

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-19795

<p>In the Matter of</p> <p>STACY L. BEANE,</p> <p>Respondent.</p>
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**DIVISION OF ENFORCEMENT’S MOTION AND MEMORANDUM
OF LAW IN SUPPORT OF SUMMARY DISPOSITION
AGAINST RESPONDENT STACY L. BEANE**

I. INTRODUCTION

The Division of Enforcement (“Division”) moves for summary disposition of this matter because there are no genuine issues of material fact, and the sanctions sought against respondent Stacy L. Beane (“Beane”) should be initiated as a matter of law pursuant to Rule 250 of the Commission’s Rules of Practice. This case involves a bookkeeper/accountant who worked for VisionQuest Wealth Management, LLC (“VQ Management”) during the time that her investment advisor employer was operating an illegal Ponzi scheme by selling fraudulent notes to advisory firm clients. At the direction of Stephen C. Peters (“Peters”), who owned and operated VQ Management, Beane falsified a variety of VQ Management documents that were requested by and provided to Commission staff who were then conducting an examination and/or enforcement investigation of VQ Management.

On May 1, 2020, Beane was permanently enjoined by the U.S. District Court in the Eastern District of North Carolina from aiding and abetting any violation of Section 204(a) of the Investment Advisers Act of 1940 [15 U.S.C. § 80b-4(a)] and Rule 204-2 thereunder [17 C.F.R. § 275.204-2] by knowingly and recklessly providing substantial assistance to an investment adviser registered with the Commission under Section 203 of the Advisers Act [15 U.S.C. § 80b-3] to fail to make and keep and preserve true, accurate and current books and records as prescribed by the Commission, furnish copies thereof, or to make any records of an investment adviser available to reasonable, periodic, special or other examinations by representatives of the Commission as the Commission deems necessary or appropriate in the public interest for the protection of investors. See Exhibit 3, Paragraph I, Order of Permanent Injunction And Other Relief As to Defendant Stacey L. Beane, in *SEC v. Beane, et al.*, Civil Action File No. 5:20-cv-95-D, dated 5/1/2020.

Section 203(f) of the Investment Advisers Act of 1940 (hereinafter “Advisers Act”) authorizes the Commission to institute administrative proceedings to determine whether certain remedial measures are appropriate against any persons “associated, seeking to become associated, or, at the time of the alleged misconduct, associated or seeking to become associated with an investment adviser.” The law provides that such an action would be proper if the Commission, after notice and opportunity for hearing, has found that the remedial measures are in the public interest and if certain grounds, which are discussed in detail below, are satisfied.

In this case, the Commission has a significant, statutorily enumerated basis under Section 203(f) of the Advisers Act to impose sanctions, by virtue of a court’s imposition of an order of permanent injunction, in the U.S. District Court for the Eastern District of North Carolina. The

public interest is served in instituting remedial measures against Beane because of her knowingly and recklessly assisting Peters to provide false and fraudulent investment adviser records to the Commission's examination staff. Since no genuine material issue regarding Beane's permanent injunction exists, summary disposition of this matter is appropriate.¹

II. BEANE'S ANSWER TO THE OIP AND SWORN DECLARATION

Beane, through counsel, filed her answer to the OIP on or about June 18, 2020 and attached to it a sworn declaration executed by the Respondent on 6/15/2020 (which she similarly filed in the ongoing federal court litigation). In the sworn declaration attached to her answer, Beane admits that she worked for "VisionQuest." Under Section 202(a)(17) of the Advisers Act, a "person associated with an investment adviser" includes anyone directly or indirectly

¹ The Division submits in support of this motion for summary disposition the following attached undisputed documents from the public docket in her related civil case, and the transcript of Beane's trial testimony at Peters' criminal trial, including: (1) Exhibit 1 is the Commission's Complaint against Beane, a true and correct copy from the docket of her civil case dated 3/12/2020 charging her with one count of aiding and abetting books and records violations of Investment Advisers. *See SEC v. Beane et al., Case 5:20-cv-00095-D (E.D.N.C.), Docket #1[Complaint]*; (2) Exhibit 2 is the Consent of Defendant Stacey L. Beane To Order of Permanent Injunction And Other Relief, a true and correct copy from the docket of Beane's civil case filed 5/1/2020. *See SEC v. Beane, et al., Case 5:20-cv-00095-D, (E.D.N.C.) Docket #7 [Signed Consent of Beane]*; (3) Exhibit 3 is the Order of Permanent Injunction And Other Relief As to Defendant Stacey L. Beane signed by U.S. District Court Judge James C. Dever, III, a true and correct copy from the docket of Beane's civil case dated 5/1/2020. *See SEC v. Beane, et al., Case 5:20-cv-00095-D, (E.D.N.C.) Docket #9 [Order of Permanent Injunction/Beane]* indicating that Respondent was permanently enjoined from aiding and abetting books and records violations of an investment adviser; and (4) Exhibit 4 is the sworn testimony of Stacy L. Beane at the criminal trial of Stephen C. Peters, in which she admitted many of her efforts to falsify books and records of the VQ Management investment advisory firm. *See United States v. Peters, Case 5:17-cr-411-1D, (E.D.N.C.) [Trial Testimony of Stacey Beane]*. All of these filings, and their contents, are appropriate subjects of official notice pursuant to Commission Rule 323. *See, In re Joseph P. Galluzzi*, Initial Decisions Release No. 187, 1001 SEC Lexis 1582, *8-9 (Aug. 7, 2001)(ALJ Kelly)(pursuant to Commission Rule 323, ALJ took official notice of the following filings and statements therein: Commission complaint; Indictment; Judgment of Conviction; Third Circuit Court of Appeal judgment affirming conviction, etc.); *see also, In re Brownson*, Initial Decisions Release No. 182, 2001 SEC Lexis 537, *7-8 (Mar 23, 2001)(ALJ Foelak)(same); and *In re Brad Haddy*, Initial Decisions Release No. 164, 2002 SEC Lexis 907, *7-8 (Jun 21, 2000)(ALJ Foelak)(same).

controlled by an investment adviser, including any employee of the adviser. That statute further provides that, for purposes of Section 203(f) of the Advisers Act, persons “whose functions are clerical or ministerial” are included within the definition of a “person associated with an investment adviser.” Because Beane was employed by and/or under the control of VQ Management and Peters, she is without doubt within the definition of a “person associated with an investment adviser” for purposes of Section 203(f) of the Advisers Act.²

In her Answer to the OIP, Beane in no way disputes that her employment and affiliation was with an investment adviser registered with the Commission. She fully admits that she forged and created false documents to hide Peters’ Ponzi scheme, and that she knew it was wrong to do so. (Beane Declaration, ¶ 2). Beane also acknowledges that she recognized that the falsification of documents was both “deceptive and fraudulent.” (Beane Dec. ¶ 3).

III. FACTS

A. The Allegations Of The Commission’s Complaint Against Beane

On March 12, 2020, the Commission file the Injunctive Action against Beane and two co-defendants alleging that they engaged in conduct related to falsification and creation of investment advisory records that were in turn handed over to the Commission’s examination and/or enforcement staff. (Complaint “Compl.” ¶¶ 1-7). In paragraph 1 the Complaint alleges

² Although Beane testified at Peters’ criminal trial she was employed by VQ Capital, this does not remove her from the definition of a “person associated with an investment adviser.” At the direction of Peters, Beane periodically performed services for VQ Management, and was thus indirectly controlled by VQ Management. Beane was directly controlled by Peters, who can also be considered an “investment adviser” because he (1) provided investment advice to VQ Management’s clients, including recommending that they invest in VQ Capital Notes, and (2) received compensation in connection with these advisory services, both from fees charged by VQ Management and from his misappropriation of note offering proceeds. See *John J. Kenny and Nicholson/Kenny Capital Management, Inc.*, Advisers Act Rel. No. 2128, 2003 WL 21078085(May 14, 2003) (Commission Opinion).

that Beane and others assisted Peters in his efforts to hide from the Commission a Ponzi scheme that Peters perpetrated through the three VisionQuest entities he controlled, including VisionQuest Wealth Management, LLC an investment advisory firm. The Complaint further alleged that Peters through the VisionQuest entities offered and sold approximately \$10.1 million in promissory notes issued by VisionQuest Capital, LLC (“VQ Capital”) to at least 60 elderly and retired investment advisory clients of VQ Management. (Compl., ¶ 2) The Complaint further alleges that Peters told numerous investors that VQ Capital would invest the offering proceeds into revenue-producing businesses and that neither he nor VQ Management would receive any compensation for their investment in the VQ Capital notes. In truth, he diverted at least two-thirds of the money raised for his own benefit or to pay interest to, or redeem, earlier investors. (Compl., ¶ 3). The Complaint alleges that Beane falsified multiple records of VQ Management to conceal the fraud or other misconduct from the Commission staff during the examination and related ensuing enforcement proceeding. (Compl., ¶ 4). Specifically, Beane altered investor accreditation documents and client balance sheets to make several unaccredited investors appear to be accredited. (Compl., ¶ 5).

Beane further admitted in sworn testimony given during the criminal trial against Peters that, at Peters’ direction, she falsified a variety of VQ Management documents that were requested by, and provided to, Commission staff. (Ex. 4). She also admitted in testimony that she knew her conduct was wrong. (Compl., ¶ 35; Ex. 4 Beane Trial Testimony). For example, the examination staff requested documents relating to the outside business activities of VQ Management employees, including Peters. (Compl., ¶ 36). In response, Beane created false outside business activity disclosures to make it appear as though Peters and other VQ Management personnel had disclosed to VQ Management’s compliance

officer the potential conflict of interest relating to the sale of VQ Capital notes to VQ Management's advisory clients. (Compl., ¶ 37). Beane then backdated these forms to a period preceding the examination and forged the compliance officer's signature to those documents. (Compl., ¶ 38). This made it appear as though the employees had signed the acknowledgments as of the date they were hired. These documents were eventually provided to the Commission examination staff. (Compl., ¶ 40).

In addition, the Complaint alleges that Beane forged advisory client signatures to investor policy statements that purported to document, among other things, the risk tolerance and investment objectives of certain VQ Management advisory clients that invested in the VQ Capital notes. (Compl., ¶ 41). Beane also fabricated investor accreditation questionnaires and altered client balance sheets to make several VQ Capital note investors appear to be accredited when they were not. (Compl., ¶ 42). The Complaint further alleges that Beane inflated the assets on the balance sheets of certain investors to make it appear as if they had net worth in excess of \$1 million. These documents were also provided to Commission examination and/or enforcement staff. (Compl., ¶ 43). The Complaint also alleged that Beane backdated subscription agreements relating to the sale of VQ Capital notes to certain VQ advisory clients. This made it appear as though the agreements had been executed when those investors had purchased the notes. In fact, these agreements were only created after the enforcement staff requested them. (Compl., ¶ 44-45). The Complaint alleges Beane also falsified VQ Management's financial records to conceal prior client lawsuits by changing "settlements" after various amounts on the trial balance sheet and income statement to the more innocuous "professional fees attorneys." The altered financials were also provided to Commission examination staff. (Compl., ¶ 46).

The Complaint also outlined how Beane assisted Peters in hiding certain documents from the Commission staff. For example, in response to examination staff requests for all emails by Peters and other VQ Management employees during a particular date range, Beane assisted others and used certain key word searches to identify responsive emails and withhold them improperly from the production.

(Compl., ¶ 47-48). Withheld emails included those relating to the marketing of VQ Capital notes, compensation paid in connection with the sale of those notes, and prior lawsuits against VQ Management by several clients. (Compl., ¶ 49). Many of the documents that Beane falsified were records that VQ Management was required to keep and maintain pursuant to the Investment Advisers Act of 1940 and the rules promulgated thereunder. (Compl., ¶ 52).

B. Beane Consented to the Entry of an Injunction.

On April 13, 2020, a month prior to the Commission’s filing of the Commission’s Complaint, Beane while represented by counsel signed a “Consent of Defendant Stacey L. Beane To Order of Permanent Injunction And Other Relief.” It is attached hereto as Exhibit 2. When the Commission filed its federal court Complaint, it also filed Beane’s Consent. In the Consent, Beane waived service of the Order of Permanent Injunction and agreed that its entry by the District Court would constitute notice to her of the terms and conditions. (Consent, ¶¶ 1, 8, 10).

Also in the Consent, Beane expressly stated that she understood that “in any disciplinary proceeding before the Commission based on the entry of the injunction” – such as the instant administrative proceeding – she would “not be permitted to contest the factual allegations of the complaint in this action.” (Consent, ¶ 10). She further acknowledged that the Consent “resolve[d] only the claims asserted” in the Injunctive Action and that “the Court’s entry of a permanent injunction may have collateral consequences under federal or state law.” (Consent, ¶ 10).

C. The District Court Enjoined Beane

On May 1, 2020, the District Court in the Injunctive Action entered an Order of Permanent Injunction And Other Relief As To Defendant Stacey L. Beane (“PI Order”). A true and correct copy of the PI Order is attached as Exhibit 3. The PI Order permanently enjoins Beane from aiding and abetting the books and records violations of an investment adviser.

D. The Commission Issued an Order Instituting Administrative Proceedings Against Beane

On May 12, 2020, the Commission issued an Order Instituting Public Administrative Proceedings Pursuant To Section 203(f) of the Investment Advisers Act of 1940 And Notice of Hearing (the “AP OIP”) against Beane. The AP OIP was duly served on Beane by the Commission. The AP OIP summarized some of the core allegations of the Commission’s Complaint in the Injunctive Action. (AP OIP at ¶¶ IIA(1) and IIB(3). The AP OIP also alleged that, on May 1, 2020, an order of permanently enjoining Beane from aiding and abetting future violations of Section 204(a) of the Advisers Act and Rule 204-2 thereunder was issued by the U.S District Court for the Eastern District of North Carolina. (AP OIP at ¶ IIB (2).

IV. ARGUMENT

A. The Standard for Deciding this Motion.

Rule 250 of the Commission’s Rules of Practice provides that the Division or the Respondent may make a Motion for Summary Disposition subject to leave of Court prior to presentation of the Division’s case in chief. Although the Rule provides that the Administrative Law Judge (“ALJ”) may grant the motion if there is “no genuine issue with regard to any material fact and the party making the motion is entitled to summary disposition as a matter of law,” the parties have agreed to modify that standard for purposes of these proceedings. No evidentiary hearing is necessary and disposition by motion is appropriate irrespective of whether there are conflicts in the evidence that the parties submit. Any factual disputes may be resolved by the Commission, on the basis of the motion papers and supporting documentary evidence.

B. Beane Should Be Barred from the Securities Industry

Section 203(f) of the Advisers Act authorizes the Commission to sanction someone if (1) at the time of the alleged misconduct, she was associated with an investment adviser; (2) she has been enjoined from any action specified in Section 203(e)(5) of the Advisers Act; and (3) the sanction is in the public interest. 15 U.S.C. § 80v-3(f). “[T]he mere existence of an injunction may support . . . a bar from participation in the securities industry where the nature of the acts enjoined and the circumstances indicate that it is in the public interest.” *In re Melton*, 2003 SEC LEXIS 1767, 8, 56 S.E.C. 695, 700 (July 25, 2003), citing *Cortlandt Investing Corp.*, 44 S.E.C. 45, 53 (1969). A consent injunction, “no less than one issued after trial upon a determination of the allegations, may furnish the sole basis for remedial action . . .” *Id.* The appropriate remedial measures in a proceeding under Section 203(f) is guided by the public interest factors set forth in *Steadman v. SEC*, namely: (1) the egregiousness of the respondent’s actions; (2) the isolated or recurrent nature of the infraction; (3) the degree of scienter involved; (4) the sincerity of the respondent’s assurances against future violations; (5) the respondent’s recognition of the wrongful nature of his conduct; and (6) the likelihood of future violations. 603 F.2d 1126, 1140 (5th Cir. 1979); see *In re Kornman*, Advisers Act Rel. No. 2840 (Feb. 13, 2009), 95 SEC Docket 14246, 14255.

In this case, Beane should be barred from the securities industry, as all of the Steadman factors weigh in favor of a bar. Beane’s misconduct was knowing and calculated. She knew that the falsification of investment adviser client and other records was wrong when she did it. Beane’s conduct was egregious and extended over a period of several months in 2016 and 2017. Beane falsified documents at the behest of Peters when she knew those false documents were to

be submitted to the Commission's examination and/or enforcement staff to purposefully mislead regulatory authority. Her misconduct involved a high degree of scienter. In short, Beane's behavior is precisely the sort that warrants an industry bar.³ Notably Beane has continued to work in the securities industry since her employment with VQ Management and Peters ended.

V. CONCLUSION

Accordingly, for the foregoing reasons, the Division respectfully requests that its motion for summary disposition of this action be granted, and that an order be issued barring Beane from the securities industry.

Respectfully submitted,

DIVISION OF ENFORCEMENT

By its Attorney:

/s/Edward G. Sullivan
Edward G. Sullivan
Senior Trial Counsel
Atlanta Regional Office
Securities and Exchange Commission
950 E. Paces Ferry Rd., Suite 900
Atlanta, GA 30326
Telephone: 404.842.7612
Email: sullivan@sec.gov

Dated: August 6, 2020.

³ The Commission sued two other individuals along with Beane in the District Court action, including Justin N. Deckert who settled to a final judgment including both a permanent injunction and a civil penalty of \$30,000. In a bifurcated settlement, Beane settled to only to a permanent injunction. The Commission's motion to impose a civil penalty against her is currently pending in the District Court action. However, in the subsequent *settled* AP against Mr. Deckert, the Commission still barred him from association with a right to reapply for reentry after five years. *In the Matter of Justin N. Deckert*, File No. 3-19794, order dated May 12, 2020.

CERTIFICATE OF SERVICE

On August 6, 2020, I served the foregoing by causing to be sent true and correct copies as shown below by e-mail to:

Office of the Secretary
Securities and Exchange Commission
apfilings@sec.gov

Donald F. Samuel
Garland Samuel & Loeb
dfs@gslaw.com
Counsel for Respondent Beane

/s/Edward G. Sullivan
Edward G. Sullivan
Senior Trial Counsel

Securities and Exchange Commission
950 East Paces Ferry Road, NE, Suite 900
Atlanta, GA 30326-1382
Telephone: (404) 842-7612
Email: sullivan@sec.gov

EXHIBIT 1

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
WESTERN DIVISION**

NO. 3:20-CV-____ - ____

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

**STACEY L. BEANE; JUSTIN N. DECKERT;
AND TRAVIS LASKA.**

Defendants.

**COMPLAINT FOR
INJUNCTIVE AND OTHER
RELIEF**

The plaintiff, Securities and Exchange Commission (“Commission”), files this Complaint and alleges the following:

SUMMARY

1. Defendants Stacey L. Beane (“Beane”), Justin N. Deckert (“Deckert”) and Travis Laska (“Laska”) assisted Stephen C. Peters (“Peters”) in his efforts to hide from the Commission a Ponzi scheme that Peters perpetrated through three entities he controls: VisionQuest Wealth Management, LLC (“VQ Management”)—an investment adviser in Raleigh, North Carolina that was registered with the Commission; VisionQuest Capital, LLC (“VQ Capital”), and VQ Wealth, LLC (“VQ Wealth”)(collectively, the VQ Entities).

2. Between at least April 2012 and June 30, 2017, Peters, acting individually or through VQ Capital and/or VQ Management, fraudulently offered and sold approximately \$10.1

million in promissory notes issued by VQ Capital (the “VQ Capital notes” or “notes”) to at least 60 investors, the majority of which were elderly and retired advisory clients of VQ Management.

3. Peters told numerous investors that VQ Capital would invest the offering proceeds into revenue-producing businesses and that neither he nor VQ Management would receive any compensation for their investment in the VQ Capital notes. In truth, he diverted at least two-thirds of the money raised for his own benefit or to pay interest to, or redeem, earlier investors.

4. While Beane, Deckert and Laska had a role in the fraudulent note offering, each falsified multiple records of VQ Management to conceal the fraud or other misconduct from the Commission staff during an examination and a related ensuing enforcement investigation.

5. For example, in response to documents request by the Commission’s examination staff, Beane and Laska altered investor accreditation documents and client balance sheets to make several unaccredited investors appear to be accredited.

6. Also by example, Deckert cut and pasted signatures of VQ Management employees onto, and falsified the dates of, outside business forms that the examination staff had requested.

7. The alterations made it appear as if the employees had disclosed to VQ Management’s chief compliance officer the potential conflict of interest resulting from the sale of VQ Capital notes to VQ Management’s advisory clients.

VIOLATIONS

8. Defendants Beane, Deckert and Laska, by virtue of their conduct, have aided and abetted VQ Management’s violations of the books and records requirements under Section 204 of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. § 80b-4] and Rule 204-2(a)

thereunder, [17 CFR 275.204-2(a)] which requires that advisers registered with the Commission must “make and keep true, accurate and current” books and records prescribed by the Commission relating to the advisers’ investment advisory business and “furnish such copies” of those records as the Commission requires.

9. Against each of the three Defendants, the Commission seeks permanent injunctive relief and civil penalties.

JURISDICTION AND VENUE

10. The Commission brings this action pursuant to authority conferred upon it by Sections 209(d) and 209 (e) of the Advisers Act [15 U.S.C. §§ 80b-9(d)-(e)] to enjoin the Defendants from engaging in the transactions, acts, practices and courses of business alleged in this Complaint, and transactions, acts, practices and courses of business of similar purport and object and for civil money penalties.

11. This Court has jurisdiction over this action pursuant to Section 214 of the Advisers Act [15 U.S.C. §80b-14].

12. The Defendants, directly and indirectly, have made use of the mails, the means and instrumentalities of transportation and communication in interstate commerce, and the means and instrumentalities of interstate commerce, in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

13. Venue lies in this Court pursuant to Section 209 of the Advisers Act [15 U.S.C. § 80b-9], because certain of the transactions, acts, practices and courses of business constituting violations of the Advisers Act occurred within the Eastern District of North Carolina, namely at the offices of the VQ Entities then located in Raleigh, NC.

THE DEFENDANTS AND RELATED PARTIES

14. **Stacey L. Beane**, age 35, resides in Winter Park, Florida. She worked as a bookkeeper/accountant for one or more of the VQ Entities from 2011 until May 2017. Beane holds no securities licenses, but is apparently working currently at Cetera Advisor Networks, LLC, a registered investment adviser.

15. **Justin Deckert**, age 30, resides in Midlothian, Virginia. He worked as an “operations specialist,” for VQ Management in 2016 and 2017, essentially performing administrative functions. Deckert received a BA in history from Old Dominion University in 2013 and a graduate degree from George Mason University in 2015. Deckert has no securities licenses, but he has twice taken the exam for the Series 65 license.

16. **Travis Laska**, age 26, resides in Raleigh North Carolina. He worked as an intern at VQ Management in the summer of 2015. After graduating from Johns Hopkins University with a political science degree, he worked for VQ Management in 2016 and 2017 as an “operations associate” and later as an “M&A associate.” He left the firm in May 2017 and is currently working as a financial advisor at DGS Capital Management, a registered investment adviser. He holds a Series 65 license.

17. **Stephen C. Peters**, age 46, controlled the VQ Entities. He was designated as an investment adviser representative of VQ Management. He has held Series 7, 63, and 65 licenses. Prior to forming VQ Management in 2005, Peters was associated with another registered broker-dealer from August 2000 through November 2004. He is currently incarcerated at a federal penal facility in Petersburg, Virginia, as a result of his conviction on twenty (20) counts in U.S. v. Stephen Condon Peters, 5:17-cr-411-1-D (E.D.N.C.). This case involves the same fraudulent note offering discussed herein.

18. **VisionQuest Wealth Management, LLC**, was a Raleigh-based, North Carolina limited liability company formed by Peters in 2005. Beginning in March 2016, it was registered with the Commission as an investment adviser. That registration was terminated in December 2017, by the filing of a Form ADV-W. Prior to March 2016, VQ Management was registered as an investment adviser with the State of North Carolina and several other states. VQ Management effectively ceased operations following a July 12, 2017 search and seizure of its business records and offices by the FBI.

19. **VisionQuest Capital, LLC**, was a Raleigh-based, North Carolina limited liability company formed by Peters in 2008 purportedly to (i) make investments in income-producing businesses and real estate, and (ii) provide financial consulting services to business owners. Although VQ Capital sold the promissory notes at issue in this matter since at least July 2010, it did not file a Form D in connection with its offering until October 5, 2016, when Commission examination staff noted the absence of such a filing. That Form D stated that VQ Capital had begun the offering on July 8, 2010, and had sold \$11,245,501 in notes through October 5, 2016. VQ Capital is not registered with the Commission in any capacity.

20. **VQ Wealth, LLC**, was a Raleigh-based, North Carolina limited liability company formed by Peters in 2008. According to filings made with the North Carolina Department of Secretary of State and Peters' investigative testimony, VQ Wealth was the sole member of VQ Management and VQ Capital. Peters and his spouse owned a majority interest in VQ Wealth. VQ Wealth is not registered with the Commission in any capacity.

FACTS

A. The Fraudulent Offering of Notes by Peters and the VQ Entities

21. Between at least April 2012 and June 30, 2017 (the “Relevant Period”), Peters, acting individually or through VQ Capital and/or VQ Management offered and sold approximately \$10.1 million in promissory notes to at least 60 investors, the majority of which were advisory clients of VQ Management. Many were also elderly and unsophisticated. The notes were issued by VQ Capital, typically had five-year terms, and purported to pay annual interest of eight percent if paid quarterly, or nine percent if the noteholder elected to receive a lump-sum payment of principal and interest at the end of the term.

22. Although Peters varied what he told prospective investors to convince them to invest in VQ Capital notes, he repeated certain common claims to many of the note purchasers.

23. For instance, he represented to numerous investors that VQ Capital would invest the offering proceeds in revenue-producing businesses, and that he and VQ Capital would be paid from the spread between the greater return that VQ Capital would earn on the investments and the lesser return that VQ Capital was obligated to pay the noteholders.

24. Similarly, Peters represented to some of these prospective investors that neither he nor the VQ Entities would receive compensation from the note offering proceeds.

25. To the majority of investors, Peters represented that the VQ Capital notes presented little or no risk of loss—a claim that Peters emphasized by telling some investors that the notes were “guaranteed.”

26. Peters’ representations were blatant lies.

27. While Peters used a portion of investor proceeds on what could be construed generously as business activities, he diverted at least two-thirds of the money raised for his own benefit or to pay interest to, or redeem, earlier investors.

28. During the Relevant Period, Peters spent at least \$4.4 million to support his lifestyle, including remodeling a large farm in North Carolina, purchasing fine art for his personal residence, and building a vacation home in Costa Rica.

29. Most of these funds were routed from VQ Capital through VQ Wealth and then to their ultimate use. Peters spent at least another \$4.9 million making interest and principal payments to earlier investors.

30. Peters never disclosed to note purchasers that he would pay a substantial percentage of the note proceeds to himself or that he would use investor proceeds for interest payments or redemptions.

31. Peters also failed to disclose that of the approximately one-third of the funds spent on business activities, much was used to pay the ongoing operating expenses of his existing businesses, rather than being invested in new businesses.

32. Finally, none of the notes was guaranteed and, given his scheme, investing in the notes presented substantial risk.

B. Beane, Deckert and Laska Falsified VQ Management's Records to Conceal the Fraud from Commission Staff

33. Commission staff began an examination of VQ Management in September 2016 and Commission enforcement staff began an investigation in or around February 2017.

34. As part of the examination and ensuing investigation, the Commission staff requested various documents relating to the offer and sale of VQ Capital notes to VQ Management advisory clients.

35. Beane, Deckert and Laska have admitted in sworn testimony given during the criminal trial against Peters that, at Peters' direction, they falsified a variety of VQ Management documents that were requested by, and provided to, Commission staff. They also admitted in testimony that he or she knew his or her conduct was wrong.

36. For example, the examination staff requested documents relating to the outside business activities of VQ Management employees, including Peters.

37. In response, Deckert and Beane created false outside business activity disclosures to make it appear as though Peters and other VQ Management personnel had disclosed to VQ Management's compliance officer the potential conflict of interest relating to the sale of VQ Capital notes to VQ Management's advisory clients.

38. Deckert and Beane then backdated these forms to a period preceding the examination and forged the compliance officer's signature to those documents.

39. Deckert also backdated documents reflecting certain VQ Management employees' receipt of the firm's code of ethics.

40. This made it appear as though the employees had signed the acknowledgments as of the date they were hired. These documents were eventually provided to the Commission examination staff.

41. In addition, Laska and Beane forged advisory client signatures to investor policy statements that purported to document, among other things, the risk tolerance and investment objectives of certain VQ Management advisory clients that invested in the VQ Capital notes.

42. Beane and Laska also fabricated investor accreditation questionnaires and altered client balance sheets to make several VQ Capital note investors appear to be accredited when they were not.

