

STATE OF IDAHO  
COUNTY OF BONNER  
FIRST JUDICIAL DISTRICT

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**IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT  
OF THE STATE OF IDAHO, IN AND FOR BONNER COUNTY**

STATE OF IDAHO, DEPARTMENT OF  
FINANCE, SECURITIES BUREAU,

Plaintiff,

vs.

DALE E. LOWELL, an individual, and  
LUKE D. LOWELL and JOHN DOES 1  
through 10, Relief Defendants,

Defendants.

Case No. *CV-2009-01232*

**VERIFIED COMPLAINT**

Fee Category: Exempt

COMES NOW the State of Idaho, Department of Finance, Securities Bureau, Gavin M. Gee, Director (Department), by and through its counsel, Alan Conilogue, Deputy Attorney General, and upon information and belief, complains and alleges as follows:

1. This action is brought pursuant to Idaho's Uniform Securities Act (2004) (USA), Idaho Code § 30-14-101 *et seq.*, and in particular Idaho Code § 30-14-603, wherein the

**ASSIGNED TO STEVE VERBY  
DISTRICT JUDGE**

Department is authorized to bring a civil action seeking injunctive and other relief against persons who have either violated or are about to violate provisions of the USA. It is also brought pursuant to Idaho's Uniform Fraudulent Transfer Act (UFT), Idaho Code § 55-910 *et seq.*

### VENUE

2. The acts and practices alleged herein comprising violations of law by the above-named Defendants occurred in Bonner County, Idaho, and elsewhere in the state of Idaho. The Defendants resided or were located in Idaho when the alleged acts constituting violations of the USA were committed.

### JURISDICTION

3. Defendant Dale E. Lowell (Lowell) personally engaged in unlawful securities transactions with Idaho residents. Lowell offered unregistered securities for sale or sold such securities, made material misrepresentations and omitted material information in connection with the offer or sale of such securities, and employed a device, scheme or artifice to defraud, in violation of Idaho's Uniform Securities Act (2004), Idaho Code § 30-14-101, *et seq.*

4. Defendant Luke D. Lowell (Luke) and the John Doe Defendants (together, the Relief Defendants) reside in Idaho, and received funds or other property unlawfully or otherwise wrongfully transferred to them by Defendant Lowell.

### CASE SUMMARY

5. Between at least 2005 and 2009, Lowell issued securities in the form of investment contracts for the purpose of stock options trading to at least twenty-three (23) investors in an aggregate amount of over two million dollars (\$2,000,000). Lowell guaranteed returns of ten percent (10%) or more per month.

6. Lowell defrauded investors by misrepresenting the investment and by omitting

material information from the investor solicitations. Lowell failed to register these securities and failed to register as a securities broker-dealer or agent, as required by law. Lowell paid early investors with funds from later investors, to create the appearance of a functioning investment, but it was a Ponzi<sup>1</sup> scheme that inevitably imploded. Lowell spent investor money on personal and business expenses. Although Lowell made payments to some investors, the scheme eventually collapsed. Despite demand, the invested funds have not been returned to investors.

7. The Relief Defendants received funds or property from Lowell while the Ponzi scheme was active, but such funds and property were obtained through the Ponzi scheme and properly belong to the investors. Such funds and property must be surrendered.

#### **DEFENDANTS**

8. Defendant Dale E. Lowell is a long-time resident of Sandpoint, Idaho. Since as early as the 1980s, Lowell had been in and out of the real estate business and developed a reputation as a well-respected real estate agent in Northern Idaho. Beginning in or around 2005, Lowell solicited investors to join his “investment club,” which he referred to at times as “Dale’s Investment Club.” Lowell, through his “investment club,” offered and sold securities to Idaho residents and others in the form of investment contracts for the purpose of stock options trading.

9. Relief Defendant Luke D. Lowell is Lowell’s son. Luke assisted in Lowell’s business operations as Account Manager and materially benefited from Lowell’s fund raising activities by receiving funds and/or property from the proceeds of the Ponzi scheme.

