek, there were no  
14 real assets backing that loan up.

15 Q. Was that determined by you in later investigation, or was  
16 it that there was simply -- in other words, what I'm trying to  
17 get at is the distinction between what the papers showed and  
18 what your later investigation showed.

09:02:03

19 Did Mill Creek appear on the books to be secured?

20 A. Mill Creek I don't believe ever showed that it was secure.  
21 And despite repeated requests for the files on Mill Creek and  
22 an explanation of Mill Creek, that was never provided by any of  
23 the defendants.

09:02:22

24 Q. Okay. All right. Any other loans that were not secured  
25 that you're aware of?

09:02:46

James Sell - Cross-Examination

1 A. Parsons 4E is another one that was not secured.

2 Q. Did it -- did the principals claim it was secured?

3 A. Yes.

4 Q. They did?

5 A. Yes.

09:03:00

6 Q. And it turned out that -- why wasn't it secured, what was  
7 the defect?

8 A. The defect -- there were a couple defects.

9 THE COURT: Excuse me for interrupting. I'll allow  
10 you to continue, but the focus of this testimony is limited.

09:03:12

11 MR. DICHTER: Right.

12 THE COURT: Okay.

13 MR. DICHTER: I hear you, sir. I mean, it's limited  
14 to -- I mean, we're talking about loss ultimately. And I  
15 think -- respectfully I think, and I think the Court agrees to  
16 a degree, I'm not going to go crazy here, but that, yes, I  
17 mean, I am talking about subject matter that is of interest.

09:03:25

18 THE COURT: Very good.

19 Do you remember the question that I interrupted your  
20 answer?

09:03:39

21 THE WITNESS: Yes, I do.

22 THE COURT: Go ahead.

23 THE WITNESS: We were talking about Parsons 4E.

24 Initially, the initial loan on Parsons 4E was more  
25 secure than the subsequent loan on Parsons 4E. The subsequent

09:03:50

James Sell - Cross-Examination

1 loan on Parsons 4E only served to lessen the collateral that  
2 they held and enrich the defendants. They gave up the personal  
3 guarantees when they rewrote that loan. And the leases that  
4 they had, the form of those leases had to be perfected before  
5 there was any enforceable lease rights on those properties. 09:04:17

6 BY MR. DICHTER:

7 Q. So your office and you needed to do some follow-up -- and  
8 I'm not minimizing. I don't mean to minimize it.

9 In other words, you were able to in a number of  
10 instances essentially strengthen the security base of the 09:04:33  
11 collateral by fixing errors?

12 A. There was a limited amount of the collateral base that I  
13 was able to clean up. And that had to do with the leases.  
14 There was a lot of equipment, there was a loading facility that  
15 there was a first mortgage on, and Mathon had no perfected 09:04:54  
16 interest in those assets.

17 Q. Right. I guess my question is, did Mathon -- and I'm going  
18 to use the word "think." And I know you can't tell me what  
19 Mathon thought, let alone the people thought. But did the  
20 papers indicate they had a secured position in those leases, 09:05:13  
21 and it just turned out for this reason, that reason, or that  
22 other reason, they didn't?

23 A. I don't believe so. And if you want me to speculate, you  
24 won't like my answers.

25 Q. Well, heavens, no, I would never ask you to speculate 09:05:28

James Sell - Cross-Examination

1 unless I thought I would like your answer.

2 All right. Now, at the -- oh, the Las Vegas  
3 transaction. Is it true that within a day or two or three of  
4 the time -- well, let me back up.

5 When the State took over, when the ACC Securities  
6 Division shut Mathon down, which was I think April 5th --

09:05:54

7 A. Correct.

8 Q. -- 2005, were you already sort of on board, preselected,  
9 kind of up and running, or did you first get involved with  
10 Mathon only after the initial set of orders had been entered?

09:06:12

11 A. Typically the process is the State or Federal Government,  
12 when they're contemplating a receivership, will recommend two  
13 or three names to the Court. And prior to that there's very  
14 limited information that the prospective receivers or  
15 conservators are provided.

09:06:40

16 In this case the information that was provided was  
17 sufficient for me to do a conflict check. And that's typically  
18 what they limit it to.

19 Q. You're aware that within, like I said, a day or two or  
20 three of the entry of the orders, the Mathon principals were  
21 essentially set to receive \$55 million into Mathon from -- in  
22 Las Vegas, with essentially a prearrangement to sell that  
23 interest out for \$100 million within four to six months?

09:06:56

24 A. That was a fiction.

25 Q. It was a fiction?

09:07:17

James Sell - Cross-Examination

1 A. That's correct.

2 Q. And you learned it was a fiction because you were told it  
3 was a fiction by whom?

4 A. By the individuals that purported to have done their due  
5 diligence, that they were talking about not only acquiring LVRD 09:07:31  
6 but other assets of Mathon.

7 Q. Okay. Eventually you proposed selling the Mathon interests  
8 for 1 or 2 or \$3 million, I think; that was right?

9 A. I proposed -- I requested the authority to be able to start  
10 the process at that offer, which was the minimum floor for the 09:07:52  
11 authority to be able to negotiate a settlement for the LVRD.

12 Q. And some investors opposed that, I think, didn't they?

13 A. Yes. There was much contention over that.

14 Q. And eventually it sold for how much did you say?

15 A. It was approximately \$10 million that we received for it. 09:08:13

16 Q. That's gross?

17 A. I believe it was gross.

18 MR. DICHTER: Very well. Thank you. Those are my  
19 questions.

20 CROSS-EXAMINATION 09:08:34

21 BY MR. SIMPSON:

22 Q. Good morning, sir, I'm Alan Simpson. I represent Brent  
23 Williams.

24 You described to us the chart that you prepared was a  
25 chart that described the net investments; correct? 09:08:45

## James Sell - Cross-Examination

1 A. Correct.

2 Q. The net investment would have a starting date and  
3 presumably some end date. Would that also be correct?

4 A. I'm not sure what you mean by a starting date and an ending  
5 date. 09:08:58

6 Q. Well, the earliest investment that you chronicled in your  
7 chart commenced when?

8 A. I believe it went back as -- to about 2000. Without  
9 looking at the documents I'd have to -- you know, to pin that  
10 down. Because there were some early investors where there 09:09:17

11 weren't much in the way of books and records. I believe they  
12 had used an Excel spreadsheet early on to keep track of some of  
13 the investors. And then there was a predecessor investment for  
14 some property up in the Eagar area. It was -- Cedar Crest I  
15 believe was the name of that investment. Some of those 09:09:47

16 investors were paid off with the use of Mathon funds, and some  
17 of them were somehow rolled into an interest in Mathon.

18 Q. When you say they were paid off with Mathon funds, are you  
19 distinguishing Mathon Fund I from Mathon Fund?

20 A. Yes. 09:10:09

21 Q. So in your response you just gave to me, the funds that  
22 were used to pay off those investors came from the later Mathon  
23 Fund and not Mathon Fund I?

24 A. No, they came from Mathon Fund I.

25 Q. Thank you, sir. 09:10:23

## James Sell - Cross-Examination

1 And again I apologize, the starting date, the first  
2 net investment that you chronicled went back did you say 2001,  
3 was it?

4 A. I don't recall specifically what the date was. I would  
5 have to look at the records to see what the very first  
6 investment date was.

09:10:35

7 Q. All right. And when you identified a net investment --  
8 because you did identify net investment; correct?

9 A. Yes.

10 Q. Was the net inclusive of interest that had already accrued  
11 and had been carried on the books of either Mathon Fund I or  
12 Mathon?

09:10:47

13 A. When you calculate net investment in a *Ponzi* scheme, you  
14 disregard interest and treat all payments as return of  
15 principal, because what you're attempting to do is to calculate  
16 what's the actual net. Because the reality is, when somebody  
17 receives interest on their investment, they're really receiving  
18 another investor's money.

09:11:12

19 Q. So do I understand then what your answer is, is that net  
20 investment was actually out-of-pocket funds from an investor to  
21 whatever entity it was invested within?

09:11:31

22 A. That's the starting number, and then you subtract out the  
23 distributions that they received to get the out-of-pocket.

24 Q. All right.

25 A. Actual cash in minus actual cash out.

09:11:45

## James Sell - Cross-Examination

1 Q. Thank you.

2 Sir, the record in this case reflects that Mr. Brent  
3 Williams began work with Slade Williams Associates by a written  
4 employment contract dated September 1st of 2003.

5 Question: What steps would you have -- what steps  
6 would you have had to undertake to prepare for us a chart that  
7 would identify net investments, net loss from September 1st of  
8 2003 to the date that you took over Mathon?

09:12:01

9 A. You would have to calculate net investment as of that date,  
10 the starting date, and then distributions that were received by  
11 the investors after that date. The hardest problem of all is  
12 the nature of a *Ponzi* scheme, it's like musical chairs, and in  
13 the end there's somebody that's left holding the bag. And it's  
14 those investors of record at that point, the ones that have not  
15 received their money back, or a portion of their money back.  
16 That's why when you do net investment you calculate it from the  
17 inception, take out all of the deductions.

09:12:31

09:13:00

18 And the only difference you're talking about here is,  
19 when did Brent join the company.

20 Q. Thank you.

09:13:21

21 A. But money coming in would be paid to the earlier investors  
22 first.

23 Q. Thank you for that answer.

24 But my focus question, sir, was what steps would you  
25 have had to take if you wanted to have that chart reflect only

09:13:31



## James Sell - Cross-Examination

1 the net investment from September 1st of 2003 to the point that  
2 you came into control of the conservatorship and Mathon assets?

3 A. I would do the exact same calculation as of that earlier  
4 date, the 2003 date.

5 Q. All right. Thank you.

09:13:50

6 A. And I would calculate that investment as of that date.

7 Q. Thank you.

8 And the chart that we have does not do that; correct?

9 A. That's correct. It charts it from inception through June  
10 30th, 2013.

09:14:02

11 Q. And when we talk, sir -- or when you talk in terms of what  
12 your chart reflects about the distributions, make sure I'm  
13 clear on this, distributions are the amounts that actually went  
14 back to the investors' pockets; correct?

15 A. That's correct.

09:14:20

16 Q. Distributions would have been net of any types of costs  
17 that had been incurred, whether it be litigation or whether it  
18 be costs of administration of the conservator, would that also  
19 be correct?

20 A. Yes.

09:14:31

21 Q. A moment ago I believe you gave an answer to Mr. Dichter  
22 about some of the litigation costs that you have sustained as  
23 the conservator.

24 A. Yes.

25 Q. Can you give me -- and if you said it before, I apologize.

09:14:39

## James Sell - Cross-Examination

1 But can you give me a figure of how much in litigation costs  
2 the conservator has spent?

3 A. I can't give you an estimate of what that is. Without  
4 looking at the books and records, I don't know. There was a  
5 lot of different issues that were litigated. And I just -- 09:14:57  
6 without looking at what each law firm was paid, I can't give  
7 you that answer. Because there was litigation that was -- that  
8 I inherited when I came in as conservator that we continued on.  
9 And so there's a long list of law firms that were paid to  
10 resolve various issues related to various investments. 09:15:23

11 Q. Thank you for that answer, sir.

12 Let me focus also now in terms of net investment or  
13 net payback to the investor. What number of -- how much of the  
14 conservator's costs have you incurred since the commencement of  
15 the conservatorship to June 30th of 2013? 09:15:41

16 A. I don't recall what the amount is. But a lot of the cost  
17 was related to litigation support for the law firms that were  
18 pursuing the litigation that was outstanding.

19 Q. So do I understand that you do not know roughly how much  
20 money the conservator has been paid for its operational costs,  
21 its administration costs, since April of 2005? 09:16:05

22 A. No, not without looking at the records, because there's a  
23 lot of elements that go into that number; rent, telephones,  
24 employee costs, litigation support for the effort. And a lot  
25 of the litigation support my staff did, or the employees that I 09:16:28

James Sell - Cross-Examination

1 carried over from Mathon, because it would have been much  
2 cheaper than paying the law firm to perform those services.

3 So, no, I can't give you a firm number or even a close  
4 approximation as I sit here today. I would have to look at the  
5 records to be able to answer that question. 09:16:50

6 And then one of my questions would be, what all do you  
7 want to include in that number?

8 Q. So if -- if the defendants were to be given credit for what  
9 an asset was worth, if they were given credit for what the  
10 asset was worth -- 09:17:10

11 A. Gross or net?

12 Q. Gross.

13 If they're given credit for the gross worth of the  
14 asset, you cannot give us a number this morning of some of the  
15 subtractions that you have taken for administration costs or  
16 for litigation costs, would that be accurate? 09:17:20

17 A. That would be accurate --

18 Q. Thank you, sir.

19 A. -- because we don't live in a gross world.

20 Q. Depends how you use the term "gross" I suppose. 09:17:31

21 But let's move on to one last question that I've got.

22 In response to Mr. Dichter's questions you talked  
23 about Parsons 4E; correct?

24 A. Correct.

25 Q. Isn't it correct, sir, that when you took over as the 09:17:42

## James Sell - Cross-Examination

1 conservator of the assets, that Mathon had an equity position  
2 in the assets of Parsons 4E?