43. For example, Beane and Laska inflated the assets on the balance sheets of certain investors to make it appear as if they had net worth in excess of \$1 million. These documents were also provided to Commission examination and/or enforcement staff.

44. Further, Beane also backdated subscription agreements relating to the sale of VQ Capital notes to certain VQ Management advisory clients.

45. This made it appear as though the agreements had been executed when those investors had purchased the notes. In fact, these agreements were only created after the enforcement staff requested them.

46. Beane also falsified VQ Management's financial records to conceal prior client lawsuits by changing "settlements" after various amounts on the trial balance sheet and income statement to the more innocuous "professional fees attorneys." The altered financials were also provided to Commission examination staff.

47. Beane and Laska also assisted Peters in hiding certain documents from the Commission staff.

48. For example, in response to examination staff requests for all emails by Peters and other VQ Management employees during a particular date range, Beane and Laska used certain key word searches to identify responsive emails and withhold them improperly from the production.

49. Withheld emails included those relating to the marketing of VQ Capital notes, compensation paid in connection with the sale of those notes, and prior lawsuits against VQ Management by several clients.

50. Further, Laska also manipulated the firm's client relationship database to hide any entries reflecting the marketing and sale of VQ Capital notes to VQ Management clients. He

then provided the examination staff, through Peters, with reports from that database that did not show the hidden entries.

51. Laska also hid from the Commission examination staff entries in that database showing that VQ Management had access to several clients' bank account numbers and login passwords, thereby obscuring the fact that the firm had custody of those assets.

52. Many of the documents that Beane, Deckert and Laska falsified were records that VQ Management was required to keep and maintain pursuant to the Investment Advisers Act of 1940 and the rules promulgated thereunder.

COUNT I

**AIDING AND ABETTING BOOKS AND RECORDS VIOLATIONS OF INVESTMENT
ADVISERS, BY BEANE, DECKERT AND LASKA**
**Violations of Section 204 of the Advisers Act [15 U.S.C. § 80b-4] and Rule 204-2(a)
thereunder [17 CFR 275.204-2(a)]**

53. Paragraphs 1 through 52 are hereby realleged and are incorporated herein by reference.

54. VQ Management was at all relevant times an investment adviser within the meaning of Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b-2(a)(11)], and was registered as such with the Commission. Accordingly, VQ Management was legally obligated to “make and keep true, accurate and current” books and records prescribed by the Commission relating to the advisers’ investment advisory business and to “furnish such copies” of those records as the Commission requires, pursuant to Section 204(a) of the Advisers Act and Rule 204-2 thereunder. VQ Management was also required to make any of its records available for examination by Commission staff upon request.

55. VQ Management violated these requirements through the falsification and concealment of its records as previously alleged.

56. By reason of the transactions, acts, omissions, practices and courses of business set forth herein, Defendants Beane, Deckert and Laska aided and abetted books and records violations of VQ Management, and unless enjoined will continue to aid and abet violations of Section 204 of the Advisers Act [15 U.S.C. §§ 80b-4] and Rule 204-2(a) thereunder [17 CFR 275.204-2(a)].

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Commission, respectfully prays that the Court:

I.

Make findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, finding that Defendants named herein committed the violations alleged herein.

II.

Issue a permanent injunction enjoining defendants Beane, Deckert and Laska, and their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of the order by personal service or otherwise, and each of them from aiding and abetting books and records violations of investment advisers, or otherwise aiding and abetting violations of Section 204 of the Advisers Act [15 U.S.C. § 80b-4] and Rule 204-2(a) thereunder [17 CFR § 275.204-2(a)].

III.

Enter an Order requiring Defendants, pursuant to Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)] to pay civil monetary penalties.

IV.

Enter an Order that retains jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that may have been entered or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

V.

Grant such other and further relief as this Court may deem just, equitable, and appropriate in connection with the enforcement of the federal securities laws and for the protection of investors.

RESPECTFULLY SUBMITTED,

/s/M. Graham Loomis
M. Graham Loomis
Regional Trial Counsel
Georgia Bar No. 457868

/s/Edward G. Sullivan
Edward G. Sullivan
Senior Trial Counsel
Georgia Bar No. 691140

COUNSEL FOR PLAINTIFF
U. S. SECURITIES AND EXCHANGE COMMISSION
950 East Paces Ferry Road, N.E., Suite 900
Atlanta, Georgia 30326
(404) 842-7622 (Loomis)
(404) 842-7612 (Sullivan)

EXHIBIT 2

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
WESTERN DIVISION**

Civil Action File No. 5:20-cv-00095-~~111~~-D

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

**STACEY L. BEANE, JUSTIN DECKERT and
TRAVIS LASKA,**

Defendants.

**CONSENT OF
DEFENDANT STACEY L.
BEANE TO ORDER OF
PERMANENT
INJUNCTION AND
OTHER RELIEF**

1. Defendant Stacey L. Beane ("Defendant") waives service of a summons and the complaint in this action, enters a general appearance, and admits the Court's jurisdiction over Defendant and over the subject matter of this action.

2. Without admitting or denying the allegations of the complaint (except as provided herein in paragraph 11 and except as to personal and subject matter jurisdiction, which Defendant admits), Defendant hereby consents to the entry of an Order of Permanent Injunction And Other Relief in the form attached hereto (the "Order of Permanent Injunction") and incorporated by reference herein, which, among other things:
permanently restrains and enjoins Defendant from aiding and abetting violations of Section 204(a) of the Investment Advisers Act of 1940 [15 U.S.C. § 80b-4(a)] ("Advisers Act") and Rule

204-2 thereunder [17 C.F.R. § 275.204-2].

3. Defendant agrees that the Court shall order a civil penalty pursuant to Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)]. Defendant further agrees that the amount of the civil penalty shall be determined by the Court upon motion of the Commission. Defendant further agrees that in connection with the Commission's motion for civil penalties, and at any hearing held on such a motion: (a) Defendant will be precluded from arguing that she did not violate the federal securities laws as alleged in the Complaint; (b) Defendant may not challenge the validity of this Consent or the Order of Permanent Injunction; (c) solely for the purposes of such motion, the allegations of the Complaint shall be accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the Commission's motion for civil penalties, the parties may take discovery, including discovery from appropriate non-parties.

4. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

5. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the Order of Permanent Injunction.

6. Defendant enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Defendant to enter into this Consent.

7. Defendant agrees that this Consent shall be incorporated into the Order of

Permanent Injunction with the same force and effect as if fully set forth therein.

8. Defendant will not oppose the enforcement of the Order of Permanent Injunction on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

9. Defendant waives service of the Order of Permanent Injunction and agrees that entry of the Order of Permanent Injunction by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its terms and conditions. Defendant further agrees to provide counsel for the Commission, within thirty days after the Order of Permanent Injunction is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendant has received and read a copy of the Order of Permanent Injunction.

10. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted against Defendant in this civil proceeding. Defendant acknowledges that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any

disciplinary proceeding before the Commission based on the entry of the injunction in this action, Defendant understands that she shall not be permitted to contest the factual allegations of the complaint in this action.

11. Defendant understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations." As part of Defendant's agreement to comply with the terms of Section 202.5(e), Defendant: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Defendant does not admit the allegations of the complaint, or that this Consent contains no admission of the allegations, without also stating that Defendant does not deny the allegations; (iii) upon the filing of this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation in the complaint; and (iv) stipulates solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, that the allegations in the complaint are true, and further, that any debt for civil penalty or other amounts due by Defendant under the Order of Permanent Injunction or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19). If Defendant breaches this agreement, the Commission may

petition the Court to vacate the Order of Permanent Injunction and restore this action to its active docket. Nothing in this paragraph affects Defendant's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

12. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Defendant to defend against this action. For these purposes, Defendant agrees that Defendant is not the prevailing party in this action since the parties have reached a good faith settlement.


13. Defendant agrees to waive all objections, including but not limited to, constitutional, timeliness, and procedural objections, to the administrative proceeding that will be instituted when the Order of Permanent Injunction is entered.

14. Defendant agrees that the Commission may present the Order of Permanent Injunction to the Court for signature and entry without further notice.

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15. Defendant agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Order of Permanent Injunction.

Dated: 4/13/2020

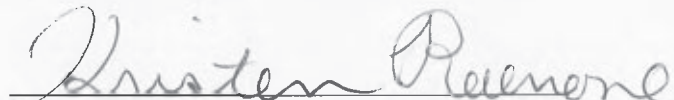


Stacey L. Beane

On April 13th, 2020, Stacy Beane, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent.

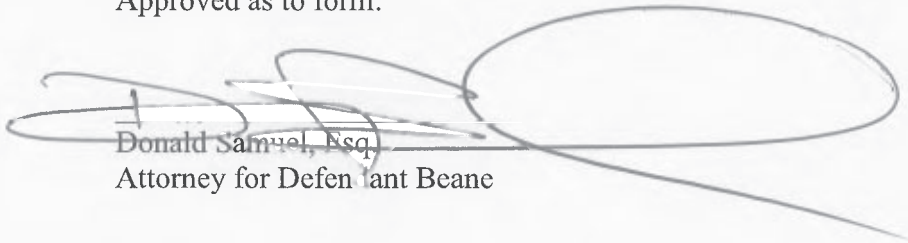


Kristen Rainone
NOTARY PUBLIC
STATE OF FLORIDA
Comm# GG185099
Expires 2/12/2022



Notary Public
Commission expires:

Approved as to form:



Donald Samuel, Esq.
Attorney for Defendant Beane

EXHIBIT 3

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
WESTERN DIVISION**

Case. No. 5:20-cv-00095-D

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

**STACEY L. BEANE, JUSTIN N. DECKERT
and TRAVIS LASKA,**

Defendants.

**ORDER OF PERMANENT
INJUNCTION AND
OTHER RELIEF AS TO
DEFENDANT STACEY L.
BEANE**

The Securities and Exchange Commission having filed a Complaint and Defendant Stacey L. Beane (“Defendant”) having entered a general appearance; consented to the Court’s jurisdiction over Defendant and the subject matter of this action; consented to entry of this Order of Permanent Injunction and Other Relief (“Order of Permanent Injunction”) without admitting or denying the allegations of the Complaint except as to jurisdiction and except as otherwise provided herein in paragraph IV; waived findings of fact and conclusions of law; and waived any right to appeal from this Order of Permanent Injunction:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from aiding and abetting any violation of Section 204(a) of the Investment Advisers Act of 1940 [15 U.S.C. § 80b-4(a)] (“Advisers Act”) and Rule 204-2

thereunder [17 C.F.R. § 275.204-2] by knowingly or recklessly providing substantial assistance to an investment adviser registered Securities and Exchange Commission under Section 203 of the Advisers Act [15 U.S.C. § 80b-3] to fail to make and keep and preserve true, accurate and current books and records as prescribed by the Commission, furnish copies thereof, or to make any records of an investment adviser available to reasonable periodic, special or other examinations by representatives of the Commission as the Commission deems necessary or appropriate in the public interest of for the protection of investors.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Order of Permanent Injunction by personal service or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant shall pay a civil penalty pursuant to Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)]. The Court shall determine the amount of the civil penalty upon motion of the Commission. In connection with the Commission's motion for a civil penalty, and at any hearing held on such a motion: (a) Defendant will be precluded from arguing that she did not violate the federal securities laws as alleged in the Complaint; (b) Defendant may not challenge the validity of the Consent or this Order of Permanent Injunction; (c) solely for the purposes of such motion, the allegations of the Complaint shall be accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence, without

regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the Commission's motion for civil penalties, the parties may take discovery, including discovery from appropriate non-parties.

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall comply with all of the undertakings and agreements set forth therein.

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the allegations in the complaint are true and admitted by Defendant, and further, any debt for civil penalty or other amounts due by Defendant under this Order of Permanent Injunction or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

V.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Order of Permanent Injunction.

VI.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Order of Permanent Injunction forthwith and without further notice.

SO ORDERED. This 1 day of May 2020.

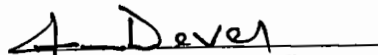

JAMES C. DEVER III
United States District Judge

EXHIBIT 4

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NORTH CAROLINA
WESTERN DIVISION

_____)	
UNITED STATES OF AMERICA)	
)	
)	5:17-CR-411-1D
vs.)	
)	
STEPHEN CONDON PETERS,)	
Defendant.)	
_____)	

MAY 28, 2019
TRIAL TESTIMONY OF STACEY BEANE
BEFORE THE HONORABLE JAMES C. DEVER III
UNITED STATES DISTRICT JUDGE

APPEARANCES:

On Behalf of the Government:

WILLIAM GILMORE, ASSISTANT U.S. ATTORNEY
U.S. Attorney's Office
New Bern Avenue, Suite 800
Raleigh, North Carolina 27601

On Behalf of the Defendant:

WES. J. CAMDEN, Esq.
CAITLIN M. POE, Esq.
WILLIAMS MULLEN
301 Fayetteville Street, Suite 1700
Raleigh, North Carolina 27601

AMY M. CONDON, CRR, RPR, CSR
Official Court Reporter
United States District Court
Raleigh, North Carolina
Stenotype with computer-aided transcription

I N D E X

GOVERNMENT'S WITNESSES

STACEY BEANE

Direct Examination by Mr. Gilmore	3
Cross-Examination by Mr. Camden	141
Redirect Examination by Mr. Gilmore	180
Recross-Examination by Mr. Camden	186

GOVERNMENT'S EXHIBITS

NUMBER	RECEIVED
2A.2	45
16A.6-F	66
16A.2-F, 16A.10-F, 16A.3-F and 16A.9-F	71
16E.2, 16E.4 and 16E.5	98
16H.1-F	103
19A.1	124
19A.4	126
19C.3-F through 19C.7-F	136
19.3-A, 19.4-A and 19.8-A	113

S. Beane - Direct Examination

1 (Tuesday, May 28, 2019 commencing at 10:17 a.m.)

2 P R O C E E D I N G S

3 THE COURT: The United States may call its next
4 witness.

5 MR. GILMORE: Thank you, Your Honor.

6 The United States calls Stacey Beane.

7 STACEY BEANE,

8 having been duly sworn, testified as follows:

9 THE COURT: Good morning, Ms. Beane.

10 THE WITNESS: Good morning.

11 THE COURT: Once you get your water, Mr. Gilmore is
12 going to have some questions for you and either Mr. Camden or
13 Ms. Poe at this table are going to have some questions for you.

14 If the lawyer who is not asking you questions objects
15 to the other lawyer's question, please don't say anything until
16 I rule on the objection.

17 Please try and keep your voice up, so the ladies and
18 gentlemen of the jury can hear what you have to say.

19 THE WITNESS: Yes, sir.

20 THE COURT: You may examine the witness.

21 DIRECT EXAMINATION

22 BY MR. GILMORE:

23 Q. Are you Stacey Beane?

24 A. Yes.

25 Q. Have you ever known a man named Stephen Peters?

S. Beane - Direct Examination

1 A. Yes.

2 Q. How did you know him?

3 A. I worked for him.

4 Q. At what company?

5 A. VisionQuest Capital.

6 Q. And how many years did you work there?

7 A. About five-and-a-half to six years.

8 Q. What was your job title or your responsibilities at the
9 time you worked for Mr. Peters?

10 A. I started out as a bookkeeper and then moved up to a
11 controller.

12 Q. So in practical terms, what did that mean that you did
13 day-to-day?

14 A. Accounts payable, accounts receivable, payroll.

15 Q. Okay. When did you stop working for Mr. Peters?

16 A. In May of 2017.

17 Q. And do you see Mr. Peters sitting here in the courtroom?

18 A. Yes.

19 Q. If you could, please identify him for the jury.

20 A. Mr. Peters.

21 THE COURT: The record will reflect that the witness
22 has identified the defendant, Stephen Peters.

23 BY MR. GILMORE:

24 Q. Ms. Beane, I'm going to be asking you some questions about
25 your work for the defendant. But first, I'm just going to ask

S. Beane - Direct Examination

1 you up front: Did you do some things that were wrong during
2 the time that you worked for the defendant?

3 A. Yes.

4 Q. Just tell the jury what you did.

5 A. Cut and pasted signatures, changed financials and balance
6 sheets.

7 Q. And did anyone direct you to do those things?

8 A. Yes.

9 Q. Who?

10 A. Stephen Peters.

11 Q. And why -- tell the jury why you did those things for him.

12 A. Out of fear of losing my job, retaliation or being
13 berated.

14 Q. Now, have you been charged with any of that conduct that
15 you just talked about?

16 A. No.

17 Q. Do you have any kind of plea agreement with the United
18 States?

19 A. No.

20 Q. Do you have any kind of settlement agreement with the SEC?

21 A. No.

22 Q. Tell the jurors, please, what, if anything, you're hoping
23 to get out of testifying.

24 A. Nothing. Just to help with this case and the Government.

25 Q. Did you approach the FBI about cooperating?

S. Beane - Direct Examination

- 1 A. Yes.
- 2 Q. And did you do that?
- 3 A. Yes.
- 4 Q. Tell the jury why you did that.
- 5 A. To help. When I saw something wrong, I wanted to help
6 make sure it was taken care of.
- 7 Q. Are you going to tell these people the truth today about
8 what happened at VisionQuest?
- 9 A. Yes.
- 10 Q. Let's take you back to the beginning. How did you first
11 come to meet the defendant?
- 12 A. Through a job interview.
- 13 Q. And when was that?
- 14 A. Around September, October of 2011.
- 15 Q. What had you been doing for work prior to that time?
- 16 A. Cost accountant for a manufacturing firm.
- 17 Q. And how did you discover a job opening there at
18 VisionQuest?
- 19 A. Through a recruiter, Robert Half, finance and accounting.
- 20 Q. What was the job you were applying for?
- 21 A. Bookkeeper.
- 22 Q. And did you have any kind of a degree to be able to do
23 that kind of work?
- 24 A. I had an accounting degree.
- 25 Q. Okay. How long had you been -- how long had you had that

S. Beane - Direct Examination

1 degree at the time that you went to work for the defendant?

2 A. About a year-and-a-half.

3 Q. So at the time that you applied for this job, you had had
4 the degree for a year-and-a-half.

5 What was the pay associated with this job that you were
6 applying for?

7 A. \$24,000 a year.

8 Q. There's been evidence that VisionQuest has three different
9 companies actually associated with it. Which of those -- which
10 of those three companies, again, were you with?

11 A. VisionQuest Capital.

12 Q. When you went to work there, what kind of company did you
13 understand that to be?

14 A. A business advisory services for small businesses.

15 Q. What do you mean by that, "business advisory services"?

16 A. Bookkeeping, accounts receivable, accounts payable,
17 payroll, if necessary.

18 Q. So doing those types of things for other companies?

19 A. Yes.

20 Q. And what was it, then, that you would be doing for
21 VisionQuest Capital day-to-day?

22 A. Accounts payable and receivable for those business
23 advisory services for those small businesses.

24 Q. Okay. And when you first started working for VisionQuest
25 Capital in the fall of 2011, did you have a lot of day-to-day

S. Beane - Direct Examination

1 interaction with the defendant?

2 A. No.

3 Q. How would you describe the office arrangement for these
4 various companies when you started working there?

5 There's VisionQuest and then there's Wealth Management.
6 How was all of that arranged internally within the office?

7 A. We were all in the same office space.

8 Q. Because of that proximity, were you able -- did you gain
9 some familiarity with the employees that were associated with
10 the other side of the business?

11 A. Yes.

12 Q. How many other employees were working there for the
13 defendant at the time that you started?

14 A. Approximately, five others. Four or five.

15 Q. All right. And with respect to the VisionQuest Wealth
16 Management side of the business, you're aware of what the
17 nature of that work was, right?

18 A. Yes.

19 Q. Did you have any training in investments or financial
20 planning; anything like that?

21 A. No.

22 Q. Did you know or understand the rules for financial
23 advisors?

24 A. No.

25 Q. Did Mr. Peters ever explain any of those rules to you?

S. Beane - Direct Examination

1 A. No.

2 Q. In the course of your work, did you come to know of an
3 overlap between the Wealth Management side of the business and
4 the Capital side of the business?

5 A. Yes.

6 Q. Tell the jurors what that overlap was.

7 A. There were clients of VisionQuest Wealth Management that
8 had invested in VisionQuest Capital with promissory notes.

9 Q. Okay. And when you first started working for the
10 defendant, was that overlap necessarily with respect to the
11 investments into VisionQuest Capital itself or were there other
12 investments, too?

13 A. There were other investments.

14 Q. Were Wealth Management clients investing into these other
15 businesses?

16 A. Yes.

17 Q. And these other businesses that the clients were investing
18 into, what, if any, interest did Mr. Peters have in those
19 businesses?

20 A. He was invested in them, as well.

21 Q. How did you know that?

22 A. Through keeping the books. And he told me.

23 Q. And he told you?

24 A. Yes.

25 Q. Did Mr. Peters ever make statements about how or why he

S. Beane - Direct Examination

1 came to be investing in the same companies as his clients?

2 A. The clients had come to him and wanted to be invested in
3 the same thing that he was, alongside of him.

4 Q. Okay. Your testimony is that the clients came to him and
5 asked him to invest alongside him?

6 A. Yes.

7 Q. Did Mr. Peters ever tell you that he was recommending that
8 clients go into these investments?

9 A. No.

10 Q. What types of companies were these that the defendant and
11 his Wealth Management clients were investing into?

12 A. Real estate.

13 Q. Real estate. And were there a number of different
14 companies?

15 A. Yes.

16 Q. If you could, just name some of the companies that you
17 recall.

18 A. Forest City Partners, Rosewood, Greenleaf, Clear Lake.

19 Q. Okay. Is that just some of them?

20 A. Some of them, yes.

21 Q. Focusing first on Rosewood, what kind of company was that
22 supposed to be; like, how did it make its money?

23 A. It was a mobile home park. So it could be rental of a
24 mobile home or rental of the lot itself.

25 Q. Okay. And just remind the jury, how is it that you know

S. Beane - Direct Examination

1 what these business are or what kind of business they were in?

2 A. I was doing the books for them.

3 Q. You said Greenleaf. What was Greenleaf?

4 A. It was a small hotel.

5 Q. All right. So how did it make its money?

6 A. It was lodging income.

7 Q. And then other than real estate businesses, did the
8 defendant also operate other companies that were affiliated
9 with those real estate businesses?

10 A. Yes.

11 Q. What company -- what other company comes to mind in that
12 regard?

13 A. Fusion Fund Group.

14 Q. Fusion Fund. Tell the jurors what Fusion Fund was.

15 A. It was a holding company that owned part of those other
16 companies.

17 Q. Okay. It's a holding company that owned part of these
18 other companies.

19 How, if at all, were VisionQuest Wealth Management clients
20 involved in Fusion Fund?

21 A. They had invested or lent money to that entity.

22 Q. Was that done through promissory notes, as well?

23 A. Yes.

24 Q. And what interest, if any, did Mr. Peters have in Fusion
25 Fund?

S. Beane - Direct Examination

1 A. He owned part of that.

2 Q. So this is another common business ownership between
3 clients and Mr. Peters?

4 A. Yes.

5 Q. Now, in your work for the defendant, did there ever come a
6 time when you learned that these companies were failing?

7 A. Yes.

8 Q. How is it that you came to have knowledge that these
9 companies were not profitable or were, in fact, losing money?

10 A. Through the taking care of the books.

11 Q. And why is it that they were losing money?

12 A. On-site management.

13 Q. What do you mean by that?

14 A. The collection of the rents, tenants.

15 Q. Okay. And about how long into your work was it before you
16 knew or were learning that these companies were falling?

17 A. Probably about a year-and-a-half, two years. Around 2013.

18 Q. Okay. And did you report this kind of information to Mr.
19 Peters?

20 A. Yes.

21 Q. And how did he respond to the fact that these companies
22 were failing?

23 A. We changed some of the on-site management and later on
24 VisionQuest Wealth Management took over the management of those
25 themselves.

S. Beane - Direct Examination

1 Q. Okay. And what role, if any, were you to have in the
2 direct management of these various real estate companies?

3 A. Collecting the rent or managing that process.

4 Q. Okay. And what was your understanding as to whether these
5 investors -- so you talked about how investor money was going
6 into these real estate companies.

7 Were those investors being informed about the failing
8 nature of the companies?

9 A. Not to my knowledge.

10 Q. You said you were informing the defendant about this, yes?

11 A. Yes.

12 Q. Was it your job to inform Wealth Management clients about
13 that, the fact that the companies were failing?

14 A. No.

15 Q. Who had responsibility for informing clients about the
16 success or failure of those companies?

17 A. Their advisor.

18 Q. And do all of those eventually fail, the ones you talked
19 about?

20 A. Yes.

21 Q. What happened to Greenleaf Pinehurst?

22 A. It filed bankruptcy.

23 Q. What happened to the investor money? The investor money,
24 what happened to it?

25 A. It was lost.

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1 Q. And these mobile home parks that you talked about, what
2 happened with respect to those?

3 A. Fusion Fund foreclosed upon them.

4 Q. And --

5 A. And there was one or two that was sold.

6 Q. I'm sorry?

7 A. And there was one that -- one or two that was sold.

8 Q. Okay. And when Fusion Fund foreclosed upon the
9 properties, what happened to the investor money?

10 A. Majority of it was lost.

11 Q. And -- so those companies were not successful?

12 A. Yes.

13 Q. I'm going to direct your attention away from these other
14 investments and now back to VisionQuest Capital.

15 As a part of your work, did you participate in these
16 annual strategic planning meetings at VisionQuest?

17 A. Yes.

18 Q. When did these take place, approximately?

19 A. At the end of each year. Somewhere around in December.

20 Q. And when those meetings took place -- you talked about
21 there's -- we've talked about three different companies. Were
22 employees from all of the different companies present?

23 A. Yes.

24 Q. And when you went to those strategic meetings, was there
25 any overlap in terms of the objectives, strategic objectives

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1 for Wealth Management and capital?

2 A. Yes.

3 Q. If you could just explain what that overlap was, in terms
4 of the annual strategic objectives.

5 A. Mainly, capital raise -- VisionQuest capital raise was
6 discussed in those planning meetings, as well as who would be
7 responsible for having -- making that capital raise.

8 Q. And which company did those people work for, the ones who
9 were responsible for raising the capital?

10 A. VisionQuest Wealth Management.

11 Q. I'm going to place Exhibit 1.8 on the screen. Do you see
12 where this states the VisionQuest Strategic Plan Stated Capital
13 Raise Goals for various years between 2011 and 2017?

14 A. Yes.

15 Q. Looking first at 2011, do you see where there's a
16 discussion of capital raise for 1.5 million for VisionQuest
17 Capital and then a company called Fusion Fund?

18 A. Yes.

19 Q. And have you already testified about what Fusion Fund was?

20 A. Yes.

21 Q. This also makes reference to -- again, we're looking at
22 2012. Do you see where it makes reference to money being
23 raised for VisionQuest Capital itself by Jesse and Nick? I'm
24 sorry, I mean 2011.

25 Were each of those employees of VisionQuest Wealth

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1 Management?

2 A. Yes.

3 Q. And looking into the subsequent years -- I won't go
4 through each of them, but 2012, 2013, 2014, were VisionQuest
5 Wealth Management employees responsible for raising money for
6 capital in each of those years?

7 A. Yes.

8 Q. Was there money and was there -- where was the money
9 coming from that was being invested into VisionQuest Capital?

10 A. VisionQuest Wealth Management clients.

11 Q. And at any of these strategic planning meetings, did you
12 ever hear the defendant describe that as a conflict of
13 interest?

14 A. No.

15 Q. Who set these objectives?

16 A. Mr. Peters.

17 Q. And who decided what form of investment would be used for
18 the Wealth Management client money to go into VisionQuest
19 Capital? Who chose that?

20 A. The advisor.

21 Q. And was that typically done as a promissory note?

22 A. Yes.

23 Q. Now, you've described your role as being a bookkeeper and
24 doing accounts payable.

25 Did there come a time when you became directly involved in

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1 the tracking of finances for VisionQuest Capital?

2 A. Yes.

3 Q. About when was it that you assumed those responsibilities?

4 A. Around the end of 2013.

5 Q. Okay. And what, if anything, happened that caused you to
6 go into that role?

7 A. There was an employee that had left that was taking care
8 of that prior.

9 Q. So someone resigned or left?

10 A. Yes.

11 Q. And what new responsibilities, then, did you take on after
12 that departure?

13 A. Accounts payable, receivable, payroll for VisionQuest
14 Capital and VisionQuest Wealth Management.

15 Q. Okay. So is this the first time, then -- around when is
16 this, again?

17 A. 2013, towards the end.

18 Q. End of 2013?

19 A. Uhm-uhm.

20 Q. And is this the first time that you had visibility into
21 where the money was, kind of, coming from and then where the
22 money was going for each of these companies?

