

Testimonials from investors in 1992

These excerpts were taken from written testimonials provided to state securities investigators by Raeanne Bonham's attorney, Richard Hompesch, in November 1992. The testimonials letters are now exhibits in the litigation over World Plus owner Bonham's \$59.9 million bankruptcy. Titles and job descriptions are listed as given by the letter writers.

"I have participated in the investment program provided by Raeanne Bonham since 1989. Ms. Bonham has always paid in full on the date promised. I have no complaints about her business practices. I have appreciated the opportunity to do business with her."

—Gayle L. Garrigues, state attorney, Fairbanks

"The opportunity to be associated with such a credible businesswoman as Raeanne S. Bonham (President, World Plus, Inc.) enables me to transact investments with an ease of mind. It is propitious for me as an investor to work with an individual who maintains high professional standards and is beyond reproach."

—Arlis K. Borjesson, coroner, Alaska court magistrate, Fairbanks

"It has come to my attention that there is a concern raised regarding World Plus investment contracts. To date, I have not had any problems concerning my investment return."

—Ken Goldman, district attorney, Palmer

"I feel privileged to be among the select few who have the opportunity to participate in the World Plus Inc. program and look forward to its continuance. Again, I have never had reason for any complaints with World Plus Inc."

—Jim Desmond, commercial real estate associate broker, Fairbanks

"Her handling of my investment has been very businesslike and punctual."

—Robert E. Glinther, general manager, Tip Top Chevrolet Inc., Fairbanks

"I am very pleased to be an investor with this limited, select group of people. I very much want to see this investment program continue."

—Reyna Haman, supervisory employee, state child protection division, Fairbanks

"In the business world you can only succeed by dealing with people who are honest, up front, honor their word and put the customer first."

—Raeanne provides a viable contribution to the Fairbanks economy."

—William K. Dutton, president and chief executive officer, Northern Schools Federal Credit Union, Fairbanks

"I have been an investor with World Plus for several years. I have great admiration for Jeanne Bonham and her staff and look forward to our continued relationship in the future."

—Margie J. Savell, Fairbanks

"My wife and I have invested funds in World Plus and have found Jeanne to handle our interests with integrity and honesty."

"I commend her to you as a person we have been pleased to do business with."

—Al Woods, senior pastor, Totem Park Church, Fairbanks

"We have never experienced any difficulties withdrawing money from the investment or in rolling it over. At no time during these three years have we felt uncomfortable or concerned about this investment."

—Charles and Ellen Joy, U.S. Bureau of Land Management employee/homemaker

WORLD PLUS: State probe stymied

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Big Money
A year spent matching financial records seized from the World Plus office against information provided by investors has left the trustee convinced that airline ticket sales merely served as a front for Bonham's real business: a Ponzi scheme raking in money from new investors to pay off other maturing contracts, an escalating spiral doomed to eventually crash.

Between January 1990 and December 1995, according to the trustee's analysis of bank records, Bonham deposited "an aggregate of \$45,818,996" in corporate and personal accounts under her control. Almost \$40 million of that total, the trustee said, was deposited in the two years prior to World Plus' collapse, with no more than 5 percent of that cash linked to ticket sales.

"Gee, I would have to say that's a little high," said a Bonham, dismissing the portrait as a distortion of a business she insists was legitimate. "I had a big business. I'm not going to try and justify anything to anybody because I haven't got the records."

Compton's version of events is set out in detail in a recent filing to consolidate proceedings against Bonham and her corporations. The motion is supported by more than 1,000 pages of exhibits, including bank account records, incorporation documents, investment contracts, and correspondence between Bonham and her investors, attorneys and securities investigators in Alaska and Idaho.

In August 1992, Alaska securities examiners approached Fairbanks police detectives Keller and Dave Curwen, Assistant U.S. Attorney Ken Rosa and other World Plus investors. The division had questions about the investment program offered by Bonham, who had never registered to sell securities of any kind.

In early September 1992, Bonham's attorney at the time, Richard Hompesch, allegedly assured state securities examiner Ed Watkins that no new contracts would be issued or rolled over until the state's concerns about World Plus were resolved.

According to Watkins' notes, which are included in the trustee's exhibits, Hompesch also told securities examiner "there are people in Fairbanks who are not pleased with the state interfering with their 100 percent annual return investment."

Hompesch, who no longer represents Bonham, referred questions about his role in World Plus to local attorney Marcus R. Clapp.

"Rich never made any representations to anyone at the Alaska Division of Banking Securities and Corporations that were not based entirely upon information obtained from Ms. Bonham, his then-client, and her other attorneys in Alaska and Idaho," Clapp wrote in response to questions from the News-Miner.