3 A. Yes, but that's not secured by real estate.

4 Q. My question was if it had an equity position. And it did;  
5 is that correct? 09:18:02

6 A. Yes.

7 MR. SIMPSON: Thank you, sir.

8 Thank you, Your Honor.

9 THE COURT: You may step down. Thank you.

10 THE WITNESS: Thank you. 09:18:19

11 THE COURT: As you leave, can I ask you to please  
12 prepare an updated report in 75 days?

13 Anybody have a calendar? Help me out.

14 THE CLERK: That would be December 13th, Your Honor.

15 THE COURT: Monday, December 16th. 09:19:13

16 THE WITNESS: That's roughly two weeks.

17 THE COURT: December.

18 THE WITNESS: Oh, I thought you said September.

19 THE COURT: All of October, all of November, two weeks  
20 in December, will take us to December 16th. 09:19:29

21 I'll ask counsel to file, if they wish, based on any  
22 supplemental report we receive from Mr. Sell, their positions  
23 with respect to restitution by the following Monday, December  
24 23rd, not great timing, or sooner obviously. Preferably by  
25 Friday, December 20th. 09:19:59

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1           And that then will give me enough time to get a final  
2 order within 90 days of today's sentencing date.

3           MR. DICHTER: Could you define what you wish to have  
4 included in the final report?

5           THE COURT: An update of what he has prepared today  
6 and what he's testified to. So it would be an updated version  
7 of this report.

09:20:13

8           MR. DICHTER: I'd ask that the Court instruct Mr. Sell  
9 to include -- that is to start on the asset side, with the  
10 gross amounts received, and detail out the fees paid to  
11 everybody, the fees and expenses paid to everybody.

09:20:29

12           I understand the Court may not ultimately accept the  
13 view that the defendants are entitled for restitution purposes.  
14 I've seen case law, I can't quote it now, that says for  
15 restitution purposes you're actually entitled to the fair  
16 market value of the property as opposed to the actual collected  
17 and distributed.

09:20:50

18           But I don't think -- since Mr. Sell is going to have  
19 to go back to the general ledger to do all of this stuff, I  
20 don't think it inappropriate to ask him to essentially give us  
21 the gross amounts, and then net out the fees and expenses. And  
22 I'd request that you ask him to do that, sir.

09:21:06

23           THE COURT: I'll do that only after I receive from  
24 counsel legal authority that would support that is an  
25 appropriate way to determine restitution.

09:21:23

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1           If there's any calculation that any lawyer wants  
2 Mr. Sell to prepare, whether it's the one just described or  
3 another one, cite me the case authority that says that is an  
4 appropriate way to determine restitution in a *Ponzi* scheme  
5 case.

09:21:42

6           I direct counsel, and I think you've all already read  
7 it, to the Orton case from the Ninth Circuit. That seems to be  
8 one of the leading cases with respect to this. And there are  
9 other cases that I've pulled from the Ninth Circuit, including  
10 Laurienti and Davoudi. Laurienti for your help is  
11 L-A-U-R-I-E-N-T-I. And Davoudi is D-A-V-O-U-D-I. And Orton is  
12 O-R-T-O-N. And there may be other cases.

09:21:54

13           So let's get it right, folks. And if there's  
14 something that you believe is appropriate, in addition to what  
15 I'll call a supplement or an update to the exhibit that  
16 Mr. Sell has already testified to, put it in writing to me, and  
17 if you can convince me, I'll ask him to do that as well.

09:22:18

18           MR. DICHTER: Very well.

19           THE COURT: Thank you.

20           MR. DICHTER: Thank you.

09:22:31

21           THE WITNESS: Your Honor, I can prepare a report in  
22 about any format that anyone would like to see it. I just need  
23 to know what the parameters are that they're asking for.

24           And there's one other caveat I would put on that.

25           There are different categories for the incurrence of legal fees

09:22:49

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1 above and beyond the assets, you know, bankruptcy hearings,  
2 those types of things, that do not relate to any specific  
3 asset. The dispute that existed between the investor's  
4 committee and myself, the first investor's committee and  
5 myself, that doesn't involve any specific asset.

09:23:14

6 So there will be -- there's basically two categories  
7 of legal fees, and they would be related to specific assets,  
8 and then there's a general category.

9 THE COURT: And you have -- if you have it broken out  
10 that way and we need it, then you can just present it in those  
11 two separate buckets.

09:23:30

12 THE WITNESS: Yes, sir.

13 THE COURT: And that way we can determine what, if  
14 anything, we want to do with either of them.

15 THE WITNESS: Yes, I can.

16 THE COURT: Got it. Thank you.

17 MR. LANZA: Just so Mr. Sell is clear, the status quo  
18 as we leave is that the updated spreadsheet will have the same  
19 columns as the current spreadsheet unless the Court instructs  
20 later otherwise based on briefing of the attorneys. So as  
21 things currently stand, that breakout information will not be  
22 included in the updated chart.

09:23:49

23 THE COURT: Correct.

24 MR. DICHTER: That's what I understood.

25 THE COURT: And make sure you get something in

09:24:00

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1 promptly so that we're not running up to the deadline and  
2 asking him to prepare something that maybe will take a little  
3 more effort on his part.

4 MR. DICHTER: Sure. If I have something, it will be  
5 here in two weeks or less. 09:24:09

6 THE COURT: We'll make that a good requirement for  
7 everyone, two weeks from today if you want something  
8 additional.

9 Thank you.

10 Thank you, Mr. Sell. 09:24:16

11 I have some other general comments, and then we will  
12 turn to our first sentencing.

13 First, I have filed in each case written responses to  
14 the written objections received by counsel. I hope that helps  
15 us this morning. I want to note a few additional points that  
16 were not in my order. 09:24:33

17 First, with respect to the sophisticated enhancement,  
18 which was included in the Presentence Report -- and the record  
19 should reflect that Heather Hauptly is present in court today  
20 and prepared the sentencing memos in all these cases. I denied  
21 the defendant's objection to that enhancement. I thought it  
22 was appropriate and explained why. 09:24:50

23 But I also want to indicate that after doing some  
24 further reading I'm even more convinced that I'm correct. And  
25 when you read the Jennings case from the Ninth Circuit and the 09:25:07



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1 Bolze case, B-O-L-Z-E, from the Sixth Circuit, those cases are  
2 very similar to this case. And those cases support the  
3 sophisticated enhancement.

4 This is not a garden variety fraud case. And the  
5 primary case cited by counsel for Defendant Slade was the Hance 09:25:29  
6 case, H-A-N-C-E, out of the Eighth Circuit. And that was a  
7 mail fraud scheme case where someone rented a P.O. box under an  
8 assumed name. That's not even close to the kind of case we  
9 have here, which was a multiyear, multilayer *Ponzi* scheme case.

10 So, again, for that additional reason I want the 09:25:52  
11 record to reflect I believe the sophisticated enhancement is  
12 appropriate.

13 The other enhancement I want to talk about is the  
14 leader enhancement. There are two bases for filing -- for  
15 finding this enhancement. One is more than four participants. 09:26:06  
16 And defendants made note of the fact that there were four  
17 defendants who are being sentenced today. And the Government  
18 makes note of the fact that it doesn't require someone -- and  
19 the case notes support that, doesn't require someone to be  
20 indicted in order for this to apply. There were other people 09:26:25  
21 who were involved, including salesmen who were used. And you  
22 can add Tim Abrams who made the dramatic confession in the  
23 second trial, who can also be included, as well as others.

24 There is another test, that's the totality of  
25 circumstances test. And the Government relied on that as well. 09:26:46

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1 And I also find that as well that's a further ground for  
2 supporting the leader enhancement.

3 Some circuits use a three-step test. Some use a total  
4 circumstances of the case test. Either test, when applied to  
5 this case, is satisfied in my view, including the  
6 nonparticipants in the scheme, which you can count, and that  
7 those people were used with criminal intent to hide and  
8 participate or help foster, if you will, services that resulted  
9 in the criminal scheme.

09:27:06

10 So, I wanted to specifically comment on those  
11 additional cases as part of the basis for the enhancements.

09:27:29

12 Also, given the testimony this morning, which applies  
13 to restitution, arguably also can be applied to the loss in  
14 this case and the enhancement for the loss. And the briefing  
15 on this case created a volley of comments about what is the  
16 number.

09:27:53

17 In some ways it's an academic number for most  
18 defendants because it doesn't make a difference because of the  
19 ranges under the Guidelines.

20 For Brent Williams, I did err on the side of  
21 conservative caution, one might say, in finding a slight  
22 reduction in his total criminal history by going with a lower  
23 number of 37 million.

09:28:11

24 I did it a little different way than the Government  
25 did. After listening to today, I'm not sure I should have gone

09:28:30

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1 that way. But in any event, the Government in its briefing  
2 came to the same conclusion I did, albeit through a different  
3 course, by applying what Alan has argued in part today is the  
4 percent of time that Brent was involved with the company.

5 Again, I think either way we got to the same number 09:28:51  
6 and impacted the total Criminal History Points identically. So  
7 whether you go with one or the other, again, I don't think  
8 there is a difference.

9 I think I should also comment at this point that if  
10 there's one thing all the lawyers agreed on in this case, at 09:29:13  
11 least for sentencing purposes -- and I will indicate the Court  
12 agrees as well -- it is that a downward variance is appropriate  
13 in this case for all defendants. And the issue really becomes,  
14 where do we land? Where do we end up? And that's an  
15 additional reason why, whether one jockeys with the Criminal 09:29:33  
16 History Points a few points one way or the other, practically  
17 speaking may not make a heck of a lot of difference.

18 If somebody disagrees with that last statement, let me  
19 know, because that's certainly where I come out after having  
20 done all my reading and research and pondering about today's 09:29:52  
21 cases.

22 I also want to make these comments, especially for  
23 some of the folks who are in the back of the courtroom, as well  
24 as both victims who may be here and family members of  
25 defendants. 09:30:08

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1 I have read all the letters that I received from the  
2 victims. There were over 50. I got a few more today. And I  
3 have also read the letters that have been submitted to me on  
4 behalf of defendants from friends and family. And I appreciate  
5 there is a lot of heartache on both sides of the aisle.

09:30:27

6 I want you all to know that this is the most difficult  
7 part of my job, and that is sentencing. And I take it very  
8 seriously. There's no way that whatever I do will make  
9 everybody happy. And I hope that all of you understand that I  
10 have certain guidelines for issuing a sentence in a case. It's  
11 not unfettered discretion that I have. Congress has told us we  
12 must do certain things. There's case law that tells us we must  
13 do certain things. And I try to take all of that into account  
14 in arriving at an appropriate sentence.

09:30:48

15 With that, unless there's any other comment from  
16 counsel who are here, I'm prepared to turn to the first case,  
17 which is Duane Slade's sentencing. And I see no hands raised?  
18 No.

09:31:09

19 You're going to switch seats now?

20 MR. SIMPSON: Yes, Your Honor.

21 THE COURT: That's fine. We'll take a couple 60  
22 seconds, let you do that.

23 (Discussion held off the record)

24 THE COURT: For all counsel, let me indicate one last  
25 general comment. I have -- for those who pled guilty I have a

09:32:12

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1 waiver of appeal right form I'll ask you to take a look at and  
2 have defendant sign. It will be with you in a moment.

3 I also have a conditions of supervised release, and  
4 would ask that you review that document with your respective  
5 clients as well. It saves some time. We're making some  
6 changes because I had originally included restitution, and I'm  
7 now going to take that out so that we're just dealing with  
8 those two issues that I identified; appeal rights and  
9 supervised release.

09:32:30

10

09:32:48

11 (Proceedings involving codefendant Duane Slade were  
12 not included in this transcript)

13

14 THE COURT: Let's call the next case.

15 THE CLERK: This is case number CR-09-1492, United  
16 States of America versus Guy Andrew Williams, on for  
17 sentencing.

11:06:20

18 MR. LANZA: Good morning, Your Honor, Dominic Lanza  
19 with Kevin Rapp and Peter Sexton on behalf of the United  
20 States.

11:06:34

21 MR. DICHTER: Good morning. Steven Dichter and  
22 Jeffrey Hutchins on behalf of Guy Williams, who is present and  
23 out of custody.

24 THE COURT: We'll take a moment and allow counsel to  
25 shuffle around.

11:06:58

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1 (Discussion held off the record)

2 THE COURT: Our next case is United States versus Guy  
3 Andrew Williams.

4 The defendant is present, along with his counsel.

5 Would you identify yourself? You did earlier.

11:08:25

6 MR. DICHTER: Sorry, Steven Dichter, again, and  
7 Jeffrey Hutchins.

8 THE COURT: Thank you.

9 This matter is here for a sentencing. By way of  
10 background, again, Indictment filed in December of 2009. And a  
11 jury trial in January of this year, which resulted in a  
12 mistrial. A second jury trial in June of this year, which  
13 resulted in a guilty finding by the jury as to Counts 1 and 4  
14 through 40. And those Counts are conspiracy, mail fraud, wire  
15 fraud, and transactional money laundering.

11:08:36

11:08:57

16 A Presentence Report has been prepared, and it is  
17 dated August 29 of this year, with a addendum completed on  
18 September 20. And that report indicates that with respect to  
19 the Count 1 defendant faces up to 20 years in prison and a  
20 \$250,000 fine. That's by statute. Counts 4 and 5, the same.  
21 Counts 6 through 18 -- 4 and 5 were mail fraud. Counts 6  
22 through 18, wire fraud. The same, again, zero to 20 years in  
23 prison, up to a \$250,000 fine. In Counts 19 through 40,  
24 transactional money laundering, zero to ten years in prison and  
25 a \$250,000 fine.

11:09:21

11:09:45

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1 A Presentence Report has been prepared reflecting the  
2 Guideline Range. That Guideline Range, after objections were  
3 taken into account, was reduced to an offense level 42, a  
4 Criminal History Category I, for a Guideline Range of 360 to  
5 life.

11:10:06

6 And that's true across the board.

7 Counsel, please confirm with me that you have reviewed  
8 the Presentence Report, I have addressed and resolved all the  
9 objections, you have no additional objections, and that my  
10 mathematical summary is accurate.

