

Alabama Securities Commission works with US Attorney office
– results in 5 count indictment

Dear News Media Professionals: The Alabama Securities Commission is forwarding the following site link and news release below for your information as this Commission assisted in the investigation of the subject case (See US Attorney office comments in last paragraph of this release). Joseph Borg, Director of the Alabama Securities Commission said today, "The trend for federal and state agencies to work together has significantly improved during the past year and we hope to continue to combine efforts and resources to protect the citizens in each of our designated areas and throughout the United States."

Link to US Attorney press release that is shown below:

<http://www.usdoj.gov/usao/cas/pr/cas50908.1.pdf>

Link to previous Alabama Securities Commission release concerning Learn Waterhouse, Inc:

<http://www.asc.state.al.us/News/2004%20News/Waterhouse.PDF>

NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA San Diego, California

United States Attorney Carol C. Lam

For Further Information, Contact: Assistant U.S. Attorney William P. Cole (619)557-7859

For Immediate Release

NEWS RELEASE SUMMARY - September 8, 2005

United States Attorney Carol C. Lam announced today that a federal grand jury sitting in San Diego handed up a five-count indictment charging Randall T. TREADWELL, Arnulfo M. ACOSTA, Ricky D. SLUDER, and Larry C. SATURDAY with wire fraud and conspiracy.

According to the indictment, the defendants used companies named Learn Waterhouse, Inc., Wealth Builders Club, Inc., and Qwest International, Inc., to fraudulently solicit over \$50 million from members of

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the public, supposedly for participation in high-yield trading programs and venture capital investments. The indictment alleges that the defendants induced people to invest by falsely representing (and causing others to represent) that the money would be used for investments that would generate returns ranging from 2% to 50% per month or more. For example, the indictment alleges an instance in which SATURDAY falsely represented that Learn Waterhouse had participated in a multimillion dollar investment program that returned 500% in approximately 40 banking days.

The indictment further alleges that only a small fraction of the over \$50 million raised by Qwest, Wealth Builders Club, and Learn Waterhouse was ever placed in any investments, and those investments generated almost no returns; instead, the defendants used money received from new investors to make payments to earlier investors. More specifically, the indictment alleges that the defendants convinced members of the public to wire money to an attorney-client trust account held in the name of ACOSTA's law office. According to the indictment, ACOSTA would then transfer investors' funds from the attorney-client trust account to a company named Cash Cards International, and TREADWELL and SLUDER would then cause Cash Cards International to transfer the money back to the same investors or earlier investors as purported "returns" on their investments. The indictment also alleges that the defendants converted millions of dollars of the investors' funds to their own personal use.

Separately, in October 2004, the Securities and Exchange Commission ("SEC") filed a civil lawsuit against TREADWELL, ACOSTA, SLUDER, and SATURDAY, and obtained a federal court order appointing a receiver and freezing assets held by the defendants.

United States Attorney Lam stated, "Promises of high returns over short periods of time are usually exactly what they seem to be -- too good to be true."

"This investigation is a perfect example of federal and state law enforcement agencies working together to address a prolific fraud scheme that was national in scope," said FBI Special Agent in Charge

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Dan Dzwilewski. "I would like to specifically note the contributions of the Securities and Exchange Commission, the Alabama Securities Commission, the Florida Bureau of Financial Investigations, and the Texas State Securities Board."

DEFENDANTS Criminal Case No. 05 CR 1570 W

Randall T. Treadwell Arnulfo M. Acosta Ricky D. Sluder Larry C. Saturday

SUMMARY OF CHARGES

Title 18, United States Code, Section 1343 - Wire Fraud
Maximum penalties: 20 years in prison and a \$250,000 fine

Title 18, United States Code, Section 371 - Conspiracy to Commit Offenses Against the United States
Maximum penalties: 5 years in prison and a \$250,000 fine

PARTICIPATING AGENCIES

Federal Bureau of Investigation Securities and Exchange Commission Alabama Securities Commission
Bureau of Financial Investigations, State of Florida Texas State Securities Board

An indictment itself is not evidence that the defendants committed the crimes charged. The defendants are presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.

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