23 A. Yes.

24 Q. I'm going to show you Exhibit 2.1. You talked about
25 assuming new responsibilities in 2013. When you assumed those

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1 responsibilities, did you remain employed by VisionQuest
2 Capital?

3 A. Yes.

4 Q. But you were doing work for both companies now; is that
5 right?

6 A. Yes.

7 Q. But did you have any involvement with VisionQuest Wealth?

8 A. No.

9 Q. Who did you report to once you assumed these new
10 responsibilities for both sides of the company?

11 A. Steve Peters.

12 Q. And although you were -- well -- so you said you took on
13 part of the responsibilities for VisionQuest Wealth Management
14 accounts payable; things of that nature. Did part of that
15 include paying compensation to Wealth Management employees?

16 A. Yes.

17 Q. And were -- Wealth Management employees, were they
18 compensated for selling VisionQuest Capital?

19 A. Yes.

20 Q. How do you know that?

21 A. I paid them for it.

22 Q. And on the Capital side -- so that's on the Wealth
23 Management side, you're involved in compensation.

24 What, if anything, did you have to do -- what did your
25 responsibilities entail with respect to capital raises on the

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1 VisionQuest Capital side of the house?

2 A. Tracking, as well as entering any promissory notes to make
3 sure that those investors got paid their monthly payments.

4 Q. Okay. Now, at the time that you assumed this role in late
5 2013, what did you understand VisionQuest Wealth, the company
6 at the top, what did you understand VisionQuest Wealth to be?

7 A. Just a holding company.

8 Q. And when you say "a holding company," what do you mean by
9 that?

10 A. That it owned -- it just owned another entity.

11 Q. Okay. Did you have access to that company's bank account
12 information?

13 A. No.

14 Q. But because of your work you did have access to the
15 accounts of Capital and Wealth Management; is that right?

16 A. Yes.

17 Q. So because of your new role and your access, did you
18 become more familiar with the way each of these two companies
19 were making or losing money?

20 A. Yes.

21 Q. Let's focus on the Wealth Management side.

22 How was Wealth Management making money? Like, what were
23 its sources of revenue?

24 A. Asset management fees or retainer fees.

25 Q. And then, on the Capital side, what were its sources of

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1 revenue?

2 A. The business advisory services.

3 Q. And were those business advisory services -- on the
4 Capital side, were those business advisory service revenues
5 sufficient to cover the operating costs of VisionQuest Capital?

6 A. No.

7 Q. In fact, was VisionQuest Capital losing money?

8 A. Yes.

9 Q. And during any of the years that you were there, did
10 VisionQuest Capital -- was it profitable?

11 A. Not to my knowledge.

12 Q. And did Mr. Peters ever have VisionQuest Capital declare
13 bankruptcy?

14 A. No.

15 Q. How is it that VisionQuest Capital stayed afloat if it was
16 losing money?

17 A. Through capital raises, through new promissory notes.

18 Q. I'm going to place Exhibit 2.2 on the screen and go to
19 page 2. Did you personally see the flow of funds from the
20 VisionQuest Wealth Management side of the business into the
21 Capital side of the business?

22 A. Yes.

23 Q. And in terms of processing, what role did you have in
24 getting the Wealth Management client money invested into
25 VisionQuest Capital?

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1 A. Depositing a check --

2 Q. Okay.

3 A. -- or processing the note to -- enter it in to make sure
4 they got paid.

5 Q. All right. So I would ask you to just describe for the
6 jury, walk them through, kind of a bullet-point fashion, the
7 steps that would have to be gone through to have VisionQuest
8 Wealth Management money moved into VisionQuest Capital.

9 A. A note was created. It was signed by the client. Either
10 a check was provided or money was wired. I was given the note
11 to either have Mr. Peters sign or it was given to me with his
12 signature. I would input the information into QuickBooks to
13 make sure that they got paid from that.

14 Q. And when you say "got paid," are you talking about the
15 regular interest payments?

16 A. Yes.

17 Q. How important was it in your job to make sure those
18 interest payments went out on time?

19 A. One of the most important.

20 Q. And let's go to page 3. Do you see where this shows
21 investor money \$100,000 going into -- over on the right side,
22 ultimately going into a revenue-generating business?

23 A. Yes.

24 Q. And then, where this shows the investment returns
25 purporting to come back to pay the interest and return a

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1 principal, do you see that?

2 A. Yes.

3 Q. During the time that you worked for the defendant, is it
4 true that money was being invested always into the
5 revenue-generating businesses like shown here?

6 A. No, it was not.

7 Q. Let's go to page 5. What does this show with respect to
8 where the investor money was usually going?

9 A. It was going to VQ Wealth.

10 Q. And you've said that this was -- your understanding was
11 that this was a holding company. Were you ever told that
12 VisionQuest Wealth was a revenue-generating business?

13 A. No.

14 Q. How is it that you know that investor money was flowing up
15 to VisionQuest Wealth?

16 A. Because I saw it in VisionQuest Capital's bank account.

17 Q. Now, were you personally moving the money out of
18 VisionQuest Capital and into VisionQuest Wealth?

19 A. No.

20 Q. Who was doing that?

21 A. Amy Peters.

22 Q. The defendant's wife?

23 A. Yes.

24 Q. And did you have conversations with Mr. Peters about why
25 his wife was pulling money from VisionQuest Capital into

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1 VisionQuest Wealth?

2 A. Yes.

3 Q. Describe for the jury, kind of, the context of those
4 conversations.

5 A. That he wanted only \$60,000 to stay in each of the
6 accounts from a control -- like, an internal control.

7 Q. So, kind of, like, to protect the money?

8 A. Yes.

9 Q. That's what he said?

10 A. Yes.

11 Q. And so through those conversations was it discussed with
12 the defendant that his wife was moving the money routinely like
13 this?

14 A. Yes.

15 Q. Now, would you ever initiate that process? You talked
16 about \$60,000 and then there's a sweep. Did you ever initiate
17 that process?

18 A. Yes.

19 Q. What would you have to do to do that?

20 A. I would e-mail Mrs. Peters and tell her what to move up;
21 that money had come in and to keep that at the \$60,000
22 threshold or leave 80,000 in because of payroll or something
23 was coming up to cover that.

24 Q. Okay. Were there times when you didn't initiate that
25 process and the money still got pulled out?

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1 A. Yes.

2 Q. How would you find out about it?

3 A. By seeing the bank accounts.

4 Q. And -- now, at this time -- I'm not sure you gave the
5 exact title you were serving. Was one of your roles at that
6 point the controller for VisionQuest Capital?

7 A. Yes.

8 Q. Yes?

9 A. Yes.

10 Q. What is a controller supposed to do?

11 A. To manage the finances of that company.

12 Q. Were you supposed to be responsible for knowing where all
13 the money is going?

14 A. Yes.

15 Q. And why?

16 A. Yes.

17 Q. Were you always informed about how, when or why money was
18 going to be pulled out of VisionQuest Capital?

19 A. No.

20 Q. Did you have -- do you feel that you had the power over
21 Mr. Peters to halt this kind of conduct?

22 A. No.

23 Q. Just tell the jury why not.

24 A. Out of, like I said before, fear, losing my job,
25 retaliation.

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1 Q. So did you, in fact, have control over when investor money
2 got pulled out of the account?

3 A. No.

4 THE COURT: Mr. Gilmore, it's time for the jury to
5 have their mid-morning break.

6 Don't talk about the case. Don't let anybody talk
7 about the case with you. Follow my other instructions.

8 Everyone, remain seated while the ladies and
9 gentlemen of the jury leave for a 15-minute recess.

10 (The jury exited the courtroom at 10:44 a.m.)

11 THE COURT: We'll be in recess until 11:00 o'clock.

12 (The proceedings were recessed at 10:45 a.m. and
13 reconvened at 11:00 a.m.)

14 THE COURT: Let's bring the jury back.

15 (The jury entered the courtroom at 11:04 a.m.)

16 THE COURT: Welcome back, ladies and gentlemen. I
17 hope you-all enjoyed your break.

18 I need to confirm you didn't talk about the case, no
19 one talked about the case with you, and you followed my
20 instructions?

21 You may continue the direct examination, Mr. Gilmore.

22 MR. GILMORE: Thank you, Your Honor.

23 BY MR. GILMORE:

24 Q. I want to focus your attention on the white line shown
25 here on this exhibit between VisionQuest Wealth and everything

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1 else.

2 Once the investor money was transferred up to Wealth, did
3 you have any visibility into how the money was being spent once
4 it went there?

5 A. No.

6 Q. Why not?

7 A. I didn't have access to it.

8 Q. And when you first came into this role where you had
9 visibility into all of this money getting pulled up there into
10 Wealth, what was your understanding as to what happened to the
11 money once it went there?

12 A. The majority of it would stay. Some was used, obviously,
13 for expenses, but the majority should have stayed.

14 Q. Should have stayed there.

15 And what was your initial understanding as to how much
16 money would be remaining up there to pay the ongoing expenses
17 of the company; things of that nature?

18 A. Can you, please, repeat? I couldn't hear you.

19 Q. You testified that you believed that the money would go up
20 and just stay there.

21 A. Yes.

22 Q. Was it your expectation or understanding that the bulk of
23 it was just remaining up there?

24 A. Yes.

25 Q. And to be clear, when these monies are moving up there,

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1 the way it's depicted in this chart, were these supposed to be
2 loans to VisionQuest Wealth?

3 A. No.

4 Q. No.

5 And as you worked for the defendant all the way up through
6 2016, did the defendant ever tell you up through that time that
7 these were supposed to be loans to Wealth?

8 A. No.

9 Q. What were these then supposed to be? What were these
10 transfers supposed to be?

11 A. To keep the -- both the accounts at \$60,000.

12 Q. Just a sweep-type function; is that right?

13 A. Yes.

14 Q. And -- now, these routine sweeps that would occur, what,
15 if any, practical problems did they create for you as you're
16 doing your job at VisionQuest Capital?

17 A. I would have to ask for money more frequently to pay bills
18 after the money had been moved, or pay payroll, pay the
19 interest payments. Just created extra -- extra work.

20 Q. Okay. And looking to this chart here on the screen,
21 there's a red arrow coming back down from Wealth and it says,
22 "Transfers to cover VisionQuest Capital obligations."

23 Is that what you're referring to there?

24 A. Yes.

25 Q. And so what would you have to do to get the money to come

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1 back?

2 A. E-mail Mrs. Peters to request money moved.

3 Q. Okay. There's been testimony about the monthly interest
4 payments that would have to be paid; is that right?

5 A. Yes.

6 Q. Out of what account did you have to make those interest
7 payments?

8 A. VisionQuest Capital.

9 Q. And was there enough actual revenue from the -- you talked
10 about the business advisory services. Was there enough actual
11 revenue to cover those interest payments every time?

12 A. No.

13 Q. And so what did you have to do in those instances?

14 A. Request that money move from Wealth to Capital.

15 Q. And with what degree of frequency would that happen, that
16 you would have to go and ask for money to be transferred back
17 to cover the interest payments?

18 A. Majority of the time. About 70 percent.

19 Q. Does there ever come a time during your work for the
20 defendant that cash flow became particularly tight?

21 A. Yes.

22 Q. Around when was that?

23 A. Around the fall of 2016.

24 Q. And up to that time, had you been using this process of
25 requesting money to come back whenever you needed it to pay

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1 Capital's obligations?

2 A. Yes.

3 Q. And up to that time again -- you testified it was your
4 understanding that the money just remained up there when
5 needed; is that right?

6 A. Yes.

7 Q. Did you ever ask Mr. Peters why cash flow was tight in
8 2016 if all this money is still up there?

9 A. No.

10 Q. You never probed into that?

11 A. No.

12 Q. What, if any, obligations were you aware of in 2016 that
13 contributed to cash flow being tight?

14 A. There was a settlement.

15 Q. A settlement?

16 A. Settlement.

17 Q. A settlement with who?

18 A. Michelle Bennett.

19 Q. And who is she?

20 A. A former investor in VisionQuest Capital.

21 Q. A former investor in VisionQuest Capital.

22 Was she also a client of VisionQuest Wealth Management?

23 A. Yes.

24 Q. Were there any investor interest payments or, I should
25 say, principal payments due in 2016?

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1 A. Yes.

2 Q. Do you recall any of the names of any of those investors?

3 A. Joe Slayton.

4 Q. Okay. I'm going to show you Exhibit 2B.28. Do you see
5 where this is an e-mail from you to Stephen Peters? "Subject:
6 Cash flow and VQC. Dated: December 1, 2016. Attachments:
7 Cash flow and VQC."

8 Do you see that?

9 A. Yes.

10 Q. I'm going to read the content of this e-mail and ask you a
11 question. Do you see where it says: "Steve, attached you will
12 find the spreadsheet per our conversation. I have included
13 comments in regards to VQC raise. If we close on all these
14 notes and do not pay on CR until January, there will be
15 \$324,100 of cash on hand going as of December 31, 2015. Please
16 let me know if you have any questions."

17 Do you see that?

18 A. Yes.

19 Q. Why were you sending the defendant this e-mail?

20 A. He had asked for a cash flow statement for obligations
21 that were due for the remaining of the year and the notes that
22 were provided to -- and the tracking for the VisionQuest
23 Capital notes that were to come in.

24 Q. Okay. And going to page 2. And zooming in on the top.
25 Tell the jury, please, what the left-hand side of this chart

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1 shows. What does the left-hand side of this attachment show to
2 Mr. Peters?

3 A. Obligations that are due over the next month or so.

4 Q. Okay. These outflows of money?

5 A. Yes.

6 Q. And are -- these expenses listed here, are they limited to
7 VisionQuest Capital expenses?

8 A. No.

9 Q. Are these -- does this, in fact, include expenses for both
10 Wealth Management and Capital?

11 A. Yes.

12 Q. And looking to the largest outflow item on here, do you
13 see a \$450,000 payment or reference to Slayton December 1?

14 A. Yes.

15 Q. What is that?

16 A. A principal repayment of a promissory note.

17 Q. Okay. And what does "225,000 Bennett" refer to?

18 A. The Michelle Bennett settlement.

19 Q. Okay. Now, I'm going to direct your attention over to the
20 right-hand side of the spreadsheet you prepared. Do you see
21 where it says, "VQ Capital raise"?

22 A. Yes.

23 Q. Why does it say that?

24 A. Those are the notes -- the new promissory notes that are
25 supposed to be coming in.

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1 Q. And why have you listed the VQ Capital notes over here on
2 the right as compared to the outflows of money on the left?

3 A. Because those were to be used to cover those obligations.

4 Q. Is this -- is it your testimony that this is where the
5 money is going to come from to pay for these expenses?

6 A. Yes.

7 Q. And does this actually show the names of the different
8 investors who are going to be paying that?

9 A. Yes.

10 Q. Are they Wealth Management clients?

11 A. Yes.

12 Q. Looking here on that same side, to that \$225,000 outflow
13 to Bennett dated December 19, you said that there was a lawsuit
14 that gave rise to that?

15 A. Yes.

16 Q. So you've testified now about this e-mail and the
17 attachment.

18 Were there other times where you were advising the
19 defendant about this kind of thing, where the money's going to
20 come from to pay the expenses that are needed?

21 A. Yes.

22 Q. Do you know why it is that the defendant didn't just get
23 the money from VQ Wealth to pay these types of expenses?

24 MR. CAMDEN: Objection.

25 THE COURT: Well, do you know? It'd be yes or no and

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1 then there might be another question.

2 THE WITNESS: Can you please repeat?

3 BY MR. GILMORE:

4 Q. Do you know why the defendant didn't just get money from
5 VQ Wealth to cover these expenses?

6 A. Yes, I do know.

7 Q. Why didn't -- why couldn't he do that?

8 A. The money wasn't there.

9 Q. And how is it that you knew the money wasn't there?

10 A. I was told it wasn't.

11 Q. By whom?

12 A. By Mr. Peters.

13 Q. In October of 2016, did you have a discussion with Mr.
14 Peters about how much money there was across all three
15 accounts?

16 A. Yes.

17 Q. Tell the jury, please, about that conversation and what
18 the defendant said.

19 A. He had asked how much was in the -- in all three accounts.
20 I could not -- I did not know what was in VQ Wealth. I reached
21 out via e-mail, asking Mrs. Peters, copied him on it, saying
22 why I needed to know this information.

23 I was not given any information via e-mail. Instead, Mr.
24 Peters called and told me how much was there. I was yelled at
25 for not knowing and was told I'd be dumbed down to a secretary

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1 if I didn't figure this information out.

2 Q. Okay. But how was it that you could know how much was in
3 VisionQuest -- VQ Wealth? How could you know?

4 A. I couldn't, unless I was told.

5 Q. So is this the first time, in October of 2016, that you
6 had insight into the state of affairs within the VisionQuest
7 Capital -- or, sorry, the VisionQuest Wealth bank account, the
8 VQ Wealth bank account?

9 A. I was told before how much was in there.

10 Q. Okay. Is this the first time you knew how little money
11 was in there?

12 A. Yes.

13 Q. And by this time, October of 2016, can you give the jury a
14 safe estimate as to how much in VisionQuest Capital loans were
15 outstanding by that time?

16 A. At least \$10 million.

17 Q. At least 10 million, you said?

18 A. Yes.

19 Q. And at that time, October of 2016, did you understand the
20 significance of there being such a low amount of money in
21 there?

22 A. No.

23 Q. You understand that today?

24 A. Yes.

25 Q. What is the significance -- what is the significance of

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1 there being such a low amount of money in that account?

2 MR. CAMDEN: Objection.

3 THE COURT: Overruled.

4 In your role as a bookkeeper, if you know.

5 THE WITNESS: That the money wasn't in anything
6 tangible. It wasn't there. It should have been in an escrow
7 or it should have been in something that you can track where it
8 went.

9 BY MR. GILMORE:

10 Q. Okay. You said something "tangible." Did you know of all
11 that money being put into something tangible?

12 A. No, I did not.

13 Q. Did you know of it being in an escrow account?

14 A. No, I did not.

15 Q. I'm going to change topics for a moment and go back to
16 your role in processing the VisionQuest Capital note paperwork.

17 In the course of your work, did you have occasion to deal
18 with IRA Innovations?

19 A. Yes.

20 Q. And remind the jury, please, where -- you know, what kind
21 of company that was, very briefly.

22 A. They're a custodian for IRAs.

23 Q. And what would they do with respect to the VisionQuest
24 Capital investments for some investors?

25 A. The money would come into them and then they would

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1 distribute that to VisionQuest Capital per the note.

2 Q. Okay. I'm going to show you Exhibit 8. On the screen is
3 Exhibit 8. Zooming in on the top, do you see where this has an
4 e-mail -- I'm sorry; I'm going to zoom back out and zoom in on
5 the middle portion.

6 Do you see where this is an e-mail from you to Alecia at
7 IRAInnovations.com sent Monday, November 28, 2016? "Subject:
8 Cahoon."

9 Do you see that?

10 A. Yes.

11 Q. And then, zooming out, if we could, and going to the next
12 page, what, if anything, is attached to that e-mail there?

13 A. The note as well as paperwork to -- transfer paperwork.

14 Q. Okay. Let's go to page 3. Is this the transfer paperwork
15 that you're talking about?

16 A. Yes.

17 Q. Why did you have to send this paperwork to IRA Innovations
18 for Mr. Cahoon?

19 A. They needed that information to be able to process the
20 funds for the VisionQuest Capital note.

21 Q. Okay. And did you, in fact, transmit this e-mail and
22 these attachments?

23 A. Yes.

24 Q. Let's show you Exhibit 9. On the screen is Exhibit 9. Do
25 you see where, at the top, it says: "E-mail. From: Stacey

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1 Beane. To: Alecia@IRAInnovations.com? Subject: Forward: VQ
2 Capital paperwork. Attachments: Lisa driver license, South
3 Carolina"?

4 Do you see that?

5 A. Yes.

6 Q. Did you send this e-mail?

7 A. Yes.

8 Q. And what, if anything -- why were you sending this e-mail
9 to IRA Innovations?

10 A. This was information that was needed to process the
11 VisionQuest Capital note.

12 Q. Okay. That's something that they required to be able to
13 process the money through the account?

14 A. Yes.

15 Q. I'm going to show you Exhibit 10. Do you see where this
16 is an e-mail from you to Alecia again? "Subject: Forward:
17 VisionQuest Capital new account paperwork. Attachment: 9
18 percent note," as well as various other attachments.

19 Do you see that there?

20 A. Yes.

21 Q. Why were you sending -- did you send this e-mail?

22 A. Yes.

23 Q. Why were you sending this e-mail?

24 A. All the paperwork they required for the VisionQuest
25 Capital note.

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1 Q. Okay. And turning to page 3. Do you see on this page
2 what investor it is that this exhibit relates to?

3 A. Yes.

4 Q. Which investor was that?

5 A. Mary Malitas.

6 Q. Okay. And again, is IRA Innovations located in Alabama?

7 A. Yes.

8 Q. Let's go to Exhibit 11. Do you see where this is an
9 e-mail from Stacey Beane to IRA -- info@IRA? "CC: Bill Gulas.
10 Subject: Subscription agreements to sign. Attachments." And
11 then two subscription agreements.

12 Do you see that?

13 A. Yes.

14 Q. Did you send this e-mail?

15 A. Yes.

16 Q. Why did you send this e-mail?

17 A. I needed these signed by Mr. Gulas for these individuals.

18 Q. Is that more paperwork as a part of processing the
19 investment --

20 A. Yes.

21 Q. -- into VisionQuest Capital?

22 A. Yes.

23 Q. I want to focus your attention for a few minutes now on
24 the sale of the VisionQuest Capital promissory notes for the
25 Wealth Management clients, and specifically on compensation for

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1 doing that.

2 Remind the jury, please, what your role was with respect
3 to compensation.

4 A. Tracking and processing payments for compensation that was
5 hit on their goals.

6 Q. Okay. And first, as a general matter, were the Wealth
7 Management employees being incentivized in any way to sell the
8 Capital notes?

9 A. Yes.

10 Q. Was there any difference in how that compensation worked
11 over the time that you worked there?

12 A. Yes.

13 Q. Describe, if you could, for the jury, please, how the
14 incentive compensation worked for the Wealth Management
15 advisors prior to 2015 -- I'm sorry, prior to 2017.

16 A. It was a -- if the main goal was hit that was put in the
17 strategic plan, people got paid X. But it was a company-wide
18 goal.

19 Q. I'm sorry; I really couldn't hear you. Could you say it
20 one more time?

21 A. It was a company-wide goal. So if the company hit the
22 goal that was put in the strategic plan, individuals were
23 compensated.

24 Q. Okay. And to be clear, in the strategic plan were the
25 advisors required to -- as a part of their job, were they

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1 required to market VisionQuest Capital?

2 A. Yes.

3 Q. But then you testified now that if the objective was met,
4 then everyone would benefit?

5 A. Yes.

6 Q. Now, who set those quarterly and annual goals for how much
7 needed to be sold?

8 A. Mr. Peters.

9 Q. And if a quarterly goal was met, when did the -- for
10 selling Capital, when did the advisors get paid bonus-type
11 money?

12 A. Quarterly.

13 Q. I'm going to show you Exhibit 2C. What is the jury seeing
14 in 2C?

15 A. A compensation check for VisionQuest Capital.

16 Q. Is that a check for the type of thing you've just been
17 testifying about?

18 A. Yes.

19 Q. Skipping forward, focusing on -- so you talked about the
20 time prior to 2017. Now I want you to focus on 2017.

21 What changed about the compensation structure in 2017?

22 A. They were individual goals for capital raise, not company-
23 wide.

24 Q. Okay. And when you say "individual goals," who are the
25 individuals who had the goals?

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1 A. The advisors.

2 Q. Okay. And who set what those individual goals were for
3 the advisors?

4 A. Mr. Peters.

5 Q. And when did that compensation become payable, if they met
6 their quarterly goal?

7 A. Within two weeks -- two to four weeks after the goal was
8 actually hit.

9 Q. Okay. I'm going to show you Exhibit 2C.8. All right. Do
10 you see where this is an e-mail from Stephen Peters to a Matt
11 Gomoll?

12 A. Yes.

13 Q. Who was Matt Gomoll?

14 A. An advisor.

15 Q. All right. He worked there for the defendant in 2017?

16 A. Yes.

17 Q. And do you see where this says, "Subject: Compensation
18 Plan and Performance Eval. Attachments: Copy of Comp Plan.
19 Date: January 3rd, 2017?"

20 Do you see all that?

21 A. Yes.

22 Q. Was Mr. Gomoll compensated for selling Capital?

23 A. Yes.

24 Q. And what I'm going to do is move to page 3, to the
25 attachments. What is the jury seeing here in page 3?

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- 1 A. Matt Gomoll's compensation plan for 2017.
- 2 Q. Okay. And -- now, I want to point out for you that it
3 says up here at the top "proposed." Do you see that?
- 4 A. Yes.
- 5 Q. Was this, in fact, just proposed or was this the actual
6 compensation plan?
- 7 A. That was the actual compensation plan.
- 8 Q. And was that uncommon, for this to say "proposed," even
9 though it was the actual compensation plan?
- 10 A. That was -- it was common.
- 11 Q. It was common?
- 12 A. Uhm-uhm.
- 13 Q. And did you, in fact, pay the advisors based upon the way
14 it's written as proposed?
- 15 A. Yes.
- 16 Q. All right. And on this exhibit, just tell the jurors,
17 please, where is the section that talks about the incentive
18 compensation for selling VisionQuest Capital.
- 19 A. In the middle of the page.
- 20 Q. If you can just circle it with your finger on the
21 screen --
- 22 A. Oh.
- 23 Q. -- it should show up.
- 24 A. (The witness complied.)
- 25 Q. Okay. Have you just identified that there in the middle

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1 of the screen?

2 A. Yes.

3 Q. If you could just explain, starting at the -- where it
4 says, "VisionQuest Capital raise, IC," what does "IC" mean?

5 A. Incentive compensation.

6 Q. And then, what do the next series of lines show the jury?

7 A. What they would get paid by hitting their first quarter,
8 second quarter, third quarter goal.

9 Q. Okay. So does this show that if Matt Gomoll hit his first
10 quarter goal of \$250,000, he would receive \$500?

11 A. Yes.

12 Q. Second goal, if he hits \$500,000, he gets another \$500?

13 A. Yes.

14 Q. And so on?

15 A. Correct.

16 Q. And again, these investments of money, this \$250,000 --
17 where was that \$250,000 coming from?

18 A. VisionQuest Wealth Management clients.

19 Q. I'm going to show you 2C.9 at page 3. What is the jury
20 seeing in 2C.9 at page 3?

21 A. Joe Baker's compensation package for 2017.

22 Q. And who is Joe Baker?

23 A. An advisor that worked for VisionQuest Wealth Management.

24 Q. Okay. And does this also include that same incentive
25 compensation structure that you just testified about?

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1 A. Yes.

2 Q. All right. I just want to -- I'm going to direct your
3 attention for a few minutes to some of the uses of funds at
4 VisionQuest.

5 You testified about how money was frequently moved up to
6 VisionQuest Wealth. Do you recall that?

7 A. Yes.

8 Q. And after it went there, you said you didn't really know
9 where it went?

10 A. Yes.

11 Q. But did you have visibility into where money that went
12 into VisionQuest Wealth Management went?

13 A. Yes.

14 Q. And the same testimony for VisionQuest Capital?

15 A. Yes.

16 Q. I want to show you now Exhibit 2A -- actually, I can't
17 show you yet.

18 Do you have there in front of you Exhibit 2A.2?

19 A. Yes.

20 Q. Do you recognize the area shown in Exhibit 2A.2?

21 A. Yes.

22 Q. And the person shown there?

23 A. It's Mr. Peters.

24 Q. What about the vehicles that are depicted in that exhibit?

25 A. His Cadillac Escalade and Amy's Toyota Tundra.

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1 Q. Okay. Is this a true and accurate depiction of those
2 things?

3 A. Yes.

4 MR. GILMORE: The Government would move to admit 2A.2
5 at this time.

6 THE COURT: It'll be received. It may be published.

7 (Government's Exhibit No. 2A.2 was admitted into

8 BY MR. GILMORE:

9 Q. I'll place 2A.2 on the screen. Who is this person shown
10 here in the foreground?

11 A. Mr. Peters.

12 Q. And to be clear, did you take this picture?

13 A. No.

14 Q. What is the place depicted here in this picture?

15 A. The Peters' residence.

16 Q. And is that also known as Whispering Hope Stables?

17 A. Yes.

18 Q. And focusing your attention on this vehicle in the back,
19 the right-most vehicle past the ATVs, the one on the right-most
20 side, whose vehicle is that?

21 A. Mr. Peters.

22 Q. And what kind of vehicle was that?

23 A. A Cadillac Escalade.

24 Q. And do you know about how much that vehicle cost?

25 A. Around 55, \$60,000.

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1 Q. And do you know where the money was coming from to make
2 payments on that vehicle?