10. Relief Defendants John Does 1 through 10 are individuals who materially

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<sup>1</sup> As used herein, “A Ponzi scheme is a financial fraud that induces investment by promising extremely high, risk-free returns, usually in a short time period, from an allegedly legitimate business venture. ‘The fraud consists of funneling proceeds received from new investors to previous investors in the guise of profits from the alleged business venture, thereby cultivating an illusion that a legitimate profit-making business opportunity exists and inducing further investment.’ *In re United Energy Corp*, 944 F.2d 589, 590 n.1 (9<sup>th</sup> Cir.1991).” *Donnell .l Kowell*, 533 F.3d 762, 767 (9<sup>th</sup> Cir. 2007).

benefited from Lowell's fund raising activities by receiving funds and/or property from the proceeds of the Ponzi scheme.

### FACTS

11. Beginning in or around 2000, Lowell began trading in the securities markets for his own benefit. Lowell attended seminars where he learned to trade stocks and stock options. Lowell believed that options trading was more lucrative than stock trading, so began investing in the options market for himself. Lowell never made a profit on an annual basis trading options.

12. Despite the lack of profits, Lowell began to solicit investment in his options trading "business." In an undated letter Lowell sent to friends and colleagues, Lowell informed potential investors of an opportunity to invest. See Exhibit A attached hereto. He claimed that he averaged returns of 30% to 40% per month and therefore could guarantee each investor at least 10% per month on invested funds, keeping the difference as profits for himself. The offer was given only to a "select few of my friends and past clients...those who I know well and those who know me well." He further claimed that he was able to make predictable returns because he had studied patterns in the stock market and pays no attention to the Dow index; that "[w]hether or not [the Dow] goes up or down 100 points is irrelevant to how I make my money."

13. In addition to guaranteeing a return of at least 10% per month, Lowell personally guaranteed the safety of investor funds by claiming to back each investment with certificates of deposit or other assets. This claim is false because Lowell did not have the funds to back investor money.

14. Lowell also represented to investors that he was a successful trader. He claimed to have learned from prior experiences of losing money in the market, which taught him how to realize very high, guaranteed returns. However, in 2003, Lowell reported a loss and tax loss

carry over forward from 2002 in excess of \$58,000, and further losses were reported in 2004. Lowell has admitted that his trading activities have resulted in significant losses since 2005.

15. Lowell had investors sign an "Investment Group Disclosure/Rules," (See Exhibit B attached hereto) which provided the following disclosures, among others:

- a. That he is not a licensed securities agent;
- b. That all investor funds are commingled with his own investment funds;
- c. That individual investors will not have access to the account or knowledge of the profits from the account;
- d. That any investor may request their funds and profits at any time following the first month of investment and will receive the same within 5 business days of the request;
- e. That the minimum investment amount is \$5,000 and the maximum is \$25,000; and
- f. That Lowell will guarantee the individual investor a return of 10% per month on their investment, prorated daily.

16. Lowell, through his guarantees of consistent returns, lured Idaho residents and others to invest a total of more than two million dollars (\$2,000,000) in securities in the form of investment contracts. Both Lowell and his investors were to earn profits together using investor money. An investor's role was only to provide the money, and Lowell was to earn the profits through his expertise in options trading.

17. Ponzi schemes are dependant on a constant infusion of ever-increasing amounts of money, because the longer they operate, the more investors are involved and the larger the periodic payments become. Ponzi schemes tend to collapse when the schemer can no longer raise enough money to pay investors and thereby conceal the scheme. As Lowell became

increasingly desperate for new infusions of cash to keep his Ponzi scheme afloat, he solicited additional money by offering an investment whereby the investor could double the investment in four months. As part of his scheme to raise additional funds from Idaho residents, Lowell asserted that he had a business associate who was offering even higher returns to investors than Lowell was able to offer. This is false because Lowell later admitted he had no such business associate. He was simply offering sweeter and sweeter terms to draw in more money to fund his scheme. Lowell eventually offered to double an investment in two months.

18. Initially, Lowell traded investor funds on the market. However, to maintain the impression that he was realizing the returns he was guaranteeing to investors, Lowell began using some of the investor money as Ponzi payments to prior investors. Lowell also converted some of the investor money to his personal use. Other than the early Ponzi payments, little of the investor money has been returned, despite requests for the money by investors.

19. As the scheme began to fail, Lowell perpetuated the fraud by offering false excuses why he could not make payments or return investments to investors. For example, see Exhibit C attached hereto in which Lowell states that his assets had been frozen by the IRS. Lowell later admitted that the IRS did not freeze his assets. He also stated that the "State of Idaho Treasury Department" froze his Ameritrade trading account, which was also false.

