

The State of Texas

The County of Harris

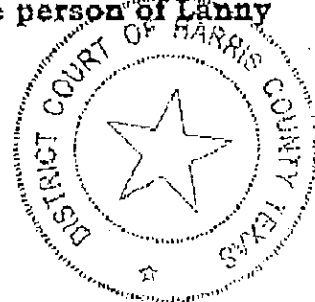
Felony Arrest Warrant

To any Peace officer of Harris County Texas

Greetings:

Whereas a complaint in writing has been made before me this date by David Pilant, which complaint is attached to this warrant and is expressly made a part of this warrant for all purposes, and which complaint, in my opinion has stated probable cause that one Lanny Blake, a white male date of birth June 5<sup>th</sup>, 1963 has committed the first degree felony offenses of Engaging in Organized Criminal Activity and Theft from the persons named in attachment "A" to the complaint, you are hereby directed to arrest the person of Lanny Blake Lown for those felony offenses.

Mark Jant  
Magistrate Harris County Texas by the  
Office of Judge 351 District Court of  
Harris County Texas



Signed this 26 Day of MARCH AD at 8:50 Am..

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Affidavit In Support of Arrest Warrant

Your affiant, David Pilant, is employed as financial analyst for the Harris County District Attorney's office Consumer Fraud Division. Affiant has been so employed for approximately the last five years. Affiant is a licensed Attorney in the State of Texas and a licensed Certified Public Accountant in Texas and Oklahoma. Affiant has been a CPA for approximately twenty years.

ON March 12<sup>th</sup>, 2003 affiant's consumer fraud coworkers, including criminal investigator peace officers executed a search and arrest warrant for Unregistered Sale of Securities and Theft upon one Lanny Blake Lown, white male date of birth June 5<sup>th</sup> 2003, at his business offices, one West Financial Services, in Houston Harris County Texas. Lown was charged with a single instance of Sale of Unregistered Securities that evening in cause #942168 now pending in the 179<sup>th</sup>, District Court. Lown bonded on that cause on Monday, March 17<sup>th</sup>, 2003. Affiant was not present at the time of the execution of that warrant but was aware of the investigation. The materials seized in that warrant were brought to the Consumer Fraud division by affiant's co workers that evening and affiant began an examination of the some forty boxes of seized materials on March 13<sup>th</sup>, 2003.

Included in the materials affiant has examined were some 400 investors files where investors had made investment with Lown in a purported "precious metals" trading program where Lown was purporting to buy processed titanium overseas and sell it to the United States government and its contractors at substantial profits to be used in submarines and other United States defense weapons and systems. In substantially all of those files are notations that the investor was placed in a particular metals trading program designated "metals I" or "metals II" and the like.

Also included in the seized materials were substantially complete financial records (complete bank statements and debit item copies) for the first months of 2003. Affiant has examined those records and they reveal that since January 1<sup>st</sup> 2003 till the time of seizure Lown had taken in approximately \$3,600,000.00 in new metals investor deposits. Affiant has cross checked the name on the investor deposits against the seed investor files and confirmed this was all metals investor deposits. There were no deposits from

purported sales of any precious metals. Affiant's examination of the above financial records discloses that these new deposits were added to an existing balance of approximately \$900,000.00 in the primary One West Financial Services Account at Frost Bank and by the time of the search warrant the account had been exhausted. The \$4,500,000.00 in the account was spent by returning \$217,000.00 of the deposits back to investors as purported trading profits (again affiant confirmed the recipients of these payments were metals investors from the investor files). Approximately \$900,000.00 was expended for the benefit of investors by paying personal expenses of theirs. However, the records reflect that approximately \$1,430,000.00 of the deposits were spent by Lown on extravagancies such as jewelry, vehicles, credit cards, furniture, art works and other luxuries in less than three months. Approximately \$1,700,000.00, the balance of the funds was transferred to another account for which affiant does not yet have comprehensive records.

Affiant has contacted the United States Commodities Futures Trading Association offices by telephone and been informed they have no record of Lown or his company being licensed to trade commodities such as metals or titanium for any investor clients.

Further, affiant's coworker, intern Tricia Mason, who was the affiant on the above initial warrant, has gone through the seized investor files taken in the March 12th, 2003 search warrant and composed an investor list based on the information contained in the files. A copy of this list is attached to this affidavit and expressly incorporated.

Also, seized during the March 12th, warrant is an investor list reflecting substantially the investors as Mason recorded in her examination of the seized investor files. Also, seized during the execution of the warrant by affiant's coworkers, criminal investigators Kelly Reed and John Lemerond were computer "Quick Books" a commercially available personal computer bookkeeping program. These "Quickbooks" were copied on a CD by Reed during the execution of the warrant. Affiant has examined these quick books and they reflect that since January 1st 2002, until early March of 2003, Lown and One West Financial Services obtained more \$13,800,000.00 in deposits from metals investors. The names for investors are given in the quick books and the dates and amounts of the deposits. They are almost completely the same persons named in Attachment "A".