3 A. VisionQuest Capital.

4 Q. And how is it that you know that?

5 A. I saw it drafted out of the bank account.

6 Q. And focusing on this big farmhouse here in the back, have
7 you been out to that location a number of times?

8 A. Yes.

9 Q. I'm going to show you Exhibit 2A.27D.1. Did the
10 defendant's house always look like this?

11 A. No.

12 Q. And what, if anything, did you witness took place there at
13 the farm over the course of your work for the defendant?

14 A. This house being built from the ground up.

15 Q. And did you ever witness money from VisionQuest flowing
16 into the construction of this house or other expenses there at
17 the farm?

18 A. Yes.

19 Q. Mr. Peters had a personal credit card?

20 A. Yes.

21 Q. What bank was that with?

22 A. Bank of America.

23 Q. And where was the money coming from to pay Mr. Peters'
24 personal credit card?

25 A. VisionQuest Wealth Management.

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1 Q. Did you see the statements for that credit card at any
2 point?

3 A. I did.

4 Q. What was the highest balance you ever saw paid off on that
5 credit card?

6 A. Around \$40,000.

7 Q. And what would you say the average was that you saw in
8 terms of the monthly balances that were being run on those
9 cards?

10 A. Twenty, 25, in the \$30,000; somewhere in that range.

11 Q. And did you ever see farm expenses on the credit cards, as
12 well?

13 A. Yes.

14 Q. Just give the jurors some examples of the types of things
15 you would see being paid for.

16 A. Anything for, like, landscaping, zip lines, small
17 equipment.

18 Q. Okay. Was this farm in any way a VisionQuest Capital
19 investment?

20 A. No.

21 Q. I'm going to show you Exhibit 2A.27D. Do you see the
22 painting there on this wall?

23 A. Yes.

24 Q. What's depicted in that painting?

25 A. The Peters' residence.

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1 Q. And during the course of your work, were you ever involved
2 in paying for paintings for Mr. Peters?

3 A. Yes.

4 Q. Who was it that you paid?

5 A. Linda Reynold.

6 Q. And where did the money come from that was used to pay for
7 these personal paintings?

8 A. VisionQuest Wealth Management.

9 Q. And you testified about credit card expenses and other
10 expenses coming out of the Wealth Management accounts. Did
11 money ever flow down from VisionQuest Wealth and into Wealth
12 Management?

13 A. Yes.

14 Q. About how often would that occur?

15 A. Every so often. I mean, frequently, to cover expenses.

16 Q. Would that include credit card payments?

17 A. Yes.

18 Q. I'm going to shift your attention to some -- away from
19 some of those personal expenses and over to Costa Rica.

20 Did there ever come a time when you learned that Mr.
21 Peters and his wife purchased land in Costa Rica?

22 A. Yes.

23 Q. Just tell the jurors how you came to learn about that.

24 A. He had, one, told me. And then he decided to build an
25 investment property for VisionQuest Capital on that lot.

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1 Q. Okay. Around when was it that you first learned about the
2 Costa Rica property?

3 A. In probably early 2016.

4 Q. I'm saying when you first learned about the purchase of
5 the land even.

6 A. Oh. That was probably in the end of '13, beginning of
7 '14.

8 Q. Okay. And did there come a time -- did there come a time
9 later when you learned of a house that was going to be
10 constructed there?

11 A. Yes.

12 Q. And how did you -- how did you first learn about that, I
13 guess? What's the context where you're learning about that?

14 A. There were conversations about building it, how it would
15 be a great investment for VisionQuest Capital.

16 Q. Okay. And so you -- with respect to the ownership of the
17 land, though, what was your understanding as to who owned the
18 land at the time that the -- when he was first talking about
19 it?

20 A. Stephen and Amy Peters.

21 Q. Okay. But then you've also testified that you heard
22 statements made about a house being constructed as an
23 investment for VisionQuest Capital?

24 A. Yes.

25 Q. Did the defendant say anything about -- anything to you

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1 about what he was going to do with the land as a part of that
2 process?

3 A. That they would gift or transfer the name over into
4 VisionQuest Capital.

5 Q. Okay. And -- so that was your understanding, at least
6 from conversation?

7 A. Yes.

8 Q. Do you know if that ever actually occurred?

9 A. It did not.

10 Q. What, if any, role did you have in the day-to-day
11 management of the investment into the VisionQuest Capital
12 property -- I'm sorry, the Costa Rica property?

13 A. General, kind of, contractor; managing the gentleman that
14 was doing the build out, picking out furniture for it.
15 Basically, managing the project itself.

16 Q. Did you have any role in informing the defendant of the
17 progress of that?

18 A. Yes.

19 Q. And did you, in fact, see VisionQuest Capital investor
20 money flowing into that project?

21 A. Yes.

22 Q. About how long did it take from the time it started until
23 the time it was completed?

24 A. About nine to ten months.

25 Q. And during what timeframe was that occurring?

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- 1 A. Around July, completed in maybe March.
- 2 Q. I'm sorry; what year?
- 3 A. 2016 of July and completed in March of 2017.
- 4 Q. Okay. And all that time that the property is being
5 constructed, what was your understanding as to who would own
6 that property when it was complete?
- 7 A. VisionQuest Capital.
- 8 Q. And why did you believe that?
- 9 A. That's what he had told me, and there were conversations
10 with a Costa Rican attorney on how to actually transfer it
11 over.
- 12 Q. Okay. Let me show you Exhibit 1A. What is the jury
13 seeing here on this first page?
- 14 A. The home that was built in Costa Rica.
- 15 Q. And why does it say "HBP" in the upper left-hand part?
- 16 A. It stands for House of the Beloved Princess.
- 17 Q. And the actual entity that owned that company, do you
18 recall anything about the name of that entity that owned it?
- 19 A. It was -- it stood for -- in Spanish it was House of the
20 Beloved Princess.
- 21 Q. And approximately, how much in investor money did you see
22 flowing into the construction of this residence?
- 23 A. For the construction, it was about \$650,000.
- 24 Q. Okay. And did VisionQuest Capital investor money also
25 flow into the furnishings within the house?

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1 A. Yes.

2 Q. About how much in additional money was spent on the
3 furnishings?

4 A. Probably around \$200,000.

5 Q. Okay. Let's go to page 2. So who paid for everything
6 that's shown here?

7 A. VisionQuest Capital.

8 Q. Let's go to page 3. Who paid for what is shown here?

9 A. VisionQuest Capital.

10 Q. Page 4. Page 5.

11 And then let's go to page 8. Where did the money come
12 from that was used to purchase the ATVs shown here?

13 A. VisionQuest Capital.

14 Q. And with respect to all these purchases, is it your
15 testimony that you understood VisionQuest Capital would own
16 these things?

17 A. Yes.

18 Q. Let's go to page 9. Did there come a time in your work
19 when you learned that the defendant did not intend to let
20 VisionQuest Capital own the property?

21 A. Yes.

22 Q. How is it -- tell the jurors how it is that you came to
23 know about that.

24 A. I was -- we were provided a document that said that
25 VisionQuest Capital would receive royalty rights from the

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1 property.

2 Q. What do you mean "royalty rights"?

3 A. Well, the --

4 Q. Tell the jury what you mean by that.

5 A. The rental income from it.

6 Q. Okay. And I'm just going to -- going back to 1A, page 1,
7 you talked earlier about \$800,000 going into this project
8 between the structure and the furnishings.

9 A. Yes.

10 Q. Did you know the approximate value of the house when it
11 was complete?

12 A. Around 1.8 million.

13 Q. So substantially more than what was paid to build it?

14 A. Yes.

15 Q. And under this agreement that you've talked about, this
16 royalty rights agreement, did VisionQuest Capital, the company
17 that was supposed to be getting, I guess, the rental income
18 from the property, even under that arrangement did VisionQuest
19 Capital get to keep the money forever, the rental money that
20 was coming in?

21 A. No.

22 Q. I'm going to show you Exhibit 1A.7 at page 3. All right.
23 What is this document the jury is seeing here on the screen?

24 A. The royalty rights.

25 Q. Is this the same document you were just talking about?

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1 A. Yes.

2 Q. And I'm going to read the first paragraph to you where it
3 says, "This investment agreement is made and entered into
4 effective February 1, 2017, by and among VisionQuest Capital,
5 LLC, a North Carolina Limited Liability Company, Investor,
6 Costa Rica Entity 3," and then a series of numbers, "also known
7 as House of the Beloved Princess," as the operator, and then,
8 "Costa Rica Entity 3," series of numbers, "as the owner."

9 Do you see that there?

10 A. Yes.

11 Q. I'm going to skip to the last page of the agreement,
12 page 7. Who signs this agreement on behalf of VisionQuest
13 Capital?

14 A. Stephen Peters.

15 Q. And who signed on behalf of the owner and operator of the
16 Costa Rica house?

17 A. Amy Peters.

18 Q. All right. Let's go back to page 3. And focusing on your
19 testimony about who was going to get the rights to the rental
20 income, look down to number 2. I'm going to zoom in on number
21 2 here. Do you see where this states, "Rental income:
22 Operator shall pay to investor 100 percent of the rental income
23 with respect to the property collected by Operator until the
24 earlier of December 31, 2026, or the date the property is sold
25 to an unrelated third party."

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1 Do you see that?

2 A. Yes.

3 Q. So, again, under this agreement, who owns the house under
4 this agreement?

5 A. Steve and Amy Peters.

6 Q. And under this provision number 2, how long does Amy
7 Peters or the company that she's operating have to keep paying
8 rental monies over to VisionQuest Capital?

9 A. Ten years -- less than 10 years.

10 Q. Less than 10 years. Is that reflected here in the number
11 "through 2026"?

12 A. Yes.

13 Q. And after that time -- under this agreement, after that
14 time, who gets to keep all the money?

15 A. Steve and Amy Peters.

16 Q. Who gets to keep the house?

17 A. Steve and Amy Peters.

18 Q. Now, let's go to number 3, under Sales Proceeds. Do you
19 recall your testimony that the house was valued at
20 approximately 1.8 million?

21 A. Yes.

22 Q. But that it was constructed for around 800,000? Do you
23 recall that?

24 A. Yes.

25 Q. I'm going to read now this provision to you, number 3:

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1 "Sales Proceeds, in the event of a sale of the property to an
2 unrelated third-party, Owner shall pay to Investor a portion of
3 the net proceeds equal to \$700,000, plus a 15 percent annual
4 return on the base amount; and together with the base amount,
5 the guaranteed payment calculated from the investment date to
6 the date of the sale, minus the amount of rental income
7 received by the investor on the property through the closing
8 date." And then, this last sentence, "In the event that the
9 cumulative rental income is greater than the guaranteed
10 payment, Investor shall not be entitled to receive any portion
11 of the net proceeds."

12 Do you see that there?

13 A. Yes.

14 Q. So if the house is sold under this agreement, does this
15 show that VisionQuest Capital only gets a portion of the
16 profits?

17 A. Yes.

18 Q. And who gets the rest?

19 A. Steve and Amy Peters.

20 Q. And what if the house is never sold, who gets to have the
21 house forever?

22 A. Steve and Amy Peters.

23 Q. You testified about what Mr. Peters originally told you
24 about who would own this property. When you saw this document,
25 did you confront Mr. Peters about it?

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1 A. No.

2 Q. Why not?

3 A. Out of fear, losing my job.

4 Q. Do you know if Mr. Peters was informing the VisionQuest
5 Capital investors of this arrangement before they invested
6 their money?

7 A. No.

8 Q. Were you in the meetings where representations were made
9 about the Costa Rica property?

10 A. No.

11 Q. Okay. We're going to zoom back out now to focus your
12 attention on the date that this document was being entered
13 into, February 1, 2017.

14 What, if anything, had occurred with the United States
15 Securities and Exchange Commission in the months between
16 September of 2016 and that time?

17 A. There was an examination.

18 Q. And through the course of that examination, what, if
19 anything, became the focus of the SEC's inquiry?

20 A. VisionQuest Capital and its notes.

21 Q. And did you have any role with respect to the way that
22 VisionQuest responded to the SEC? Did you have some function
23 in that as a part of your job?

24 A. Yes.

25 Q. I'll show you Exhibit 16A.1. Do you see where this is a

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1 letter from the United States Securities and Exchange
2 Commission dated September 15, 2016; and then, it's directed to
3 a Randall Griggs as the Senior Vice President, Chief Compliance
4 Officer of VisionQuest Wealth Management? Do you see that
5 there?

6 A. Yes.

7 Q. So this is directed to Randall Griggs as the Chief
8 Compliance Officer. Who at VisionQuest actually coordinated
9 all the responses to the SEC?

10 A. Mr. Peters.

11 Q. How is it that -- what would you -- what was Mr. Griggs'
12 role versus Mr. Peters' role in responding to the SEC?

13 A. He took the information that Mr. Peters provided him and
14 sent that to them.

15 Q. And when you say that Mr. Peters was coordinating all the
16 responses to the SEC, how did he go about -- how did he go
17 about doing that?

18 A. With an e-mail stating who was responsible for what, was
19 very defined in all of the e-mails as to who was to take care
20 of what portion, what steps they were supposed to do, and
21 nothing was supposed to be uploaded to that specific folder
22 until he reviewed.

23 Q. Okay. Uploaded to a folder?

24 A. Yes.

25 Q. And what role did you have in, kind of, maintaining the

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1 documents as they come into folders?

2 A. Notifying him that they were there.

3 Q. Okay. And what role did the defendant have in reviewing
4 the documents that were being gathered for delivery to the SEC?

5 A. He reviewed all of them before they were put in the folder
6 for them.

7 Q. Were there meetings about the information requests from
8 the SEC?

9 A. Yes.

10 Q. Who led those meetings?

11 A. Mr. Peters.

12 Q. I'm going to show you Exhibit 16A.7. All right. Do you
13 see where this is an e-mail from Stephen Peters to VQ Team All?
14 "Subject: Initial SEC exam response. Date: September 20,
15 2016. Attachments: Initial Response to SEC Exam from
16 VisionQuest."

17 Do you see that there?

18 A. Yes.

19 Q. During the course of the SEC examination, did you receive
20 a number of e-mails like this from Mr. Peters?

21 A. Yes.

22 Q. And this one has a draft response to the SEC. Do you see
23 that there, initial response to the SEC?

24 A. Yes.

25 Q. Who drafted those responses?

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1 A. Mr. Peters.

2 Q. Did those responses that were being drafted to the SEC
3 ever come from Randall Griggs?

4 A. No.

5 Q. In conjunction with sending these out, you said that there
6 were meetings with staff?

7 A. Yeah.

8 Q. And what would happen with respect to these responses that
9 were being drafted at those meetings?

10 When you would go to a meeting, was there discussions
11 about the responses?

12 A. Yes.

13 Q. Let's go to page 4 of this exhibit. All right. I'm going
14 to zoom in on this section here. Is this part of the response
15 to the initial SEC response?

16 A. Yes.

17 Q. Looking here to the -- where it says, "VQ answer: Certain
18 clients of the registrant have also invested in VisionQuest
19 Capital."

20 Who is the "registrant" that's being referred to there?

21 A. VisionQuest Wealth Management.

22 Q. Okay. So do you see where it says, "Certain clients of
23 the registrant have also invested in VisionQuest Capital"?

24 A. Yes.

25 Q. "VisionQuest Capital and Mr. Peters facilitated these

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1 investments, but did not do so through the registrant and
2 neither registrant, Mr. Peters, VisionQuest Capital, nor any of
3 their affiliates provided any investment advice to any of
4 registrant's clients with respect to these investments or
5 received any compensation in connection with these investments,
6 and none of these investments are held in accounts with
7 registrant."

8 Do you see that?

9 A. Yes.

10 Q. Is that a true statement?

11 A. No.

12 Q. With respect to compensation in particular, that reference
13 about no one received any compensation in connection, what's
14 wrong with that statement?

15 A. That it's false.

16 Q. And you've already testified about why that's false?

17 A. Yes.

18 Q. You've testified that Mr. Peters wrote this. Did
19 anyone -- and you talked about meetings where these were
20 discussed.

21 Did anyone confront Mr. Peters about this false statement?

22 A. No.

23 Q. During the course of responding to the SEC, was there ever
24 a time when the defendant directed the fabrication of
25 documents?

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1 A. Yes.

2 Q. I want to direct your attention first to a letter from an
3 attorney named Rick Starling. What did the defendant ask you
4 to do with respect to that letter?

5 A. To remove the date off of it.

6 Q. And what would be the benefit of removing the date from
7 the letter?

8 A. To show that they had retained counsel prior to the SEC
9 audit.

10 Q. I'm going to show you -- so you're saying it would remove
11 the date so you couldn't tell if it -- that they were retained
12 before the SEC came in?

13 A. Yes.

14 Q. I'm going to show you Exhibit 16A.5. Do you see where
15 this is an e-mail from Mr. Peters to you? "Subject: Forward
16 document. Attachments: RobinsonBradshaw.PDF. Date: Tuesday,
17 September 20, 2016"?

18 Do you see that there?

19 A. Yes.

20 Q. If you can just read the content of that letter to the
21 jury, please.

22 A. "Attached is the engagement letter with Rick Starling. Do
23 me a favor and remove the date from the top of the page before
24 you scan it into the folder. Once removed, scan it and send it
25 over to Matt to place in the appropriate folder."

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1 Q. Okay. Who is Rick Starling?

2 A. An attorney.

3 Q. Did he work for Robinson Bradshaw?

4 A. Yes.

5 Q. Big law firm?

6 A. Yes.

7 Q. And where he says, "Do me a favor and remove the date from
8 the top of the first page before you scan it to the folder,"
9 did you ever confront him about why, why are we doing this?

10 A. No.

11 Q. Why didn't you confront him about it?

12 A. Again, it would have not changed anything.

13 Q. It wouldn't have changed anything?

14 A. No. And I --

15 Q. What do you mean by that?

16 A. He would have either done himself or --

17 MR. CAMDEN: Objection.

18 THE COURT: Overruled.

19 Go ahead.

20 THE WITNESS: -- or had someone else take care of it
21 or I -- and I would have probably gotten fired.

22 BY MR. GILMORE:

23 Q. What does this mean, when it says, "Before you scan it
24 into the folder"?

25 What is the "folder" that's being referred to there?

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1 A. The SEC audit folder.

2 Q. Okay. What was being done with that SEC audit folder
3 ultimately? How was that folder being used?

4 A. It was going to be sent to the SEC.

5 Q. Okay. Did you do what the defendant asked you to do in
6 this letter?

7 A. Yes.

8 Q. Let's turn to page 3. Do you see where this is a letter
9 from the Robinson Bradshaw law firm, specifically Rick Starling
10 over on the far right side, R. Starling at Robinson Bradshaw.
11 Is this the letter that's being referred to in the defendant's
12 e-mail?

13 A. Yes.

14 Q. And is this the date that was originally referenced on the
15 letter, September 16, 2016?

16 A. Yes.

17 Q. And did you remove that date?

18 A. Yes.

19 Q. How did you do that? Just tell the jurors, like, what you
20 did and how you knew to do it like that.

21 A. Just through the Adobe, the edit function, just to remove
22 that portion out.

23 Q. So you pull up the document in Adobe, the program?

24 A. Yes.

25 Q. And then you would wipe out -- you have some way to delete

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1 the date?

2 A. Yes.

3 Q. I'm going to show you Exhibit 16A.6. Zooming in on the
4 e-mail here where it says, "From: Stephen Peters. To: Stacey
5 Beane. Subject: Re e-mailing IMG, a file name, dot PDF.
6 Date: September 20, 2016."

7 What is this e-mail?

8 A. I had sent him the copy of the letter with the date
9 removed for his review prior to sending to Matt to place in the
10 folder.

11 Q. And read, please, Mr. Peters' response to you.

12 A. "Looks great. Thanks... You did a great job."

13 Q. Now, did you know it was wrong to be altering documents
14 that were being sent to the SEC?

15 A. Yes.

16 Q. But you didn't challenge Mr. Peters on that?

17 A. No.

18 Q. I'm going to direct your attention now to some letters --
19 actually, let me back out.

20 Let's go back to 16A.6. If we can scroll forward going
21 one more page. All right. So on page -- it's page 3. What is
22 the jury seeing in page 3?

23 A. The same document where I've removed -- but I had removed
24 the date.

25 Q. All right. I'm going to direct your attention now to an

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1 exhibit that's located up there in front of you. It should be
2 in front of you, an Exhibit 16A.6-F. Do you see it there?

3 A. Yes.

4 Q. What is 16A.6-F?

5 A. A compliance letter.

6 Q. Is it the same letter you've just been talking about?

7 A. Not this one.

8 MR. GILMORE: I'm going to approach the witness, Your
9 Honor.

10 THE COURT: You may.

11 BY MR. GILMORE:

12 Q. Do you have 16A.6-F with you there?

13 A. Yes.

14 Q. What is 16A.6-F?

15 A. It's the letter we were just speaking of.

16 Q. And what, if anything, did you do on that document to mark
17 the removal of the date?

18 A. I circled and initialed where it was originally.

19 MR. GILMORE: Your Honor, the Government would move
20 to admit that exhibit at this time.

21 THE COURT: It'll be received. It may be published.

22 (Government's Exhibit No. 16A.6-F was admitted into
23 evidence.)

24 BY MR. GILMORE:

25 Q. And so I'll place 16A.6-F on the screen. Does this show

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1 where you marked in red to signify the removal of that date?

2 A. Yes.

3 Q. And did you make markings like this on a number of
4 documents that were delivered to the SEC?

5 A. Yes.

6 Q. Okay. I'm going to direct your attention now to some
7 letters to and from the defendant and Randall Griggs, the
8 compliance officer.

9 Were a number of letters fabricated?

10 A. Yes.

11 Q. And what was the general topic of these letters that were
12 fabricated?

13 A. Compliance.

14 Q. And who were those letters between?

15 A. Mr. Peters and Randall Griggs.

16 Q. And were they all backdated?

17 A. Yes.

18 Q. I'm sorry; were they all backdated?

19 A. Yes.

20 Q. What did the defendant ask you to do with respect to those
21 letters?

22 A. To place them on letterhead.

23 Q. I'm going to show you Exhibit 16A.4. Do you see where
24 this is an e-mail from Mr. Peters to you? "Copy: Randall
25 Griggs. Subject: Compliance letters to Randall."

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1 Do you see that?

2 A. Yes.

3 Q. And then, there appear to be two attachments to that
4 letter, "CEO letter to CCO August 9 and CEO letter to CCO
5 July 18."

6 Do you see that?

7 A. Yes.

8 Q. And in what file format did those come to you?

9 A. Word.

10 Q. Word documents?

11 A. Yes.

12 Q. And if you could just read Mr. Peters' message to you in
13 that e-mail.

14 A. "Stacey, manage the process and get Justin to help you.
15 Please read through them and check my work and then please
16 print these documents on letterhead. I'll sign them on
17 Thursday."

18 Q. Okay. And what are the attachments that are referenced
19 there?

20 A. They are compliance letters.

21 Q. Let's go to page 4. Is this one of the attachments shown
22 here in page 4?

23 A. Yes.

24 Q. And what, if anything, do you note about the dates on this
25 letter compared to when the defendant was sending this to you?

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1 A. They were backdated. They were prior to that date.

2 Q. Did this letter actually exist before the SEC became
3 involved?

4 A. No.

5 Q. And do you see where this one appears to be addressed to
6 Randall Griggs as the compliance officer?

7 A. Yes.

8 Q. Where was Randall Griggs located?

9 A. Right outside of Charlotte, North Carolina.

10 Q. So you testified a lot about the VisionQuest office here
11 in downtown Raleigh. Mr. Griggs didn't work here?

12 A. No.

13 Q. You testified about Mr. Griggs' role in responding to the
14 SEC versus the defendant's role.

15 Did you take any direction from Mr. Griggs in gathering
16 documents, creating documents; things like that? Were you
17 taking direction from Mr. Griggs in doing any of that?

18 A. No.

19 Q. Who were you taking direction from?

20 A. Mr. Peters.

21 Q. And did you, in fact, as is written in the defendant's
22 message to you, scan and -- scan these backdated letters into
23 the SEC?

24 A. Yes.

25 Q. Were they turned over to the SEC?

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1 A. Yes.

2 Q. I'm going to show you 16A.13 at page 2. Actually, I might
3 need to go to page 3. I'm sorry. Let's go back to page 1. My
4 apologies.

5 Okay. 16A.13. Did Mr. Griggs -- looking to the e-mail
6 here, do you see where it says, from Stacey to Stephen Peters,
7 "Subject: Regarding letterhead. Date: September 25th, 2016"?

8 If you can, just tell the jury what's taking place in this
9 e-mail, if you recall.

10 A. I placed the Word document that he had sent me on
11 letterhead and was sending to him for his review.

12 Q. Okay. Let's go to page 3, if we could. You testified
13 earlier about how the document was in Word format. What is the
14 jury seeing here coming from Mr. Griggs to Mr. Peters?

15 A. A compliance letter.

16 Q. Did Mr. Griggs also send letters in response that were
17 backdated?

18 A. Yes.

19 Q. And did you put those letters to letterhead, as well?

20 A. Yes.

21 Q. What I want to do at this point is -- well, let me direct
22 your attention -- you should have four letters up there with
23 you marked as Exhibits 16A.2-F, 16A.10-F, 16A.3-F and 16A.9-F.
24 Do you have those there with you?

25 A. Yes.

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1 Q. And do you recognize those as a whole?

2 A. Yes.

3 Q. How do they relate to the prior e-mails that the jury has
4 just been seeing?

5 A. These are the executed documents with signatures on
6 letterhead.

7 Q. And did you mark these documents?

8 A. Yes.

9 Q. How did you mark them, and why?

10 A. I circled what was false. It was backdated.

11 MR. GILMORE: The Government would move to admit
12 those exhibits at this time.

13 THE COURT: They'll be received. They may be
14 published.

15 (Government's Exhibit Nos. 16A.2-F, 16A.10-F, 16A.3-F and
16 16A.9-F were admitted into evidence.)

17 BY MR. GILMORE:

18 Q. I'm just going to place 16A.2 on the screen -- I'm sorry.
19 16A.2-F. My apologies.

20 All right. Does this show the red marking for the date on
21 this letter directed to Mr. Griggs?

22 A. Yes.

23 Q. And who sent you this letter to place on letterhead and
24 backdate?

25 A. Mr. Peters.

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- 1 Q. Was this document in this form sent to the SEC?
- 2 A. Yes.
- 3 Q. Let's go to 16A.10-F. Do you see where this would appear
4 to reflect a date in the future from the last letter?
- 5 Now this one is dated July 25th, 2016?
- 6 A. Yes.
- 7 Q. Why have you circled this one in red?
- 8 A. Because it was backdated.
- 9 Q. Was this one sent to the SEC?
- 10 A. Yes.
- 11 Q. I'm going to show you 16A.3-F. Why is this one circled in
12 red?
- 13 A. It was backdated.
- 14 Q. And was this sent to the SEC?
- 15 A. Yes.
- 16 Q. Showing you 16A.9-F. Why is this circled in red?
- 17 A. It was backdated.
- 18 Q. Collectively -- and was this sent to the SEC?
- 19 A. Yes.
- 20 Q. Collectively, what would these letters appear to show?
- 21 A. Compliance conversations that existed prior to the audit.
- 22 Q. But did any of these things actually exist?
- 23 A. No.
- 24 Q. I'm going to show you now Exhibit 16B.2. Do you see where
25 this is an e-mail from a Justin Deckert to Stacey Beane,

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1 "Subject: Re SEC audit questions. Date: October 10, 2016"?

2 Do you see that?

3 A. Yes.

4 Q. Tell the jurors or remind the jurors who Justin Deckert
5 is.

6 A. He was an employee for VisionQuest Wealth Management.

7 Q. In what role was he an employee?

8 A. He was a -- kind of a client relationship, kind of
9 operations staff member.

10 Q. He wasn't like an advisor?

11 A. No, he was not.

12 Q. Okay. And do you see down here in the bottom of this part
13 of the page where it says from Stacey to Randall Griggs and
14 Steve Peters, copy to Justin Deckert, and then various other
15 individuals regarding SEC audit questions? Do you see that?

16 A. Yes.

17 Q. Dated, October 9. If you could, just read what you
18 e-mailed here to the jury, please.

19 A. "Team, once you have the additional information for the
20 SEC that Steve has requested to review, before sending to them
21 please e-mail them to me. I'll place them in a folder on his
22 OneDrive so that he has one specific place to view these. This
23 way nothing will get missed in e-mails and will make it more
24 efficient for Steve to review. Please let me know if you have
25 any questions or need assistance."

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1 Q. In that process that you just described there in the
2 e-mail, is that the process that was generally occurring with
3 respect to the collection of all these documents for the SEC?