11:10:23

11 MR. LANZA: Yes, Your Honor.

12 MR. DICHTER: All of these things are true, subject,  
13 of course, to the objections that we made and preserve.

14 THE COURT: Sure. Absolutely.

15 I just want to make sure that I've addressed your  
16 objections and you have no new objections.

11:10:34

17 And with that, let me confirm with you, Mr. Williams,  
18 that you've had an opportunity to review this Presentence  
19 Report and discuss it in full with your lawyer. Have you?

20 THE DEFENDANT: I have, yes.

11:10:52

21 THE COURT: Very good. The report then will be filed  
22 and made part of the record in this case, kept under seal and  
23 made available as necessary.

24 Unless there are additional documents -- I'll indicate  
25 I have reviewed sentencing memos in this case, documents number

11:11:03

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1 1427 and 28. If there's anything further, hand it up. If not,  
2 the floor is yours to argue for an appropriate sentence on your  
3 client's behalf.

4 MR. DICHTER: Thank you, Your Honor.

5 I've already said a couple of things that I was going 11:11:18  
6 to start out with. The first is, it's impossible to envy you  
7 your position on a day like this. I thought in my youth that  
8 your position is something I'd like to do. I unfortunately  
9 never thought about it at the time the democrats were in power,  
10 so it didn't much matter. 11:11:44

11 THE COURT: If you had taken this position you'd have  
12 even less hair than you do now.

13 MR. DICHTER: Because the hardest thing is the judging  
14 part, the judgment part, in the oldest sense of the word. I  
15 mean, in the word as it comes down to us from the Scripture, I 11:12:04  
16 mean, from the thing that is the background to everything that  
17 we do, to our entire system, the position of judge, the act of  
18 judgment. It's the hardest thing. And it's harder in some  
19 instances than it is in others. And I doubt that there are  
20 many in which it's harder than here, for certain reasons. 11:12:29  
21 Although in other ways it perhaps is not so hard.

22 The second question you asked, and you asked this  
23 directly of Mr. Slade, was the first thing I really wanted to  
24 address. How could this happen?

25 Now, unlike Mr. Slade, though I assure you we could 11:12:54



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1 have, and it would have been almost identical, if not  
2 chillingly identical, the same children, friends, many  
3 family -- many friends, family of Mr. Williams are here.

4 But, of course, the problem with that, from my vantage  
5 point of 42 years in this business, and ten of it on their 11:13:25  
6 side, and the last 30 odd on this side, is that for every  
7 statement there's an answer. For every plea for mercy, there  
8 is a coequal and concomitant reason for not. For every  
9 bringing of a child to directly face the Court with the  
10 implication that's pregnant in the very act of doing that, 11:13:52  
11 there is the, well, the victims aren't here, they could say the  
12 same things. And they are less blameless, of course, than the  
13 defendant. So who speaks for them? Well, to a certain extent  
14 the Government speaks for them.

15 So instead what I'd like to focus on is a few things. 11:14:16  
16 And one of them is the following: If 15 years, recommended by  
17 the Government, accepted by the Court by accepting the Plea  
18 Agreement, is appropriate for all of what Mr. Slade has done  
19 for really the last 11 or 12 years, and the Government has  
20 recommended 15 years for my client, how can that exist in the 11:14:53  
21 same time and space continuum? It can't. And the Government,  
22 we submit, knows it can't.

23 And the Government's arguments in favor of why  
24 Mr. Williams should receive a sentence that's the same as  
25 Mr. Slade's are tepid, at best. They're not as strident, I 11:15:11

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1 suppose, as the Government would like them to be, because  
2 intellectual honesty would not support that sort of stridency.

3           When Mr. Rapp came up and responded to Mr. Kimerer's  
4 statement and to Mr. Slade's answers to the Court's question,  
5 he was able to tell a story of essentially an unremitting  
6 series of frauds that continued right up through the Jackie  
7 Green case that's not even a part of any of the charges that  
8 made up the Plea Agreement that formed the basis for the  
9 Government's 15-year recommendation, and the Court's imposition  
10 of the 15-year sentence.

11:15:44

11:16:11

11           So I think the first thing the Court has to do,  
12 if -- and the Government concedes this in a sense, it says,  
13 well, there's no way that my client should get more than Slade.

14           And I'll just stop there. I mean, I don't know you.  
15 I don't know Your Honor. I mean, I only know what I read about  
16 you in various places and what I've seen and heard. So I don't  
17 know whether you're one of the judges like when I started  
18 practice in these courts, although not these buildings, who  
19 basically said, oh, does the Government have a position on  
20 sentencing? Nice. Not interested. Have a seat. Which was a  
21 tradition in this District when I was an Assistant U.S.  
22 Attorney, at least in the Tucson office. Or whether the  
23 Government -- excuse me, whether the Government's  
24 recommendation is really important.

11:16:34

11:16:55

25           THE COURT: Let me interrupt you for a moment, and

11:17:11

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1 perhaps have you focus. Because we do have the Government's  
2 position in document number 1427 on page 6, where they say, it  
3 is nevertheless difficult to conclude that Guy Williams should  
4 receive a longer sentence than Duane Slade. A certain harmony  
5 would be achieved by imposing identical 15-year sentences 11:17:30  
6 against Mr. Slade, who committed two frauds but pled guilty,  
7 and Guy Williams, who played a similar role within Mathon,  
8 refused to plead guilty, but didn't participate in the Milton  
9 Ramsey fraud scheme.

10 So there's the Government's position. And what's your 11:17:52  
11 argument on why I shouldn't follow that?

12 MR. DICHTER: Because for not accepting responsibility  
13 he's supposed to get a two- or a three-level increase. So what  
14 you have to do is start where the base ought to be.

15 THE COURT: We've already done that. We've already 11:18:09  
16 calculated the Guideline Range and we know what it is.

17 MR. DICHTER: Well, we understand what the Guideline  
18 Range is, but we also all understand that that's Whitey  
19 Bulger's Guideline. And the Court has already indicated that a  
20 downward departure is going to happen. The probation officer 11:18:24  
21 said a downward departure should happen.

22 THE COURT: By the way, I didn't say "departure," I  
23 said "variance."

24 MR. DICHTER: Variance.

25 THE COURT: There is a difference.

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1 MR. DICHTER: All right. In any event, the question  
2 is, what is -- what is the right number?

3 THE COURT: So help me out, what is the right number  
4 and why? As succinctly as you can.

5 MR. DICHTER: All right. Well, obviously my client  
6 wants me to ask for probation. Now I've done that and I'll  
7 move on.

11:18:45

8 The Government thought the right number would be a cap  
9 of five. And the Government put this out in its sentencing  
10 memorandum when it offered him the deal before the second  
11 trial.

11:19:00

12 And I want to spend some time. I understand we're  
13 behind, and I appreciate that. But I have some things to say  
14 about -- to answer questions that you put to Mr. Slade that  
15 obviously apply equally to Mr. Williams. And I want to talk  
16 about that.

11:19:14

17 THE COURT: Well, I can ask Mr. Williams those  
18 questions too. But you can go ahead and use your time as you  
19 wish.

20 MR. DICHTER: Thank you.

11:19:25

21 So the number isn't --

22 THE COURT: So should it be five years?

23 MR. DICHTER: No, it can't be five years.

24 THE COURT: Okay. So in your view it can't be five  
25 and it can't be 15.

11:19:35

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1 MR. DICHTER: What do I really think?

2 THE COURT: Yes. Isn't that what you're here for, to  
3 help me out?

4 MR. DICHTER: Seven.

5 THE COURT: Seven.

6 MR. DICHTER: Seven or seven-and-a-half. And why is  
7 that?

8 THE COURT: That's right. Why is that?

9 MR. DICHTER: Because there has to be a penalty paid.

10 I mean, I put this in my papers. The system is not going to  
11 work if you give people the same or less than what they turned  
12 down in the Plea Agreement. It's just not going to work.

11:19:49

13 Everybody knows that the system can't work when the Government  
14 says, I'll give you a five-year cap if you don't go to trial,  
15 you plead guilty. You say, no, no thanks, I'll go to trial.

11:20:05

16 Nobody's getting five years. I've been around a long time.  
17 That doesn't happen.

18 But how do we harmonize the career criminal nature of  
19 Mr. Slade in Mathon, and the second case 460, and the Jackie  
20 Green case that wasn't even charged, how do you put that all  
21 together and compare and contrast it to the following?

11:20:28

22 A, Government agrees or actually contends that Slade  
23 was the architect of this thing. Does that mean Guy Williams  
24 is not as legally responsible as Mr. Slade? No, he's as  
25 legally responsible.

11:20:47

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1 Does it mean he's morally as culpable and should be  
2 treated the same way? No, it does not. Because if it does,  
3 then how many years free did Mr. Slade get for a naked,  
4 blatant -- look, the Mathon case, you said -- we can talk about  
5 it whether it started out as a legitimate business or if it 11:21:08  
6 started out as a *Ponzi*.

7 I think the -- Mr. Sell said it best in his initial  
8 report. I've quoted it to you. I know you've read it. It is  
9 still, eight years after the fact, the most succinct and direct  
10 explanation of what actually happened. And the fact of the 11:21:27  
11 matter is is that what Mr. Slade pled guilty to in 13-460 was a  
12 naked, unabashed, it had no business purpose, it featured  
13 fraudulent inventions of people who didn't exist and fraudulent  
14 documents.

15 So when the Government says 15 for Slade and 15 for 11:21:50  
16 Williams, what is it doing about this whole second case? They  
17 say the whole sum and substance of it should be the difference  
18 between the five years it offered him to plead guilty and the  
19 15 years it wants to get? So it wants ten years because he  
20 took up two weeks of the Government's time going to trial? Or 11:22:10  
21 three weeks of time plus a two-hour verdict. Where does the  
22 sense come from that?

23 THE COURT: What about the difference between all the  
24 other counts on which Mr. Williams was found guilty that  
25 Mr. Slade obtained a dismissal of with his Plea Agreement? 11:22:27

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1 What do I do with all of that additional guilty finding?

2 Nothing?

3 MR. DICHTER: No, because it's all concurrent and  
4 based simply upon the Government's choice as to how to charge  
5 the case.

11:22:40

6 What did the jury find him guilty of? Of engaging in  
7 a *Ponzi* scheme. How many different ways it can be sliced and  
8 diced and rotisserieed. The Government could have charged 300  
9 charges. I've seen that happen. I've done that. The  
10 Government charged what it charged. The Government got its  
11 conviction. It got a conviction for the fraud that these  
12 people engaged in.

11:22:56

13 So, yes, I say that the fact that he was convicted of  
14 X number of charges and Slade pled guilty to one charge is  
15 meaningless. It's meaningless under the Guidelines in a sense.  
16 And in fact --

11:23:12

17 THE COURT: Let's focus then on the conduct of the two  
18 in this crime. And both of them were co-leaders of this  
19 conspiracy and involved in lots of the day-to-day, involved in  
20 lots of the lies. Why wouldn't I treat them in a similar  
21 fashion?

11:23:29

22 MR. DICHTER: Well, you would, but first you'd have to  
23 carve out -- don't you see -- well, you do see. First you'd  
24 have to carve out 13-460, which is the subsequent fraud that  
25 had no business purpose whatsoever, which could have been its

11:23:43

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1 own crime levels of -- I think it was 22 is the base offense  
2 before you add everything else in. So what is it worth?

3 In other words, I think you're onto it. You start at  
4 15, and what do you take away for what Slade did in the  
5 eight-and-a-half years since Mathon terminated? And you 11:24:06  
6 compare and contrast the eight-and-a-half years my client has  
7 lived in this community post Mathon. What has he done? What  
8 has he done that's illegal? Nothing. Nothing whatsoever. The  
9 Government would have pointed it out had it existed.

10 So what I'm saying is, is that if 15 sums up 11:24:31  
11 Mr. Slade's existence for the last ten years, then Williams is  
12 less. Unless everything Slade has done illegally as the, I  
13 don't know, sociopath that the Government suggests he might be,  
14 and as the evidence might well support he might be, then  
15 Williams is less. How much less is for you. But he is less, 11:24:57  
16 because logically it makes no sense. It's essentially giving  
17 him, "him" Slade, free crimes.

18 How did this all happen? It may not easily be  
19 remembered that these two guys, both of them, were  
20 exceptionally young to engage in this sort of behavior. Now, 11:25:23  
21 you know, are they old enough to know the law? Yeah, sure, of  
22 course. But my guy gets out of school at 24, after he did his  
23 mission, so he gets out of school later. And at age 30ish, 31,  
24 he's involved in Mathon.

25 I have the following words to describe this Mathon, 11:25:50



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1 from my point of view, 40 odd years in this business, as a  
2 white-collar criminal prosecutor and a white-collar criminal  
3 defense lawyer: Youth, naivete, greed, arrogance, delusion,  
4 homogeneity, and panic. Now that's what happened.

5 As the receiver says, this started out so well. They 11:26:24  
6 were not soliciting money. Money was being thrown at them,  
7 thrown at their feet, here, make money. I heard you made money  
8 on this, you made money for this, you made money for that.

9 And I will simply use the word -- it's not my word. I  
10 would never use this word. But I'll quote the receiver. The 11:26:47  
11 combination of the greed of the investors and the greed of  
12 management -- that's basically a direct quote from the first  
13 report -- is a part of this too.

14 Do we blame the victims? No, we don't blame the  
15 victims. But on the other hand, who really believes or ought 11:27:04  
16 to believe that they can make, I don't know, 80 percent a year?

17 Their naivete is expressed in the idiocy of the  
18 business plan. I mean, that's just stupid. There's no  
19 possible way, and Sell says this too, that this business could  
20 have really come out unless, unless the assets were wildly in 11:27:31  
21 excess of the loans, and you were able to get a hold of the  
22 assets without essentially a foreclosure process. Because as  
23 the Court is aware, the foreclosure process, you know, after  
24 you get your money back that you're owed, the rest either gets  
25 paid downstream or it escheats to the State. And that's a 11:27:55

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1 ridiculous business plan. It isn't going to work.