20. Lowell has admitted defrauding his investors. See Exhibit D attached hereto.

### **Misrepresentations**

21. To induce investors to invest, Lowell made material false representations. Lowell made misrepresentations verbally and in writing, and made them to various investors, but essentially made the same misrepresentations to all investors. Without these misrepresentations, many investors would not have invested. The misrepresentations described below occurred at

various times during 2006, 2007 and 2008:

a. Lowell represented to investors that the investment was risk free, and the invested principal was safe. This was false because the investment was not risk free. Further, Lowell has stopped paying the agreed interest and cannot return the invested funds because the investor money is all but gone. An investment that does not pay the expected return and that loses the investors' money is not risk free.

b. Lowell represented that the investor could withdraw their funds and profits at any time after the first month of their investment. This was false because investors have been unable to withdraw their funds, despite several requests. Several investors have asked for return of their funds, but Lowell has not returned the money.

c. Lowell told investors that the investment would be used to fund the trading of options. However, much of the funds were used for Ponzi payments to early investors and for the personal benefit of Lowell and his family.

d. Lowell told investors that he had a strong background of successful options trading, when in reality, Lowell lost money trading securities every year since 2002 and lost money trading options every year since 2005.

e. Lowell told investors that he had certificates of deposit and/or other assets to back investor money. This was false because no such assets existed.

f. Lowell told investors that he had a business associate that was offering an even higher rate of return than he was able to offer. No such business associate existed.

#### **Material Omissions**

22. Lowell did not tell potential investors certain information that would be necessary to make other statements not misleading, and that an investor would likely consider as material

to a decision to invest with Lowell. The omissions described below occurred at various times during 2006, 2007 and 2008. Lowell made the material omissions verbally and in writing, and made them to various investors, but essentially omitted the same information from communications with all investors. Had investors known this omitted information, they would not have invested. Lowell failed to disclose the following material information:

- a. Information about Lowell's financial condition or operating history, specifically, that Lowell had never earned a profit on an annual basis through his options trading.
- b. That new investor money may be used to repay existing investors.
- c. That investor money would be used by Lowell and his family for their personal expenses or benefit.

**COUNT ONE**  
**(Fraud - False and Misleading Statements)**

23. The allegations of paragraphs 1 through 22 above are realleged and incorporated herein as if set forth verbatim.

24. Idaho Code § 30-14-501(2) provides that it is unlawful for any person, directly or indirectly, in connection with the offer, sale or purchase of a security, to make an untrue statement of material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

25. Lowell's misrepresentations to prospective investors as set forth in paragraphs 21 a through f were made in connection with the offer, sale or purchase of securities. Lowell's misrepresentations were material and were false and misleading, constituting violations of Idaho Code § 30-14-501(2) as to each misrepresentation to each investor.

26. Lowell's omissions of material facts and failures to disclose material information to prospective investors as set forth above were made in connection with the offer, sale or



purchase of securities. Lowell's omissions of material facts and failures to disclose material information, as specifically set forth in paragraphs 22 a through c above, constitute violations of Idaho Code § 30-14-501(2) as to each omission and failure to disclose to each investor.

27. On or about May 8, 2009, Lowell met with investors ML(1) and ML(2) in their business office in Sandpoint, Idaho. In that meeting, Lowell verbally reiterated the misrepresentations embodied in Exhibit A hereto, and described in paragraphs 21.a. through 21.e. above. He also omitted the material information described in paragraphs 22.a. through 22.c. above. This meeting and Lowell's statements in it are representative of other meetings with other investors in furtherance of the scheme.

**COUNT TWO**  
**(Fraudulent Conduct)**

28. The allegations of paragraphs 1 through 22 above are realleged and incorporated herein as if set forth verbatim.

29. Idaho Code § 30-14-501(3) provides that it is unlawful for any person, directly or indirectly, in connection with the offer, sale or purchase of a security, to engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

30. Defendants' acts as set forth in paragraphs 1 through 22 were made in connection with the offer, sale or purchase of securities. Their conduct as described in paragraphs 1 through 22 constitutes engaging in transactions, acts, practices, or courses of business which operate or would operate as a fraud or deceit upon investors or prospective investors, in violation of Idaho Code § 30-14-501(3) as to each investor.