The seized Quick Books also reflect all expenditures of these deposits and affiant has examined the expenditures and finds no

monies expended to purchased any purported metals. However, affiant did find over \$1,000,000.00 sent to one George Poe dba Fairmont Jewelry in Pasadena Texas, with approximately half of that being sent in the past three months.

The Quick Books also reflect that of the first \$10,000,000.00 there were only minimal transfers to any other affiliated account and that the \$10,000,000.00 has essentially been completely expended by debits from the primary Frost Bank operating account for One West Financial Services. Approximately \$3,100,000.00 of the investor deposits was repaid to the investors as purported trading profits or to pay personal financial obligations of investor clients. Some \$900,000.00 was expended for office overhead including payroll. Approximately \$5,700,000.00 was spent by Lawn and his employee, Lori Franz on numerous expensive vehicles, several houses and expensive furnishing for Lown, Franz and their associates, the aforementioned jewelry, credit cards, trips, artwork, cash and other extravagant lifestyle practices.

Affiant has been informed by Consumer Fraud Senior Criminal investigator, Bob Vernier, who participated in the initial search warrant of March 12th, 2003 that Vernier was assigned to go through the seized files from the One West business office regarding vehicles purchased or acquired by town, Franz and them associates and that Vernier relates approximately 46 new vehicles (mostly expensive imported vehicle such as Mercedes, BMW etc) had been acquired by lease and purchase since January 1st 2002 and that Vernier had Identified 27 of these vehicles currently titled in Lown's name on which there were no or only small purchase liens and that the seized vehicle files for these 27 owned vehicles reflect the purchase cost was some \$1,590,000.00.

Affiant has examined seized property files from the March 12th, Search warrant and finds that Lawn has title to three local residences and Franz two with acquisition costs of approximately \$180,000.00 to \$900,000.00 each all acquired since 2001.

On March 24th, 2003 affiant was advised by Kelly Reed that Reed had interviewed George Poe, a Pasadena jeweler who did business as Fairmont Jewelry, whom affiant knew to have received more than \$1,000,000.00 One West metals investors monies from affiant's examination of the above described seized records. Reed advised affiant that Poe had told Reed that Poe had been introduced to Lanny Lawn by Lori Franz in about February 2002. That Franz had been a previous customer of Poe's and that Franz was then working for Lown at One West Financial Services. That Franz

and Lown began making large jewelry purchases for themselves, for their relatives, for their employees, and for some of their investment clients. That over the next several months Lown and Franz persuaded Poe and his associate to invest \$80,000.00 in the One West metals trading program. That Lown and Franz represented Lown had a forge in New Guinea and processed titanium in bulk and sold it to the United States for use in submarines and in other defense equipment and that is how Lown could return high returns to his investors.

Reed further related to affiant that Poe advised Reed that between approximately February 2002 and early 2003 he had sold to Lown and Franz for their personal use, and for the use of their family members, associates, and investment clients approximately \$1,200,000.00 in jewelry. This included several large diamond rings for Lown's personal use, a necklaces for Lown with more than seventeen carats of diamonds, and numerous Rolex watches. Poe further advised Reed that the jewelry sold to Lown by Poe for Lown's personal use cost at least \$500,000.00 and that Lown had purchased more than \$100,000.00 in jewelry for Lown's mother and Franz had purchased another \$200,000.00 in jewelry for Franz which Lown had paid for.

Affiant during his examination of the seized One West Financial Services seized files affiant located purported employment files for eleven purported One West Financial Services employees including Lanny Lown, Lori Franz and Penny Nichols. Affiant has been informed by his consumer fraud co workers who executed the search and arrest warrant of March 12<sup>th</sup>, 2003 that Lown, Franz and Nichols were all present in the office at the time of execution of the warrant.

Wherefore, premises considered, your affiant would request that a warrant forthwith issue authorizing any peace officer Of Harris County Texas for the first degree felony offenses of Engaging in Organized Criminal Activity and Theft of money.

David Pilant  
 David Pilant Affiant

Sworn before me this 26 of March, 2003 at 450 A m. Magistrate  
 Harris County Texas by the office of Judge 351 District Court  
 Of Harris County Texas

Mark Kent Magistrate



THE STATE OF TEXAS

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RETURN

COUNTY OF HARRIS

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The undersigned, being a peace officer under the laws of the State of Texas, certifies that the foregoing warrant came to hand on the day it was issued and that it was executed on the 26th day of March A.D., 2003, by making the arrest of the subject so named in the warrant. Subject Lanny Blake Lown w/m 6-5-63 was arrested without incident at his residence, 4151 Bissonnet, West University TX at approx 10:25am. Subject, Lown was placed in jail under cause number 0943490 from the 179<sup>th</sup> Distict Court with a \$10 million dollar bond.

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*Robert L Vernier*  
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OFFICER EXECUTING PROCESS  
ROBERT L VERNIER