2 THE COURT: And so your client knew that. Very early  
3 on at least he knew that, that this business plan could not  
4 succeed.

5 MR. DICHTER: He did not appreciate that because of 11:28:10  
6 arrogance. And the arrogance of youth. He was too young to be  
7 in this world. If you look at the general run of people that  
8 are engaged in these financial sorts of crimes, from my  
9 experience they're a decade older than these guys were, if not  
10 a generation older. 11:28:37

11 I think the homogeneity of their organization, like  
12 the Arizona Baptist Foundation, played -- also played a role in  
13 this.

14 And by the way, I mean, these guys -- at least Sexton  
15 is almost as old as me. And even if the kids don't remember 11:28:52  
16 the Arizona Baptist fraud case, when the Government argues that  
17 this is like one of the largest frauds in Arizona, come on,  
18 it's not even close to one of the largest frauds in Arizona.

19 I give you the Arizona Baptist Foundation. And one of  
20 their prosecutors, not at the table, was one of the prosecutors 11:29:13  
21 I dealt with in that case. And they can just ask her.

22 \$580 million, 11,000 victims. Okay? Now every one of them a  
23 Southern Baptist. Now there's an affinity fraud. There's the  
24 largest fraud.

25 This fraud is not even -- it's tiny compared to that. 11:29:32

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1 But it's bad enough, obviously it's bad enough.

2 Now -- and the problem with the Baptist Foundation was  
3 also homogeneity. That is, everybody involved on the  
4 management side sort of thought in robotic fashion. There were  
5 really very few outside influences. And when there were, like 11:29:55  
6 here, group think, caused them to be dismissed. As you have  
7 been pointing out, the red flags that came up.

8 So you're 30 years old, you're 31 years old, you've  
9 got -- you've made a ton of money. You think for other people.  
10 You know you've made a lot of money for yourself. You're 11:30:13  
11 arrogant. You think you can do no wrong. And you become, in  
12 my view, delusional. Delusional enough, Your Honor, that you  
13 don't recognize -- and this is clearly a question -- I'm not  
14 sure the Court will actually ask this question, because I'm not  
15 sure it's really a proper question to somebody who went to 11:30:31  
16 trial, is going to appeal, may get a retrial -- you know, may  
17 be a retrial. I think that there is a real problem -- I'm  
18 going to speak in hypothetical terms so it can't be thrown back  
19 at me at some later time -- between confusing motive with  
20 intent. Motive with intent. 11:30:52

21 In other words, some people can think, they can think  
22 subjectively that they're really not in this to screw anybody,  
23 that they're in it to make money for everybody and money for  
24 themselves. And be so focused on the fact that their motive  
25 is, I would never defraud anybody, I would never do something 11:31:12

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1 like that, that they completely miss the fact that intent is  
2 completely different than motive.

3 Except when you come down to sentencing where motive  
4 does have some role that it doesn't have at all. Motive is  
5 not -- as the instruction goes, the Government is never 11:31:30  
6 required to prove motive. That's the law, recognizing that  
7 there can be a complete disconnect between the motive -- motive  
8 means, you know, to promote general good, to promote societal  
9 good, to promote better for all these people -- and intent.

10 And each one of these misstatements, lies, 11:31:47  
11 prevarications, whatever, that were told, more by Slade than  
12 Williams -- again, no legal distinction, but Slade was more the  
13 moving hand than Williams was. But Williams does not say, I'm  
14 absolved of legal responsibility of guilt for that, because the  
15 jury has so found him. And we honor at this moment the verdict 11:32:10  
16 of the jury.

17 Now, two other things that I think go into that -- or  
18 one thing that goes into that is as follows --

19 THE COURT: By the way, why is Slade more of a -- your  
20 words -- moving hand? Slade was the lead salesman, but your 11:32:29  
21 client was, if you will, overseeing the operation. They each  
22 had different roles. Why do you believe Slade's is the more  
23 egregious?

24 MR. DICHTER: Because Slade is the one reaching out  
25 and touching the people mostly, the investor people mostly. 11:32:45

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1 And he's the one the Government called the, quote, architect,  
2 close quote, of the offense, that offense, as opposed to the  
3 other offenses.

4 THE COURT: And so the person who sees the salesmen go  
5 out and directly mislead people and sits by silently, or 11:33:01  
6 participates in other ways in creating a veneer or a falsity or  
7 a half truth that allows the salesmen to make the pitch in some  
8 ways is less culpable, is that what you're telling me?

9 MR. DICHTER: No, he's not less culpable, because he's  
10 just as guilty. But he may be less more inculpable as the 11:33:22  
11 passive rather than the active participant in the actual saying  
12 of the frauds. That's what I mean.

13 THE COURT: Okay.

14 MR. DICHTER: Now, soon after the collapse, and in the  
15 '05 time frame -- this is in a couple of the pleadings that 11:33:40  
16 have been filed. I'm not sure it's in mine, but it may have  
17 been in one of the others. The Arizona Corporation Commission,  
18 one of the Commissions at least, commented on how hard Williams  
19 and Slade had worked to assist the victims after the fact.  
20 That is of record. 11:34:04

21 And, of course, it is also important to note, it's of  
22 some importance, that in terms of making recompense to victims,  
23 that my client -- and I would say this, the most fundamentally  
24 wrong thing, from my point of view about this, is the  
25 4.2 million or \$4.4 million that he got. That's inexcusable. 11:34:33

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1 I mean, I understand that's inexcusable. By itself he goes to  
2 prison for that. I don't dispute that.

3 But, years ago 8 to \$11 million worth of property --  
4 not their valuations, that's what was placed on it by Sell, I  
5 think -- was voluntarily handed over by Slade and Williams.

11:34:55

6 And that essentially pays back the raw dollars that were  
7 obtained.

8 Since then -- my client had a nice house. He short  
9 sold it when it went into foreclosure. He has worked at honest  
10 endeavors for the last eight-and-a-half years.

11:35:17

11 The other thing I would point out is this: If he  
12 believed in his head that what he was doing was a crime, would  
13 he have gotten his father involved in it? No. I mean, I think  
14 that's a tough one. That's a tough one. I think the answer is  
15 no.

11:35:48

16 Now that doesn't mean what he did wasn't a crime.  
17 What we're talking about, again, his subjective belief in this  
18 overarching motive, which he believes was a good motive. And  
19 this is explanatory of why he didn't take the deal.

20 Now, I wasn't his lawyer at that time. And my habits  
21 are different than other lawyers. If I'm presented with a deal  
22 like that, and my client doesn't take it, I throw him directly  
23 against the nearest wall and scream for hours.

11:36:12

24 Was he stupid not to take the deal? Absolutely.

25 Now I've had a lot to say in papers about my

11:36:38

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1 predecessor. I'll just leave it at that.

2 Had I been successful -- the tax protester types are  
3 really the toughest, because first you have to convince them  
4 that we have a country. And I spent six months with a tax  
5 protester helping him understand why you really have to pay  
6 taxes, even if you consider yourself a free man of America.  
7 I'm sure you've had those cases in Ohio.

11:37:04

8 THE COURT: Not uncommon for a defendant to wish to  
9 exercise his constitutional right to a trial despite his own  
10 lawyer's advises to the contrary. That's happened to you  
11 before, I suspect, even if you did slam someone against the  
12 wall.

11:37:24

13 MR. DICHTER: Actually not, but I understand -- I  
14 understand -- and point taken. I mean, I understand that and  
15 so on.

11:37:39

16 But what I'm trying to convey is, I want to try to  
17 weave in here --

18 THE COURT: Do it promptly, please.

19 MR. DICHTER: Sure.

20 That if he believed in his heart that he was doing  
21 crime, there's no way he's getting his father into this deal.  
22 It's just not going to happen.

11:37:54

23 Now, you've received letters, 16 or 17 of them -- and  
24 we got a couple late that I didn't submit -- that all speak to  
25 the same things. And all say the same things about my client's

11:38:16

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1 family life, as Mr. Slade's kids and his friends said about  
2 his.

3           There is a sameness there that is undeniable at the  
4 back end, except for the eight-and-a-half years of criminal  
5 activity Mr. Slade engaged in after Mathon was overturned or  
6 taken over. 11:38:35

7           So what do I think? I think that to -- in summary, to  
8 give 15 years to my client based on the Government's  
9 recommendation that there's a certain harmony, you know, I  
10 guess, in doing that is, I think, not a well-taken  
11 recommendation. 11:38:57

12           I think it's better, if you're asking questions, to  
13 ask the Government, tell me, how many years do you think the  
14 second set of frauds was worth? . And the Jackie Green fraud  
15 that you didn't charge? And the Government tended to say,  
16 well, you know, it really didn't have maybe a lot of evidence  
17 about that. But they sure had enough to revoke his release.  
18 And I just said, go ahead and read what they said about  
19 Mr. Slade before they made a deal with him about Jackie Green  
20 and the phony extermination deal. 11:39:16  
11:39:33

21           Obviously you will -- the interesting thing is that  
22 whatever you do here about sentencing today is absolutely  
23 unassailable. You have total, complete -- you know, you said,  
24 no, I don't have complete, unfettered discretion. But sure you  
25 do. There's no basis that anything that's going to happen 11:39:55



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1 today at sentencing would be the basis, you know, for an  
2 appeal, unless you actually tried to sentence him to death or  
3 something like that. Then like the Alabama judge did to spice  
4 up night court one day to some traffic violator, just sentenced  
5 him to death and nobody noticed.

11:40:11

6 You have all the power there is. You have the power.  
7 You obviously have the wisdom. You have the judgment -- I've  
8 read up about you and all about your background -- to sort out  
9 what is and what isn't, or to use the word "emmis." What's  
10 emmis in this deal? What's the real truth? What should you  
11 really do here?

11:40:34

12 And I would say this: Like I said, my client would  
13 love to have probation now. Of course, this isn't a probation  
14 case. There's just too much money involved, too much this, too  
15 much that. You can't give him five because you can't say to  
16 the Government, see, if they don't plead, they'll do better.

11:40:49

17 But he really shouldn't get anywhere near what Slade  
18 is getting, because if you've done Mathon -- and he did Mathon.  
19 And he did Mathon. And by early 2005, you've had the Utah  
20 investigation, you've got the State climbing all over them, you  
21 have the complaint that's filed by the ACC, could there be any  
22 doubt in anybody's mind that you were at least being accused of  
23 doing at least 100 really bad things in Mathon? No, there  
24 can't be any doubt.

11:41:10

25 So then the next eight-and-a-half years you have a

11:41:27

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1 choice to make. You can do what Mr. Williams did and live an  
2 absolutely straight, clean, untrammelled, unadulterated life  
3 with his family, with his God, with his church, with the  
4 wrestling, with the high school, with the trips, with the  
5 family counseling, and everything else you heard that really  
6 does make up --

11:41:43

7 And I say this as a neighbor of these people, but not  
8 of these people. I'm a member of a somewhat older, smaller  
9 tribe. I live out there in East Mesa with them. The  
10 dedication as a group of these people to family, to their  
11 church, to education, is why I live out there, is fanatical, to  
12 say the least. It's unbelievable.

11:41:59

13 All of those things he is; a fabulous husband, a  
14 fabulous father to his children, a fabulous role model in so  
15 many other ways. And yet you have this, which sticks up like a  
16 peak in the middle of an otherwise exemplary life. And unlike  
17 the life of the person who preceded us to this podium, was  
18 exemplary before, and has been exemplary after. And for a  
19 period of three years in the middle was not good at all.

11:42:23

20 That's what you ought to sentence. That's what I  
21 think you will sentence. But you can't do that without paying  
22 some attention to, I think, and giving some credence to all of  
23 the years that have gone by since, as well as, to a lesser  
24 extent, the years that went by earlier.

11:42:46

25 My client asks for self-surrender. He's out of

11:43:06

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1 custody. Probation officer has recommended self-surrender. I  
2 suppose the term of years you give him will help dictate what  
3 it is that you do with that request.

4 Self-surrender could be important for a number of  
5 reasons, not the least of which is that as we stand here today 11:43:28  
6 the Government is shutting down, in part, tomorrow, and who  
7 knows when the Bureau of Prisons will reach whatever decision  
8 it's going to reach.

9 He's shown up for everything. He's been here for  
10 everything. 11:43:42

11 THE COURT: Do you have a recommendation for a -- or a  
12 preference for where he serves his time?

13 MR. DICHTER: Well, yes, I do. It may be -- again,  
14 depending upon the term you give him, it may not fit in.  
15 There's only three places in Arizona: Tucson, which is not 11:43:55  
16 great; Phoenix North Canyon, which is not great; and Safford.  
17 Safford is 140 miles from here. It may be too minimum a  
18 security facility for him depending, again, on what you do with  
19 him. But I would recommend Safford, because it's a pastoral  
20 location down the road from East Mesa. It's about a 11:44:18  
21 three-and-a-half hour drive from East Mesa.

22 Again, I understand the recommendation is nonbinding.

23 And, again, I understand, having looked at my handy  
24 dandy Bureau of Prisons AAA guide that maybe the facilities are  
25 not appropriate depending upon what the sentence is. 11:44:39

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1           So you asked me straight up, and I know my client  
2           wincd, and I've never actually asked that somebody send my  
3           client to jail for seven years. But I'm standing before you  
4           straightforward and honest as I can be, with a lot of  
5           experience in this, saying I think that is about the right  
6           number to do all of the things that 3553 wants you to do.

11:44:55

7           I probably will have something more to say after the  
8           Government speaks. But do you wish to hear from my client?