31. Specifically, Lowell's ongoing misrepresentations and omissions about the success of his investment were designed to perpetuate the fraud. The misrepresentations and

omissions were intended to, and did, beguile investors into giving money to Lowell. This scheme continued for the better part of three years, 2006 through 2008, until it eventually collapsed.

32. Lowell described his investment as a ministry and a business. In an email dated April 19, 2009, Lowell wrote: "My ministry in life is my business...My business in life is my ministry."

33. As the scheme began to collapse, Lowell made ever more desperate and outrageous offers to continue raising money to perpetuate the fraud. He stated that he had an associate who had an investment that could double investor money in just a few months, in one case just two (2) months. See Exhibit E attached hereto, wherein Lowell states he has a "2 month doubler" for "new money only." It was for new money only because Lowell needed to raise more funds, rather than to pretend to roll over funds already placed with him. Lowell also states in Exhibit E that "it is still zero risk to you." Lowell later admitted these statements were not true.

**COUNT THREE**  
**(Unregistered Securities)**

34. The allegations of paragraphs 1 through 22 above are realleged and incorporated herein as if set forth verbatim.

35. Lowell issued, sold or offered for sale in Idaho securities in the form of investment contracts. Such securities were not registered with the Department as required by Idaho Code § 30-14-301.

36. Lowell's failure to register such securities with the Department constitutes a violation of Idaho Code § 30-14-301.

**COUNT FOUR**

**(Failure to Register)**

37. The allegations of paragraphs 1 through 22 above are realleged and incorporated herein as if set forth verbatim.

38. Lowell transacted business in Idaho as a broker-dealer, but was not registered as a broker-dealer with the Department as required by Idaho Code § 30-14-401(a).

39. Lowell's failure to register as a broker-dealer with the Department constitutes a violation of Idaho Code § 30-14-401(a).

40. Lowell transacted business in Idaho as an agent of a broker-dealer or of an issuer. Lowell was not registered as an agent with the Department as required by Idaho Code § 30-14-402(a).

41. Lowell's failure to register as an agent with the Department constitutes a violation of Idaho Code § 30-14-402(a).

**RELIEF DEFENDANTS UNDER COUNTS FIVE AND SIX**

42. While perpetuating the Ponzi scheme, Lowell obtained funds allegedly for investment and transferred them to transferees with the intent to hinder, delay or defraud the investors.

43. Individuals who thought they were investing with Lowell actually received nothing of value in return, because he placed the funds into an illegal scheme. Having received nothing of value, any contract created failed for lack of consideration, thereby making the "investors"<sup>2</sup> tort creditors. Tort creditors who received money back from Lowell were receiving a return of the principal they placed with him. It could not be profits from the investment because there was no investment. Investors who received more money from Lowell than the

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<sup>2</sup> Individuals who gave money to Lowell as part of the scheme are described in this complaint as "investors" because that is how they viewed themselves. For the purposes of determining liability of Relief Defendants, the more legally accurate term "tort creditor" is used. Both terms refer to the same people; victims of Lowell's Ponzi scheme.

original principle they placed with him received money rightfully belonging to other investors.

44. Such payments to investors were made to make it appear as if the investment was successful, as part of effort to fool investors into giving Lowell money.

45. There are two types of Relief Defendants. One is transferees, such as Defendants Luke Lowell and some of the John Does. The transferees received money from Lowell given to him by tort creditors. Some transferees received property from Lowell that was purchased with money given to Lowell by tort creditors.

46. The second type of Relief Defendant is individuals who received more from Lowell than the original principal they placed with him.

47. As discovery is conducted and the names of the Relief Defendants are discovered, this complaint will be amended.

**COUNT FIVE**  
**(Violations of Idaho's Uniform Fraudulent Transfer Act)**

48. The allegations of paragraphs 1 through 22 and 42 through 47 above are realleged and incorporated herein as if set forth verbatim.

49. Lowell transferred funds or property obtained through the unlawful and fraudulent transactions described in this complaint to the Relief Defendants, also known as Luke D. Lowell and John Doe Individuals.

50. In addition to other transfers occurring regularly and frequently from January 2005 through January 2009, on June 2, 2008 Lowell transferred \$194,849.83 to Sandpoint Title to enable Luke Lowell to purchase certain real property. Plaintiff believes the total of these transfers to be \$313,686.83, including the real estate transfer.

