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BEFORE THE ARIZONA CORPORATIO

In the matter of:)	DOCKET NO.
HELMUT WEBER (d/b/a Weber)	S-20623A-08-0477
Capital Management) and VERA)	
WEBER, husband and wife;)	
)	
Respondents.)	EVIDENTIARY
)	HEARING

At: Phoenix, Arizona
 Date: March 16, 2009
 Filed: **APR 01 2009**

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Arizona Corporation Commission
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1 BE IT REMEMBERED that the above-entitled and
2 numbered matter came on regularly to be heard before the
3 Arizona Corporation Commission, 1200 West Washington
4 Street, Phoenix, Arizona, commencing at 10:00 a.m. on the
5 16th day of March, 2009.

6

7 BEFORE: MARC E. STERN, Administrative Law Judge

8

9 APPEARANCES:

10 For the Arizona Corporation Commission Securities
11 Division:

11

12 Ms. Aikaterine Vervilos
13 Attorney, Securities Division
14 1300 West Washington Street
15 Phoenix, Arizona 85007

14

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MICHELE E. BALMER
Certified Reporter
Certificate No. 50489

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1 ALJ STERN: This hearing is now open in the
2 matter of Helmut Weber, et al. in Docket No.
3 S-20623A-08-0477. I'm Marc Stern. I'll preside over the
4 proceeding today.

5 And at this time we'll take appearances, and on
6 behalf of the Securities Division?

7 MS. VERVILOS: Aikaterine Vervilos.

8 ALJ STERN: All right. And on behalf of the
9 Respondent, I will note no one is present, neither
10 Mr. Weber nor Mrs. Weber, who were named as respondents in
11 the proceeding.

12 Ms. Vervilos, have you provided copies of the
13 exhibits to the court reporter yet?

14 MS. VERVILOS: Yes.

15 ALJ STERN: Are they premarked?

16 MS. HOULE: She usually uses the originals.

17 ALJ STERN: She has the originals?

18 MS. HOULE: She uses the originals.

19 ALJ STERN: All right. I just want to make sure.
20 Have they been premarked so we can move on?

21 MS. HOULE: Yes.

22 ALJ STERN: Let's go, then. Do you wish to make
23 any brief opening statement?

24 MS. VERVILOS: At this time, since the
25 respondents aren't here, I'm going to choose not to make

1 an opening statement, but I do have one preliminary
2 procedural matter at this time. I would just like to move
3 all of the exhibits into evidence.

4 ALJ STERN: Okay. I was provided with copies of
5 your exhibits previously. There's Exhibit S-1 through
6 Exhibit S-20; is that correct?

7 MS. VERVILOS: We have two that were -- one was
8 not used and one was withdrawn. The not used one was
9 S-13, so that one won't be into evidence, and then S-15
10 has been withdrawn.

11 ALJ STERN: Okay. But every other exhibit other
12 than S-13 and S-15 are going to be admitted. Is that your
13 intention?

14 MS. VERVILOS: Yes.

15 ALJ STERN: All right. With that, no one is
16 objecting on the other side, and we'll admit Exhibits S-1
17 through S-12, S-14, S-16 through S-20. Exhibit S-13 is
18 not used, and Exhibit S-15 has been withdrawn.

19 MS. VERVILOS: Yes.

20 ALJ STERN: Therefore, at this time are you ready
21 to go forward?

22 MS. VERVILOS: I am.

23 ALJ STERN: Okay. Ms. Vervilos, call your first
24 witness.

25 MS. VERVILOS: Your Honor, just one clarification

1 regarding the exhibits. We will not be using S-18 through
2 S-20, since 18 is documents produced by the respondents.

3 ALJ STERN: That sounds good. We'll strike,
4 then, Exhibit S-18, S-19, and S-20.

5 (Exhibits S-1, S-2, S-3, S-4, S-5, S-6, S-7, S-8,
6 S-9, S-10, S-11, S-12, S-14, S-16, and S-17 were admitted
7 into evidence.)

8 ALJ STERN: Anything else?

9 MS. VERVILOS: No, Your Honor.

10 ALJ STERN: All right. Let's go then.

11 MS. VERVILOS: First, the state calls -- or the
12 Division calls John Madland.

13

14

JOHN MADLAND,

15 called as a witness on behalf of the Securities Division,
16 having been first duly sworn by the Certified Reporter to
17 speak the truth and nothing but the truth, was examined
18 and testified as follows:

19

20

DIRECT EXAMINATION

21

22 Q. (BY MS. VERVILOS) Would you please state your
23 name.

24 A. John Madland.

25 Q. What is your county of residence?

1 A. Maricopa County.

2 Q. What is your occupation?

3 A. I'm a self-employed sales rep.

4 Q. Do you know an individual by the name of Helmut
5 Weber?

6 A. I did.

7 Q. How did you become aware of Helmut Weber?

8 A. I met him the first time probably in 2000 or 2001
9 through my business. He manufactured a product, and he
10 approached me to sell the product. It actually never
11 worked out, but we became acquaintances. At that time, he
12 lived in northern California. I would talk to him maybe
13 once a year. I didn't really get to know him until he
14 moved to Scottsdale in probably 2005.