Clapp suggested state securities officials may be "looking for a scapegoat" to take the heat for letting Bonham continue operating.

Powerful Friends

On Nov. 17, 1992, Hompesch advised the state his client had 35 active World Plus investors holding a total stake of \$560,000. "It is my understanding that no sales have occurred since you contacted this office," the attorney wrote.

The enclosed investors' list read like a Who's Who of local government and business leaders. The attorney also provided the state with investors' testimonial letters—the majority being written in October 1992 and addressed "To Whom It May Concern."

Particularly impressive, according to both Carroll and Hompesch, were testimonials from law officers and legal professionals.

"Prior to investing," Keller

wrote on Oct. 13, 1992, "I personally looked into whether or not World Plus Travel was involved in a scheme to defraud residents of Fairbanks."

Furthermore, the detective wrote, he was prepared to dispel a cloud hanging over Bonham's enterprise. "I have heard that World Plus Travel was possibly involved in a 'Ponzi' scheme, however there is no indication by any members of this community that this is so."

That same day, Lt. Victor Gunn, then working for the Fairbanks Police, wrote that a retired law officer introduced him to Bonham's program. "I am not aware of any legal justification for her to not conduct business in the manner she does."

An Oct. 14, 1992, letter from the office of local attorney John Rosie addressed Bonham's problems with "some state agency."

"As a lawyer who has handled security fraud cases, I can understand how an inspector on first look could feel that this investment may be questionable. Such a feeling, however, ignores your historical performance."

On Tuesday of this week Rosie discussed his motivations for writing such a letter, but after checking the court file Wednesday he opted to disown it.

"That's not my signature," said Rosie, noting that the letter included in the trustee's exhibits also lacks telltale initials from his secretary. "It sounds like something I might write. I'm not saying it's a falsification, but it might be."

An undated letter from Ken and Helen Rosa, self-described investors since 1989, expressed the couple's full confidence in Bonham.

"As a white collar prosecutor for the U.S. Attorney's office in Anchorage, Ken is well acquainted with scam artists and Ponzi schemes. We believe that Raeanne Bonham is operating a bona fide business," the couple stated in their jointly signed testimonial.

Rosa, contacted this week at the federal prosecutor's office in Anchorage, declined to comment. "My position is such I just can't make any statements about this case whatsoever."

Other members of the legal profession whose testimonials were included in the 1992 packet sent to the state:

Ken Goldman, then the state district attorney in Palmer; Arlys Borjesson, a court coroner and magistrate; John Hagen, an assistant public defender; state attorneys Gayle Garrigues and Richard Ray; as well as state paralegals Janis A. Kirk and Cathy A. Voigt.

The testimonials weren't decisive but inevitably carried weight, according to Carroll.

"We're sitting here in a room reading these things, letters from state prosecutors, police, the (assistant) U.S. Attorney in Anchorage who investigates white collar crimes—they kind of make you think she's doing what she says she's doing," Carroll said. "We had a lot of people who really believed in her. What it was telling us is she had a small legitimate business operation that needed a limited amount of capital."

Hompesch's attorney credited the letters with influencing his client's representations to the state concerning the scope and nature of Bonham's operation.

"At the time," Clapp wrote, "he (Hompesch) had no reason to question the truthfulness of the representations of Ms. Bonham and relied upon, as apparently did the state, recommendation and character reference letters from twenty-four of Alaska's outstanding citizens, including an assistant U.S. Attorney, a district attorney, other attorneys and a public administrator."

Sealed Lips
On Sept. 28, 1992, roughly two weeks before most of the testimonials were written, Bonham addressed a letter to "Investors of World Plus Inc."

"It has come to my attention," Bonham wrote, "that once again a few investors have been violating the understood agreement

that this is a confidential program. It is extremely important to observe this rule in the program and not give out any information to family members, friends or financial institutions."

Compton now argues that the letter should have served as a wake-up call.

"Can there be a good-faith investor?" he asked the court, "in a 'confidential program' which must be concealed from friends, family members and duly authorized public authority?"

Keller told the News-Miner he can't recall seeing Bonham's written pitch for secrecy. The detective agreed that it carries a suspicious tone and might have altered the opinion expressed in his testimonial.

"Everything I wrote in that letter was accurate, what I knew at the time," said Keller, who maintains that state securities investigators had assured him Bonham was bonded. "I didn't investigate her, they did."

The detective isn't the only testimonial writer who told the News-Miner he heard from the state Bonham was bonded, but Carroll said the opposite was true. State examiners were assured by investors that Bonham was bonded, a false claim that wasn't investigated until after World Plus' collapse, he said, because it was part of the securities exemption requirements.