4 A. Yes.

5 Q. You've testified about scanning in several backdated
6 compliance letters.

7 Were other employees also copied on this e-mail that were
8 involved in creating or backdating documents?

9 A. Yes.

10 Q. What do you recall Justin Deckert being involved in doing
11 as a part of gathering up those documents?

12 A. Gathering up the Code of Ethics and the outside business
13 activities.

14 Q. Okay. And what about Travis Laska? He's also copied on
15 this e-mail. Who is Travis Laska?

16 A. He was an advisor that worked for VisionQuest Wealth
17 Management.

18 Q. And what do you recall his role being with respect to
19 gathering up records for the SEC?

20 A. He was responsible for the IPS statements.

21 Q. Tell the jury, please, what IPS statements are.

22 A. An investment policy statement that shows what your risk
23 and tolerance is.

24 Q. Your risk tolerance?

25 A. Yes.

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1 Q. And what happened when Mr. Deckert and Mr. Laska went to
2 go and gather the types of documents that had been assigned to
3 them to gather; what did they find?

4 A. Not all of them were there.

5 Q. Did they also fabricate records?

6 A. Yes.

7 Q. At whose direction did they fabricate records?

8 A. Mr. Peters.

9 Q. So at the top of this page -- if we can zoom back out --
10 Mr. Deckert appears to be sending you a series of attachments
11 that involve something called a Code of Ethics. What did you
12 do with these documents once you received them from
13 Mr. Deckert?

14 A. Placed them in the OneDrive so that Steve Peters could
15 view them.

16 Q. And were those ultimately to go to the SEC?

17 A. Yes.

18 Q. Were the signatures contained on many of those Code of
19 Ethics acknowledgments backdated?

20 A. Yes.

21 Q. What is the Acknowledgment of the Code of Ethics supposed
22 to mean?

23 A. That you've received the handbook and understand what it
24 states.

25 Q. Does the Code of Ethics include a number of provisions

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1 about how you're supposed to operate as an employee?

2 A. Yes.

3 Q. I'm going to show you Exhibit 16D.1. Do you see where
4 this is a request for additional information from the SEC on
5 October 6th, 2016 stating to provide e-mails from March 1, 2016
6 to September 30, 2016 for various different individuals? Do
7 you see that?

8 A. Yes.

9 Q. How, if at all, was Mr. Peters involved in coordinating
10 this request from the SEC?

11 A. He had said what he wanted kind of filtered out of those,
12 out of those e-mails.

13 Q. I'm sorry; I couldn't hear you. Can you say that again?

14 A. He said what keywords to use to have these -- certain
15 things removed from there.

16 Q. Okay. And when you say "removed from there," what do you
17 mean?

18 A. To not be provided in the file that went to the SEC.

19 Q. And as you sit here, do you recall a number of the terms
20 that were used that needed to be removed from the e-mails?

21 A. Yes.

22 Q. Tell the jury about some of the -- well, before I -- who
23 told you to remove those specific items?

24 A. Mr. Peters.

25 Q. And how was it that you would be able to remove those

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1 specific items?

2 A. I provided that information to the technology company to
3 have those removed.

4 Q. Okay. So there was an outside technology company involved
5 in removing e-mails?

6 A. Yes, because they hosted our --

7 Q. And what was the name of that company?

8 A. CII.

9 Q. Now, going back to the terms, some of the terms that you
10 recall that you were asked to remove, remind the jurors or tell
11 the jurors, please, what some of the ones are that you recall.

12 A. VisionQuest Capital, VQC, compensation, Michelle Bennett,
13 Brenner, Fusion Fund.

14 Q. Okay. So Capital, Bennett, Brenner, Fusion Fund.

15 What was the significance of Michelle Bennett -- or
16 Bennett? You've talked about a Michelle Bennett or there's
17 been testimony about a Michelle Bennett. Did you know what the
18 significance of removing e-mails about Michelle Bennett was?

19 A. Yes.

20 Q. What was that?

21 A. She had had a lawsuit against them that was completed
22 prior to the request from the SEC.

23 Q. Had the SEC requested information about lawsuits?

24 A. Yes.

25 Q. And what about Brenner, what's the significance of that

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1 name?

2 A. That was also another lawsuit.

3 Q. And then you also testified about other terms, Capital,
4 Fusion Fund.

5 And then you talked about how Vision -- or CII was
6 involved in helping. What did they -- what is it that they did
7 exactly?

8 A. They pulled the file in a format and removed what had been
9 requested.

10 Q. Okay. And in doing that -- did the defendant receive the
11 results of that filtering?

12 A. Yes.

13 Q. Did he have an opportunity to go through what was
14 filtered?

15 A. Yes.

16 Q. Were there any problems after the first round of
17 filtering? Were there any just practical problems that you
18 recall associated with that?

19 A. Yes.

20 Q. Would you tell the jury what happened.

21 A. There were just -- there was too many to filter out
22 everything.

23 Q. Okay. So what happened next?

24 A. We went one-by-one trying to get rid of whatever you could
25 find that was associated with those terms.

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1 Q. Okay. And were those filtered results turned over to the
2 SEC?

3 A. Yes.

4 Q. And when the results were turned over to the SEC, was the
5 SEC informed that that filtering had -- were they informed that
6 they were filtered in the way you've described here in court?

7 A. No.

8 Q. You said also that the terms about compensation were
9 removed from the e-mails. Do you recall that?

10 A. Yes.

11 Q. Were those types of documents, some of which the jury has
12 seen here in court, removed?

13 A. Yes.

14 Q. Let me direct your attention now to a category of
15 documents known as outside business activity disclosures. Did
16 the SEC also request that category of documents?

17 A. Yes.

18 Q. I'm going to show you Exhibit 20.2.

19 ALTERNATE JUROR NUMBER 3: Your Honor, may we take a
20 break? I'm not feeling well.

21 THE COURT: Sure. Why don't we go ahead and take our
22 lunch break.

23 So we'll take a break until 1:05. I think your lunch
24 should be back there. If it's not, then it'll just be a
25 15-minute break, but I think it's back there.

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1 Everyone, remain seated while the ladies and
2 gentlemen of the jury leave the room.

3 Please follow my instructions during the recess.

4 (The jury exited the courtroom at 12:20 p.m.)

5 THE COURT: We'll take a recess until 1:05.

6 (The proceedings were recessed at 12:20 p.m. and
7 reconvened at 1:05 p.m.)

8 THE COURT: Let's bring the jury back.

9 (The jury entered the courtroom at 1:06 p.m.)

10 THE COURT: Welcome back, ladies and gentlemen. I
11 hope you-all enjoyed your lunch.

12 I need to confirm you didn't talk about the case,
13 nobody talked about the case with you, and you followed my
14 instructions?

15 You may continue the examination, Mr. Gilmore.

16 MR. GILMORE: Thank you, Your Honor.

17 BY MR. GILMORE:

18 Q. Ms. Beane, directing your attention back now to a category
19 of documents from the SEC known as outside business activity
20 disclosures.

21 I'm going to place Exhibit 20.2 on the screen. Do you see
22 where on October 14, 2016, Mr. Peters e-mails you two
23 attachments, file names "outside business activity document one
24 and document two"?

25 Do you see that?

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1 A. Yes.

2 Q. And if you can, just read the content down there by Mr.
3 Peters.

4 A. "Okay. Just shoot me a quick e-mail when it's done."

5 Q. Okay. Let's go to page 3. Is this the first of those
6 attachments?

7 A. Yes.

8 Q. And do you see where this appears to be a letter to --
9 addressed to a Nick Kolbenschlag dated what would appear to be
10 Friday, February 13, 2009?

11 A. Yes.

12 Q. And that's -- in relation to when this was sent to you, is
13 that some seven years prior?

14 A. Yes.

15 Q. And turning now to page 4, do you see where no one has
16 signed this document at the time it was sent to you?

17 A. Yes.

18 Q. And it refers to Mr. Kolbenschlag as an Operations Manager
19 and Compliance Officer. Around when was it that Nick
20 Kolbenschlag left VisionQuest?

21 A. Around end of July of 2016.

22 Q. Okay. And was he in any way working for the company when
23 this letter dated 2009 was sent to you in 2016?

24 A. No.

25 Q. And were both of the letters that were attached to the

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1 e-mail backdated?

2 A. Yes.

3 Q. And what did you do after you received these letters?

4 A. Placed them on letterhead.

5 Q. Okay. I'm going to show you Exhibit 20F. Do you see
6 where this is the same letter that you just identified as an
7 attachment?

8 A. Yes.

9 Q. And where this one has letterhead up at the top?

10 A. Yes.

11 Q. And going to the second page, do you see where these
12 appear to be signed, these signature blocks?

13 A. Yes.

14 Q. Did you ever send this letter to Nick Kolbensschlag to
15 sign?

16 A. No.

17 Q. How did it get signed?

18 A. I cut and pasted his signature.

19 Q. Why did you do that?

20 A. Out of fear of losing my job.

21 Q. Did anyone tell you to forge his signature?

22 A. No.

23 Q. When Mr. Peters sent that to you to put the letterhead, by
24 that time did you already know what to do?

25 A. Yes.

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1 Q. Where did you put this backdated letter after you forged
2 it?

3 A. I uploaded it into the folder.

4 Q. Is that the folder to go to the SEC?

5 A. Yes.

6 Q. I'm going to show you Exhibit 20.3. All right. Do you
7 see where in this e-mail you have e-mailed the defendant on
8 October 14 at 1 -- I'm sorry, 1343 or 1:43 p.m.? Do you see
9 that?

10 A. Yes.

11 Q. And if you could, just read your message to Mr. Peters on
12 that date.

13 A. "Loaded these both and the billing process Word document
14 into your OneDrive, which I had Laska review the billing
15 process before sending to you for grammar. Best I could do on
16 the other two docs."

17 Q. Now, on the phrase, "best I could do with the other two
18 docs," what documents are you referring to there?

19 A. The one that was -- the ones that were sent to me that had
20 the 2009 backdated.

21 Q. The backdated letters to Mr. Kolbensschlag?

22 A. Yes.

23 Q. Now, is that the only time that you've transposed
24 someone's signature on to a document?

25 A. No.

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1 Q. And you testified about how you did that already with this
2 Adobe program; is that right?

3 A. Yes.

4 Q. At the time that you did that, did you appreciate the
5 significance of forging a compliance officer's name on a
6 letter?

7 A. No, I did not.

8 Q. Who wrote the content of that letter that you forged?

9 A. Mr. Peters.

10 Q. Do you understand the significance of that letter today?

11 A. Yes.

12 Q. I'm going to place Exhibit 20-F on the screen. Looking to
13 the bottom part of the page, this language here, where it
14 states, "Obviously, I think making an investment alongside
15 clients could be perceived as a pretty big conflict of
16 interest, so those disclosures need to be properly disclosed.
17 Every quarter" -- and then it states, "Every quarter we should
18 be reviewing the investments we make through VisionQuest
19 Capital or any other company and updating the proper
20 disclosures. We should be reviewing them with NCS and then
21 determining whether they need to be disclosed. This task is
22 something I will be assigning to you to ensure it gets done."

23 Do you see that there?

24 A. Yes.

25 Q. During the time when you were paying those incentive

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1 payments, those checks, for folks raising money for VisionQuest
2 Capital, did Mr. Peters ever characterize it the way it's
3 written in this letter here?

4 A. No.

5 Q. As being "a pretty big conflict of interest"?

6 A. No.

7 Q. Did you ever hear him voice concerns about making sure it
8 was disclosed to the way it's written here in this letter?

9 A. No.

10 Q. And when you sent these back and you said, "Best I could
11 do with the other two documents," when you sent these back to
12 Mr. Peters, did he ever at any time object to you putting names
13 on those documents?

14 A. No.

15 Q. Say, that's not what I meant; anything like that?

16 A. No.

17 Q. Let me show you Exhibit 16.4 -- I'm sorry; 16C.4. Do you
18 see where this is an e-mail from Justin Deckert to Stacey
19 Beane? "Subject: SP info." And then, there's a series of
20 attachments, including outside business activities or outside
21 business. This is dated October 17, 2016.

22 Do you see that?

23 A. Yes.

24 Q. Why is Justin Deckert sending you a series of outside
25 business-type documents?

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1 A. This is what he was tasked to gather for -- in response to
2 the SEC.

3 Q. And when you say "tasked," tasked by whom?

4 A. Mr. Peters.

5 Q. And why would he be sending these to you?

6 A. To follow the process and upload them in the folder for
7 review.

8 Q. Okay. We'll turn to page 4. Do you see where at the top
9 this appears to be -- is this one of the attachments to that
10 e-mail?

11 A. Yes.

12 Q. Do you see where this says, "Outside Business Activity
13 Notification Form" for employee Kevin Deckert?

14 A. Yes.

15 Q. And going to the next page, do you see the marking there
16 which purports to be the signature for the chief compliance
17 officer? Do you see that?

18 A. Yes.

19 Q. What, if anything, do you note about the quality of the
20 signature there on the page?

21 A. It's not of good quality.

22 Q. And other than the lack of quality, does it otherwise
23 appear to be the signature of Mr. Kolbensschlag?

24 A. Yes.

25 Q. You've already testified that Mr. Kolbensschlag was not

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1 working there any longer, though; is that right?

2 A. Yes.

3 Q. And do you recognize the handwriting on the right side of
4 this document, over here, for the date for Mr. Kolbenschlag?

5 A. No.

6 Q. You don't know who wrote that date? Okay.

7 And were there a number of additional business activities
8 disclosures sent to you by Mr. Deckert?

9 A. Yes.

10 Q. I'm going to direct your attention -- well -- and once you
11 received those from Mr. Deckert, where did they go?

12 A. I uploaded them into the folder for review.

13 Q. Review by who?

14 A. Mr. Peters.

15 Q. And where did they go after that?

16 A. The SEC.

17 Q. I'm going to direct your attention now to a term called
18 accredited investor. Accredited investor. What is an
19 accredited investor, in the most general terms?

20 A. Someone with a net worth of a million dollars or more.

21 Q. Net worth of a million dollars or so?

22 A. Yes.

23 Q. And did there come a time in the SEC examination when they
24 made a request for proof that the Capital investors were, in
25 fact, accredited?

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1 A. Yes.

2 Q. And were, in fact, all of these investors accredited?

3 A. No.

4 Q. So was that a problem?

5 A. Yes.

6 Q. What, if anything, did the defendant direct you to do with
7 regard to that?

8 A. To pull accredited investor questionnaires from previous
9 investments that they had made, to black out what that
10 investment was; and if there weren't, to create them.

11 Q. And so is it your testimony that he directed you to go and
12 get an old questionnaire, black out information about what kind
13 of investment it was and then use that?

14 A. Yes.

15 Q. But what if the investor didn't have a prior old
16 accredited investor questionnaire, what were you supposed to do
17 then?

18 A. To create one for them.

19 Q. Make one up?

20 A. Yes.

21 Q. I'm going to show you Exhibit 16B.3. Do you see where
22 this is an e-mail from Mr. Peters to Randall Griggs? "Subject:
23 Final response to the examiners. Date: October 18, 2016.
24 Attachment: SEC response to additional questions"?

25 Do you see that?

S. Beane - Direct Examination

1 A. Yes.

2 Q. And in looking to the text down here within the e-mail, do
3 you see where it says, "Randall, this is ready to be given to
4 the examiners. Please forward it to them"?

5 Do you see that?

6 A. Yes.

7 Q. I'm going to go to page 6 of this exhibit. And looking to
8 the second bullet point here -- I'm going to zoom in on that
9 area -- do you see where the attachment states, "If any
10 accreditors are non-accredited, evidence of how investor was
11 determined to be sophisticated and whether purchaser
12 representative was used"?

13 Do you see that?

14 A. Yes.

15 Q. And then the answer, "Outside of Mr. Stephen Peter's
16 father and mother, Stephen L. Peters and Judith M. Peters, all
17 other investors were accredited. Mr. and Mrs. Peters did not
18 utilize a third-party purchaser representative."

19 Do you see that?

20 A. Yes.

21 Q. Is that a true statement?

22 A. No.

23 Q. What's false about it?

24 A. That there were other investors that were not accredited.

25 Q. And who sent this attachment to you and to -- or to

S. Beane - Direct Examination

1 Randall Griggs?

2 A. Mr. Peters.

3 Q. So you talked about how accredited investor questionnaires
4 would be fabricated in some instances.

5 A. Yes.

6 Q. Was there also another method that was used to fabricate
7 the amount of assets that a client had?

8 A. Yes.

9 Q. Tell the jurors about that method.

10 A. It was their balance sheets, to change certain things to
11 show that they would be -- that they would have a million
12 dollars or more to be accredited.

13 Q. What would you have to change to be able do that?

14 A. To change certain things on their -- on their balance
15 sheet.

16 Q. Assets?

17 A. Assets, yes.

18 Q. Let's focus first on that accredited investor
19 questionnaire. I'm going to show you Exhibit 16E.14-F. All
20 right. You talked already a little bit about what you would do
21 to get a questionnaire. Can you explain that using this
22 exhibit?

23 A. This was an investor that had a questionnaire already
24 completed, so I removed any of the language that showed what
25 investment that was.

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1 Q. Okay. And -- so on here you blacked out "for
2 consideration by."

3 What would that blackout up there at the top be?

4 A. The name of the investment.

5 Q. And then down here in the middle, it talks about the
6 merits and risks involved, promissory notes being offered by
7 and then it's got a black box. What is that?

8 A. The name of the investment.

9 Q. Based on the information that you were providing to the
10 SEC, could they tell -- was there a way for them to tell what
11 this alleged other investment was that this person had invested
12 into?

13 MR. CAMDEN: Objection.

14 THE COURT: Overruled.

15 BY MR. GILMORE:

16 Q. Did you -- I mean, once this is blacked out, is any other
17 information provided to the SEC so they can go figure out what
18 investment it was?

19 A. No.

20 Q. Did you give them any method to know whether, in fact,
21 there was another investment?

22 A. No.

23 Q. So -- and you said in some instances these were
24 fabricated, then?

25 A. Yes.

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1 Q. I'm going to show only you at this point, if we can do
2 that, Exhibit 16E.12-F. Showing you for identification
3 Exhibit 16E.12-F, do you see where this would be a
4 questionnaire relating to a Mollie Bot?

5 A. Yes.

6 Q. Is this a legitimate questionnaire?

7 A. No.

8 Q. Why isn't it legitimate?

9 A. Because I'm the one that created it.

10 Q. Did she have a million dollars in assets?

11 A. No.

12 Q. What did you do with these -- was there an order that you
13 went through in terms of using the accredited investor
14 questionnaire method versus bumping up the client's assets?
15 Was -- did one of those methods come before the other?

16 A. Yes.

17 Q. Just tell the jury about what happened with the defendant
18 involving these different methods and -- what happened?

19 A. I created the accredited questionnaires for the ones that
20 did not have them in previous investments. When I provided
21 that to him, he didn't want to use that anymore; he wanted to
22 use the balance sheets that were on their reviews, to change
23 those and provide them.

24 Q. Okay. And so did you switch over to that method, then?

25 A. Yes.

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1 Q. Why is it -- did the defendant say why he wanted to use
2 the bumping-up-the-balance-sheet method over the other one?

3 A. I don't recall.

4 Q. How, if at all, was the defendant involved in fabricating
5 the client balance sheets?

6 A. We walked through certain ones and he told me what to
7 change.

8 Q. He told you specifically what to change?

9 A. Yes.

10 Q. And was anyone else around when this discussion was
11 occurring?

12 A. Yes.

13 Q. Who else was around?

14 A. Travis Laska.

15 Q. And what was he involved in doing at that time?

16 A. Gathering the IPSs.

17 Q. And you've already testified about that?

18 A. Yes.

19 Q. And where did this conversation with the defendant take
20 place?

21 A. In the apartment at Whispering Hope.

22 Q. Okay. Now, you've received this instruction. Were you
23 able to go and change all of those balance sheets on your own?

24 A. No.

25 Q. Why not?

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1 A. I was not familiar with using that program because I
2 didn't work with the clients and their reviews.

3 Q. Okay. You weren't used to using the client balance sheet
4 program?

5 A. Correct.

6 Q. And who did you involve then to help you do that?

7 A. Travis Laska.

8 Q. I'm going to show you Exhibit 16E.2. Looking at 16E.2, do
9 you see where this is an e-mail from you to Travis Laska,
10 "Subject: Fairfax Assessment.PPT. Date: Wednesday,
11 November 23rd, 2016. Attachments: Fairfax Assessment.PPT"?

12 Do you see that?

13 A. Yes.

14 Q. If you can just read the body of that e-mail that you sent
15 to Mr. Laska on that day.

16 A. "Here are the changes that need to be made for them under
17 assets: I need the primary home title changed to real estate
18 holdings, add VisionQuest Capital note in the amount of
19 \$100,000, add savings account in the amount of \$75,125, add
20 personal property in the amount of \$85,000."

21 Q. Why were you sending this e-mail to Mr. Laska?

22 A. For him to make the changes to that specific balance
23 sheet.

24 Q. And why are you sending -- it appears this is a PowerPoint
25 attachment. Why are you sending him a PowerPoint document?

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1 A. Because that's where the balance sheet was, and I could
2 not change it myself.

3 Q. Okay. And you make some pretty specific references in
4 here to what needs to be changed. Do you see that?

5 A. Yes.

6 Q. Where did you get those line items from?

7 A. From Mr. Peters.

8 Q. Would you have known what to bump up on your own?

9 A. No.

10 Q. And what was the end result then after adding all these
11 additional assets?

12 A. It showed that they had a million dollars or more, making
13 them an accredited investor.

14 Q. I'm going to show you Exhibit 16E.3. Do you see where
15 this is another e-mail, same date, again, discussing things
16 that need to be changed or added for assets? Do you see that?

17 A. Yes.

18 Q. Again, where did all of these comments about what needs to
19 be changed come from?

20 A. Mr. Peters.

21 Q. I'm showing you 16E.5. What's taking place in this e-mail
22 exchange?

23 A. Telling Travis what to change on this specific client's
24 balance sheet.

25 Q. Is this client Jennings?

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1 A. Yes.

2 Q. Let's go to 16E.6. Do you see where this is an e-mail
3 from you to Travis Laska, "Subject: SEC"?

4 Do you see that?

5 A. Yes.

6 Q. Same date. Do you see that?

7 A. Yes.

8 Q. And then, to your content here, "I just sent the ones I
9 need help with. There should be four. Also, make sure that
10 the totals add up. I'm sure this will happen automatically,
11 but just want to reiterate. I will work on the other three
12 that I have, but those are just copy and saving as a PDF from
13 the VQ money page. Just send me all four once you are done and
14 I will PDF the balance sheet and send to Steve before loading
15 in the SEC folder."

16 A. Yes.

17 Q. Why are you sending this message here?

18 A. To make sure that he got the ones that I sent, and he
19 knows the number of them, and describing the process to go
20 through.

21 Q. And you said, Mr. Laska was present when Mr. Peters gave
22 you these instructions?

23 A. Yes.

24 Q. What is this that you're referring to, "The other three I
25 have"? What are you referring to there?

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1 A. There's three other balance sheets that were as PDFs, so I
2 was able to change those on my own, unlike the other four.

3 Q. Okay. Let me show you Exhibit 16E.4. Do you see where
4 this is an e-mail for Roberta Ross assessment, changing various
5 line items?

6 A. Yes.

7 Q. I'm going to direct your attention now to Exhibit -- yeah.
8 I'm going to direct your attention to three exhibits which
9 should be located up there with you, 16E.2-F, 16E.4-F and
10 16E.5-F. Do you have those with you?

11 A. Two, four and five?

12 Q. 16E.2, E.4 and E.5.

13 A. Yes.

14 Q. Outside of court, did you have an opportunity to look over
15 those and refresh your memory as to what those are?

16 A. Yes.

17 Q. What are those documents and how do they relate to what
18 you just testified about?

19 A. These are the balance sheets that were changed per the
20 instructions that I provided to Travis.

21 Q. And have you made red markings on those documents?

22 A. Yes.

23 MR. GILMORE: The Government would move to admit
24 those into evidence at this time.

25 THE COURT: They'll be received. They may be

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1 published.

2 (Government's Exhibit Nos. 16E.2, 16E.4 and 16E.5 were
3 admitted into evidence.)

4 BY MR. GILMORE:

5 Q. I'll place on the screen Exhibit 16E.2-F. Just tell the
6 jury, please, what it is you marked here in red and why.

7 A. What was changed, that was not there prior.

8 Q. Okay. So that includes modifications to not only the
9 amount of the value of the asset, but also the heading of
10 the -- the title of the asset?

11 A. Yes.

12 Q. And looking down to -- if we can zoom out. If we can zoom
13 out on this document. Is this the life and wealth assessment
14 for Paul and Elizabeth Fairfax?

15 A. Yes.

16 Q. Was this sent to the SEC?

17 A. Yes.

18 Q. Looking now to Exhibit 16E.4-F, what is the jury seeing
19 here in 16E.4-F?

20 A. The changes that were made to this client's balance sheet.

21 Q. Is this client Roberta Ross?

22 A. Yes.

23 Q. And was this inflated balance sheet sent to the SEC?

24 A. Yes.

25 Q. Looking now to Exhibit 16E.5-F, what is the jury seeing

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1 here in 16E.5?

2 A. The changes that were made to this client's balance sheet.

3 Q. This is Janice Jennings?

4 A. Yes.

5 Q. And was this sent to the SEC?

6 A. Yes.

7 Q. Now, I'm going to show you Exhibit 16E.6. You've already
8 testified about this just a moment ago. Is this, again,
9 recapping those items that the jury has just seen that you
10 marked in red?

11 A. Yes.

12 Q. Okay. Turning your attention now to a category of
13 documents called investor policy statements. You talked about
14 those a moment ago.

15 Do you know if all of the investor policy statements that
16 were requested by the SEC, in fact, existed in the files at the
17 time that that request was made?

18 A. No, they did not.

19 Q. And who was tasked with acquiring those documents?

20 A. Travis Laska.

21 Q. I'm going to turn your attention to the financial books
22 and records for Wealth Management. You testified about how you
23 had dealings with that in the course of your work. Do you
24 recall that?

25 A. Yes.

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1 Q. Did the SEC request copies of the bookkeeping records for
2 VisionQuest Wealth Management as a part of the exam?

3 A. Yes.

4 Q. And what, if anything, did the defendant ask you to do
5 with the bookkeeping records?

6 A. To change some of those, the names of the accounts.

7 Q. Okay. And just describe, if you could, what you recall
8 about the line items that you were asked to change.

9 A. To change one that was called settlement, to put under
10 professional fees, attorney; to get rid of some of the
11 categories that were on the balance sheet.

12 Q. Okay. You said something to do with a settlement.

13 A. Yes.

14 Q. You testified earlier about a lawsuit from a client
15 Brenner, last name Brenner. Do you recall that?

16 A. Yes.

17 Q. Do you recall about how much had been paid out to that
18 client?

19 A. About \$90,000.

20 Q. And how did that show up on the balance sheet or on the
21 profit and loss statement?

22 A. It was shown as a settlement.

23 Q. Okay. And how -- what did the defendant ask you to do
24 with respect to that line item for settlement?

25 A. To change that specific one to read professional fees,

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1 attorney, and then make that settlement account inactive on the
2 chart of accounts.

3 Q. Okay. So it was to be changed to professional services?

4 A. Yes.

5 Q. And that would appear different from settlement, wouldn't
6 it?

7 A. Yes.

8 Q. And when you say change it to inactive, what did that mean
9 in terms of -- what would the impact of that be?

10 A. It would not show on the chart of accounts.

11 Q. So when you print out the books, would that settlement
12 show up anymore?

13 A. No.

14 Q. I'm going to show you Exhibit 16H.1. Do you see where
15 this is an e-mail from Mr. Peters to A. Peters at Whispering
16 Hope Stables? Do you see that?

17 A. Yes.

18 Q. But down below that, there's a reference from Stacey Beane
19 to Stephen Peters regarding fiscals. Do you see that?

20 A. Yes.

21 Q. Do you see that there?

22 A. Yes.

23 Q. And then, it says, in the content, "Here you go. I have
24 included the collapsed verses of the balance sheet so you can
25 decide which one you would like to provide."

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1 Do you see that?

2 A. Yes.

3 Q. What are you doing there, in this e-mail exchange?

4 A. Providing him with the financials with the changes that
5 were requested.

6 Q. Okay. And have you already testified about what gave rise
7 to this e-mail exchange?

8 A. Yes.

9 Q. Flipping over to page 2. If you could, read -- looking to
10 your message here reflected on the bottom of the page, do you
11 see where it states, "Steve, I have finished everything for the
12 financials; however, I have a question/concern regarding the
13 balance sheet as I think we need three categories for assets."

14 Is this, again, referring to the attachments of profit and
15 loss sheets?

16 A. Yes.

17 Q. We're going to move over to the attachment, the profit and
18 loss statement. Let me direct your attention to
19 Exhibit 16H.1-F, which should be up there with you. It should
20 be up there with you. 16H.1-F.