51. Lowell transferred these funds with the actual intent to hinder, delay or defraud the tort creditors. That Lowell obtained the funds through an illegal Ponzi scheme establishes

the intent. Such transfer violated Idaho Code § 55-913(1)(a).

52. Lowell also transferred the funds without receiving a reasonable equivalent value in exchange, at a time when he was incurring debts beyond his ability to pay the debts as they became due. He had no legitimate source of income and obtained all his money through the Ponzi scheme. Such transfer violated Idaho Code § 55-913(1)(b).

### **COUNT SIX**

#### **(Constructive Trust)**

53. The allegations of paragraphs 1 through 22 and 42 through 47 above are realleged and incorporated herein as if set forth verbatim.

54. Plaintiff alleges that Lowell transferred funds or property obtained through the unlawful and fraudulent transactions described in this complaint to Relief Defendants, also known as Luke D. Lowell and John Doe Individuals. Such funds were obtained by Lowell under circumstances rendering it unconscionable for Relief Defendants to use or retain the property or the funds or proceeds from them. Relief Defendants have no legal or equitable right, claim or interest in such funds, and would be unjustly enriched if allowed to retain the funds and/or proceeds of them. Therefore, equity requires that a constructive trust or equitable lien be imposed on the funds and proceeds, and that the funds and proceeds be conveyed to the Plaintiff as restitution for the investors. The amount of the funds and proceeds will be proven at trial.

### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiff prays that the Court enter Judgment against Defendants as follows:

1. That Lowell be adjudged to have violated Idaho's Uniform Securities Act (2004), Idaho Code § 30-14-101 *et seq.*, rules promulgated thereunder, and other applicable federal laws

and regulations as proven at trial, as to Counts One through Four alleged above, as well as any additional counts proven at trial.

2. That Lowell be permanently enjoined from engaging in any act or practice violating any provision of the USA or any rule promulgated thereunder, pursuant to Idaho Code § 30-14-603(b)(1), and in particular, that he be permanently enjoined from selling or offering for sale securities in any form in the state of Idaho

3. That Lowell be ordered to pay a civil penalty of up to \$10,000 for each violation of the USA as the Court deems appropriate, pursuant to Idaho Code § 30-14-603(b)(2)(C), for total penalties of at least \$40,000, and that the Court award a money judgment in favor of Plaintiff in such amount.

4. That Lowell be ordered to make restitution to investors, pursuant to Idaho Code §30-14-603(b)(2)(C) in the amount of two million dollars (\$2,000,000), or such other amount as proven at trial. That Lowell pay the restitution amount to Plaintiff, to be delivered to the investors, and that the Court award a money judgment in favor of Plaintiff in such amount.

5. That the Court unwind any transfers by Lowell of investor funds transferred to Relief Defendants, in an amount to be proven at trial but at least \$313,686.83, pursuant to the Uniform Fraudulent Transfer Act, Idaho Code § 55-910 *et seq.*, so that such funds may be conveyed by Plaintiff as restitution to the investors.

6. That the Court impose a constructive trust or equitable lien on all funds and proceeds fraudulently obtained from investors and transferred to the possession or control of the Relief Defendants, in an amount to be proven at trial but at least \$313,686.83, so that such funds may be conveyed by the Plaintiff as restitution to the investors.

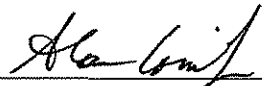
7. That Plaintiff be awarded attorney fees and costs incurred in the preparation and

prosecution of this action, pursuant to Idaho Code § 12-121, and that the Court award a money judgment in favor of Plaintiff in such amount. Should judgment be taken by default herein, Plaintiff asserts that \$5,000 is a reasonable sum for the same.

8. For such further relief as this Court may deem just and equitable under the circumstances.

DATED this 15 day of July, 2009.

STATE OF IDAHO  
OFFICE OF THE ATTORNEY GENERAL

  
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ALAN CONILOGUE  
Deputy Attorney General

VERIFICATION

STATE OF IDAHO )  
                          )ss.  
County of Ada     )

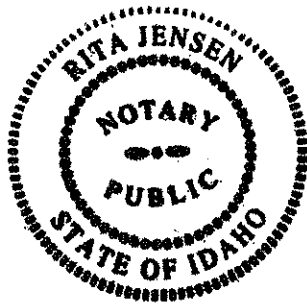
JAMES A. BURNS, Lead Investigator of the Securities Bureau of the Department of Finance, State of Idaho, being first duly sworn, deposes and says:

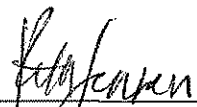
I have read the foregoing Verified Complaint and know the contents thereof, and the same are true to the best of my knowledge and belief.

