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UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,	)	No. CR 03 - _____
	)	
Plaintiff,	)	<u>I N F O R M A T I O N</u>
	)	
v.	)	[18 U.S.C. § 371:
	)	Conspiracy; 18 U.S.C.
RICHARD D. MCMULLIN,	)	§ 1001: False Statement; 18
	)	U.S.C. § 152(2): False Oath
Defendant.	)	in Bankruptcy Proceeding]
_____	)	

The United States Attorney charges:

COUNT ONE

[18 U.S.C. § 371]

INTRODUCTION

At all times relevant to this Information:

1. Defendant RICHARD D. MCMULLIN was a resident of Santa Barbara, California.
2. Co-conspirator Reed E. Slatkin ("Slatkin") was a resident of Santa Barbara, California.
3. From approximately 1986 to July 1999, defendant MCMULLIN was employed by Reed Slatkin and Associates, Slatkin's investment and money management business located in Santa Barbara,

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1 California.

2 4. Co-conspirator Slatkin portrayed himself as an  
3 investment adviser and money manager, and accepted funds from  
4 individuals for the stated purpose of investing these funds in  
5 securities and other investments.

6 5. From approximately 1986 until May 2001, co-conspirator  
7 Slatkin obtained over \$593 million from approximately 800  
8 investor accounts. Co-conspirator Slatkin, with the assistance  
9 of others, promoted himself as a successful financial adviser and  
10 provided his investors with account statements which purported to  
11 document a consistent record of achieving above-market returns on  
12 their investments.

13 6. In or about November 1999, the Securities and Exchange  
14 Commission ("SEC") initiated a formal investigation of co-  
15 conspirator Slatkin's investment activities.

16 THE OBJECT OF THE CONSPIRACY

17 7. Beginning in or about November 1999, and continuing  
18 until a date unknown, in the Central District of California and  
19 elsewhere, defendant MCMULLIN, co-conspirator Slatkin, and others  
20 known and unknown, knowingly and unlawfully combined, conspired,  
21 and agreed to corruptly influence, obstruct, and impede, and  
22 endeavor to influence, obstruct, and impede the due and proper  
23 administration of the law under which a pending proceeding was  
24 being had before the SEC, a department or agency of the United  
25 States, in violation of Title 18, United States Code, Section  
26 1505.

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1                   THE MEANS BY WHICH THE OBJECT OF THE CONSPIRACY  
2                   WAS TO BE ACCOMPLISHED

3           The object of the conspiracy was to be accomplished, in  
4 substance, as follows:

5           8. Between 1986 and in or about July, 1999, defendant  
6 MCMULLIN acted as an assistant to co-conspirator Slatkin, working  
7 beside him at the office in Santa Barbara. Defendant MCMULLIN's  
8 duties included assisting co-conspirator Slatkin and others known  
9 and unknown in the creation and mailing of investor account  
10 statements, recording stock transactions with outside brokers,  
11 placing stock purchase and sale orders, answering investor calls,  
12 conducting technical analysis of the stock market, and performing  
13 various clerical tasks.

14           9. Co-conspirator Slatkin's investors received quarterly  
15 account statements which included the starting balance of their  
16 stock and cash holdings, any deposits and withdrawals for the  
17 quarter, and the ending balance. Defendant MCMULLIN knew that  
18 these reported balances were not supported by or based upon co-  
19 conspirator Slatkin's actual stock holdings. Many investors  
20 would also receive annual statements which purported to show the  
21 itemized securities which they held, the proceeds from the  
22 purchase and sale of these securities, and the overall  
23 performance of their portfolio. Defendant MCMULLIN knew that co-  
24 conspirator Slatkin did not purchase or sell most of the stocks  
25 that he reported to his investors and that his actual stock  
26 trades were far below the cumulative volume reported.