Claims of deceit

In March 1993 the state approved Bonham's application for a 12-month permit to sell exempt securities through World Plus. The permit was based on assurances from Hompesch that Bonham would limit her investment offerings to 25 or fewer Alaskans, representing total capital of \$500,000 or less.

What the state didn't know, according to Compton, is that Bonham was already violating her lawyer's representations to the state. The trustee claims to have uncovered at least 18 investment contracts, worth \$500,000, issued by Bonham during the agreed-upon September 1992 to March 1993 moratorium against new sales.

Compton stopped short of accusing Hompesch of complicity. "The trustee doesn't know what Bonham communicated to her attorney and what facts were withheld from him."

But Bonham blames the discrepancies on her former attorney. "You need to talk to Mr. Hompesch about that."

As Hompesch was sending off the state's inquiries into World Plus, Bonham was busy setting up a corporation in Nevada. The travel broker later offered Idaho investigators this description of the new entity's purpose:

"Atlantic Pacific Funding Corporation is my company I use to buy blocks of airline miles from large corporations at a cheaper price," Bonham wrote, "and World Plus is my travel company which sells airline tickets to the public. We sell those tickets at a much higher price than what we purchased them for, enabling us to pay the interest to my investors."

Bonham now says her corporations were formed on the advice of accountants.

"The CPAs who did my taxes had me set them up," she said.

Bonham served as president, secretary, treasurer, and sole shareholder for both World Plus and Atlantic Pacific. In his recent filing, Compton contends that the second entity was incorporated on Sept. 21, 1992, with less benign objectives. "Bonham sought to evade the Alaska securities registration process by creating another corporate shell."

Compton's filing includes investment contracts found under the name of Atlantic Pacific as early as October 1992. Bank accounts under the name of the Nevada corporation also saw immediate use both as a depository and payment source for Bonham's investors, he said.

Bill Satterberg, a Fairbanks attorney representing more than two dozen investors, is seeking to overturn the state's decision to allow Compton's entire case.

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WORLD PLUS THE LIST GROWS

Recent collection actions brought against investors
(None have been tested in court.)

INVESTOR TARGETED	TOTAL SOUGHT
Tuescher, Christine	16,000
Villa, Connie/Fred	22,000
Worley, Gerald/Dianne/Wade	15,000
Parrish, Lance	12,500
Waugaman, Bill	15,000
Bonham, Stephanie Ray	20,000
Brees, Avan/Kramme, Beverly/Blankenship, Christian	143,000
Bronczyk, Stanley/Karen Evergreen Farms	18,000
Campbell, Leslie/Ruth	18,000
Chittenden, Lyell	16,000
Chapchik, Stephen/Dale	15,000
Con, Carol	21,000
Dearmin, Frank/Patricia	213,000
Doty, Jon/Homer	14,000
Duncan, Del/Truman/Delores	127,000
Dutton, Lesa/Kris	32,000
Evans, Diana	12,000
Foster, Vern/Alice Mae/Ardis Alice	121,000
Franklin, Roger/River Road Trading Company	735,000
Glinther, Martha/Robert	183,000
Goldman, Ken/Valley/Sarah Valley Investors	98,000
Hansen, Gene/Mable	25,000
Hart, John/Randy Batt, Rebecca	106,000
Hendron, Dave	50,000
Hoch, Kay/Pamela	46,000
Hunter, Rayne/Marie	67,000
Johannes, Avril G.	17,000
Jones, Bill/Kenneth	20,000
Kadera, Wayne/Mary Ellen	47,000
Kammer, George/Wilberta	99,000
Kountz, Bob/Sherry	17,000
Kreinsieck, Donna	35,000
Labelle, Kerry	12,000
Law, Asa/Alyse/Shepler, Ed/Daisy/Mary J.	154,000
Lord, Terry/Jean	32,000
Manthey, John	20,000
Markley, Jack/Viola	20,000
Presler, Donald/Kristin	17,000
Rankin, Mariys	21,000
Robinson, Donald/Deneen, Janis	30,000
Robinson, Benjamin	87,000
Seay, Con/Shirley	65,000
Sizel, Patricia	55,000
Sizel, Debra	55,000
Sizel, Robinson, P/Vickary, V./Robinson & Sizel, CPAs	100,000
Tompkins, Carl/Alane	10,000
Tuescher, Christine	26,000
Villa, Connie/Fredrick	22,000

Total claims filed to date by bankruptcy trustee Larry Compton \$34,857,350

*Source: U.S. Bankruptcy Court

Date: December 1996

flied was illegal," wrote Satterberg, who argues that Bonham, as a non-attorney, cannot legally take her corporations into bankruptcy.