DATED this 15<sup>th</sup> day of July, 2009.

  
\_\_\_\_\_  
JAMES A. BURNS

SUBSCRIBED AND SWORN to before me this 15 day of July, 2009.



  
\_\_\_\_\_  
Notary Public for Idaho  
Residing at: Meridian, Idaho  
My Commission Expires: 3/10/2013



Good Afternoon Friends:

Many of you know that I recently retired from 31 years in the real estate business. During the past few months, I had some health challenges and ended up having major surgery having my spleen removed because it had grown to 3X its original size. The tumors in the spleen ended up being benign so I have escaped having to get radiation.

Also, during the last 3 months I started a new business quite by accident. I had been trading stock options on the side for about a year averaging returns of 30% - 40% per month. I would use the returns for my income and use the same amount of money each month to generate those returns.

Several months ago, a friend asked me if I would consider using his funds whereby I would keep a majority of the profits, yet yield to him a much greater return than he was currently able to achieve through the bank. I said yes, and then within another month 4 more friends have joined the "investment" club. **I guarantee each investor 10% per month on their invested funds.**

So I have a small business going . However, because the returns are so predictable, I thought I'd make it a real business and put out the offer to a select few of my friends and past clients...those who I know well and those who know me well.

You may ask, how can I guarantee anything? It's a reasonable question but the answer is simple. I am buying and selling stock **options** on one specific stock. This stock has predictable patterns which I've studied over many months. I do not pay any attention to the DOW index. Whether or not it goes up or down 100 points is irrelevant to how I make my money.

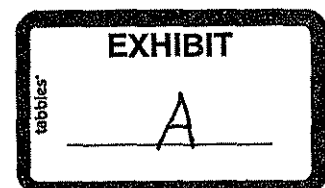
Why would I get a majority of the profits? Two reasons: #1. I'm the one who has invested hundreds of hours studying the charts to figure out how to tell when it's going up or down and #2. I'll be paying the taxes on the total investment gain.

If this is of any interest to you, please give me a call and we can set up a time to meet and I can show you what I'm doing and how I am able to generate predictable returns. In addition, I've enclosed the rules for the investment club for your review.

Best Regards to you!



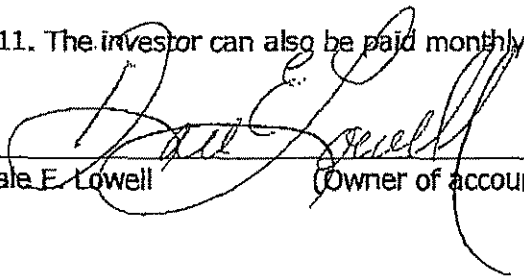
Dale E. Lowell  
*Dale's Investment Club*  
(208) 290-7663



TO: Investor  
FROM: Dale E. Lowell  
RE: Investment Group Disclosure/Rules

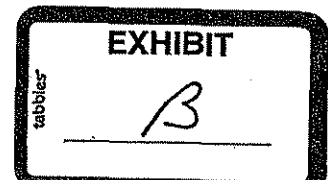
I, Dale E. Lowell, the undersigned owner/controller of a stock/option account, hereby make the following disclosures regarding said account:

- #1. I, Dale E. Lowell am not a licensed securities agent.
- #2. All funds deposited in my account are in fact commingled along with my own investment funds.
- #3. Individual investors will not have access to the account or knowledge of the profits from the account.
- #4. All investors will be anonymous. They will not have knowledge of each other. (Privacy)
- #5. Any investor may request their funds and profits at any time following the first month of investment and will receive the same within 5 business days of the request. Said request may either be in writing or by phone - but contact and acknowledgment has to be made. The phone call where there is a direct conversation and not a message is the best choice.
- #6. I Dale E. Lowell, have the right to and can end the investment group without notice and then forward the funds to the individual investors.
- #7. When any investors account reaches \$100,000.00, said amount will be forwarded back to the individual investor. At that time, the investor would need to start over again with an "initial investment deposit".
- #8. Minimum amount investment is \$5,000.00 and maximum investment is \$25,000.00.
- #9. I, Dale E. Lowell, will guarantee the individual investor a return of 10% per month on their investment, prorated daily. The month starts when the funds are received by the trading company. Generally, this will be 5 business days following receipt of a cashiers check.
- #10. The investment profits will be added to the original investment and that amount becomes the starting amount for the next month, thereby compounding all profits.
- #11. The investor can also be paid monthly as a source of income (10% of the invested funds).