9           THE COURT: If he wishes.

10          MR. DICHTER: Or do you wish to ask him any questions?

11:45:15

11          THE COURT: Well, that depends. I don't know.

12          Let's start with, Mr. Williams, is there anything you  
13          wish to add to what your lawyer has just said?

14          THE DEFENDANT: I hate to be in a position to differ  
15          with counsel, and certainly not to differ with you and your  
16          court. But I appreciate Steve's efforts on my behalf and the  
17          time I'm dealing with.

11:45:33

18          I'm sorry that everyone's here on my behalf. I never  
19          intended that. I never intentionally put my family in this  
20          position. No reward is worth that kind of risk. I'd never  
21          intentionally harm my neighbors or my friends and family that  
22          were also investors. I was an investor.

11:46:20

23          And I don't want to relitigate the case. I don't want  
24          to do that. I don't want to cause you to entrench or force you  
25          to restate positions. But I never believed that it wasn't

11:46:46

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1 viable and that what we were doing -- I understood that there  
2 were problems in every step of the way. I hoped to improve the  
3 business and the system and the processes.

4 And clearly we are here. And every day I deal with  
5 that, and my family deals with that. I know lots of families  
6 deal with that. Many of whom I see in the community, and many  
7 of whom I've spoken to at length, and that spoke to me when we  
8 reached a civil settlement and released each other, all our  
9 claims.

11:47:13

10 And I'm sorry that my decisions in the real time at  
11 the time were -- had the ultimate results that they've had.  
12 And I recognize that, and I have no desire to minimize that at  
13 all.

11:47:34

14 THE COURT: Thank you.

15 I'll hear from the Government.

11:48:02

16 MR. LANZA: Thank you, Your Honor.

17 Per the Court's order I'm going to just try to be  
18 responsive, not restate what was in our sentencing memo.

19 I want to talk about four points this morning. I want  
20 to talk about the duration of the crime, a little bit more on  
21 victim impact, Mr. Dichter's discussion of motive versus  
22 intent, and I want to talk about how the Court -- what tools  
23 and consideration it should ultimately try to weigh and balance  
24 when coming up with a bottom-line sentence here.

11:48:33

25 First with respect to duration. And I think this is

11:48:50

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1 responsive to Mr. Dichter's point that this was somehow just a  
2 blip for Mr. Williams, whereas Mr. Slade had an unbroken line  
3 of fraud.

4           You sat through two trials. We've lived with this  
5 case for a long time. It is very hard to keep a *Ponzi* scheme 11:49:03  
6 running for three years like Guy Williams did. It doesn't take  
7 an isolated lie here or there. It takes going into work every  
8 day knowing that the building is on fire and everything could  
9 collapse at any moment, yet hiding that reality, looking church  
10 members, investors and friends in the eye, and getting them to 11:49:24  
11 commit their life savings based on rosy statements about how  
12 great everything is going, when you know you're one step from  
13 disaster every second. Three years, 1,000 days of doing that  
14 every day, dozens or hundreds of times every day.

15           Duane Slade's sentencing, the Court went through the 11:49:44  
16 catalog of all the different lies that were present in this  
17 case. I think that that just really belies the claim this was  
18 somehow an isolated, one-time thing that was aberrational. It  
19 just was too repetitive for too long with too much money to get  
20 dismissed based on that sort of argument. 11:50:01

21           Victims. No victims are here to personally testify  
22 because instead their words were in this enormous book of  
23 victim impact statements. And what struck me about this  
24 case -- and I know the Court's read them all, so I won't go  
25 into -- I'll try to keep it concise. So many of the victims in 11:50:19

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1 this case were people who really played by the rules their  
2 whole life. They worked hard. They were active in their  
3 community. They saved their money. They bought homes.

4 And what they wanted, a great number of the victims in  
5 this case, to do with their Mathon money was to have a happy 11:50:35  
6 retirement with their spouse and with their kids and grandkids,  
7 and finally enjoy the fruits of everything they worked for  
8 decades for playing by the rules, being largely exemplary  
9 citizens, what we want out of people in America.

10 I couldn't believe how many of the victims in this 11:50:54  
11 case said, I've now sold my home. I thought I was going to  
12 have a comfortable retirement, and now me or my wife is working  
13 a part-time job in my seventies in our little apartment.  
14 People have had heart attacks, people have had divorces. One  
15 victim even said that their very faith in the LDS Church was 11:51:13  
16 shaken by what these men did to them.

17 So the Court has read them all. But this was just off  
18 the charts even for the usual amount of victim impact.

19 White-collar sentencing is difficult. Nobody envies  
20 your job. People often come into your court with a first-time 11:51:31  
21 and they say, be lenient on me, I made a mistake, I didn't  
22 break anybody's arm, I didn't commit a physical crime. I bet  
23 if you asked any one of these victims, if you broke my arm it  
24 would heal in a year would you take that, or would you know  
25 that for the next three decades of your life, when you thought 11:51:46

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1 you were going to have a comfortable, happy retirement, you're  
2 going to be scraping by on Social Security checks and not  
3 living the life that you worked your whole life to build.

4 This is in so many ways more pernicious and worse than  
5 violent crime. So I hope that that's reflected in the sentence 11:52:04  
6 here.

7 Third, motive versus intent. And I'll give  
8 Mr. Dichter that maybe there might be something to that  
9 distinction if you could just carve out isolated bits of this  
10 scheme. But in particular, the Mill Creek deal, the Parsons 4E 11:52:18  
11 extension, the Aspen Grove insider loans, this was just theft.  
12 These were just insider deals where it wasn't enough to make  
13 \$5 million and buy a Mercedes for cash based on all the  
14 excessive fees you're siphoning out of this Ponzi scheme, you  
15 need to set up side deals where you make even more money to 11:52:41  
16 personally profit at the expense of the investors.

17 That is a very direct sight line into the motive of  
18 Guy Williams and the other defendants in this case.

19 THE COURT: Your opponent claims you exaggerate when  
20 you call this one of the largest frauds in Arizona history. 11:53:00

21 MR. LANZA: I guess if he's identified one other fraud  
22 that might have been bigger, it still qualifies as one of the  
23 largest. Drawing on the collective experience at our table in  
24 the white collar group here, this is the largest fraud case any  
25 of us have ever worked on by orders of magnitude. 11:53:15



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1           Finally, how to balance all these considerations.  
2           You've got the history and characteristics of the defendant.  
3           You've gone Duane Slade's sentence. You've got sentences in  
4           other *Ponzi* scheme cases. We tried to really grapple with that  
5           in our sentencing memo. I actually think the place to start,  
6           because it has a powerful impact here, is this exhibit of other  
7           *Ponzi* scheme sentences that we were able to canvas looking at  
8           other prosecutions around the country.

11:53:32

9           Even if the Court gave Guy Williams 15 years in this  
10          case, that would be a lower sentence for much larger  
11          dollar-figure frauds than were imposed on other defendants who  
12          actually pled guilty.

11:53:50

13          Part of the reason why, nevertheless, we think that  
14          this case might qualify for what we think is a relatively  
15          generous recommendation is because we've read the letters from  
16          his family and his friends. And I do agree you need to --  
17          obviously what he did here, he knowingly jeopardized all the  
18          bonds with his family. But I do think that Guy Williams comes  
19          in here with many things to his credit, if you could separate  
20          out Mathon from how he's been as a father and a parent and a  
21          community member. And that's why we're not asking for 25  
22          years, like Trevor Cook got in Minnesota for a similar dollar  
23          figure *Ponzi* scheme where he pled guilty.

11:54:07

11:54:28

24          THE COURT: Well, Duane Slade also, I was going to  
25          comment earlier was, according to his father, a good father, a

11:54:43

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1 good husband, helped his children. And both of them seemed to  
2 be somewhat attentive to family matters.

3 MR. LANZA: That's right.

4 THE COURT: Yet they had this Jekyll and Hyde sort of  
5 existence where they were one person at home, and then when  
6 they walked out the door they became another person.

11:54:57

7 MR. LANZA: Right.

8 And finally the notion that somehow Duane Slade's  
9 getting a freebee for Milton Ramsey, because there's just one  
10 conviction here versus two in the other case.

11:55:11

11 THE COURT: Yes. Your opponent says there can be no  
12 harmony with a like sentence, because if Duane Slade is  
13 responsible enough to receive 15 years, then Guy Williams, who  
14 unlike Duane Slade, has behaved in a good way, but for Mathon,  
15 he must receive less.

11:55:31

16 MR. LANZA: Although the circumstances and the lies --  
17 of the lies in the Milton Ramsey case are just flagrant, it  
18 needs to be taken into consideration, Milton Ramsey was a  
19 \$300,000 fraud. This main case where Duane Slade pled guilty  
20 and took acceptance of responsibility, and Guy Williams still  
21 says, I never -- things spiraled out of control and I had no  
22 intent, was the \$166 million fraud. It's just apples and  
23 oranges to compare the two.

11:55:50

24 And, frankly, for that reason too we feel that we're  
25 being somewhat generous, if anything, in coming here asking for

11:56:07

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1 15, which is well below what the nationwide trend is, what's  
2 well below what the Guidelines are, and what's below what the  
3 probation officer is asking for.

4 Thank you.

5 THE COURT: Thank you. 11:56:19

6 MR. DICHTER: Really briefly.

7 THE COURT: Sure.

8 MR. DICHTER: Well, Lincoln Savings was bigger than  
9 Mathon. I mean, there are -- I'm too old to actually remember  
10 them, but Lincoln Savings was large, National Coin -- North  
11 American Coin and Currency, that was really large. And go  
12 back -- we had a 13 S&Ls here in 1988 and now we have none. 11:56:32

13 So if you take Western Savings, and Sun State Savings,  
14 and all of the savings and loan scandals were bigger. Each one  
15 was bigger, I think, or almost as big as Mathon. We have a  
16 long and rich history of fraud in this state, we really do. I  
17 mean -- 11:56:58

18 THE COURT: I hope you're not proud of it.

19 MR. DICHTER: No. But it belies our only 100 years of  
20 existence. No, we're not proud of it. It keeps a lot of  
21 lawyers busy. 11:57:12

22 Two things, and then I'll sit down.

23 The Government, which wants 15 years, once thought  
24 five would be enough. And wants ten because he wanted to go to  
25 trial. I think that's just ridiculous. 11:57:27

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1           And secondly, secondly, the fact of the later  
2 Slade -- once upon a time Mathon was a \$300,000 fraud too. And  
3 the one he's mentioned, I never can remember the name, 13-460,  
4 the victims here which he says was only a \$300,000 fraud,  
5 actually when I read the Indictment it looked like it was more 11:57:54  
6 like about a \$600,000 fraud. It was early. It was early. Who  
7 knows how much more, what the Government refers to as the  
8 sociopath, would have done left untrammled by the Government's  
9 clamping down on him.

10           That's the one thing they can't say, they can't say 11:58:14  
11 about Guy Williams.

12           Remember Kevin Rapp standing up here and basically  
13 almost assuring you that not only will Slade commit crimes when  
14 he gets out, but he'll commit them in prison too. I have the  
15 Producers in mind and Prisoners of Love. They can't say that 11:58:30  
16 and they haven't said that about Guy Williams. And that's why  
17 when I say when you go back to, as you sit up there, the  
18 recesses of your mind where judges need to judge, the simple --  
19 too simple right answer is, well, I'll give him 15 years, I'll  
20 give him 15 years. Obviously you can do that, you have the 11:58:56  
21 power to do anything you want to do basically.

22           I just say that if our goal is justice, not  
23 vengeance -- if it was vengeance we'd just do what the victims  
24 want, which is essentially to kill him. But the goal is  
25 justice, and 3553 is required to harmonize everything, and 11:59:17

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1 really decide everything, I would say that if Duane Slade is  
2 worth 15 years, my client's worth seven. And I've already  
3 explained why.

4 Thank you.

5 THE COURT: Thank you.

11:59:31

6 Take a 60-second standing break, please.

7 (Recess at 11:59 a.m., until 12:01 p.m.)

8 THE COURT: My sentence in this case, as in all cases,  
9 is guided by the United States Supreme Court decisions, as  
10 noted earlier, as well as Circuit Court decisions. They all  
11 require me to consider the Guideline Range. That's advisory.  
12 We've discussed and confirmed that number.

12:01:50

13 I'm also required to make an individualized  
14 assessment, Mr. Williams, of you based upon the facts of your  
15 case. And to do that I look at the statute we've referred to  
16 as 3553(a). My sentence needs to be sufficient but not greater  
17 than necessary. I must balance the factors from that statute  
18 to see where we end up, hopefully arriving at a just  
19 punishment.

12:02:08

20 Let me indicate a couple things at the outside, based  
21 on counsel's comments, defense counsel.

12:02:25

22 Number one, I disagree that I have unfettered  
23 discretion in any case, I don't. I have and try to follow  
24 those factors under 3553(a). I consider the Guideline Range,  
25 as I'm required to do. I can't just sit up here and do

12:02:44

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1 whatever I want.

2 So we'll discuss each of the 3553(a) factors.

3 I also want to say at the outset that I disagree with  
4 part of what you said. At 30 years old Guy Williams was not an  
5 uneducated youth. He had some life experiences behind him. 12:03:00

6 And I disagree that that is a factor in the crime in this case.

7 Greed, yes. Arrogance, yes.

8 I wouldn't call this fraud a tiny fraud or bad enough,  
9 as you used. It was a significant fraud. It's a significant  
10 Ponzi scheme. 12:03:23

11 I've read the letters attached to your sentencing  
12 memo, those letters of the family members, just as I heard from  
13 Duane Slade's family members. And I repeat again, when someone  
14 commits a crime I say to them, I wish at the time you did this  
15 you were to look at a picture of your family in your pocket you 12:03:39  
16 could put in front of you so that you could say, oh, my gosh,  
17 look what I'm doing to them, as well in this case to the  
18 victims, as well as yourself.