21 A. Yes.

22 Q. And going to page -- what is 16H.1-F?

23 A. A profit and loss for VisionQuest Wealth Management from
24 January through August of 2016.

25 Q. And is this the profit and loss statement you created for

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1 the defendant?

2 A. Yes.

3 Q. And have you made red markings on here?

4 A. Yes.

5 MR. GILMORE: The Government would move to admit
6 Exhibit 16H.1-F.

7 THE COURT: It'll be received. It may be published.

8 (Government's Exhibit No. 16H.1-F was admitted into
9 evidence.)

10 BY MR. GILMORE:

11 Q. All right. So I'm placing 16H.1-F on the screen. Do you
12 see where it says, "VisionQuest Profit and Loss, January
13 through August 2016"? Do you see that?

14 A. Yes.

15 Q. Do you see the date over here on the left side, upper
16 left-hand corner where it says, October 5th, 2016? Do you see
17 that?

18 A. Yes.

19 Q. And zooming back out, and going to page 2. What have you
20 circled here in red and why?

21 A. That's where the original \$90,000 item -- line item that
22 was -- was as settlements would have been.

23 Q. It would have shown up in this location?

24 A. Yes.

25 Q. And do you see this reference here, "Professional

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1 services, attorney"?

2 A. Yes.

3 Q. Would it -- is it your testimony that a settlement would
4 have shown up somewhere in this area?

5 A. Yes.

6 Q. Okay. Was that the only -- to be clear, was that the only
7 thing that he asked you to change?

8 A. No.

9 Q. There were other things, as well?

10 A. Yes.

11 Q. Would you have changed any of those things on the
12 financials without Mr. Peters' instructions?

13 A. No.

14 Q. I want to return now to your testimony about cash
15 shortages in fall of 2016. Do you recall testifying about that
16 previously?

17 A. Yes.

18 Q. Do you recall your testimony about how across all the
19 accounts there wasn't a lot of money?

20 A. Yes.

21 Q. And during that time period you also testified about how
22 investor notes were becoming due?

23 A. Yes.

24 Q. What, if anything, did you -- what, if anything, did you
25 note regarding the defendant's demeanor in the workplace during

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1 this time period?

2 A. It was very negative, very direct, very angry.

3 Q. I'm going to show you Exhibit 2B.22. Do you see where
4 this is an e-mail from Mr. Peters to you, "Subject: Cash,
5 October 20, 2016"?

6 Do you see that?

7 A. Yes.

8 Q. Do you see where it says, "What's my monthly expenses,
9 Stacey? What does it cost to run the business? What does it
10 cost to service the debt interest? What are my monthly,
11 quarterly, yearly costs? What are the one-time costs I'll be
12 incurring from now until the end of the year? How about 12
13 months? How about 18 months. Are you freakin' kidding me?
14 This shit is in the strategic plan. Do you really need me to
15 ask you these questions? You know what I want. How much cash
16 do we need? Figure it out."

17 Do you see that?

18 A. Yes.

19 Q. How did you perceive the tone of this e-mail?

20 A. Very, very angry.

21 Q. Did he speak to you this way, as well?

22 A. Yes.

23 Q. Did you ever find yourself crying in the workplace?

24 A. Yes.

25 Q. About how often would that occur?

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1 A. A lot.

2 Q. Did he insult you?

3 A. Yes.

4 Q. Berate you?

5 MR. CAMDEN: Objection.

6 THE COURT: Overruled.

7 BY MR. GILMORE:

8 Q. Did he berate you?

9 A. Yes.

10 Q. And what is taking place at the same time as this cash
11 shortage? Is the SEC examination taking place at that same
12 time?

13 A. Yes.

14 Q. I want to direct your attention forward to December of
15 2016. By that time, did you know what the focus of the SEC
16 examination was?

17 A. Yes.

18 Q. And did the defendant stop selling VisionQuest Capital to
19 his own clients?

20 A. No.

21 Q. What, if anything -- what, if anything, did change at the
22 end of 2016 in terms of the sale of the VisionQuest Capital
23 notes?

24 A. There was a lot of them, more so than -- more frequently
25 than there had been in the past.

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1 Q. And was there a change in the compensation structure?

2 A. Yes.

3 Q. And you testified about that?

4 A. Yes.

5 Q. And were you involved in the tracking, the close tracking
6 of how much money was coming in from the investors at that
7 point?

8 A. Yes.

9 Q. Let me show -- I'm going to show you Exhibit 2B.38. Do
10 you see where this says from Stephen Peters to you, "Subject:
11 Regarding VQC raise. March 15, 2017"?

12 A. Yes.

13 Q. So we're now into 2017. Looking down to the bottom e-mail
14 from you to the defendant, do you see where you state, "As for
15 the VQC raise, per our conversation, here is what the details
16 of this"?

17 Do you see that?

18 A. Yes.

19 Q. Let's go to the next page. What is the jury seeing here
20 in this long list shown on this page?

21 A. The new investor money and the dates that they were
22 expected or had come in.

23 Q. These are new investor monies that are coming in during
24 this time period?

25 A. Yes, or had came in.

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1 Q. And why are you sending this type of information to the
2 defendant?

3 A. He requested a cash flow statement.

4 Q. Is Capital still being actively marketed into March of
5 2017?

6 A. Yes.

7 Q. Even with the SEC's prior inquiry?

8 A. Yes.

9 Q. I want to direct your attention now to April of 2017. By
10 this time, did you know that what was taking place there was
11 wrong?

12 A. Yes.

13 Q. What, if anything, did you do about that?

14 A. I sought counsel and, with them, we went to the FBI.

15 Q. You went to the FBI?

16 A. Yes.

17 Q. And was there anything in particular that took place -- I
18 mean, you testified about a lot of things. Was there anything
19 in particular that you saw at VisionQuest that led you to go to
20 the FBI?

21 A. Yes. We were tasked to -- myself and Steve Laska, for him
22 to work with me, so he understood cash flow. And while I was
23 working together, I saw there was -- the money was gone, and we
24 didn't know where it went.

25 Q. The money was gone, you didn't know where it went?

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1 A. Yes.

2 Q. And what was it about that that you -- that caused you to
3 take action?

4 A. I didn't think it was right.

5 Q. So when you went to the FBI, did you agree to work with
6 them?

7 A. Yes.

8 Q. And what did they -- what did they ask you to do?

9 A. To record conversations.

10 Q. And what, if anything, did the FBI promise you in exchange
11 for your assistance?

12 A. Nothing.

13 Q. I want you to tell the jury what you've -- in terms of,
14 like, money compensation -- from the FBI, could you tell them
15 kind of everything that you've received in terms of money or
16 compensation?

17 A. No compensation. I was reimbursed for a thumb drive,
18 reimbursed for a partial flight for -- to come up for an
19 interview, and reimbursed for my lodging for the interview.

20 Q. Okay. That's about it?

21 A. Yes.

22 Q. But were you being actively paid to go and engage in
23 conversations?

24 A. No.

25 Q. I'm going to direct your attention to a series of disks

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1 and then a series of documents attached to those disks located
2 up there with you, Exhibits 19.3, 19.3-A, 19.4, 19.4-A, 19.8
3 and 19.8-A.

4 MR. CAMDEN: Your Honor, I believe we have an
5 objection to some of these exhibits. May we approach?

6 THE COURT: You may.

7 (Bench conference on the record.)

8 MR. CAMDEN: Your Honor, I believe these are going to
9 be a series of audio recordings. And I think they have
10 transcripts that have been prepared by the Government
11 associated with those. Your Honor, consistent with, I think,
12 something the Court said at the beginning of this trial, the
13 jury is not going to have the transcripts of what happens in
14 the courtroom. You know, consistent with that, we would ask
15 that the evidence -- the audio is what it is, but we would ask
16 that the transcripts not be introduced into evidence and sent
17 back to the jury.

18 MR. GILMORE: It's not our intent, Your Honor.

19 THE COURT: All right.

20 MR. GILMORE: We only intend to use those for
21 demonstrative purposes during the trial.

22 THE COURT: Okay. I mean, it will be my ruling
23 consistent with really where both of you-all are. The
24 transcripts can be used to help illustrate. I'll tell them
25 right now the actual -- what's on the disk is the evidence, the

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1 transcripts are just an aid in understanding it here, the
2 transcripts won't be sent back with them.

3 MR. CAMDEN: Thank you, Your Honor.

4 (Bench conference concluded.)

5 THE COURT: You may proceed.

6 BY MR. GILMORE:

7 Q. Do you have those exhibits there with you, ma'am?

8 A. Yes.

9 Q. What are those disks? As a whole, what are they?

10 A. They are recordings that -- of conversations between
11 myself and Stephen Peters.

12 Q. Okay. And are the dates associated with each of those
13 recordings written there on the face of the disk?

14 A. Yes.

15 Q. And respectively, were those made on May 4, 2017, May 4,
16 2017 and May 18, 2017?

17 A. Yes.

18 Q. And are they true and accurate recordings between you and
19 the defendant on those dates?

20 A. Yes.

21 MR. GILMORE: The Government would move to admit
22 Exhibits 19.3, 19.4 and 19.8 at this time.

23 THE COURT: They'll be received. And they may be
24 published.

25 Ladies and gentlemen, I anticipate that there are

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1 going to be transcripts that are going to be played for you.
2 And then, of course, you'll have a copy of those with you when
3 it's time to deliberate.

4 Here in court it is permissible to help to illustrate
5 the information on the recording for there to be a transcript
6 to sort of help you as -- to understand it. Now, the
7 transcript is just a demonstrative exhibit, so you won't have
8 the transcript when it's time to deliberate. You'll have the
9 actual recording to listen to. But when they're played here in
10 a few moments, I anticipate that there will be a transcript
11 with it. So I don't want you to sort of get back when you're
12 deliberating and say, hey, where is the transcript going along
13 with this? The transcript is simply an aid. The actual
14 evidence is what's on the recording. You'll have the actual
15 recording and you'll be able to play it as many times as you
16 want to, if that's what you want to do, during deliberations,
17 just like you-all will have the other documents that are
18 admitted into evidence when it's time to deliberate.

19 So, Mr. Gilmore, you may proceed.

20 MR. GILMORE: Thank you, sir.

21 BY MR. GILMORE:

22 Q. Let me direct your attention now to the transcripts that
23 are attached to each of those disks. Specifically, 19.3-A,
24 19.4-A and 19.8-A. Do you recognize each of those?

25 A. Yes.

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1 Q. Have you had a chance to review those and listen to the
2 recordings?

3 A. Yes.

4 Q. And on the disks themselves, are there not only the entire
5 recording from that day but also a series of clips?

6 A. Yes.

7 Q. And do -- these exhibits that you've just identified
8 there, do they contain transcriptions of those different clips
9 from within the recordings?

10 A. Yes.

11 Q. And are they true and accurate transcriptions?

12 A. Yes.

13 MR. GILMORE: Your Honor, the Government would move
14 to be able to publish the transcripts along with the recordings
15 as we play them.

16 THE COURT: You may.

17 And again, just remember my limiting instruction that
18 I'm giving you-all as to: When you deliberate, you're not
19 going to have those transcripts. And the transcripts are just
20 going to be showing up here to help you understand the
21 evidence, but the evidence is what's actually on the recording.

22 (Government's Exhibit Nos. 19.3-A, 19.4-A and 19.8-A were
23 admitted into evidence.)

24 BY MR. GILMORE:

25 Q. Okay. By the time that you became a source for the FBI,

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1 Ms. Beane, what, if anything, had changed about the SEC's
2 inquiry at VisionQuest?

3 A. It was now an enforcement action.

4 Q. An enforcement action?

5 A. Yes.

6 Q. And what, if any, changes did you notice in the defendant
7 in terms of how he handled the responses to the SEC enforcement
8 action as compared to the examination?

9 A. He did the majority of that himself. We didn't see any
10 delegation or any e-mails. It was kept mainly to him.

11 Q. Kept mainly to him?

12 A. Correct.

13 Q. And you testified previously about your -- about how the
14 money was missing, and that that concerned you. Do you recall
15 that?

16 A. Yes.

17 Q. Did there ever come a time when the defendant made
18 statements to you about taking money out of VisionQuest Wealth?

19 A. Yes.

20 Q. I'm going to direct your attention to May 4th, 2017. Did
21 you make a recording on that date --

22 A. Yes.

23 Q. -- concerning where the money had gone?

24 A. Yes.

25 MR. GILMORE: Your Honor, at this time the Government

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1 would play Exhibit 19.3 at clip one.

2 THE COURT: You may.

3 (Audio played in open court.)

4 BY MR. GILMORE:

5 Q. Did you hear where the defendant just admitted that he
6 took \$4.8 million out of the company?

7 A. Yes.

8 Q. Prior to that time, did you ever know that Mr. Peters had
9 taken that much money out of the company?

10 A. No.

11 Q. If you set aside the inflows of money from the VisionQuest
12 Capital investors, did VisionQuest have enough money available
13 to pay anyone \$4.8 million?

14 A. No.

15 Q. And when he made that statement to you, that he had taken
16 out \$4.8 million, did you know where that money had come from?

17 A. Yes.

18 Q. What does the defendant call upon you to do or to help him
19 do about this \$4.8 million that he'd taken out from the
20 company?

21 A. To provide information as to when the -- to help him make
22 sure that the books were matching the notes that -- or loan
23 that he was creating.

24 Q. Okay. To help the books match the loan he was creating?

25 A. Yes. Correct.

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1 Q. Just tell the jurors what you mean by that.

2 A. The way that the money was going in and out, it needed to
3 match what the actual loan document or note said; as to when he
4 was paying interest back was, or was it principal, was it paid
5 on a quarterly, monthly, annual basis.

6 Q. Okay. Let me break this down a little bit. You said that
7 this had something to do with a loan document. At that time,
8 had you ever heard of there being a loan between VisionQuest
9 Capital and VisionQuest Wealth?

10 A. No.

11 Q. No. And you said this was a loan that was going to be
12 created?

13 A. Yes.

14 Q. And how did you know that that loan did not yet exist from
15 these conversations? Like, how did you know that?

16 A. I had never -- I had never seen one. And he talked about
17 backdating it to match when the first money moved from
18 VisionQuest Capital to VQ Wealth.

19 Q. Okay. So there was some -- you testified about making the
20 books match the loan. Was it your understanding that loan had
21 been written up in writing yet, had been put to writing?

22 A. It had not.

23 Q. So one more time: How were you going to be assisting him
24 to do that?

25 A. To make sure that I gave him the information of when the

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1 money had moved from VisionQuest Capital to VQ Wealth and,
2 then, back down. So that he could use that information to
3 match -- to make sure that what actually happened was what was
4 written in that note.

5 Q. Okay. And over the course of the next day and week, are
6 there, in fact, discussions about two different loans, two
7 different steps, if you will, between the investor money coming
8 in and then the \$4.8 million going into the defendant's
9 account?

10 A. Yes.

11 Q. Just describe the two steps, the two loans that would --
12 that were a part of that.

13 A. If money was moving from VisionQuest Capital to VQ Wealth,
14 it was marked as part of the loan. And when it also went back
15 down from VQ Wealth to VisionQuest Capital, it would have been
16 marked as an interest payment on that loan.

17 Q. And then, what about the monies flowing -- the 4.8 million
18 flowing from VisionQuest Wealth to the defendant himself, how
19 is that going to be characterized?

20 A. As a draw or a loan.

21 Q. Okay. As a personal loan to himself?

22 A. Yes.

23 Q. All right. And to be clear, prior to working as a source
24 for the FBI, had you ever seen any such arrangement, whether
25 there was, in fact, a loan between the two companies and then a

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1 loan to himself?

2 A. I had never seen that, no.

3 Q. So I want to focus on that second step first, the flow of
4 money from VisionQuest Wealth to the defendant. In this same
5 conversation, does the defendant make statements about the
6 creation of that loan document?

7 A. Yes.

8 Q. I'll now play you Exhibit 19.3 at clip two.

9 (Audio played in open court.)

10 BY MR. GILMORE:

11 Q. Directing your attention to the defendant's statement
12 about his dilemma being that he hadn't wanted to pay tax on the
13 money. Prior to this day, had you ever heard the defendant
14 make any statements about how much he was paying in personal
15 taxes?

16 A. Yes.

17 Q. What did he say about that?

18 MR. CAMDEN: Objection.

19 THE COURT: Overruled.

20 THE WITNESS: That he had not paid them due to losses
21 that he had from the past.

22 BY MR. GILMORE:

23 Q. Are you aware of the general amount that Mr. Peters was
24 declaring as a salary at VisionQuest around that time?

25 A. Yes.

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1 Q. About how much was that?

2 A. 180,000 a year.

3 Q. Okay. And yet, you -- he made a statement to you that he
4 was paying no taxes; is that right?

5 A. Yes.

6 Q. Would the receipt of \$4.8 million generate a potential tax
7 liability?

8 A. Yes.

9 Q. I'm going to direct your attention to the defendant's
10 statement that because he hadn't wanted to pay taxes, he took
11 this out as a loan or a draw. At this time, had you seen any
12 such loan document justifying the taking of that money?

13 A. No.

14 Q. There is also a reference in here to a Ken Carroll
15 creating loan documents. And do you see in here where it
16 states -- it's still on the screen -- "I'm going to go talk to
17 Ken Carroll. Working on it. Basically saying, hey, I
18 misplaced these loan documents, I need to get some loan
19 documents that I can recreate for the balance that we have."

20 Do you see that?

21 A. Yes.

22 Q. Who is Ken Carroll?

23 A. An attorney.

24 Q. An attorney?

25 A. Yes.

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1 Q. I'm going to show only you at this point Exhibit 19B.1.
2 Do you see where this is a Privilege Log from the Morningstar
3 Law Group?

4 A. Yes.

5 Q. And did the defendant have an attorney at Morningstar Law
6 Group?

7 A. Yes.

8 Q. And do you know what kind of work Morningstar Law Group
9 was providing for the defendant back in 2017?

10 A. A business attorney.

11 Q. And if you could, look at item 18 on this document. Do
12 you see a reference to Mr. Ken Carroll performing work on
13 May 10, 2017?

14 A. Yes.

15 Q. Regarding a promissory note?

16 A. Yes.

17 Q. When was May 10 in relation to that conversation the
18 jurors have just heard?

19 A. Five days after.

20 Q. Five days after.

21 Let me go back to the recorded conversation about the
22 4.8 million. During that same conversation, does the defendant
23 make any statements about how he used that money?

24 A. Yes.

25 Q. I'm going to play you now clip three. 19.3 at clip three.

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1 (Audio played in open court.)

2 BY MR. GILMORE:

3 Q. Was that statement made during that same conversation
4 about taking the money?

5 A. Yes.

6 Q. And was that statement consistent with what you saw out at
7 Whispering Hope?

8 A. Yes.

9 Q. Did you know at the time that he was using money from
10 VisionQuest to build out the house?

11 A. No.

12 Q. I'm going to show you Exhibit 19B.5. All right. Do you
13 see where on 19B.5 -- do you see where on 19B.5 this states on
14 the first page, "Creation date, May 10, 2017"? Do you see
15 that?

16 A. Yes.

17 Q. And the file name up here, "Revolving promissory note,
18 compensation," do you see that?

19 A. Yes.

20 Q. Do you see where it says, "Last saved by S. Peters"?

21 A. Yes.

22 Q. In term of the next page of this exhibit, do you see where
23 this purports to show up at the top a revolving promissory note
24 dated back to February 6th, 2012?

25 A. Yes.

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1 Q. And it appears to be between Stephen C. Peters and VQ
2 Wealth, LLC. Do you see that?

3 A. Yes.

4 Q. How, if at all, does this document relate to that recorded
5 conversation you just testified about?

6 A. This was the -- what was discussed.

7 Q. And looking to that creation date of May 10, 2017, on the
8 first page, again, when was this in relation to that
9 conversation?

10 A. Five days after.

11 Q. Now, you've just been testifying about the second of those
12 two steps in that process, the flow of money from VisionQuest
13 Wealth into Mr. Peters' bank account.

14 Now I want to shift your attention to the first of those
15 two steps. Remind the jurors, please, of the first of those
16 two steps that you were going to be assisting him with.

17 A. To provide the information as to when money had moved from
18 VisionQuest Capital to VQ Wealth, which would have been part of
19 the loan/note.

20 Q. Okay. And you testified previously about how money would
21 flow up and back, and how these were to be characterized as
22 loans and then repayments on the loans; is that right?

23 A. Yes.

24 Q. I want to focus your attention now on the afternoon of
25 May 4th, 2017. Did you have a recorded conversation with the

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1 defendant on that topic on that day?

2 A. Yes.

3 Q. I will now play you Exhibit 19.3 at clip four.

4 (Audio played in open court.)

5 BY MR. GILMORE:

6 Q. Did you hear the defendant just state that he needed to
7 backdate the note as if it was right on the date that the money
8 came out?

9 A. Yes.

10 Q. And what is the note that he's talking about backdating
11 there?

12 A. The note between VisionQuest Capital and VQ Wealth.

13 Q. And why would it be necessary to backdate the note?

14 A. So that it would match when the money actually first
15 moved.

16 Q. Where is that money largely coming from, the money that is
17 flowing up to VisionQuest Wealth?

18 A. VisionQuest Capital promissory notes.

19 Q. Now, this note that is to be backdated, did you ever see
20 any documents concerning the creation of that note?

21 A. Yes.

22 Q. I'm going to direct your attention to Exhibit 19A.1
23 located there with you. Do you have Exhibit 19A.1 with you?

24 A. Yes.

25 Q. What is 19A.1?

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1 A. A picture of an invoice from Morningstar Law Group
2 regarding the lines of credit and intercompany loans.

3 Q. And did you take that picture?

4 A. Yes.

5 MR. GILMORE: The Government would move to admit that
6 into evidence at this time.

7 THE COURT: It'll be received. It may be published.

8 (Government's Exhibit No. 19A.1 was admitted into
9 evidence.)

10 BY MR. GILMORE:

11 Q. I'll place Exhibit 19A.1 on the screen. What is the jury
12 seeing here as a whole in 19A.1?

13 A. The invoice from the attorney regarding the work that was
14 done to create the intercompany loans and the line of credit
15 note.

16 Q. And do you see where, in fact, it states, "Work by Ken
17 Carroll, December 9, 2016, begin drafting firm line of credit
18 note for intercompany loans"?

19 Do you see that?

20 A. Yes.

21 Q. And how far back in time had the money started flowing
22 from VisionQuest Capital up to VisionQuest Wealth?

23 A. Maybe in 2009, '10.

24 Q. All the way back to 2009 or '10?

25 A. Yes.

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1 Q. But this appears to show that the note is being drafted in
2 2016. Do you see that?

3 A. Yes.

4 Q. And is that consistent with what he said to you in the
5 recording?

6 A. No.

7 Q. Well, in terms of it being backdated?

8 A. Yes.

9 Q. In terms of the need to backdate the note?

10 A. Correct. Yes.

11 Q. Okay. And so this date here shows some work on a note on
12 December 9, 2016, but you recall your conversation about this
13 is in May of 2017? Do you recall that?

14 A. Yes.

15 Q. Did you see anything concerning the creation of this note
16 in May, on May 4, 2017, the same date as your recording?

17 A. Yes.

18 Q. I direct your attention to Exhibit 19A.4, which is up
19 there with you, for identification. Do you see 19A.4?

20 A. Yes.

21 Q. What is 19A.4?

22 A. The properties of the Word document, revolving promissory
23 note.

24 Q. Is it a picture you took?

25 A. Yes.

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1 Q. And is it a true and accurate picture you took of those
2 file properties at that time when you saw it?

3 A. Yes.

4 MR. GILMORE: The Government would move to admit
5 Exhibit 19A.4.

6 THE COURT: It'll be received. It may be published.

7 (Government's Exhibit No. 19A.4 was admitted into
8 evidence.)

9 BY MR. GILMORE:

10 Q. On the screen is 19A.4. What is the jury seeing here on
11 19A.4?

12 A. A picture that I took of the properties of this Word
13 document.

14 Q. Now, how is it that you came to be taking a picture of
15 this Word document on May 4, 2017?

16 A. We were in the conference room discussing this. He left
17 to go to the restroom. I looked on his computer. It was on
18 his desktop. I right-clicked, saw the properties and took the
19 picture.

20 Q. Okay. And -- so the "he" you're referring to, who is
21 that?

22 A. Mr. Peters.

23 Q. And so, to be clear, at the time you're doing this, are
24 you working as a source for the FBI?

25 A. Yes.

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1 Q. And when you right-clicked the file properties on that
2 computer, did you do so as an informant for the FBI?

3 A. Yes.

4 Q. Now, this picture -- how, if at all, does this relate to
5 the conversation the jurors just heard about?

6 A. It talked about the -- it's what we were discussing, the
7 note that would be backdated.

8 Q. Okay. And to be clear, at the time you're having that
9 conversation, had the note been finalized yet?

10 A. No.

11 Q. And you were providing information as a part of that, were
12 you not?

13 A. Yes.

14 Q. What, if anything, is taking place with the SEC during the
15 time that all of this is taking place?

16 A. There's an SEC enforcement.

17 Q. The SEC enforcement action?

18 A. Yes.

19 Q. It's still pending?

20 A. Yes.

21 Q. Now, following these conversations between just the two of
22 you, is there another conversation that takes place on that day
23 where the defendant's wife is present?

24 A. Yes.

25 Q. Now, why has the defendant's wife joined the conversation?

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1 A. Because this affects what VQ Wealth's books are.

2 Q. It would affect how the books look or something of that
3 nature?

4 A. Yes.

5 Q. And where does that conversation take place?

6 A. In the VisionQuest conference room.

7 Q. I'm now going to play Exhibit 19.4 at clip one.

8 (Audio played in open court.)

9 BY MR. GILMORE:

10 Q. Did you hear the defendant make reference to understanding
11 how much money he draws versus comps and making sure it matches
12 the line of credit he is going to put up?

13 A. Yes.

14 Q. What is this reference to draws versus comps?

15 A. The loan that he has -- that he is creating between VQ
16 Wealth and himself.

17 Q. Okay. And why would that information need to match the
18 line of credit?

19 A. To make sure that it looks like it was created in the
20 past, when the money started moving.

21 Q. And, again, did that line of credit actually exist yet?

22 A. No.

23 Q. I'm going to show you now Exhibit 19D.4. Okay. Do you
24 see where this has a series of questions and answers?

25 A. Yes.

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1 Q. And outside of court, did you have an opportunity to
2 familiarize yourself with the totality of what these questions
3 and answers are about?

4 A. Yes.

5 Q. And who is the one that's answering the questions in this
6 exhibit?

7 A. Mr. Peters.

8 Q. And in this exhibit in particular, are there questions and
9 answers being given about a line of credit?

10 A. Yes.

11 Q. And specifically, do they relate to that line of credit
12 that you talked about on the recordings?

13 A. Yes.

14 Q. Looking to -- do you see where here in this exhibit it
15 talks about -- at line five, there starts to be a discussion
16 about a line of credit. "Answer: Between VisionQuest Capital
17 and VisionQuest Wealth, the holding company."

18 Do you see that?

19 A. Yes.

20 Q. Do you see the reference to the question and answer about,
21 what is that line of credit, how much is it? Answer being
22 given, \$10 million. Do you see that?

23 A. Yes.

24 Q. And do you see where it says, okay, and when was the line
25 of credit started, as a question? The answer being given,

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1 "2000 -- I don't know exactly off the top of my head, somewhere
2 between 2010 and 2012." Do you see that?

3 A. Yes.

4 Q. And going to page 2. At the top do you see where it
5 states:

6 "Question: On the line of credit, you said it was started
7 in 2010, 2012. Is that more or less in writing?

8 "Answer: It is, yes."

9 Do you see that?

10 A. Yes.

11 Q. Is that a true statement about whether that line of credit
12 was in writing in 2010, 2012?

13 A. No.

14 Q. I'm going to shift your focus --

15 THE COURT: What's the date of that testimony, Mr.
16 Gilmore?

17 MR. GILMORE: One moment, Your Honor.

18 It's July 7 -- I'm sorry. July 10, 2017, Your Honor.

19 THE COURT: Thank you.

20 BY MR. GILMORE:

21 Q. Shifting your focus forward from that recording about five
22 days to -- I'm sorry, several days, to May 15, 2017. Do you
23 recall any meetings that day where the topic of VisionQuest
24 Capital disclosure documents came up?

25 A. Yes.

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1 Q. Specifically, a discussion regarding subscription
2 agreements; things of that nature?