  
\_\_\_\_\_  
Dale E. Lowell (Owner of account)

\_\_\_\_\_  
Date -07

\_\_\_\_\_  
Investor (\$5,000.00)  
Received by Dale E. Lowell  
\_\_\_\_\_  
Date -07



FW: Status:, Generic to everyone

From: Dale Lowell (

nt: Sat 8/09/08 2:30 PM

to:

Dear Friends of the Savings Group:

Have you ever received a letter from someone and you wonder what the agenda is in the letter as you read through it? This is not one of those. I will give you the bottom line first and then explain it as best I can.

As of last Thursday, all of my assets have been "frozen", and all of my bank accounts have been "frozen" and my trading accounts have been "frozen" by the IRS. I am being investigated for MONEY LAUNDERING. This *is not* a tax issue.

I have hired a local attorney who has hired an out of area attorney that deals specifically in defending "money laundering" issues.

My attorney has all of my paperwork and has suggested several things:

All of my deposits and withdrawals, and movement of money from bank to bank can be easily defended and explained because it is so simple and nothing about any of my paperwork is complex.

#2. If I was actually trying to "launder" money and not get caught, I was not very smart.

#3. This investigation is likely to be resolved fairly quickly ... within 30 - 45 days. and maybe less.

What are the implications for you?

#1. Inconvenience

#2. Inconvenience

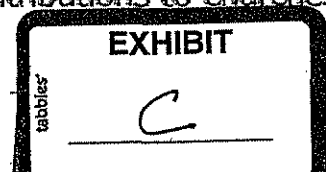
#3. Inconvenience

Is it possible that you will be contacted? Yes, but not probable ... again because the paperwork is too simple and straight forward.

Are your funds subject to loss? NO, NO and NO. The funds are frozen not seized.

Have I done anything wrong or questionable? No. Have I done anything to raise red flags? YES. I have moved large amounts of money in and out of my trading account depending on payouts and new accounts adding funds and I have moved large amounts of money between banks in this town....which is not against the law ... just peculiar to the IRS.

Why I give you an example: I use one bank to wire my funds. I then move it to another bank for payouts. Some of it I move to another bank in this town for my contributions to churches,



charities, missionaries, food bank, etc, etc and then I move some of it to another bank in town for my personal stuff. I did not realize that this raises suspicion. I did this for my own organization. I can see now that with bank reporting rules, that my "organizational" plan was ill conceived.

One friend has loaned me \$1,500 and another has offered to help me through this next 30 days as I am a destitute millionaire. I will use that \$1,500 this next week to trade with in my son's Ameritrade account so that I can be building up an account with money in case my "challenge" lasts a little longer than my attorney perceives.

Last but not least, I should be able to convert the \$1,500 to atleast \$500,000.00 within 30 days. So .... if I am able to have that breathing room until the 12th of September, I will likely be able to pay everyone the amounts of money that they need. I am aware of different ones of you who will need funds earlier than that for different things and I will do my very best to accomodate everyone even if I have to make daily payments to everyone. Of course, if my situation is resolved earlier than this, then, it will be easy to fund everyone.

My Stragegy: Prepare for the worst and Plan for the best...and that is why I will be trading in my sons account. Naturally, if I had more money to trade with,.... say another \$10,000, it would be easy to pay everyone by the end of this month.

This brings up another point ... which I don't bring up to be humorous, even though it has that potential. One of you told me the other day that you were going to be mad at me when I ended the savings program. I told him that how ever mad at me he would be would not compare to the anger he might feel toward me after I teach him how to do what I do and he learns what I've been making and only giving him 10%.

Should you have any questions, I would invite your call or email. Should you have any "extra" funds you would be willing to loan me ....(no matter how small), this will be a giant help to me.

Best Regards, Dale.

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TO: SAVINGS PARTICIPANTS

FROM: DALE E. LOWELL

RE: FRAUD/FUTURE PLANS

How does one fall so low after a spotless career? How is it possible to repair the damage to others...friends, acquaintances, and family ... personal and extended?