19 That's unfortunate, very unfortunate, because they  
20 suffer, as we all know, as much if not more. 12:03:57

21 Never intentionally set out to commit this crime. I  
22 don't know when he set out to do it, but it was early. And he  
23 did it intentionally. And he did it often, repeatedly. I  
24 agree with the Government's comment about the duration of this  
25 crime and how it happened on a regular basis. It's not 12:04:22

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1 something you do once and then forget about it, you had to work  
2 at it. All defendants here had to work at this in order for it  
3 to last as long as it did.

4 And he did harm. He did harm, as I've noted, and some  
5 of the victim impact statements, these people to a great  
6 degree. Were they perhaps a bit foolish to think that they  
7 could receive returns like this, which defense counsel has  
8 noted were generous? Perhaps so. On the other hand, they  
9 didn't reach that decision in a vacuum. They reached it  
10 relying on documents and representations and lies,  
11 misrepresentations, documents that had lies in them. And  
12 that's the other part of the story.

13 Let's then look at the 3553(a) factors in this case.  
14 And let's start with the nature of the crime. Again, I'm not  
15 going to repeat what is in the lengthy Presentence Report,  
16 other than to identify for the record that Mr. Williams' role  
17 is highlighted under the section Offense Conduct in paragraphs  
18 10 through 48. He is noted in there as being a primary  
19 cofounder that started Mathon Fund I, and its manager Mathon  
20 Management Company, MMC. He was overseer of the operations.  
21 He worked hand and glove, if you will, with Duane Slade.

22 Over time a high percentage of Mathon Fund I's loans  
23 began to default. Rather than disclose these defaults to  
24 investors, Slade and Guy Williams used funds from the new  
25 Mathon Fund I investors to pay off previous investors. This is





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1           That is in very short verse, without going into all  
2 the detail that's in here. We could talk about Mill Creek and  
3 Guy Williams. We could talk about the notice from in-house  
4 counsel that was ignored by Guy Williams and others. We could  
5 talk about the use of mails and wires and transactional money  
6 laundering, the violation of the judicial or administrative  
7 order. There is so much here that is, frankly, so ugly that it  
8 pains me to continue to discuss it, having, as I said, sat  
9 through it not once but twice.

12:08:20

10           The victim impact letters are summarized in here as  
11 well. And, again, we want to make sure that they are  
12 acknowledged. The Government's correct, I was moved. Moved  
13 frankly by letters from both sides. Moved by the heartfelt  
14 pain that the families of Guy Williams are suffering, and moved  
15 by the pain of a number of these investors, some wealthy, yes,  
16 but not all of them. And frankly, the pain that they suffered  
17 is significant.

12:08:41

12:08:58

18           So, again, a serious crime here.

19           Defendant's character and background. Like Duane  
20 Slade, no prior criminal history.

12:09:20

21           And, of course, we look at other factors here, the  
22 personal and family data, which is summarized in paragraphs 79  
23 through 85. And obviously a good upbringing and a good  
24 education, like Duane Slade. And somewhere along the way the  
25 two of you got off track.

12:09:43

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1 Your employment record is summarized in paragraphs 91  
2 through 100. And again, you're not afraid of work. It's too  
3 bad you didn't find more honest work to engage in.

4 There's a need for the sentence to reflect the  
5 seriousness of the crime, which I've touched on. And I think a  
6 significant sentence is appropriate on that ground. 12:10:08

7 Promote respect for the law is very important as well.

8 Providing for a just punishment. A just punishment  
9 that includes deterrence, deterring you and others from crimes  
10 like this. 12:10:27

11 Protecting the public from crimes like this.

12 As well as providing you with any needed training or  
13 treatment. And just like Mr. Slade, there will be programs  
14 available for you in the Bureau of Prisons, which I hope you  
15 will take advantage of. 12:10:39

16 So now what do I do? I have to take the scales and I  
17 have to weigh all these factors under 3553(a) and decide what  
18 to do.

19 The Government makes a good point, when you look at  
20 other *Ponzi* scheme cases -- and one of the factors I'm to take  
21 into consideration is to avoid unwarranted sentencing  
22 disparities. And so I want to look at what like *Ponzi* scheme  
23 cases have resulted in. 12:11:00

24 And one would argue that Mr. Slade is on the lower end  
25 of those other cases. And so where do I place Guy Williams? 12:11:19

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1 Counsel have noted the differences between the two and the  
2 similarities between the two.

3 I have struggled with this. And I guess where I  
4 finally come down is, I look at the Mathon Ponzi scheme, large.  
5 If it's not the greatest, Counsel, it's large. A large number  
6 of people hurt. A large amount of money involved over a long  
7 period of time. 12:11:48

8 And in my view, as I said earlier, Duane and Guy were  
9 together on this. They each knew what the other was up to.  
10 And they worked together to perpetuate this fraud. 12:12:07

11 Yes, Duane got into some more trouble that Guy didn't  
12 get into. Maybe Guy learned his lesson a little sooner, even  
13 though it was still too late, than Duane did. I don't know.  
14 But the two are significantly different.

15 And so I struggled with that, and placed that in, 12:12:32  
16 should he get the same or should he get something less than  
17 Duane Slade? And frankly, I struggled a lot with just where  
18 Guy Williams should fall on that.

19 Pursuant to the Sentencing Reform Act of 1984, it is  
20 the judgment of the Court that the defendant, Guy Williams, be 12:13:20  
21 sentenced to a term of 150 months. This will be on each count  
22 to run concurrently.

23 I'm also going to sentence the defendant to three  
24 years of supervised release, each count also to run  
25 concurrently. 12:13:40

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1 I'm going to waive the fine in this case, finding that  
2 the defendant does not have the ability to pay a fine.

3 We will defer on restitution as per the prior rulings  
4 today.

5 I will order a special assessment of \$3,800; \$100 per 12:13:51  
6 count, due and payable immediately.

7 I will recommend the defendant to a federal facility  
8 near Mesa, Arizona.

9 And does the Government object to self reporting?

10 MR. LANZA: No, Your Honor. 12:14:12

11 THE COURT: Then the Court will allow the defendant to  
12 self report.

13 MS. HAUPTLY: Your Honor, Counts 19 through 40, the  
14 statutory maximum is 120 months.

15 THE COURT: Thank you. 12:14:26

16 I've been corrected. With respect to the Counts 19  
17 through 40, the max is 120 months for each count. So those  
18 will be 120 months, each count to be served concurrently to  
19 each other and concurrently to my sentencing on Counts 1, 4, 5,  
20 6 through 18, of 150 months. 12:14:46

21 Total sentence is 150 months.

22 Counsel for either side know of any reason not  
23 previously made why the sentence I've just outlined should not  
24 be imposed?

25 MR. LANZA: No, Your Honor. 12:15:00

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1 MR. DICHTER: No, Your Honor.

2 THE COURT: Have I answered all your arguments,  
3 Counsel? Any other objections that I haven't addressed?  
4 Anything we need to address now?

5 MR. DICHTER: There's nothing we need to address now, 12:15:10  
6 I think, other than I think you have to give him his right to  
7 appeal.

8 THE COURT: Oh, yes, that's coming.

9 But before I do that I'm going to also reflect on the  
10 record that, Mr. Williams, you were provided with a document 12:15:21  
11 captioned Conditions of Supervised Release, and it contains  
12 your signature, your lawyer's signature, and today's date. Did  
13 you have a opportunity to review this with your counsel?

14 THE DEFENDANT: I did.

15 THE COURT: Do you have any questions of me about it? 12:15:37

16 THE DEFENDANT: No.

17 THE COURT: Then that document will be filed and made  
18 part of the record in this case.

19 I also remind you that you have appeal rights in this  
20 case. Any notice of appeal must be filed within 14 days of 12:15:46  
21 judgment being entered. Your counsel will stay with you on  
22 this case until that decision is made.

23 If you're unable to pay the costs of an appeal, you  
24 may request the assistance from the clerk of court.

25 Anything else, Counsel, that I have forgotten? 12:16:01

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1 MR. LANZA: Did you need to give a self-surrender  
2 date? I think that's traditionally the practice here, but I'll  
3 defer to others.

4 THE COURT: Back home it's not.

5 The marshals -- all I can tell you is back home the  
6 marshals will contact you and tell you when you need to appear.  
7 And you need to appear by that date. But I'm about --

12:16:11

8 (Discussion off the record between the Court and  
9 courtroom deputy)

10 THE COURT: What's the practice here with respect to a  
11 self-surrender date?

12:16:30

12 MR. DICHTER: Your Honor, what you do is set one, and  
13 then if the BOP hasn't made a designation -- and I can tell you  
14 I have a case in which they still haven't made a designation,  
15 it's been eight months. Yeah.

12:16:43

16 So what happens is is you set a date certain for  
17 self-surrender, usually I would say about ten weeks out, and if  
18 there's no designation, we get to come back and ask you to  
19 extend that. That's the practice I'm familiar with.

20 MR. LANZA: Your Honor, we'd ask 90 days so it falls  
21 just after Christmas. I think that's about the outside length  
22 of what our traditional -- we've seen 30, 60 or 90. We don't  
23 see any objection to 90.

12:17:04

24 THE COURT: Then the Court will order 90 days for the  
25 defendant to report for the service of his sentence.

12:17:20

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1 I remind you, Mr. Williams, failure to report for your  
2 service of your sentence is a separate crime for which  
3 penalties can be quite severe. Do you understand that?

4 THE DEFENDANT: I do.

5 THE COURT: And do you understand that all the  
6 conditions on which you have been released pending the  
7 sentencing continue to remain in full force in effect. Should  
8 you violate any of those conditions, you can be called into  
9 court, and if found to have violated, again, you can have  
10 severe penalties for that as well. Do you understand?

12:17:34

12:17:49

11 THE DEFENDANT: I do.

12 THE COURT: Counsel, anything we need to wrap up on  
13 this one?

14 MR. LANZA: No, Your Honor.

15 MR. DICHTER: No, Your Honor.

12:17:58

16 THE COURT: Thank you.

17 MR. DICHTER: May we be excused?

18 THE COURT: You may.

19

20 (Proceedings involving codefendant Brent Williams were  
21 not included in this transcript)

22

23 (Proceedings concluded at 12:18 p.m.)

24

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C E R T I F I C A T E

I, CANDY L. POTTER, do hereby certify that I am duly appointed and qualified to act as Official Court Reporter for the United States District Court for the District of Arizona.

I FURTHER CERTIFY that the foregoing pages constitute a full, true, and accurate transcript of all of that portion of the proceedings contained herein, had in the above-entitled cause on the date specified therein, and that said transcript was prepared under my direction and control.

DATED at Phoenix, Arizona, this 7th day of December, 2013.

s/Candy L. Potter  
Candy L. Potter, RMR, CRR



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CLERK U S DISTRICT COURT DISTRICT OF ARIZONA	
BY _____	DEPUTY

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA  
PHOENIX DIVISION

United States of America,

Case No. 2:09 CR 1492 - ROS

Plaintiff,

JURY INSTRUCTIONS  
(before Closing Arguments)

-vs-

JUDGE JACK ZOUHARY

Duane Hamblin Slade, et al.,

Defendants.

Members of the jury: You have heard the evidence. Now I will instruct you, and next you will hear final arguments of counsel. The Court and the jury have separate functions: you decide the disputed facts, and the Court provides the instructions of law. It is your sworn duty to accept these instructions and to apply the law as it is given to you. You are not permitted to change the law or to apply your own concept of what you think the law should be.

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### **Equality Under the Law**

In deciding the facts of this case, you must not be swayed by bias or prejudice or favor as to either party. Our system of law does not permit jurors to be governed by prejudice or sympathy or public opinion. Both the parties and the public expect that you will carefully and impartially consider all the evidence in the case, follow the law as stated by the Court, and reach a just verdict based on the evidence.

This case should be considered and decided by you as an action between persons of equal standing in the community, and holding the same or similar stations in life. Individuals and the Government stand equal before the law and are to be dealt with as equal in a court of justice.

### **Indictment**

A criminal case begins with the filing of an Indictment. The Indictment informs a Defendant he has been charged with an offense. The fact it was filed may not be considered for any other purpose. A plea of "not guilty" is a denial of the charge and puts in issue all the essential elements of each offense charged.

The Indictment in this case charges crimes of Conspiracy, Mail Fraud, Wire Fraud, and Transactional Money Laundering that were committed beginning around February 2002 and continuing through April 2005. The proof need not establish with certainty the exact dates of the alleged crimes. It is sufficient if the evidence in the case establishes beyond a reasonable doubt the crime in question was committed on dates reasonably near the alleged date.

Your job is limited to deciding whether the Government has proved the crimes charged against these Defendants. Whether anyone else should be prosecuted and convicted for these crimes is not a proper matter for you to consider. The possible guilt of others is no defense to a criminal charge. Do not let the possible guilt of others influence your decision in any way.

### **Burden of Proof and Reasonable Doubt**

Defendants pled "not guilty" to the crimes charged in the Indictment. Therefore, they start the trial with a clean slate, with no evidence at all against them, and the law presumes that they are innocent. This presumption of innocence stays with them unless the Government presents evidence, here in Court, that overcomes the presumption and convinces you beyond a reasonable doubt that they are guilty.

This means a Defendant has no obligation to present any evidence at all, or to prove to you in any way he is innocent. It is up to the Government to prove a Defendant is guilty, and this burden stays on the Government from start to finish. You must find a Defendant not guilty unless the Government convinces you beyond a reasonable doubt that he is guilty.