27           10. Between 1986 and August 1999, defendant MCMULLIN  
28 received approximately \$1,980,000 in salary and bonuses from co-

1 conspirator Slatkin. Defendant MCMULLIN also held an investment  
2 account with co-conspirator Slatkin. Between in or about March  
3 1986 and in or about January 2001, defendant MCMULLIN netted  
4 approximately \$952,000 from his investment account with co-  
5 conspirator Slatkin.

6 11. In or about July 1999, defendant MCMULLIN left the  
7 employment of co-conspirator Slatkin.

8 12. In or about November 1999, the SEC issued subpoenas  
9 requiring defendant MCMULLIN, co-conspirator Slatkin, and others  
10 to testify under oath before the SEC and to identify and provide  
11 various documents pursuant to their investigation of Slatkin's  
12 investment activities.

13 13. In order to obstruct the SEC's investigation of co-  
14 conspirator Slatkin's activities and to conceal the fact that co-  
15 conspirator Slatkin was operating a massive Ponzi scheme with  
16 hundreds of millions of dollars raised from investors, co-  
17 conspirator Slatkin enlisted the assistance of defendant MCMULLIN  
18 and others known and unknown.

19 14. Co-conspirator Slatkin asked defendant MCMULLIN not to  
20 answer certain questions and to minimize falsely his role in and  
21 knowledge of Slatkin's investment business. Defendant MCMULLIN  
22 knew that the purpose of these requests was to help prevent and  
23 delay the SEC from discovering the existence and scale of co-  
24 conspirator Slatkin's fraudulent investment scheme and to shut it  
25 down. Co-conspirator Slatkin wanted to prevent the SEC from  
26 discovering his wholesale fabrication of investor account  
27 statements. Defendant MCMULLIN agreed to help co-conspirator  
28 Slatkin.



1 statements. Defendant MCMULLIN knew that in most cases co-  
2 conspirator Slatkin did not purchase or sell those stocks in the  
3 volume and on the dates represented to investors, or did not  
4 purchase those stocks at all.

5 (b) Defendant MCMULLIN falsely testified that he did  
6 not discuss co-conspirator Slatkin's investment services with  
7 Slatkin's bookkeeper in New Mexico, when in truth and in fact he  
8 did discuss Slatkin's investment services with the bookkeeper and  
9 assisted her in locating stocks that were not purchased by  
10 Slatkin to reference in the investor account statements.

11 (c) Defendant MCMULLIN falsely testified that he did  
12 not speak with co-conspirator Slatkin about the SEC  
13 investigation, when in truth and in fact defendant MCMULLIN met  
14 with Slatkin prior to defendant MCMULLIN'S SEC testimony and  
15 agreed to assist Slatkin in deceiving the SEC about the true  
16 nature and extent of Slatkin's investment activities.

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COUNT TWO

[18 U.S.C. § 1001]

18. The United States Attorney realleges and incorporates by reference paragraphs one through six, and eight through seventeen of this Information.

19. On or about July 24, 2001, in Ventura County, within the Central District of California, during an interview with agents from the Federal Bureau of Investigation and Internal Revenue Service, in a matter within the jurisdiction of the executive branch of the Government of the United States, defendant MCMULLIN knowingly and willfully made and caused to be made materially false, fictitious, and fraudulent statements and representations, including the following: defendant MCMULLIN falsely stated that he did not observe documents recording Slatkin's investment activities, such as brokerage statements and trading logs, when in truth and in fact, defendant MCMULLIN observed brokerage statements and created trading logs which he used to record stock transactions made with outside brokers.



1 (b) Defendant MCMULLIN testified that he thought that  
2 his own account statements which he received from Slatkin were  
3 accurate, when in truth and in fact, he knew investor account  
4 statements sent by Slatkin were inaccurate.

5  
6 DEBRA W. YANG  
7 United States Attorney

8  
9 JACQUELINE CHOOLJIAN  
10 Assistant United States Attorney  
11 Chief, Criminal Division

12 GREGORY J. WEINGART  
13 Assistant United States Attorney  
14 Chief, Major Frauds Section  
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