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NOTICE TO ALL PETITIONERS

We invite your reference to our 'Notice to All Investors, Brokers/Agents and Creditors' mailed to you on October 24, 2001. You may wish to print a copy from our web site at <http://www.robbevans.com/html/wilcoxpage.html>. Between June 18, 2001, and November 30, 2001, we mailed more than 1,700 Restitution Petitions and Questionnaires to investors found in our database as well as to those who called or wrote to us based on the information posted on our web site. We also advised all brokers and agents (about 80 individuals or entities), who acted as intermediaries in the IFR scheme.

Only a small number of brokers or agents responded, advising the names and addresses of the investors for whom they acted in the IFR scheme. Those names were included in our database and petitions and questionnaires were sent to them. Just six hundred investors returned the petitions and questionnaires before the September 30, 2001 deadline. Most of those petitions and questionnaires were unsigned, incomplete or lacked the requisite investment or personal information. I therefore extended the deadline to February 28, 2002 to offer an opportunity to the maximum number of victims to resubmit corrected petitions and questionnaires. About eight hundred petitioners have submitted or resubmitted petitions with the required information.

One of the investors defrauded more than 140 investors in another scheme and reportedly invested the stolen funds into the IFR scheme. While that individual is awaiting sentencing under a criminal proceeding in California, the Chancery Court of another state appointed a Receiver to protect the interests of those investors. After consultation with the Department of Justice, we decided to provide sufficient opportunity and time to include those Receivership creditors under this restitution. We await the completed petitions from the Receiver in order to make the final decision as to their eligibility for inclusion into this Restitution process.

The investment information provided by the over 800 petitioners could only be partially reconciled with available bank statements and other databases generated internally or obtained from various law enforcement agencies. Subpoenas were issued to banks that processed the IFR transactions to obtain banking records of the funds received, invested and diverted. We originally anticipated that we could complete the forensic investigation and advise the eligible petitioners about the status of their petition by February 28, 2002. However, one of the offshore banks that Wilcoxson and other defendants used to transfer IFR funds and to pay off many of the investors and brokers, often in amounts far in excess of their original investments, was closed by the Regulators in that country. This made it difficult to obtain important IFR bank records and those of related accounts from the Liquidator of that bank. We have approached the Regulators in that country for cooperation to expedite processing of our request.

The aggregate amount of claims made by these 800 petitioners is about \$30 million. A preliminary review of the petitions revealed that many petitioners claimed their investments for *full restitution* disregarding funds already received from IFR, Wilcoxson or other defendants. Some of the petitioners have received substantial sums of money, far in excess of their original investments and in some cases, several times of their original investment. Many of the petitioners did not mention the partial payments they received. The petitions from the remaining victims who did not receive any return of their investments are relatively easy to reconcile, but available bank records are still incomplete.

While liquidation of many of the forfeited assets has helped to accumulate more than \$5 million, we are concurrently attempting to trace additional diversions of investor funds, to increase the size of the restitution fund. These activities are designed to recover the maximum amount of funds but are time consuming.

As advised earlier, the purpose of the Petition for Remission is not to challenge the validity of the forfeiture itself; rather, it is an opportunity for the innocent victims of the defendants' investment fraud scheme and other creditors to seek some relief through the Attorney General's discretionary authority to use federally forfeited property to compensate victims of the underlying criminal activity and other creditors. Pursuant to 28 CFR § 9.9 (c) (1997), in my capacity as Restitution Trustee, I will, after processing and making an evaluation of the validity of each petition, make a recommendation to the Attorney General about the distribution. The formula, amount and the timing of the distribution are at the discretion of the Attorney General.

Following is a revised approximate timetable indicating important dates in the restitution process:

- A forensic reconciliation of all the petitions with the available investment and bank records is expected to be completed by April 25, 2002. Petitioners will be sent confirmation before April 30, 2002 as to whether their petitions have been accepted for recommendation to the Department of Justice and the potential amounts of their claims. There will be 30 calendar days allowed from the date of mailing the acceptance or denial of the petitions, for the petitioners to submit appeals.
- I plan to finalize my recommendation to the Attorney General by July 31, 2002.
- I plan to complete most of the liquidation of the forfeited assets by December 31, 2002.
- Subject to receiving approval from the Attorney General, the eligible petitioners will be advised of the amount of restitution payments that are likely to be disbursed and conditions, if any.
- From the current estimates of the tasks involved, I anticipate distribution of the remission payments to the petitioners, if approved by the Department of Justice, in the first quarter of 2003.

Robb Evans, Trustee
April 8, 2002

In the Matter of United States of America v. Larry Wilcoxson, Roxanne Albaugh, David Baxter et al
U.S. District Court for the Eastern District of California
Case No. CR-S 99-0359 DFL