The Government must prove every element of the crime charged beyond a reasonable doubt. Proof beyond a reasonable doubt is proof that leaves you firmly convinced a Defendant is guilty. It is not required that the Government prove guilt beyond all possible doubt. A reasonable doubt is a doubt based upon reason and common sense and is not based purely on speculation. It may arise from a careful and impartial consideration of all the evidence, or from lack of evidence.

If after a careful and impartial consideration of all the evidence, you are not convinced beyond a reasonable doubt that a Defendant is guilty, it is your duty to find that Defendant not guilty. On the other hand, if after a careful and impartial consideration of all the evidence, you are convinced beyond a reasonable doubt that a Defendant is guilty, it is your duty to find that Defendant guilty.

### **Multiple Crimes**

Defendants have been charged with multiple crimes. The number of charges is not evidence of guilt, and this should not influence your decision in any way. It is your duty to separately consider the evidence that relates to each charge, and to return a separate verdict for each one. For each charge, you must decide whether the Government has presented proof beyond a reasonable doubt that a Defendant is guilty of that particular charge.

Your decision on one charge, whether it is guilty or not guilty, should not influence your decision on the other charges. Your verdict on any count as to any Defendant should not control your verdict on any other count or as to any other Defendant.

### **Number and Availability of Witnesses**

Do not make any decisions based solely on the number of witnesses who testified. What is important is how believable the witnesses were, and how much weight you think their testimony deserves. Concentrate on that, not the numbers.

## Evidence

Evidence is all the testimony received from the witnesses, any exhibits admitted during the trial, and any facts stipulated by counsel. You must make your decision based only on the evidence you saw and heard here in Court. Do not let rumors, suspicions, or anything else you may have seen or heard outside this Court influence your decision in any way.

Evidence may be direct or circumstantial, or both.

“Direct evidence” is the testimony given by a witness who has seen or heard the facts to which he or she testifies. It includes exhibits admitted into evidence during the trial.

Evidence may also be used to prove a fact by inference. This is referred to as circumstantial evidence. “Circumstantial evidence” is the proof of facts by direct evidence from which you may infer other reasonable facts or conclusions.

If a witness testified he saw it raining outside, and you believed him, that would be direct evidence it was raining. If someone walked into the courtroom wearing a raincoat covered with drops of water and carrying a wet umbrella, that would be circumstantial evidence from which you could conclude it was raining.

You may not make one inference from another inference, but you may draw more than one inference from the same facts or circumstances.

Direct evidence and circumstantial evidence inherently possess the same probative value, and both must be measured by the same standard of proof -- that is, proof beyond a reasonable doubt.

### **Inconsistent Statements by a Witness**

You have heard evidence that a witness may have made statements before this trial that may be inconsistent with his or her testimony here in Court. If you find the statements are inconsistent, you may consider the earlier statement in deciding the truthfulness and accuracy of that witness' testimony in this trial.

### **Depositions**

Some testimony was presented by way of deposition. This evidence is to be considered by you the same as if the witness testified live in the courtroom.

Also, if prior sworn statements differ from testimony given in the courtroom by the same witness, you may consider the difference to test the credibility of that witness.

### **Exhibits**

A number of exhibits and testimony relating to them have been introduced. You will determine what weight, if any, the exhibits should receive in light of all the evidence, no matter who produced the exhibit. The numbering or lettering of the exhibits that you take to the jury room may not follow consecutively. There are several reasons for this. Some exhibits may not have been offered, some may be duplicates, or the Court may have rejected the exhibit because of a legal or other ruling. Do not guess or draw any inference because you do not have a particular numbered exhibit.



### **Matters Not Evidence**

The evidence does not include the Indictment, opening statements, or closing arguments of counsel. The opening statements and closing arguments of counsel are designed to assist you; they are not evidence.

Statements or answers stricken by the Court or that you were instructed to disregard are not evidence and must be treated as though you never heard them. You must not speculate as to why the Court sustained the objection to any question or what the answer to such question might have been. You must not draw any inference or speculate on the truth of any suggestion included in an unanswered question.

### **Charts and Summaries**

Certain charts and summaries have been admitted into evidence. Charts and summaries are only as good as the underlying supporting material. You should, therefore, give them only such weight as you think the underlying material deserves.

### **Credibility**

You are the sole judges of the facts, the credibility of the witnesses, and the weight of the evidence. To weigh the evidence, you must consider the credibility of the witnesses. You will apply the tests of truthfulness which you apply in your daily lives. These tests include the appearance of each witness upon the stand; his or her manner of testifying; the reasonableness of the testimony; the opportunity he or she had to see, hear and know the things concerning which he or she testified; his or her accuracy of memory; frankness or lack of it; intelligence; interest and bias, if any; together with all the facts and circumstances surrounding the testimony. Applying these tests, you will assign to the testimony of each witness such weight as you deem proper.

You are free to believe everything a witness said, or only part of it, or none of it at all. Some guides for evaluating the testimony include:

- Was the witness able to clearly see or hear the events?
- How good was the witness' memory?
- Was there anything that may have interfered with the ability of the witness to perceive or remember the events?
- How did the witness act while testifying?
- Did the witness have any relationship to the Government or Defendant, or anything to gain or lose from the case, that might influence the witness' testimony?
- Was the witness' testimony supported or contradicted by other evidence you found believable?

### **Opinion Testimony**

Certain witnesses expressed opinions or impressions during their testimony. You do not have to accept such opinions or impressions. In deciding how much weight to give such testimony, you should consider his or her qualifications and how the witness reached his or her conclusions. Also consider the other factors discussed in these instructions for weighing the credibility of witnesses.

An "expert witness" is one who, through study or experience, or both has acquired skill that makes him or her better qualified than the average person to form an opinion. This does not mean, however, that you are bound by the opinion of any expert. It is for you, as triers of fact, to determine whether the expert testimony is worthy of belief, considering the expert's relative qualifications, credibility, and believability.

### **Hypothetical Questions**

During the course of this trial, lawyers have asked some witnesses "hypothetical questions" where the lawyer describes a certain scenario, assuming certain facts to be true. Whether those facts might or might not apply to this case is for you to decide, and it is for you to determine the effect or value of the witness' answer in light of those assumed facts. If there is no evidence of a single fact on which the question is based, the answer to the hypothetical question is not entitled to receive any weight. The value of an opinion is no stronger than the facts on which it was based.

### **Acting Through Agent or Employee**

It is not necessary to prove that a Defendant personally did every act constituting the offense charged. As a general rule, whatever any person is legally capable of doing himself, he can do through another as his agent. So, if the acts or conduct of an employee or other agent are deliberately ordered or directed, or deliberately authorized or consented to by Defendant, then the law holds Defendant responsible for those acts or conduct the same as if personally done by Defendant.

### **Testimony of Defendants**

A Defendant in a criminal case has a constitutional right not to testify. You may not draw any inference of any kind from the fact that a Defendant did not testify.

### **Testimony of a Witness Under a Grant of Immunity or Reduced Criminal Liability**

You have heard the testimony of Russell Sewell who pled guilty to a crime arising out of the same events for which Defendants are on trial. You have also heard that the Government entered into a plea agreement with him that includes certain sentencing considerations. It is permissible for the Government to enter into such agreements. But you should consider the testimony of this witness with more caution than the testimony of other witnesses. In this regard, consider whether his testimony may have been influenced by the plea agreement.

\* \* \*

This concludes the general instructions on certain preliminary matters. I will now give you the instructions of law on the specific issues in this case.

\* \* \*

### **The Charges**

Each Defendant is charged with thirty-nine (39) counts as set forth in the Indictment. Count 1 charges each Defendant with Conspiracy to Commit Mail Fraud and Wire Fraud in violation of federal law. Counts 2, 4, and 5 charge each Defendant with Mail Fraud in violation of federal law. Counts 6 through 18 charge each Defendant with Wire Fraud in violation of federal law. Counts 19 through 40 charge each Defendant with Transactional Money Laundering in violation of federal law. The elements of each crime and the details of each count follow next.

#### **CONSPIRACY (Count 1)**

Section 1349 of Title 18 of the United States Code

Count 1 of the Indictment charges that Defendants conspired with others to commit two different crimes: Mail Fraud and Wire Fraud.

#### **Elements of Conspiracy**

A conspiracy is a kind of criminal partnership. For you to find a Defendant guilty of a conspiracy charge, the Government must prove each and every one of the following elements beyond a reasonable doubt:

1. that two or more persons **conspired, or agreed**, to commit the crimes of Mail Fraud or Wire Fraud; and
2. that Defendant **knowingly and voluntarily** joined the conspiracy.

You must be convinced the Government has proved all of these elements beyond a reasonable doubt in order to find a Defendant guilty of conspiracy. Terms in bold are further defined for you below.

#### **Explanation of Terms**

**Conspired or Agreed** - With regard to the first element -- a criminal agreement -- the Government must prove that two or more persons **conspired, or agreed**, to cooperate with each other to commit Mail Fraud or Wire Fraud in violation of federal law.

This does not require proof of any formal agreement, written or spoken. Nor does this require proof that everyone agreed on all details. But proof that people simply met together from time to time and talked about common interests, or engaged in similar conduct, is not enough to establish a criminal agreement. These are things that you may consider in deciding whether the Government has proved an agreement. But without more they are not enough.

What the Government must prove is that there was a mutual understanding, either spoken or unspoken, between two or more people, to cooperate with each other to commit a violation of federal law. Furthermore, one who willfully joins an existing conspiracy is as responsible as the originators.

An agreement can be proved indirectly, by facts and circumstances which lead to the conclusion that an agreement existed. But it is up to the Government to convince you that such facts and circumstances existed in this particular case.

One more point about the agreement. Count 1 of the Indictment accuses each Defendant of conspiring to commit two different fraud crimes. The Government must prove a Defendant agreed to commit at least one of these fraud crimes for you to return a guilty verdict on Count 1. The Government does not have to prove a Defendant agreed to commit both crimes as the objects of the conspiracy in Count 1.

**Knowingly and Voluntarily Joined** - If you are convinced there was a criminal agreement, then you must decide whether the Government has proved Defendant knowingly and voluntarily joined the agreement. To convict a Defendant, the Government must prove he knew the conspiracy's main purpose, and that he voluntarily joined it intending to help advance or achieve its goals.

This does not require proof Defendant knew everything about the conspiracy, or everyone else involved, or that he was a member of it for a long period of time. Nor does it require proof that Defendant played a major role in the conspiracy, or that his connection to it was substantial. A slight role or connection may be enough.

But proof Defendant simply knew about a conspiracy, or was present at times, or associated with members of the group, is not enough, even if he approved of what was happening or did not object to it. Similarly, just because Defendant may have done something that happened to help a conspiracy does not necessarily make him a conspirator. These are all things you may consider in deciding whether the Government has proved that Defendant joined a conspiracy. But without more they are not enough.

What the Government must prove is that Defendant knew the conspiracy's main purpose, and that he voluntarily joined it intending to help advance or achieve its goals.

Defendant's knowledge can be proved indirectly by facts and circumstances which lead to a conclusion that he knew the conspiracy's main purpose. But it is up to the Government to convince you that such facts and circumstances existed in this case.

### **Individuals Not Charged**

Some of the people who may have been involved in these acts are not on trial. This does not matter. There is no requirement that all members of a conspiracy be charged and prosecuted, or tried together in one proceeding. Nor is there any requirement that the names of the other conspirators be known. An Indictment can charge Defendant with a conspiracy involving people whose names are not known, so long as the Government can prove Defendant conspired with one or more of them. Whether they are named or not does not matter.

### **Consequence of Finding a Defendant Was in a Conspiracy: Liability for Offenses Committed by Co-Conspirators**

Each member of the conspiracy is responsible for the actions of the other conspirators performed during the course and in furtherance of the conspiracy. If one member of a conspiracy commits a crime in furtherance of a conspiracy, the other members have also, under the law, committed that crime.



Therefore, you may find a Defendant guilty of a particular count of Mail Fraud or Wire Fraud (as charged in Counts 2 and 4-18 of the Indictment) if the Government has proved each of these five elements beyond a reasonable doubt:

1. a person named in the applicable count of the Indictment committed the crime of Mail Fraud or Wire Fraud as alleged in that count;
2. the person was a member of the conspiracy charged in Count 1 of the Indictment;
3. the person committed the crime of Mail Fraud or Wire Fraud in furtherance of the conspiracy;
4. Defendant was a member of the same conspiracy at the time the offense charged in the applicable count was committed; and
5. the offense fell within the scope of the unlawful agreement and could reasonably have been foreseen to be a necessary or natural consequence of the unlawful agreement.

**MAIL FRAUD (Counts 2, 4 & 5)**  
Section 1341 of Title 18 of the United States Code

Each Defendant is charged in Counts 2, 4, and 5 of the Indictment with Mail Fraud as follows:

<u>Count</u>	<u>"On or About" Date Mailed</u>	<u>Item Mailed</u>	<u>Carrier</u>
2	January 10, 2005	Statement of Account Balances, Mathon Fund, cash and accrual basis, mailed to David and Joyce Halling	U.S. Mail
4	February 14, 2005	Private Placement Memorandum #10871, subscription Agreement and Operating Agreement for Mathon Fund, mailed to David Halling	U.S. Express Mail

5      March 16, 2005      Statement of Account Balances,      U.S. Mail  
December 2004, for Mathon  
Management Company, mailed to  
Steve Wellington

#### **Elements of Mail Fraud**

For each count, in order for a Defendant to be found guilty of Mail Fraud, the Government must prove the following four elements beyond a reasonable doubt:

1. Defendant knowingly participated in a scheme or plan to defraud, or a scheme or plan for obtaining money or property by means of false or fraudulent pretenses, representations, or promises;
2. the statements made or facts omitted as part of the scheme were material; that is, they had a natural tendency to influence, or were capable of influencing, a person to part with money or property;
3. Defendant acted with the intent to defraud; that is, the intent to deceive or cheat; and
4. Defendant used, or caused to be used, the mails to carry out or attempt to carry out an essential part of the scheme.