3 A. Yes.

4 Q. What was the context where this comes up?

5 A. There were subscription agreements that needed to be
6 signed by Bill Gulas at IRA Innovations.

7 Q. Okay. And was this -- was there a staff meeting about
8 that time?

9 A. Yes.

10 Q. And were there any particular advisors for whom there was
11 a desire to obtain subscription agreements?

12 A. Yes.

13 Q. Who were those advisors?

14 A. Joe Baker.

15 Q. Who else?

16 A. And Matt Gomoll.

17 Q. And who is it that's talking about the need to obtain
18 these types of documents?

19 A. Mr. Peters.

20 Q. And to be clear, these subscription documents, did they
21 relate -- had -- the investors that were the subject of these
22 subscription documents, had they already invested into
23 VisionQuest Capital at this time?

24 A. Yes.

25 Q. Just tell the jurors, what, if anything, does Mr. Peters

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1 attempt to do with respect to these subscription documents?

2 A. To make them look as if they were signed when the wires or
3 checks came in.

4 Q. To make them look as if they were signed back when the
5 checks came in?

6 A. Uhm-uhm.

7 Q. And when you say "when the checks came in," what do you
8 mean by that?

9 A. The VisionQuest Capital note monies.

10 Q. So when the VisionQuest Capital note monies first came in.
11 Is this another form of backdating?

12 A. Yes.

13 Q. Why would it matter if a subscription agreement is being
14 backdated?

15 A. Because it would show that they were given that prior to
16 investing.

17 Q. And should the investor receive a subscription agreement
18 before they invest their money?

19 A. Yes.

20 Q. Did you record any conversations with Mr. Peters about
21 backdating those documents?

22 A. Yes.

23 Q. I'm going to play you Exhibit 19.8 at clip one.

24 (Audio played in open court.)

25 BY MR. GILMORE:

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1 Q. So did you hear the defendant tell you to use the date the
2 wire came in as the date?

3 A. Yes.

4 Q. Was that, in fact, the date that any of these subscription
5 agreements had been signed?

6 A. No.

7 Q. Was there any such subscription agreement at the time?

8 A. No.

9 Q. And this is another form of backdating then, isn't it?

10 A. Yes.

11 Q. And did you do what the defendant asked you to do?

12 A. Yes.

13 Q. Where did you get the disclosure documents from?

14 A. I was -- it was either e-mailed or handed to me by Mr.
15 Peters.

16 MR. GILMORE: Your Honor, I need to approach the
17 clerk for a moment.

18 THE COURT: That's fine.

19 (Pause in the proceeding.)

20 BY MR. GILMORE:

21 Q. I'm showing you 19C.8-F. Do you see where that's a
22 crinkly collection of documents?

23 A. Yes.

24 Q. What are each of those that are bundled there in that
25 crinkly set of documents?

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1 A. The original signature page from the subscription
2 agreement.

3 Q. And there's been testimony of those being seized from
4 VisionQuest. Is that the way in which these were presented at
5 the time you were talking about them as one bundle or one
6 collection of documents?

7 A. Not in this format.

8 Q. So this is just the signature pages?

9 A. Yes.

10 Q. Not an entire subscription agreement of any kind?

11 A. No.

12 Q. And are these the documents that had to be -- these are,
13 then, the documents that had to be backdated?

14 A. Yes.

15 Q. I'm going to place 19C.8-F on the screen. Okay. What is
16 the jury seeing here as a whole in the first of this -- first
17 page of this exhibit?

18 A. The signature page of this subscription agreement for a
19 Lisa Baker.

20 Q. Okay. And you've already testified about why a
21 subscription agreement is important, correct?

22 A. Yes.

23 Q. But this is just the signature page, isn't it?

24 A. Yes.

25 Q. And all of these are signature pages that are attached to

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1 this exhibit; is that right?

2 A. Yes.

3 Q. And did you write in the dates down here on the bottom of
4 these?

5 A. Yes.

6 Q. Did you backdate each of these?

7 A. Yes.

8 Q. At whose instruction did you do that?

9 A. Mr. Peters.

10 Q. And what happened after these were backdated? What would
11 you do with these after they're backdated?

12 A. I sent them to Mr. Peters.

13 Q. Did IRA Innovations ever need to receive a copy of the
14 subscription agreement?

15 A. I don't remember.

16 Q. You don't recall?

17 Now, during this entire series of events that you're doing
18 this, backdating these documents, is the SEC enforcement action
19 still taking place?

20 A. Yes.

21 Q. I'll now direct your attention to Exhibit 19C.3 -- they
22 should be up there with you. A collection of documents,
23 19C.3-F, 19C.4-F, 19C.5-F, 19C.6-F, 19C.7-F and 19C.9-F. Do
24 you have those up there with you?

25 A. I don't think I have 9.

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1 Q. Do you have a 19C.8 with you, F?

2 A. (The witness nodded negatively.)

3 Q. Why don't we go with 19C.3-F, 19C.4-F, 19C.5-F, 19C.6-F
4 and 19C.7-F. Do you have those?

5 A. Yes.

6 Q. Okay. Do you recognize those as a group?

7 A. Yes.

8 Q. What are those exhibits?

9 A. Accredited investor questionnaires.

10 Q. And how do you know that's what they are?

11 A. It's what it states on the front page of each of these.

12 Q. And did you make any red markings on these documents?

13 A. Yes.

14 MR. GILMORE: The Government would move to admit
15 those exhibits into evidence at this time.

16 THE COURT: They'll be received. They may be
17 published.

18 (Government's Exhibit Nos. 19C.3-F through 19C.7-F were
19 admitted into evidence.)

20 BY MR. GILMORE:

21 Q. I'll place Exhibit 19C.3-F on the screen. Do you see
22 where this states at the top, "Accredited Investor
23 Questionnaire Prepared for Review and Consideration by
24 VisionQuest Capital LLC. Prospective Member, Lisa Baker"?

25 Do you see that there?

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1 A. Yes.

2 Q. And down at the -- down in the middle portion of this
3 there are a bunch of references to the Securities Act of 1933
4 as amended, a bunch of references to securities laws. Do you
5 see that?

6 A. Yes.

7 Q. And skipping forward in this exhibit to -- oh. And in the
8 bottom right-hand part of the page, a reference to VQC, SEC and
9 a long string of numbers. Do you see that down there?

10 A. Yes.

11 Q. I'm going to skip forward to page 14 of this document.
12 What is it you've circled red here on this accredited
13 investor -- or, I'm sorry, on this subscription page for
14 Ms. Baker?

15 A. What was backdated.

16 Q. The backdated portion for this subscription?

17 A. Yes.

18 Q. And let's go to Exhibit 19C.4-F. Does this appear to be
19 an Accredited Investor Questionnaire for a James Light?

20 A. Yes.

21 Q. Is there also a subscription agreement attached to this
22 document?

23 A. Yes.

24 Q. Let's skip forward to page 19. What have you circled in
25 red here on this page?

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1 A. The backdated portion.

2 Q. Going to 19C.5-F at page 14, do you see where this is an
3 Accredited Investor Questionnaire for a Kenneth Carr?

4 A. Yes.

5 Q. And skipping to page -- or skipping to page 14, what have
6 you circled on the signature page for the subscription?

7 A. The backdated signature portion.

8 Q. Going to 19C.6-F at page 14. Do you see where this is a
9 subscription page for Victoria Brooks?

10 A. Yes.

11 Q. And have you marked that in red, as well?

12 A. Yes.

13 Q. Let's go to page 24 of this document. Same document.
14 What have you marked in red on this page?

15 A. The backdated signature portion.

16 Q. Now, let's go to 19C.7-F at page 14. What have you marked
17 in red on this document?

18 A. The backdated signature portion.

19 Q. And now going to Exhibit 19C.9.2. Do you see where this
20 is an e-mail from you to Info@IRAINnovations.com? Do you see
21 that?

22 A. Yes.

23 Q. Subject line: "Subscription agreements to sign." Do you
24 see that?

25 A. Yes.

S. Beane - Direct Examination

- 1 Q. And a date of May 24, 2017. Do you see that?
- 2 A. Yes.
- 3 Q. What have you attached to this e-mail?
- 4 A. The subscription agreements for Bill Gulas to sign.
- 5 Q. And why would you need to do that?
- 6 A. So the documents could be fully executed.
- 7 Q. Is that a necessary part of the investment process?
- 8 A. Yes.
- 9 Q. And turning to the subscription agreement -- scroll
- 10 forward to the subscription agreement. Scrolling through to
- 11 the subscription agreement and then to the signature page, do
- 12 you see -- was this also backdated, that was being sent to
- 13 Mr. Gulas?
- 14 A. Yes.
- 15 Q. Now, I want to direct your attention to 19C.9.3. Do you
- 16 see where this is an e-mail from you to Mr. Peters? "Subject:
- 17 Again, Nigh paperwork. Attachments: C. Nigh paperwork and L.
- 18 Nigh paperwork. Date: May 24, 2017."
- 19 A. Yes.
- 20 Q. Why were you sending these on to Mr. Peters?
- 21 A. Because they had been executed and -- fully executed and
- 22 signed.
- 23 Q. Because they had been fully executed and signed?
- 24 A. Yes.
- 25 Q. And is that what he had asked you to do?

S. Beane - Direct Examination

1 A. Yes.

2 Q. Now, you testified about a number of different -- well,
3 you've been shown a number of different clients who
4 subscription agreements were backdated, as you've testified
5 about. Who was the advisor representative for that batch of
6 clients?

7 A. Joe Baker.

8 Q. And did you also backdate subscription agreements for
9 clients of advisor Matt Gomoll?

10 A. Yes.

11 Q. I'm going to show you Exhibit 19C.10.2. Do you see where
12 this is an e-mail from you to Matt Gomoll, "Subject: Nancy
13 Holland disclosure documents"?

14 Is that another investor into VisionQuest Capital?

15 A. Yes.

16 Q. And do you see the date, May 31, 2017? "Attachments:
17 Borghoff Subscription Agreement. Holland Subscription
18 Agreement."

19 A. Yes.

20 Q. What was it you were attaching here in this e-mail
21 exchange?

22 A. Their subscription agreements to be signed.

23 Q. And have these been backdated, as well?

24 A. Yes.

25 Q. So what was your -- tell the jurors the last day that you

S. Beane - Cross-Examination

1 worked for the defendant.

2 A. May 31st, 2017.

3 Q. And one last question: Did a man named Joe Walls work for
4 the defendant at any point?

5 A. Yes.

6 Q. What was his role there?

7 A. He was, kind of, the director of business advisory
8 services.

9 Q. Okay. And he worked for the defendant?

10 A. Yes.

11 Q. At which company?

12 A. VisionQuest Capital.

13 Q. And did the defendant make any statements to you about the
14 circumstances of Mr. Walls' departure from the company?

15 MR. CAMDEN: Objection, relevance.

16 THE COURT: Overruled.

17 THE WITNESS: That he had fired him.

18 MR. GILMORE: That's all I have, Your Honor.

19 THE COURT: Thank you.

20 Cross-examination.

21 CROSS-EXAMINATION

22 BY MR. CAMDEN:

23 Q. Good afternoon, Ms. Beane.

24 I believe, you testified previously that your career with
25 VisionQuest began as a bookkeeper.

S. Beane - Cross-Examination

1 A. Correct.

2 Q. And you served in that role for a period of time?

3 A. Yes.

4 Q. And then, over time, your role expanded?

5 A. Yes.

6 Q. And so you started taking on more and more
7 responsibilities and obligations related not only to
8 VisionQuest Capital, but some of the other businesses?

9 A. Yes.

10 Q. And those obligations would include doing the bookkeeping
11 work?

12 A. Yes.

13 Q. Those obligations would include doing the accounting work?

14 A. Yes.

15 Q. And those obligations would also include working on the
16 taxes for each of the businesses?

17 A. I did not complete the taxes myself, no.

18 Q. But you would work with other tax professionals and tax
19 preparers to provide information, such that they could complete
20 the tax returns for the businesses, correct?

21 A. Yes.

22 Q. And you worked with a number of different people over time
23 in the course of doing that?

24 A. Uhm-uhm.

25 Q. And then you would also -- you would manage the books for

S. Beane - Cross-Examination

1 the companies yourself --

2 A. Yes.

3 Q. -- correct?

4 A. Yes.

5 Q. And then ultimately, your role matured to a point where
6 you were the chief of staff --

7 A. Yes.

8 Q. -- correct?

9 A. Yes.

10 Q. And that was your title?

11 A. Yes.

12 Q. And during the course of time that you were working at
13 VisionQuest, the company also grew and expanded, correct?

14 A. Yes.

15 Q. And you worked with a number of people who served in
16 different capacities at the company?

17 A. Yes.

18 Q. You, yourself, were not an advisor?

19 A. No.

20 Q. But you worked with a number of advisors?

21 A. Yes.

22 Q. And you would work with them routinely?

23 A. Yes.

24 Q. And so you worked with Justin Deckert?

25 A. Yes.

S. Beane - Cross-Examination

1 Q. You worked with Travis Laska?

2 A. Yes.

3 Q. You worked with Matt Gomoll?

4 A. Yes.

5 Q. You worked with Steve Laska?

6 A. Yes.

7 Q. You worked with Joe Baker?

8 A. Yes.

9 Q. You worked with Kevin Deckert?

10 A. Yes.

11 Q. These were all advisors who worked at the VisionQuest
12 Wealth Management entity over the course of time?

13 A. Yes.

14 Q. And there were others that you worked with, as well?

15 A. Correct.

16 Q. And you had a coordinated relationship with them; would
17 that be fair to say?

18 A. Yes.

19 Q. It's not like you were over in a hole over here somewhere
20 and they were over in some other place, you-all were routinely
21 interfacing with each other, correct?

22 A. Correct.

23 Q. And then, you also worked with people who were in the
24 operations division?

25 A. Yes.

S. Beane - Cross-Examination

1 Q. And that would be different people over the course of
2 time?

3 A. Yes.

4 Q. And you actually had some of those responsibilities for
5 operations at a point in your career?

6 A. Yes.

7 Q. But then, that ultimately got doled out to different
8 people over the course of time?

9 A. Uhm-uhm.

10 Q. And so those operations folks, some of the things that
11 they would be responsible for that would be different from the
12 advisors would be doing, things like managing the paperwork?

13 A. Yes.

14 Q. And so if you on-boarded a new client, there would be a
15 number of documents that would need to be prepared in order to
16 fully onboard that client and to ensure that was done well,
17 correct?

18 A. Yes.

19 Q. And the advisor sort of had ultimate responsibility for
20 that, right?

21 A. Correct.

22 Q. But there would be people in operations who would be
23 working and supporting that advisor in order to ensure that all
24 of that work would be done?

25 A. Yes.

S. Beane - Cross-Examination

1 Q. And as chief of staff, you're sort of over -- you're kind
2 of monitoring all of those processes as they're occurring,
3 correct?

4 A. I wasn't monitoring the oper --

5 Q. But you're aware of the fact that people needed to be
6 managing each part of that process?

7 A. Yes.

8 Q. And in order to make sure that the paperwork was being
9 done correctly?

10 A. Correct.

11 Q. And that was, again, assigned to various people over the
12 course of time?

13 A. Yes.

14 Q. And so the advisors' primary role was to interact and
15 interface with the clients?

16 A. Yes.

17 Q. And the advisors' primary role was to advise the client as
18 to what was the appropriate investment strategy for them based
19 on their goals?

20 A. Yes.

21 Q. And while you weren't serving as an advisor, you were
22 familiar with the process that they would go through in
23 determining, you know, what was and was not an appropriate
24 investment for a particular client, correct?

25 A. No. I was not aware of how that process --

S. Beane - Cross-Examination

1 Q. Were you involved in meetings where you would discuss sort
2 of VisionQuest Wealth Management and its approach towards
3 investing and its investment philosophy?

4 A. Yes.

5 Q. And you were actually part of those conversations,
6 correct?

7 A. Yes.

8 Q. And so you were aware of how VisionQuest approached its
9 clients and how they would be managed?

10 A. Yes.

11 Q. And during the course of the evolution of your role, you,
12 obviously, would participate in annual strategic planning
13 meetings, correct?

14 A. Yes.

15 Q. And there would be documents that would be prepared in
16 connection with each one of those strategic planning meetings,
17 correct?

18 A. Yes.

19 Q. And you-all would sit down together in a conference room?

20 A. Yes.

21 Q. And that would include not only you, but that would
22 include the advisory staff, the operations staff? Basically
23 everyone --

24 A. Yes.

25 Q. -- would be a part of that?

S. Beane - Cross-Examination

1 A. Yes.

2 Q. And that document would be circulated for everyone to
3 review?

4 A. Yes.

5 Q. And it would outline in detail the various roles and
6 responsibilities that each person had inside of the VisionQuest
7 businesses?

8 A. Yes.

9 Q. And it would detail specific obligations and task people?

10 A. Yes.

11 Q. And everyone sitting in that room would have an
12 opportunity to review that document together?

13 A. Yes.

14 Q. And people would be able to provide feedback, if they
15 wanted to?

16 A. Yes.

17 Q. And people did provide feedback?

18 A. Yes.

19 Q. And so the purpose of the strategic planning document was
20 to ensure that at the beginning of the year each employee
21 understood these are my obligations, these are my duties, these
22 are my responsibilities for the coming year?

23 A. Yes.

24 Q. And you participated in those meetings?

25 A. Correct.

S. Beane - Cross-Examination

1 Q. And your obligations, duties and responsibilities are all
2 spelled out in those strategic planning documents, correct?

3 A. Yes.

4 Q. And those were also the metrics against which you would be
5 measured at the end of the year?

6 A. Yes.

7 Q. And so it would sort of define your job?

8 A. Correct.

9 Q. And so you would agree that the strategic planning meeting
10 is an accurate description of what your job responsibilities
11 were as they evolved over the course of time with the
12 VisionQuest businesses?

13 A. Yes.

14 Q. And you would agree that the performance evaluations that
15 you received over the course of time are an accurate
16 description of how you were evaluated vis-a-vis those standards
17 that had already been set?

18 A. Yes.

19 Q. And you got to participate in the performance evaluation
20 process, as well --

21 A. Yes.

22 Q. -- correct?

23 A. Yes.

24 Q. And you could provide feedback, if you wanted to?

25 A. Yes.

S. Beane - Cross-Examination

1 Q. And so you, by virtue of the role that you -- you wore a
2 lot of different hats over the course of your time at
3 VisionQuest, correct?

4 A. Yes.

5 Q. And so, in addition to the business operations that we
6 were discussing previously, you've also been responsible from
7 time to time of managing various assets?

8 A. Yes.

9 Q. And being aware of not only VisionQuest Capital,
10 VisionQuest Wealth Management, VisionQuest Wealth, but also
11 other investments that were out there; for example, Fusion
12 Fund?

13 A. Yes.

14 Q. And you were actually an investor in Fusion Fund, right?

15 A. I didn't put any money in, no.

16 Q. Okay. So -- I'm sorry; I think I said investor.

17 I think what I meant to say was owner. You were a part
18 owner of Fusion Fund; is that correct?

19 A. Not of Fusion Fund.

20 Q. Okay. Was there another entity you were a part owner of?

21 A. Yes.

22 Q. What was that?

23 A. Greenleaf Food & Beverage.

24 Q. Okay. And so one of the things that was essential for
25 you, in order for you to perform your duties, was to have a

S. Beane - Cross-Examination

1 grasp of the finances of VisionQuest Capital?

2 A. Yes.

3 Q. Certainly, in the beginning.

4 And then, ultimately, it evolved to understanding
5 VisionQuest Wealth Management, as well?

6 A. Yes.

7 Q. And then, at least at a minimum, for purposes of
8 coordinating with tax professionals and other external
9 resources, you would have to understand the basic financial
10 information about VQ Wealth, as well?

11 A. I didn't under -- I didn't know much about VQ Wealth. I
12 was just the person that passed the information along to the
13 CPA; and when they needed something, I asked the individual,
14 whomever had it, if I could get that information to give to
15 them.

16 Q. Okay. So you would get that information about VQ Wealth
17 and then you would pass that along --

18 A. Pass that along.

19 Q. -- to the CPA for them to do their evaluation?

20 A. Yes.

21 Q. And you recall working with various, different people over
22 the course of time to do that, correct?

23 A. Yes.

24 Q. And one of those people was a gentleman by the name of
25 Gene Whitmeyer?

S. Beane - Cross-Examination

1 A. Yes.

2 Q. And I believe in one of the recordings we were listening
3 to just a moment ago, Mr. Peters said -- he referred to a
4 document of something that had been prepared by Gene a number
5 of years ago.

6 A. I heard that, yes.

7 Q. Is that Gene Whitmeyer that he's referring to?

8 A. I don't know.

9 Q. Do you recall being involved, in 2013, in some
10 correspondence with yourself, Nick Kolbensschlag and
11 Mr. Whitmeyer, working on Mr. Peters' and the businesses' taxes
12 and there being conversation in those e-mails about having some
13 notes put together to sort of connect Mr. Peters' income and to
14 show how that would pass through?

15 Do you recall those e-mails going back and forth?

16 A. Briefly, but not the meat of it. But I do recall.

17 Q. Not the substance, but you would agree with me --

18 A. Yes.

19 Q. -- that there was a discussion in 2013 that you were a
20 part of?

21 A. Yes.

22 Q. And that Nick Kolbensschlag was a part of?

23 A. Uhm-uhm.

24 Q. And that Gene Whitmeyer was a part of?

25 A. Yes.

S. Beane - Cross-Examination

1 Q. And that all revolved around this idea of notes and how
2 the notes were being sort of set up to trace the flow of funds
3 through the various entities, correct?

4 A. I remember conversations, but I never knew -- it was never
5 said that there were notes.

6 Q. Okay.

7 A. That they existed.

8 Q. Okay. And so, just so I can understand better, the flow
9 of funds would work -- I believe what you've testified to is:
10 The money would come into VisionQuest Wealth Management?

11 A. Yes.

12 Q. And that would be fees for advisory services?

13 A. Yes.

14 Q. And fees related to assets under management?

15 A. Yes.

16 Q. And those monies would flow up to VisionQuest Wealth?

17 A. Yes.

18 Q. And then there would also be VisionQuest Capital?

19 A. Yes.

20 Q. And investor funds would come in?

21 A. Yes.

22 Q. And then, they would typically be swept up into
23 VisionQuest Wealth, as well?

24 A. Yes.

25 Q. But that's not what would always happen, right?

S. Beane - Cross-Examination

- 1 A. No, not always.
- 2 Q. Sometimes money would sit in VisionQuest Capital?
- 3 A. Yes.
- 4 Q. And then, that money would just be used straight out of
5 VisionQuest Capital?
- 6 A. Yes.
- 7 Q. Rather than making the trip up to VisionQuest Wealth --
- 8 A. Yes.
- 9 Q. -- and then back down?
- 10 A. Correct.
- 11 Q. Okay. And so if there were a note in place that was
12 describing a relationship between those two entities, between
13 Capital and Wealth -- if money came in to Capital and then just
14 went straight out of Capital, that would be inconsistent with a
15 note that would require that sort of flow of funds to occur in
16 that way, correct?
- 17 A. Yes.
- 18 Q. Okay. And so I believe you testified in 2013 is when you
19 gained greater access to the flow of funds and information
20 inside the VisionQuest entities?
- 21 A. Yes.
- 22 Q. And at that point in time you started to understand how
23 the various assets were managed and how they flowed through,
24 correct?
- 25 A. Yes.

S. Beane - Cross-Examination

1 Q. And so you were aware of a number of investments that
2 involved the VisionQuest entities. And I think you've
3 testified to some of those during the course of your direct
4 examination.

5 Greenleaf Inn?

6 A. Yes.

7 Q. Rosewood Partners?

8 A. Yes.

9 Q. Tall Oaks?

10 A. Yes.

11 Q. Forest City Partners?

12 A. Yes.

13 Q. Hilltop Partners?

14 A. Hilltop Homes.

15 Q. Hilltop Homes.

16 Clear Lake Partners?

17 A. Yes.

18 Q. Spindale?

19 A. I had heard of it, yes.

20 Q. Okay. How about VQ Facebook?

21 A. I had heard of it, but didn't do much with it until after
22 Mr. Kolbenschlag left.

23 Q. But you were aware that it existed?

24 A. Yes, sir.

25 Q. And that was something that Nick was primarily working on?

S. Beane - Cross-Examination

- 1 A. Yes, to my knowledge.
- 2 Q. From your perspective?
- 3 A. Yes.
- 4 Q. VQ Jacksonville?
- 5 A. Yes, I'm aware of.
- 6 Q. Blue Horseshoe Group?
- 7 A. I've heard of it.
- 8 Q. Angel Automotive Group?
- 9 A. I've heard of that one.
- 10 Q. And then, obviously, being in the role that you were in at
11 VisionQuest, you were familiar with the fact that over time
12 VisionQuest Wealth Management itself had acquired a number of
13 other investment advisory firms?
- 14 A. Yes.
- 15 Q. And that's how it had grown over time?
- 16 A. Yes.
- 17 Q. Okay. And then you also mentioned the Costa Rican
18 property?
- 19 A. Yes.
- 20 Q. And the Costa Rican property was one that specifically you
21 had been tasked with the management for?
- 22 A. Yes.
- 23 Q. And your testimony was that was an investment property
24 that VisionQuest Capital was putting money into?
- 25 A. Yes.

S. Beane - Cross-Examination

1 Q. And you testified to the agreements that established the
2 flow of funds that would be designated for VisionQuest Capital
3 coming out of the revenue stream generated by the rentals from
4 that property?

5 A. Yes.

6 Q. The weekly rentals for that property -- do you recall, off
7 the top of your head, what the weekly rental rates were for
8 that home?

9 A. I don't because they -- I put in what I thought and they
10 were changed, and then I had left.

11 Q. In the peak season, do you recall that they could rent for
12 up to \$10,000 per week for that property?

13 A. Yes, I do remember that.

14 Q. And in the off season, it could still rent for roughly
15 \$3,000 per week for that property?

16 A. Yes, I would say that's accurate.

17 Q. And that's a substantial amount of money?

18 A. Uhm-uhm.

19 Q. And so -- and that money would be money that the
20 VisionQuest Capital -- that VisionQuest Capital as an entity
21 would be entitled to under the agreement that you testified
22 about previously?

23 A. Yes.

24 Q. Okay. And for 10 years?

25 A. Yes.

S. Beane - Cross-Examination

1 Q. And so that could, in theory, produce millions of dollars
2 worth of revenue?

3 A. Yes.

4 Q. Okay. You also discussed the ownership issues of the
5 VisionQuest -- the ownership issues related to the Costa Rican
6 property, correct?

7 A. Yes.

8 Q. And that was actually set up in a Costa Rican LLC,
9 correct?

10 A. Correct.

11 Q. It was not set up in an American LLC, correct?

12 A. Correct.

13 Q. And do you recall, were there any discussions at the time,
14 that you were a part of or that you were aware of, about why
15 one would take a property and have it titled in Costa Rica as
16 opposed to having it titled in the United States?

17 A. I do remember, but I don't remember the substance of it.

18 Q. But you recall those conversations occurring?

19 A. Yes.

20 Q. And so that was a byproduct of thought about why you would
21 title it in Costa Rica -- a Costa Rican property in Costa Rica
22 as opposed to trying to title it in an American entity?

23 A. Uhm-uhm.

24 Q. Okay. Do you recall having conversations related to that,
25 about why you would have it held in an LLC as opposed to having

S. Beane - Cross-Examination

1 it held in the name of an individual in Costa Rica?

2 A. I honestly don't remember that.

3 THE COURT: Ladies and gentlemen, it's time for
4 you-all to have your afternoon break. Fifteen minutes.

5 Don't talk about the case. Don't let anybody talk
6 about the case with you. Follow my other instructions. And
7 enjoy your break.

8 Everyone else, remain seated while the ladies and
9 gentlemen of the jury leave the room.

10 (The jury exited the courtroom at 3:00 p.m.)

11 THE COURT: We'll be in recess until 3:15.

12 (The proceedings were recessed at 3:00 p.m. and reconvened
13 at 3:17 p.m.)

14 THE COURT: Let's bring the jury back.

15 (The jury entered the courtroom at 3:17 p.m.)

16 THE COURT: Welcome back, ladies and gentlemen. I
17 hope you-all enjoyed your break.

18 I just need to confirm you didn't talk about the
19 case, no one talked about the case with you, and you followed
20 my instructions?

21 Mr. Camden, you may continue the cross-examination.

22 MR. CAMDEN: Thank you, Your Honor.

23 BY MR. CAMDEN:

24 Q. Ms. Beane, I think when we left off we were talking a
25 little bit about the Costa Rican property.

S. Beane - Cross-Examination

1 A. Yes.

2 Q. And I -- to come back to a question I was asking
3 inartfully, do you recall any conversations around the time
4 that the Costa Rican entity was being brought on-line regarding
5 whether or not there were issues with a foreign entity LLC
6 holding the property in the name of another LLC or a foreign
7 entity holding it in the name of a person and issues related to
8 that that needed to be sorted out?

