

MEMORANDUM

Interview Date: November 5, 2002

Interviewer: Karen Brisco-Richards, Jennifer Jones

Interviewee: John David Powell

[REDACTED]
[REDACTED]
Chemical Plant Operator (occupation)
[REDACTED]
[REDACTED]
[REDACTED]

RE: Lanny Lown, One West Financial Services

John David Powell made the following statement:

Several months ago, his daughter (Lindsey) moved back. She told Powell that investing was like a hobby to her and that her friend was making money with a guy. After a couple of weeks, Lindsey told Powell that she'd have her friend, Scott Blair, call Powell. Powell and Blair talked. Blair said Lanny Lown with One West Financial Services was promising 3 - 8 percent return in 30 days. Lown supposedly buys metals and sells them to the government. Blair's aunt, Lori Franz, works for Lown.

Powell went to talk to Lown (late October) at 2211 Norfolk, Suite 420 (Frost Bank Building), located off the feeder of 59 at Greenbriar. Powell saw a conference room and reception area. When he was leaving, he saw a huge office.

Lown told Powell that he buys metals and sells them to the government (Lown didn't specify the branch of government). Lown said he had an interest in OxyChem (Oxydental & Dow Chemical) pertaining to the development of a special fiber. Powell informed Lown that Powell worked for OxyChem, and Lown's story began to change.

Lown told Powell that a minimum investment of \$10,000 was required. He said he recommends that people leave their money in for one year. Lown said he had a \$1,000,000 home, a \$500,000 condo, and a BMW. Powell checked with his broker and discovered that Lown actually had a \$500,000 home and a \$250,000 condo.

Powell saw a CPA friend at a party (Mark Fifield) and told him about Lown. Mark knew of Lown. He said one of his clients (Pete Martinez) told him about Lown.

Powell asked Lown (via telephone) if he was registered, and Lown said "no, he was a private investor."

Powell heard the following people were investors: Scott Blair, Glen Cummings (Scott's father-in-law), Steve Blair (father), Kim Franz (Scott's mother), and Mr. and Mrs. Franz (Kim's parents). Powell heard that all were receiving statements reflecting profit (no actual money), except Kim Franz, who was getting payments.

Pete Martinez, Fifield's client, didn't invest. Allegedly, Lown told Martinez that: if Martinez referred investors totaling a certain investment amount, he would get a Rolex; Lown had a Hummer, a Corvette, and a Mercedes (just purchased); Lown throws a big party once per year; and all of Lown's money is in a Swiss bank account, and it takes two weeks to get it out.

Powell received no brochures. Everything was verbal. Lown told Powell that Frost Bank handles all of his money. Lown has even told people that they can borrow against their 401K and invest. Lown represented that he didn't have to be a member of the FTC, NASD, or SEC.