#### **Explanation of Terms**

**Knowingly** - An act is done knowingly if a Defendant is aware of the act and does not act through ignorance, mistake, or accident. The Government is not required to prove that a Defendant knew that his acts or omissions were unlawful. You may consider evidence of a Defendant's words, acts, or omissions, along with all the other evidence, in deciding whether a Defendant acted knowingly.

**Scheme or Plan to Defraud** - In determining whether a scheme or plan to defraud exists, you may consider not only a Defendant's words and statements, but also the entire circumstances in which they are used.

**False or Fraudulent Pretenses, Representations, or Promises** - A pretense, representation, or promise is "false or fraudulent" if it is known to be untrue or is made with reckless indifference as to its truth or falsity and is made or caused to be made with the intent to deceive.

A "false or fraudulent" pretense, representation, or promise also may be made by statements of half-truths or the concealment of material facts as well as by affirmative statements or acts. That is, if a person represents that a particular fact or set of facts exists but at the same time knowingly and intentionally and with intent to deceive fails to reveal other relevant and material facts concerning those representations which would place a different light on the matters represented, the failure to disclose the other material facts may make the matters represented "false or fraudulent" within the meaning of the statutes.

**Intent to Defraud** - An intent to defraud is an intent to deceive or cheat. Although an honest, good-faith belief in the truth of a statement or opinion may negate intent to defraud, a good-faith belief that an investor will eventually be repaid and will sustain no loss is no defense at all.

**Used/Caused to be Used via Mail** - A mailing is caused when one knows that the mails will be used in the ordinary course of business or when one can reasonably foresee such use. It does not matter whether the material mailed was itself false or deceptive so long as the mail was used as a part of the scheme, nor does it matter whether the scheme or plan was successful or that any money or property was obtained.

**WIRE FRAUD (Counts 6-18)**  
 Section 1343 of Title 18 of the United States Code

Defendants are charged in Counts 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, and 18 of the

Indictment with Wire Fraud:

<u>Count</u>	<u>"On or About"</u> <u>Wire Date</u>	<u>Approximate</u> <u>Amount</u> <u>Wired</u>	<u>Investor(s) /</u> <u>City, State of</u> <u>Residence</u>	<u>Sending Financial</u> <u>Institution / City, State</u> <u>(Receiving Financial</u> <u>Institution / Last 4</u> <u>Digits of Account</u> <u>Numbers)</u>
6	December 10, 2004	\$200,000	Phil and Janet Zobrist Henderson, NV	Merrill Lynch Las Vegas, NV (Compass Bank/7526)
7	December 10, 2004	\$100,000	Gerry Zobrist Las Vegas, NV	Wells Fargo Las Vegas, NV (Compass Bank/7526)
8	December 16, 2004	\$100,000	Phil and Janet Zobrist Henderson, NV	Merrill Lynch Las Vegas, NV (Compass Bank/7526)
9	December 21, 2004	\$1,500,000	David Stayner through entity Secured Loan Fund, LLC Farmington, UT	Wells Fargo Farmington, UT (Compass Bank/7526)
10	December 22, 2004	\$75,000	Steve Broadbent through entity F.T.F., LLC Washington, MO	U.S. Bank St. Clare, MO (Compass Bank/7526)
11	December 23, 2004	\$300,000	Bud Bailey through entity Bailey Ventures Salt Lake City, UT	U.S. Bank Salt Lake City, UT (Compass Bank/7526)

12	December 23, 2004	\$200,000	Bud Bailey through entity Bailey Ventures Salt Lake City, UT	Morgan Stanley New York, NY (Compass Bank/7526)
13	January 7, 2005	\$400,000	Phil and Janet Zobrist Henderson, NV	Merrill Lynch New York, NY (Compass Bank/7526)
14	January 28, 2005	\$50,000	Bob Winder through entity Twin Loan Investments LP West Lynn, OR	Compass Bank/7518 San Francisco, CA (Wells Fargo/5155)
15	January 31, 2005	\$570,000	Steven and Suzanne Washburn Seattle, WA	Compass Bank/7518 Shoreline, WA (Shoreline Bank/1040)
16	March 11, 2005	\$150,000	Gerry and Jolin Zobrist Las Vegas, NV	Merrill Lynch New York, NY (Compass Bank/7518)
17	March 11, 2005	\$250,000	Phil and Janet Zobrist Henderson, NV	Merrill Lynch New York, NY (Compass Bank/7526)
18	April 1, 2005	\$100,000	Kurt Taylor through entity King Henry, Inc. Las Vegas, NV	Compass Bank/7518 New York, NY (Bank of America/6986)

### **Elements of Wire Fraud**

In order for a Defendant to be found guilty of a Wire Fraud charge, the Government must prove each of the following four elements beyond a reasonable doubt:

1. Defendant knowingly participated in a scheme or plan to defraud, or a scheme or plan for obtaining money or property by means of false or fraudulent pretenses, representations, or promises;
2. the statements made or facts omitted as part of the scheme were material; that is, they had a natural tendency to influence, or were capable of influencing, a person to part with money or property;
3. Defendant acted with the intent to defraud; that is, the intent to deceive or cheat; and
4. Defendant transmitted, or caused to be transmitted, writings, signs, signals, pictures or sounds by means of wire communication in interstate commerce to carry out or attempt to carry out an essential part of the scheme.

### **Explanation of Terms**

Many of the terms in bold were previously defined in the section discussing Mail Fraud, including knowingly; scheme or plan to defraud; false or fraudulent pretenses, representations, or promises; and intent to defraud. Please refer to that section.

**Transmission of Wire Communication** - A wire communication is caused when one knows that the wires will be used in the ordinary course of business or when one can reasonably foresee such use. It does not matter whether the material wired was itself false or deceptive so long as a wire communication was used as a part of the scheme, nor does it matter whether the scheme or plan was successful or that any money or property was obtained.

**TRANSACTIONAL MONEY LAUNDERING (Counts 19-40)**  
Section 1957 of Title 18 of the United States Code

Counts 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, and 40

of the Indictment charge Defendants with money laundering.

<u>Count</u>	<u>Date of Transaction</u> (Financial Inst. / Last 4 Account numbers) [Check No./Wire Out/Deposit of Check/Transfer]	<u>Amount</u> <u>Payee</u>	<u>Source of Funds</u> <u>Disbursed</u>	<u>Description of</u> <u>Payment</u>
19	December 13, 2004 (Northern Trust / 8401) [Check # 10634]	\$19,299.40 Cody Pearce	Victim Investor Funds	Payment to Investors
20	December 13, 2004 (Northern Trust / 8401) [Check # 10635]	\$19,299.40 George Dover	Victim Investor Funds	Payment to Investors
21	December 15, 2004 (Northern Trust / 8401) [Check # 10639]	\$38,598.81 Larry Pew	Victim Investor Funds	Payment to Investors
22	December 16, 2004 (Northern Trust / 8401) [Check # 10636]	\$38,598.81 Scott Johnson	Victim Investor Funds	Payment to Investors
23	December 21, 2004 (Compass Bank / 7518) [Wire Out]	\$20,000 Steve Wellington	Victim Investor Funds	Payment to Investors
24	December 22, 2004 (Compass Bank / 7518) [Wire Out]	\$1,557,063.38 Mathon Management - Northern Trust / 8401	Victim Investor Funds	Business Operations
25	December 22, 2004 (Compass Bank / 7518) [Wire Out]	\$32,423.30 Warren King	Victim Investor Funds	Payments to Salesmen

26	December 23, 2004 (Northern Trust / 8401) [Wire Out]	\$74,980 Marc Didier	Victim Investor Funds	Payments to Salesmen
27	December 22, 2004 (Northern Trust / 8401) [Check # 10659]	\$15,000 Todd Farnsworth	Victim Investor Funds	Payments to Salesmen
28	December 22, 2004 (Northern Trust / 8401) [Check # 10664]	\$40,988.67 Larry Pew	Victim Investor Funds	Payment to Investors
29	December 22, 2004 (Northern Trust / 8401) [Check # 10663]	\$10,247.17 Brent Williams	Victim Investor Funds	Participation Point Payment
30	December 23, 2004 (Northern Trust / 8401) [Wire Out]	\$330,147.16 Jim Glauser	Victim Investor Funds	Payment to Investors
31	December 23, 2004 (Northern Trust / 8401) [Check # 10661]	\$20,494.33 Cody Pearce	Victim Investor Funds	Payment to Investors
32	December 23, 2004 (Northern Trust / 8401) [Check # 10662]	\$20,494.33 George Dover	Victim Investor Funds	Payment to Investors
33	January 10, 2005 (Compass Bank / 7518) [Wire Out]	\$250,000 Scott McDonald	Victim Investor Funds	Payment to Investors
34	January 14, 2005 (Compass Bank / 7518) [Wire Out]	\$50,000 Steve and Suzanne Washburn	Victim Investor Funds	Payment to Investors
35	February 1, 2005 (Northern Trust / 8401) [Check # 10680]	\$11,172.23 Brent Williams	Victim Investor Funds	Participation Point Payment
36	February 1, 2005 (Northern Trust / 8401) [Check # 10687]	\$89,377.86 World Sports Fans, LLC	Victim Investor Funds	Insider Payment



37	March 11, 2005 (Northern Trust / 8401) [Check # 10709]	\$26,755.75 George Dover	Victim Investor Funds	Payment to Investors
38	March 11, 2005 (Compass Bank / 7518) [Wire Out]	\$150,000 Mathon Management - Northern Trust / 8401	Victim Investor Funds	Insider Payment
39	March 14, 2005 (Northern Trust / 8401) [Check # 10710]	\$26,755.75 Cody Pearce	Victim Investor Funds	Payment to Investors
40	April 4, 2005 (Northern Trust / 8401) [Transfer of Funds]	\$26,755.75 World Sports Fans, LLC - Northern Trust / 8233	Victim Investor Funds	Payment to Investors

#### **Elements of Transactional Money Laundering**

In order for a Defendant to be found guilty of a Transactional Money Laundering charge, the Government must prove each of the following five elements beyond a reasonable doubt:

1. Defendant knowingly engaged or attempted to engage in a monetary transaction;
2. Defendant knew the transaction involved criminally derived property;
3. the property had a value greater than \$10,000;
4. the property was, in fact, derived from the acts of Mail Fraud and Wire Fraud alleged in Counts 2 through 18 of the Indictment; and
5. the transaction occurred in the United States.

### **Explanation of Terms**

The term **knowingly** was previously defined in the section discussing Mail Fraud. Please refer to that section.

**Monetary Transaction** means the deposit, withdrawal, transfer, or exchange, in or affecting interstate commerce, of funds or a monetary instrument by, through, or to a **financial institution**.

**Financial Institution** means a federally-insured bank.

**Criminally Derived Property** means any property constituting, or derived from, the proceeds of a criminal offense. The Government must prove that a Defendant knew that the property involved in the monetary transaction constituted, or was derived from, proceeds obtained by some criminal offense. The Government does not have to prove that a Defendant knew the precise nature of that criminal offense, or knew the property involved in the transaction represented the proceeds of Mail Fraud or Wire Fraud.

**Value Greater than \$10,000** - Although the Government must prove that more than \$10,000 of this property was involved in the crime, the Government does not have to prove that all the property at issue was a part of the criminal offense.

### **Concealment Not Required**

Concealment is not an element of the offense of Transactional Money Laundering. It is a violation of the statute even if the financial transaction was conducted openly and with no intent to disguise either the nature of the transaction or the identity of the person involved.

\* \* \*

### **Vicarious Liability (Mail Fraud and Wire Fraud Counts)**

If you decide that a Defendant was a member of a scheme to defraud and that he had the intent to defraud, he may be responsible for other co-schemers' actions during the course of and in furtherance of the scheme, even if he did not know what they said or did.

For a Defendant to be guilty of an offense committed by a co-schemer in furtherance of the scheme, the offense must be one that the Defendant could reasonably foresee as a necessary and natural consequence of the scheme to defraud.

### **Aiding and Abetting (All Counts)**

A Defendant may be found guilty of the crimes of Conspiracy, Mail Fraud, Wire Fraud, and Transactional Money Laundering, even if the Defendant personally did not commit the act or acts constituting the crime but aided and abetted in its commission. To prove a Defendant guilty of aiding and abetting, the Government must prove beyond a reasonable doubt:

1. the specified crime was committed by someone;
2. Defendant knowingly and intentionally aided, counseled, commanded, induced or procured that person to commit each element of the specified crime; and
3. Defendant acted before the crime was completed. It is not enough that a Defendant merely associated with the person committing the crime, or unknowingly or unintentionally did things that were helpful to that person, or was present at the scene of the crime. The evidence must show beyond a reasonable doubt that a Defendant acted with the knowledge and intention of helping that person commit the specified crime.

The Government is not required to prove precisely which Defendant actually committed the crime and which Defendant aided and abetted.

The term **knowingly** was previously defined in the section discussing Mail Fraud. Please refer to that section.

### **Negligence of Investors**

The possibility that an investor may have been negligent or naive in failing to detect the plan or scheme is no defense to the charge of fraud.

### **Activities Not Charged**

You are here only to determine whether Defendants are guilty or not guilty of the charges in the Indictment. Defendants are not on trial for any conduct or offense not charged in the Indictment.

### **Punishment**

If you decide that the Government has proved a Defendant guilty, then it will be my job to decide what the appropriate punishment should be.

Deciding what the punishment should be is my job, not yours. It would violate your oaths as jurors to even consider the possible punishment in deciding your verdict.

Your job is to look at the evidence and decide if the Government has proved a Defendant guilty beyond a reasonable doubt.

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