"There is no bankruptcy for this court to either reinstate or consolidate."

U.S. Bankruptcy Judge Herbert Ross observed this December that the status of Bonham's various corporate entities will likely become an issue in the trustee's litigation to recover alleged illegal payments to investors.

"If you are correct and there is a legal standing problem, the judge told Ken Wooten, who did business only with World Plus Inc., 'the trustee will have done a lot of work for nothing.'"

Idaho forces refunds
In November 1993, Idaho security officials began an investigation of Bonham's activities in that state.

Watkins was alerted about the Idaho investigation and notified Bonham in February 1994 that she stood to lose her Alaska securities exemption unless it was resolved.

Idaho's investigation ended with Bonham's promise to refund her in-state investors and cease operations there.

In May 1994, Alaska agreed to refund Bonham's application to sell exempt securities to her limited group of no more than 25 Alaska investors, with a reduced ceiling value of \$250,000. Carroll, Watkins' boss in the security examiner's office, imposed the further stipulation of requiring quarterly updates from Bonham.

"The only one I ever did that on," Carroll said of the usual request.

porting requirements.

The reports came in on schedule, each showing Bonham's World Plus pool of investors conformed to the state's limits, including a 1995 reduction to a maximum of 15 participants.

Bonham maintains that she was only required to list those who provided special capital, not the nearly 1,200 other participants in her World Plus program. "Those were personal loans. Personal loans do not have to be registered with the state," said Bonham, who contends her contracts were carefully worded to make that clear.

"She is being less than genuine," responded Carroll. "It was explained to her early on that those promissory notes are contracts."

He now describes the contents of Bonham's quarterly filings, which omitted any mention of millions in outstanding loans, as a bold fraud.

"Those quarterly reports are in each instance a continuation of her falsehood," said the securities examiner, adding that it's a felony to knowingly participate in such deception.

Hompesch for the confusion about state requirements. Neither she nor the attorney has been charged with any crimes.

Attorney General Bruce Botelho said Monday that the state is sticking by its agreement to let federal prosecutors pursue potentially criminal aspects of Bonham's investment scheme.

"I've been assured as recently as today that anything we might do would impede the progress of federal agencies."

Man who admitted to murder wins appeal

The Associated Press

ANCHORAGE—An Anchorage man serving 39 years for choking his girlfriend and stuffing her body in a crawl space saw his murder conviction reversed Wednesday when the state Appeals Court said his confession had been illegally used against him.

Prosecutors said a retrial was likely for defendant John Motta, who was convicted of first-degree murder in 1993. He is imprisoned in Arizona.

"I think it will be retried even without the confession," said John Scukanec, an assistant attorney general who handled the appeal.

The state had claimed that letting a jury

hear Motta's confession amounted to "harmless error" by the trial judge, since Motta had acknowledged the killing during his trial testimony.

But Motta said his confession, which was obtained without police first advising him of his constitutional rights, had been used by the state to undercut his claim of self-defense.

Margaret Skauen had been missing more than five weeks before her body was found beneath Motta's trailer, which investigators said smelled strongly of household disinfectant. Police said Motta had used a pinescent cleaner to mask the stench.

At his trial, Motta told the jury he had

choked and killed Skauen but only in self-defense after she arrived home drunk and attacked him by squeezing his genitals.

Prosecutors attacked the claim by comparing it to Motta's confession to police, which does not mention an attack by Skauen.

Motta's request to keep the confession out of his trial was rejected by Superior Court Judge Milton Souter.

Writing for a unanimous court, Chief Justice Al Bryner said Souter's ruling was not a harmless error because prosecutors had made "extensive and effective use" of the discrepancy between Motta's trial testimony and the police statement.

Knowles requests low supplemental budget

The Associated Press

JUNEAU—Gov. Tony Knowles is asking the Legislature to approve an additional \$16 million in state funds to cover gaps and unexpected expenses in this year's budget.

In a letter to House Speaker Gail Phillips, Knowles said the state's share of the spending bill would be the lowest in a decade.

"It is well under the amount set aside in the budget plan approved by the Legislature last June," Knowles wrote. "This is the lowest supplemental request

in nearly 10 years, a far cry from the \$37 million to \$168 million requests of recent years."

Another \$10 million in the bill would come from federal funds.

One of the biggest items on the supplemental spending bill is \$3.8 million the state wants to have ready in case it is needed for firefighting over the next few months.

The bill would cover higher fuel costs on state ferries, court fines due to prison overcrowding and the cost of a appeal over a ruling on Indian country.