9 A. Sort of, but not fully.

10 Q. Okay. You have some recollection of it --

11 A. Yeah.

12 Q. -- but not a complete recollection of it?

13 A. Uhm-uhm.

14 Q. Okay. And also, there was mention during your direct
15 examination of a number of ATVs that were there at the Costa
16 Rican property; is that correct?

17 A. Yes.

18 Q. And those were also available for rental as a part of the
19 package you could get if you rented the Costa Rican property,
20 correct?

21 A. Yes.

22 Q. And so that was also a revenue-generating endeavor -- or
23 it was designed to be a revenue-generating endeavor?

24 A. Yes.

25 Q. And so that -- and that would flow to VisionQuest Capital,

S. Beane - Cross-Examination

1 as well, correct?

2 A. Yes.

3 Q. Okay. And so we've discussed a number of various entities
4 that you were aware of that VisionQuest Capital had some
5 involvement in and was related to.

6 I believe on your direct examination you testified that
7 you believed -- well, let me ask a simpler question. Have you
8 seen one of the VisionQuest Capital notes?

9 A. Yes.

10 Q. And are you familiar with the terms of the VisionQuest
11 Capital note?

12 A. Yes.

13 Q. And so that term is basically -- it's a -- it's a
14 five-year note?

15 A. Yes.

16 Q. And it entitles the person for either an 8 monthly payout
17 of the interest --

18 A. Yes.

19 Q. -- or, if they chose not to do that, they could get 9
20 compounded all the way until the end of the five-year repayment
21 period, correct?

22 A. Yes.

23 Q. And I believe you testified on direct examination that you
24 thought the money was just being put up in to VQ Wealth and
25 held there?

S. Beane - Cross-Examination

1 A. Yes.

2 Q. But you were aware that all of these other investments
3 were going on during the course of your tenure at VisionQuest
4 Capital and VisionQuest Wealth Management, correct?

5 A. Yes.

6 Q. Did you not believe that the money that was being brought
7 in through VisionQuest Capital was being used, at least in
8 part, to fund those various business enterprises?

9 A. Yes, I would have -- I would think that it would have.

10 Q. Okay. So your testimony is that you believe the Capital
11 money would have been used, in part, to fund those various
12 enterprises?

13 A. Yes.

14 Q. So it wasn't just being held in VQ Wealth?

15 A. No.

16 Q. Okay. Coming back to the operations of the company again.
17 You-all worked in an office on Hargett Street; is that
18 correct?

19 A. Yes.

20 Q. And you worked in that office?

21 A. Yes.

22 Q. And Mr. Peters worked in that office?

23 A. Yes.

24 Q. And did you ever, from time to time, talk with Mr. Peters
25 in his office?

S. Beane - Cross-Examination

1 A. Yes.

2 Q. And so were you basically familiar with his office and how
3 it was set up?

4 A. Yes.

5 Q. And so do you recall that on his desk, next to his
6 computer, Mr. Peters had a sticky note that had the user name
7 and the password for his laptop computer that he used?

8 A. I don't remember visually seeing that, no.

9 Q. You don't recall seeing that on his desk?

10 A. No.

11 Q. Okay. And so as you were maintaining files, the files
12 would be maintained there in VisionQuest Wealth Management
13 offices, as well, correct?

14 A. They were stored in the Cloud.

15 Q. Generally, in the Cloud. And then, you had some physical
16 files there on-site?

17 A. Yes.

18 Q. And so, again, as information was coming in, it was the
19 responsibility of both the advisor and the -- their support
20 personnel to ensure that all of the documentation was brought
21 in properly for that client for VisionQuest Capital or
22 VisionQuest Wealth Management, correct?

23 A. Yes.

24 Q. And so had operations been performing consistent with the
25 strategic plan and had people been doing and performing their

S. Beane - Cross-Examination

1 jobs the way that they had described, all the information
2 should have been available to anyone at VisionQuest Wealth
3 Management at any point in time, correct?

4 A. Yes.

5 Q. And at no point in time was it Mr. Peters' job to collect,
6 for example, the various forms from any individual investor,
7 correct?

8 A. Yes.

9 Q. That would have been the job of the advisor or, again,
10 their support personnel?

11 A. Yes.

12 Q. So that -- and that wasn't necessarily your job either?

13 A. Correct.

14 Q. Because there was a division of labor?

15 A. Uhm-uhm.

16 Q. And so that division of labor was designed to maximize
17 efficiencies inside of the company?

18 A. Yes.

19 Q. And ensure that all the work got done?

20 A. Correct.

21 Q. You mentioned that in 2016 you became aware of, I think --
22 what was -- the title was a cash crunch or a cash flow
23 situation?

24 A. Yes.

25 Q. Okay. And you were also, obviously, aware at that time of

S. Beane - Cross-Examination

1 the various assets that the company had, including the
2 company -- including VisionQuest Wealth Management itself,
3 correct?

4 A. Yes.

5 Q. And so to say that there is a cash flow problem does not
6 necessarily indicate that a business is without value, correct?

7 A. Correct.

8 Q. A company can have a number of assets, but have, you know,
9 various restrictions on its cash flow from time to time?

10 A. Yes.

11 Q. And still be a very valuable company, correct?

12 A. Correct.

13 Q. Okay. And at that time point, in 2016, this was during a
14 period when VisionQuest Wealth Management had actually been
15 growing through the advisory firm acquisitions, correct?

16 A. Correct.

17 Q. You mentioned Joe Baker. Joe Baker and his clients were
18 brought on board?

19 A. Uhm-uhm.

20 Q. Kevin Deckert and his clients were brought on board?

21 A. Yes.

22 Q. And there were others who were being brought in to the
23 VisionQuest family, so to speak, at that point?

24 A. Yes.

25 Q. And you can't buy an advisory practice for nothing,

S. Beane - Cross-Examination

1 correct?

2 A. Correct.

3 Q. And so there were capital outlays that were associated
4 with that?

5 A. Uhm-uhm. Yes.

6 Q. As a part of the growth and development of that business?

7 A. Yes.

8 Q. And then there were other just operating expenses and
9 costs that would come through?

10 A. Yes.

11 Q. And so that could relate to issues where you would have
12 cash flow management issues for a brief period of time,
13 correct?

14 A. Yes.

15 Q. But doesn't necessarily spell the doom of a company,
16 correct?

17 A. No.

18 Q. Okay. So moving forward in time. You mentioned that
19 you -- you mentioned a lawsuit that you were familiar with, the
20 Bennett lawsuit, correct?

21 A. Yes.

22 Q. And do you recall shortly in time after the Bennett
23 lawsuit VisionQuest Capital taking steps to file what's called
24 a Reg D filing with the Securities and Exchange Commission?

25 A. Yes.

S. Beane - Cross-Examination

1 Q. Okay. Can you explain briefly to the members of the jury
2 what your understanding of a Reg D filing is?

3 A. To be honest, I don't -- I don't know. I don't
4 understand. I couldn't articulate what it means.

5 Q. Did you, in fact, sign the Reg D filing for VisionQuest
6 Capital?

7 A. Yes.

8 Q. Okay. And so would it be fair to say that a Reg D filing
9 is putting the public on notice of a sale of an unregistered
10 security?

11 MR. GILMORE: Objection, Your Honor. She says
12 she doesn't --

13 THE COURT: Sustained. She says she doesn't know.

14 MR. CAMDEN: Okay.

15 BY MR. CAMDEN:

16 Q. But that was -- it was at that point in time that that
17 step was taken, that Reg D step was taken with the SEC,
18 correct?

19 A. Yes.

20 Q. And you signed off on that?

21 A. Yes, I did.

22 Q. Okay. To your knowledge, was there a document created, a
23 Private Placement Memorandum? Do you recall seeing that
24 document?

25 A. Yes, I do.

S. Beane - Cross-Examination

1 Q. And do you recall it also being disseminated to the
2 VisionQuest Capital lenders?

3 A. I don't remember that, no.

4 Q. You don't recall if it was sent out to them in an e-mail?

5 A. No.

6 Q. Okay. So shifting our attention now to the SEC -- or, I'm
7 sorry, one final point.

8 During the course of your direct examination, you
9 referenced certain clients working with IRA Innovations.

10 A. Yes.

11 MR. CAMDEN: If we can, please, pull up Government
12 Exhibit No. 8.

13 I apologize, Your Honor. May I have a moment?

14 THE COURT: You may.

15 (Pause in the proceeding.)

16 MR. CAMDEN: Can we pull up Government's Exhibit
17 No. 9.

18 BY MR. CAMDEN:

19 Q. This is an e-mail between you and -- is it Alecia? Alecia
20 at IRA Innovations?

21 A. Yes.

22 Q. And this is for Lisa Baker?

23 A. Yes.

24 Q. And down at the bottom there, that's a reference to Joe
25 Baker?

S. Beane - Cross-Examination

1 A. Yes.

2 Q. Who was one of the advisors at VisionQuest Wealth
3 Management?

4 A. Yes.

5 Q. And Mr. Peters is nowhere in this e-mail chain, correct?

6 A. No.

7 MR. CAMDEN: And actually, if we can go back to No.
8 8.

9 BY MR. CAMDEN:

10 Q. This also is a series of correspondence related to Alecia
11 and IRA Innovations. And Mr. Peters is not in this chain
12 either, is he?

13 A. No, he's not.

14 MR. CAMDEN: Can we look at Government Exhibit No.
15 10.

16 BY MR. CAMDEN:

17 Q. And again, this is an e-mail correspondence between you
18 and Alecia, and Joe Baker is copied. This relates to IRA
19 Innovations and transfers of fund. Mr. Peters is not on this
20 e-mail either, is he?

21 A. No, he is not.

22 MR. CAMDEN: And if we can look quickly at
23 Government's Exhibit No. 11.

24 BY MR. CAMDEN:

25 Q. This is you communicating with Alecia. You copied Bill --

S. Beane - Cross-Examination

1 is it Gulas?

2 A. Yes.

3 Q. -- on this message as well. And this relates to Cynthia
4 Nigh and Larry Nigh, and the transfer of their IRA through IRA
5 Innovations, correct?

6 A. Yes.

7 Q. And Mr. Peters is not on this document, as well, is he?

8 A. No, he is not.

9 Q. Now, you mentioned at some point in 2016 the SEC began an
10 examination of VisionQuest Wealth Management?

11 A. Yes.

12 Q. And you mentioned during the course of your direct
13 examination --

14 MR. CAMDEN: I'm sorry. I'm done with the letter.

15 BY MR. CAMDEN:

16 Q. During the course of your work at VisionQuest Wealth
17 Management, you answered some questions about the response
18 to -- that VisionQuest Wealth Management provided to the SEC?

19 A. Yes.

20 Q. And describe the registrant.

21 A. Uhm-uhm.

22 Q. Who did you understand the registrant to be?

23 A. VisionQuest Wealth Management.

24 Q. And so the registrant was not VisionQuest Capital?

25 A. Correct.

S. Beane - Cross-Examination

1 Q. That would have been a different company?

2 A. That was my understanding, yes.

3 Q. Okay. And so the SEC was asking for questions from the
4 registrant during that initial examination period, correct?

5 A. Yes.

6 Q. And so when you referenced at some point the -- during
7 your direct examination, the removal of certain search terms
8 from what was being provided to the SEC, things like "capital"
9 and -- things like that, at that point in time Capital was not
10 the subject of the SEC's examination, it was Wealth Management,
11 the registrant, that was the subject of the SEC's examination,
12 correct?

13 A. Correct.

14 Q. Okay. And also, just to be clear, with regard to CII,
15 your understanding of CII and certain information, there's a
16 distinction between not including something in the sync folder
17 that would be used versus, like, deletion, correct?

18 A. Correct.

19 Q. And so to say that something is not included in the sync
20 folder is not to say that it's been deleted, correct?

21 A. Correct.

22 Q. Okay. So turning now to your role in response to the SEC
23 examinations.

24 MR. CAMDEN: If we can pull up 16B.2.

25 BY MR. CAMDEN:

S. Beane - Cross-Examination

1 Q. And this is a -- you've testified about this previously.
2 This is the Code of Ethics documents that you testified were
3 being prepared in response to the SEC examination; and that
4 they were being backdated?

5 A. Yes.

6 Q. And this is an e-mail between you and Justin Deckert,
7 correct?

8 A. Yes.

9 Q. Mr. Peters isn't on this e-mail?

10 A. No, he's not.

11 MR. CAMDEN: And if we can pull up 16C.4.

12 BY MR. CAMDEN:

13 Q. And again, communication between you and Mr. Deckert about
14 documents that were being produced -- being generated to be
15 produced to the SEC, correct?

16 A. Correct.

17 Q. And Mr. Peters is not on this e-mail, is he?

18 A. No, he is not.

19 MR. CAMDEN: And if we can look at 16E.2.

20 BY MR. CAMDEN:

21 Q. This is now an e-mail between you and Travis Laska. And
22 this is, I believe you testified previously, about the
23 modification or alternations of people's net worth essentially,
24 correct?

25 A. Uhm-uhm.

S. Beane - Cross-Examination

1 Q. And Mr. Peters is not on this e-mail either, is he?

2 A. No, he is not.

3 MR. CAMDEN: And if we can look at 16E.3.

4 BY MR. CAMDEN:

5 Q. Again, this is you and Travis Laska. You're working
6 through the same problem that we had -- I just described in my
7 prior question. And again, Mr. Peters not on this message
8 either?

9 A. No, he is not.

10 MR. CAMDEN: If we can go to 16E.5.

11 BY MR. CAMDEN:

12 Q. Again, you, Travis Laska corresponding about issues here
13 related to the Jennings; Mr. Peters not on this e-mail?

14 A. No, he is not.

15 MR. CAMDEN: Can we go to 16E.6.

16 BY MR. CAMDEN

17 Q. Again, this is you sort of wrapping up the work that you
18 had been doing with Travis Laska in the creation of these
19 documents that were ultimately provided to the SEC; Mr. Peters
20 not copied on this correspondence, as well?

21 A. No, he is not.

22 MR. CAMDEN: And then, 16E.4.

23 BY MR. CAMDEN:

24 Q. Again, this is you and Travis Laska, you're communicating
25 about the modification of people's net worth essentially; Mr.

S. Beane - Cross-Examination

1 Peters not copied on any of this correspondence either?

2 A. No, he is not.

3 Q. Okay.

4 MR. CAMDEN: If we can turn to, I think I have this
5 right, 19C.3F. And if you could turn to -- I believe on this
6 one it is page 14 of the document.

7 BY MR. CAMDEN:

8 Q. You've circled the section where you signed and put a date
9 on it. Above that, there's the signature of some other people.
10 Who are the people who signed above there?

11 A. William Gulas and Lisa Baker.

12 Q. And who is Lisa Baker?

13 A. She was a client; Joe Baker's wife as well.

14 Q. Okay.

15 A. An investor.

16 Q. And so she had signed this?

17 A. She did.

18 Q. You didn't sign this --

19 A. No, I did not.

20 Q. -- on behalf of Lisa Baker?

21 A. No, I did not.

22 Q. Okay.

23 MR. CAMDEN: If we can look at 19C.4F. And I believe
24 if we can look at page 19 of this document.

25 BY MR. CAMDEN:

S. Beane - Cross-Examination

1 Q. Again, looking above the area where you signed, who signed
2 there?

3 A. William Gulas and James O. Light.

4 Q. And again, who is Mr. Light, to your knowledge?

5 A. A client, investor.

6 Q. Okay. And you didn't sign that?

7 A. No.

8 Q. You didn't sign his name on that?

9 A. No.

10 MR. CAMDEN: And if we can look at 19C.5F. And I
11 believe page 14 of that document, as well.

12 BY MR. CAMDEN:

13 Q. And again, looking at the signatures above the area you
14 circled, who are the signatures there?

15 A. William Gulas and Kenneth Carr.

16 Q. And who was Mr. Carr?

17 A. An investor.

18 Q. And you didn't sign that name?

19 A. No.

20 Q. Okay.

21 MR. CAMDEN: If we could look at 19C.6F. And page 14
22 of that document.

23 BY MR. CAMDEN:

24 Q. Again, the signature above the area where you've circled,
25 who is that?

S. Beane - Cross-Examination

1 A. Victoria Brooks.

2 Q. And who is Ms. Brooks?

3 A. An investor.

4 Q. And, again, you didn't sign that?

5 A. No.

6 MR. CAMDEN: And then if you can look at page 24 of
7 that same document.

8 BY MR. CAMDEN:

9 Q. Again, the signatures above the area where you circled,
10 who are those people?

11 A. William Gulas and Victoria Brooks.

12 Q. And Ms. Brooks is the same investor you just described?

13 A. Yes.

14 MR. CAMDEN: And then finally, if we can look at
15 19C.7F. And page 14 of that document.

16 BY MR. CAMDEN

17 Q. Above the area where you circled, that's the -- who are
18 those people?

19 A. William Gulas and Thaddeous Janowski.

20 Q. Okay. And who was Mr. Janowski?

21 A. An investor.

22 Q. You mentioned that you, during the course of responding to
23 the SEC --

24 MR. CAMDEN: I'm sorry; I'm done with that document.

25 BY MR. CAMDEN:

S. Beane - Cross-Examination

1 Q. You mentioned during the course of your responding to the
2 SEC investigation that you had gone back and created a number
3 of these documents for Joe Baker or for Matt Gomoll; is that
4 correct?

5 A. Yes.

6 Q. And during that same timeframe, they were there working as
7 advisors, correct?

8 A. Just Matt was. I don't think Joe was at the time.

9 Q. Okay. And then there were operations personnel who were
10 working during that same timeframe who were responsible for
11 creating all these documents as clients were coming into the
12 firm?

13 A. Yes.

14 Q. Correct?

15 A. Yes.

16 Q. And one last document related to the SEC response.

17 MR. CAMDEN: If we can get a look at 16A.6F.

18 BY MR. CAMDEN:

19 Q. This is the document you described previously from
20 Robinson Bradshaw where you deleted the date.

21 MR. CAMDEN: Can we look at the second page of this
22 document?

23 BY MR. CAMDEN:

24 Q. And up at the top of that --

25 MR. CAMDEN: If we can zoom in.

S. Beane - Cross-Examination

- 1 BY MR. CAMDEN:
- 2 Q. -- that says the date of September 16th, 2016, correct?
- 3 A. Yes.
- 4 Q. So -- and this was sent to the SEC?
- 5 A. Yes.
- 6 Q. So if the SEC wanted to know the date of this letter, they
- 7 could have just turned to page 2?
- 8 A. Yes.
- 9 Q. Okay. You mentioned that there came a point in time in
- 10 2016 where you were aware of a cash flow crisis or a cash flow
- 11 issue with VisionQuest Capital, correct?
- 12 A. Correct.
- 13 Q. And you did not go to the FBI then?
- 14 A. No, I did not.
- 15 Q. Or any other law enforcement agency? Or the SEC?
- 16 A. No.
- 17 Q. And you testified that you then created and worked with
- 18 others to create a number of these documents over the course of
- 19 the SEC examination and enforcement period, correct?
- 20 A. Yes.
- 21 Q. And you learned that it had shifted from an examination to
- 22 an enforcement period, correct?
- 23 A. I didn't know at the time that there was an enforcement
- 24 action, when I went to the Government.
- 25 Q. And you had a number of conversations with Mr. Peters

S. Beane - Cross-Examination

1 during this time?

2 A. Yes.

3 Q. Some of which were recorded?

4 A. Uhm-uhm.

5 Q. Some of which weren't, correct?

6 A. Possibly. I don't -- I can't answer that honestly.

7 Q. And during the course of the -- your experience of working
8 in VisionQuest during that time, did repayment of investors
9 remain a priority for the company?

10 A. Yes.

11 Q. When you went to -- when you went to meet with the FBI,
12 you were fully aware of what you had done?

13 A. Yes.

14 Q. And you were aware of the potential consequences that you
15 might face?

16 A. Yes.

17 Q. And as we sit here today, you continue to work in the
18 financial industry, correct?

19 A. I do.

20 Q. And you have faced no consequences?

21 You haven't been indicted?

22 A. No, I haven't.

23 Q. The SEC hasn't taken any action against you?

24 A. No.

25 Q. Any other agency taken any action against you?

S. Beane - Redirect Examination

1 A. No.

2 MR. CAMDEN: May I have one moment, Your Honor?

3 THE COURT: You may.

4 (Pause in the proceeding.)

5 BY MR. CAMDEN:

6 Q. You mentioned that you had not seen Mr. Peters' sticky
7 note of his password sitting next to his computer. Over the
8 course of time and serving as his chief of staff, did you
9 happen to come to know what the password was for his computer?

10 A. Yes, I did.

11 MR. CAMDEN: Okay. I don't have any other questions,
12 Your Honor.

13 THE COURT: Thank you.

14 Mr. Gilmore.

15 **REDIRECT EXAMINATION**

16 **BY MR. GILMORE:**

17 Q. Did you do anything with his password that has anything to
18 do with any of your testimony today?

19 A. No.

20 Q. Did you fabricate any e-mails from Mr. Peters to make it
21 look like Mr. Peters did anything?

22 A. No.

23 Q. Do you know if anyone else using Mr. Peters' password to
24 do any of what the jurors have seen today?

25 A. No.

S. Beane - Redirect Examination

1 Q. The testimony -- the questions about the letter for the
2 law firm and taking the date off, did you do that at the
3 defendant's instruction?

4 A. Yes.

5 Q. Did you know that you had to remove the date on the second
6 page?

7 A. No.

8 Q. But you did what he asked you to do, right?

9 A. Yes.

10 Q. And he said "good job," didn't he?

11 A. Yes.

12 Q. There was a question about other people being responsible
13 for drafting all of these subscription agreements and getting
14 them in the file at the time that new clients were coming in,
15 and things like that. Do you recall being questioned about
16 that?

17 A. Yes.

18 Q. Before May of 2017, had you ever seen a private placement
19 memorandum before?

20 A. No.

21 Q. Had you ever seen a subscription agreement before for
22 VisionQuest Capital?

23 A. No.

24 Q. I'm going to show you Exhibit 19C.1. Do you see where
25 this is an e-mail from Steve Peters to Matt Gomoll? Do you see

S. Beane - Redirect Examination

1 that?

2 A. Yes.

3 Q. Do you see the attachments down there, "VisionQuest
4 Capital Accredited Investor Questionnaire,
5 VisionQuestCapitalPPM.doc, VisionQuest Capital Subscription
6 Agreement"?

7 Do you see that?

8 A. Yes.

9 Q. Do you recall ever having seen these documents before they
10 were circulated by the defendant in May of 2017?

11 A. No.

12 Q. So would anyone be able to put these documents in the file
13 if they didn't exist?

14 A. No.

15 Q. I want to go back to the questions about all those
16 subscription agreements that you marked as being false.

17 He showed you a bunch of those. Do you recall that?

18 A. Yes.

19 Q. Did the jury hear when you were directed by Mr. Peters to
20 backdate each one of those documents that was circled in red?

21 A. Yes.

22 Q. And then there was another series of questions about Mr.
23 Peters not being on this e-mail or that e-mail. Any doubt in
24 your mind that Mr. Peters directed the fabrication of the
25 documents that you've testified about here today?

S. Beane - Redirect Examination

1 A. No.

2 Q. There were some questions about the transmission of
3 documents to IRA Innovations. Do you recall that?

4 A. Yes.

5 Q. Was there any secret that IRA Innovations was being used
6 as the IRA custodian for all of the capital money that was
7 coming in?

8 A. No.

9 Q. Who set up that arrangement, using IRA Innovations as the
10 custodian for the IRA money?

11 A. I don't know. It was -- they were using them before I
12 started working there.

13 Q. So it was in place even before you were there?

14 A. Yes.

15 Q. And this process of having to just fill out the paperwork
16 to IRA Innovations, is that just something you would do in the
17 ordinary course of work to process retirement money?

18 A. No.

19 Q. That's not something you would just do in the ordinary
20 course to be able to get the investment processed?

21 A. We would have the transfer paperwork; that would be sent,
22 the promissory note and those documents. If that's what you're
23 asking.

24 Q. Right.

25 A. Okay.

S. Beane - Redirect Examination

1 Q. I guess -- but is there -- would that be, like, kept
2 secret from the defendant in any way, shape or form?

3 A. I wouldn't think so.

4 Q. I mean, if a client's money was coming in as IRA money,
5 was it common knowledge that that money would have to route
6 through IRA Innovations?

7 A. Yes.

8 Q. Would you have been sending any of those e-mails to IRA
9 Innovations but for the requirement that IRA money has to go
10 there?

11 A. That's the only reason why I would send the paperwork.

12 Q. Who was the one at VisionQuest who was setting up the
13 goals for how much VisionQuest Capital money would have to be
14 raised?

15 A. Mr. Peters.

16 Q. Who was the one that was incentivizing the investments
17 into VisionQuest Capital?

18 A. Mr. Peters.

19 Q. You were asked about a Reg D filing. Do you recall that?

20 A. Yes.

21 Q. You said you had no idea what that was.

22 A. I remember, but I didn't understood -- understand what it
23 meant at the time; and still don't fully.

24 Q. Did you ever look at the Private Placement Memorandum that
25 was circulated for the VisionQuest Capital investment?

S. Beane - Redirect Examination

1 A. No.

2 Q. Never really looked at it?

3 A. No, I did not.

4 Q. Did you know that you had been made the manager under the
5 terms of the Private Placement Memorandum?

6 A. I knew I was made the manager in the fall of 2016, yes,
7 but I didn't know my name was -- I didn't read it.

8 Q. Did you have anything to do with the content of that
9 Private Placement Memorandum?

10 A. No.

11 Q. And yet, it lists you as the manager of this company?

12 A. Yes.

13 Q. And you signed that document?

14 A. Yes.

15 Q. Who told you to sign that document?

16 A. Mr. Peters.

17 Q. That is the Reg D filing that you referred to, the Reg D
18 filing?

19 A. Yes.

20 Q. Mr. Peters directed you to do that?

21 A. Yes.

22 Q. There was some questions about VisionQuest Capital money
23 flowing up to the VQ Wealth account. And then you testified
24 previously that you thought there would be more money there.
25 Do you recall that?

S. Beane - Recross-Examination

1 A. Yes.

2 Q. You were asked some questions on cross-examination about
3 how, you know, you knew that some of that money should have
4 gone into investments, right?

5 A. Yes.

6 Q. Do you recall being asked about that?

7 Was it your understanding that all -- by 2017 that as much
8 as \$15 million in loan money had been brought in from
9 VisionQuest Wealth Management clients?

10 A. Yes.

11 Q. Was it your understanding that every single bit of that
12 had been invested into projects?

13 A. No, it all had not.

14 Q. Your understanding was that it had not?

15 A. Yes.

16 Q. Were you aware that as much as 4.8 million of it had been
17 extracted by the defendant?

18 A. No. I did not know that until May.

19 MR. GILMORE: That's all I have, Your Honor.

20 THE COURT: Anything else, Mr. Camden?

21 MR. CAMDEN: Very briefly.

22 **RECROSS-EXAMINATION**

23 **BY MR. CAMDEN:**

24 Q. There were -- we testified about the meetings that you had
25 previously with the -- annually with the staff, the VisionQuest

S. Beane - Recross-Examination

1 staff.

2 A. Yes.

3 Q. There were a number of people in those meetings, correct?

4 A. Yes.

5 Q. Some of whom had been in the financial services industry
6 for not a very long period of time, correct?

7 A. Yes.

8 Q. Some of whom had been in the financial services industry
9 for decades?

10 A. Yes.

11 Q. Do you recall anyone at any point in time raising concerns
12 during any of those meetings about VisionQuest Capital or
13 conflicts of interest or anything related to that in those
14 meetings?

15 A. No, there was not.

16 MR. CAMDEN: I have no questions, Your Honor.

17 THE COURT: Thank you, ma'am. Please watch your
18 step. There's a step up as you come off the witness stand and
19 a step down through the gate.

20 * * *

21 (The proceedings concluded at 3:51 p.m.)

22

23

24

25

S. Beane - Recross-Examination

1 UNITED STATE DISTRICT COURT
2 EASTERN DISTRICT OF NORTH CAROLINA
3
4

5 CERTIFICATE OF OFFICIAL REPORTER
6

7 I, Amy M. Condon, CRR, RPR, CSR, Federal Official
8 Court Reporter, in and for the United States District Court for
9 the Eastern District of North Carolina, do hereby certify that
10 pursuant to Section 753, Title 28, United States Code, that the
11 foregoing is a true and correct transcript of the
12 stenographically reported proceedings held in the
13 above-entitled matter and that the transcript page format is in
14 conformance with the regulations of the Judicial Conference of
15 the United States.
16
17

18 Dated this 9th day of September, 2019.
19
20

21 /s/ Amy M. Condon
22 Amy M. Condon, CRR, CSR, RPR
23 U.S. Official Court Reporter
24
25