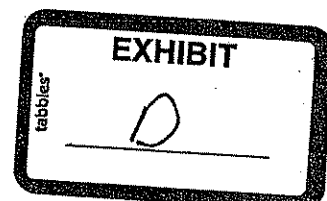
What started out as a "ministry" has evolved into fraud. Fraud = jail. That is a forgone conclusion at this point.

For the sake of brevity: 99.99% of all representations by me have evolved into being 100% false. This means that regardless of what question you'd like to ask me, the answer is that I have lied and misrepresented everything. At this point, it is irrelevant that there is a kernel of truth here or there. There were things that were true in the beginning which ended up changing without your knowledge which puts those representations in the category of lies and fraud.

I have betrayed your trust in me. I have damaged your families financially, .. hopefully just temporarily. In some cases I probably have damaged relationships within a home(s) which unfortunately may be permanent.

Why am I writing this note? What is its purpose? I have met with two Christian Business men who, along with my attorney have advised me that my business has zero odds of success, without "coming clean" first. I wanted to have 30 days of payouts under my belt before coming clean and they have convinced me that the payout and my confession are entirely two different things.

I confessed all to Mr. Burns on May 11th and it was my understanding along with my attorney's understanding that Mr. Burns would keep the subject of our meeting confidential through June. He was aware of my intent to expose my fraud at that point. It does not surprise me that he would feel obligated to share the content of my meeting in that he is 100% convinced that I have an inability to do any meaningful payout at any time. With that conviction, he felt that by warning you of the truth that it would set you up for the reality of never seeing your funds. Mr. Burns perceptions are at one end of the spectrum ... mine are at the other. Do I feel badly toward Mr. Burns? Not at all. I have come to the conclusion that it is for the best that this disclosure has been made.



Why did I compromise my ethics and sell my soul? My family has asked me the same thing. My wife has left me, my sons hate their dad for what he has done to them and you. There are no good answers to "why" questions...there are no answers that ease the pain or the damage. There are no answers to why questions that make one satisfied. The truth is this: I have defrauded you and I deeply regret the pain and damage I have caused each of you.

Many of you have known me from the real estate business and did not want to believe for a minute that I could keep reaching new lows in my fraud. Well, it has caught up to me and I will have to pay for it with jail time more than likely. If I escape going to jail, it won't be because it isn't deserved.

I will start my payouts on June 1st, 2009 regardless how meager they are. They will be ACH payments which will reflect in your account on Wednesday June 3rd., 2009. I have no idea how long the payouts will take. Phase #1 which is the money given to me by you is a little over \$2,100,000. Phase #2 is the interest I promised you on funds as of August 1st, 2008. That amount is a little over \$5,000,000. Phase #3. is the 20% on those funds which is a little over \$1,000,000.

Everyone I have confessed to directly - the people I've gone to for advice as well as my attorney have asked me two questions.

- have you had any desire to commit suicide?
- have you considered bankruptcy?

Bankruptcy is for those who have no earthly idea how they would possibly pay back debt. I don't qualify for this group.

I'm sure that if I weren't on Zoloft and Wellbutrin, and Trazadone, that negative thoughts may surface on occasion.

I have asked God to forgive me. I'm not asking you to forgive me. After phase #3 is completed, I may pursue asking you to forgive me ... at this point, forgiveness by you is inappropriate and undeserved by me. Bitterness and hate is probably a more reasonable state of mind for you.

Sincerely,

Dale E. Lowell

Attach: details00000.txt  
Subject: FW: Delivery Status Notification (Failure)

Dear Friends in the Savings Group!

A month hasn't even passed and after I said I'd never do this again and promised my New York contact that I wouldn't take his call, this is too good to pass up.

This is a 2 month doubler.

***This is for new money only.***

It goes for 9 weeks starting Monday and ends on July 21st.

It works out to about 8% per week.

I have \$250,000 available to me.

To remind you all, I am backing the money that my friend is investing so it is still zero risk to you.

You decide on how much money you would like to double in the next 9 weeks and call me to take your order. It's first come first serve. Don't you just love being in America! You can go to the bank and borrow \$50,000 or \$100,000 or any other thousand at 10% per year and in 9 weeks, pay it back and you still have what you borrowed! What a great country! I sure love being a part of this!

Best Regards, Dale.