15 Q. Did there ever come a time when you discussed any
16 investment opportunities with Helmut Weber?

17 A. He tried to contact me when he first moved to
18 Scottsdale. And at first I really wasn't interested,
19 because I really had no interest in creating a friendship
20 with him. I thought he was a little odd when I first met
21 him and I kind of ignored him.

22 He called a few times, and he wanted to meet for
23 coffee down at the neighborhood coffee shop, and we did
24 that. And he was a very charming guy, and we had a lot in
25 common, and we ended up living about half a mile apart,

1 which was a coincidence since he moved from California.

2 At the very first meeting, he did tell me what he
3 was doing. He indicated that he had changed careers
4 completely. He was doing Forex trading, which I had
5 never, ever heard of. He explained a little bit of it,
6 and I went home and Googled it, and saw that it was a
7 semi-legitimate undertaking. And he told me how wonderful
8 it was working for him and how much money he was going to
9 make.

10 At the first meeting, I don't know that he told
11 me that -- that he indicated that it might be an
12 investment opportunity, but he certainly told me it was a
13 good opportunity for him. And we met subsequently to
14 that, and I'm sure at that point, the second meeting, he
15 threw out the possibility of an investment.

16 Q. Do you remember what month and what year that
17 was?

18 A. Oh, I believe it was early December of 2005. I
19 believe he moved to the Valley sometime in the summer. It
20 took us until December to get together, probably the first
21 week of December, and then by the end of December.

22 Q. The meetings that you were having, did those take
23 place in Scottsdale?

24 A. Yes.

25 Q. And that would be in Arizona?

1 A. Yes.

2 Q. Okay.

3 A. They were outdoors at the coffee shop.

4 Q. So what was he supposed to -- what was this
5 investment opportunity supposed to do for you?

6 A. He just started out telling me what a good
7 decision he had made. He supposedly made it for medical
8 reasons. He had to get out of his other business. He
9 studied Forex while he was recovering from his ailment,
10 and he told me that he had mastered this and that he could
11 make a lot of money, more money than any other investment.
12 He didn't believe in stocks and didn't believe in anything
13 else. And first he was making this for himself, and he
14 gradually mentioned that this could be opened up to other
15 investors. It was a very gradual process.

16 Q. Do you recall getting examples of his trading
17 results?

18 A. I do.

19 Q. Let me direct you to Exhibit S-4.

20 A. Yes. He e-mailed that to me. This was
21 December 29, 2005. So at that point we had probably had
22 met for coffee and conversation maybe three times, same
23 place. And he, by this point, had told me what he was
24 doing. He intended to bring in investors, and he sent
25 this to me telling me that he had other investors, which I

1 found out later was a lie.

2 Q. Who are those other investors?

3 A. People I never met, but he talked about John
4 DePuy -- I guess that's how you pronounce it -- who was
5 the CEO of Oaktree Ventures, which was a venture
6 capitalist firm in the San Diego area, I believe.
7 Supposedly, this gentleman funded his last venture, and
8 then this gentleman was somebody who was interested in
9 getting involved with the Forex. And he was the president
10 and CEO of a large company, so that kind of lent some
11 credibility to what he was telling me. And then a CPA,
12 which I never met. I believe he's in northern California.

13 ALJ STERN: How did you -- did you know Mr. DePuy
14 personally?

15 THE WITNESS: I did not, but Helmut Weber talked
16 about him.

17 ALJ STERN: Oh, he just represented to you that
18 he was president of a large company?

19 THE WITNESS: Right. And that's what the e-mail
20 says, yes. I did not know him, no. I never met him,
21 never talked to him. He had a venture capital firm in
22 southern California.

23 Q. (BY MS. VERVILOS) Were you also provided with an
24 example of how well his trading was going?

25 A. Yes. Attached to this e-mail was supposedly his

1 results for November of 2005. And he told me about it,
2 and he said, "As soon as I get home, I'll e-mail that to
3 you and you can see how much money can be made."

4 And basically, in that example, he took \$10,000
5 at the end of November and turned it into \$16,000, which
6 is pretty impressive, if it was true.

7 Q. When he sent this to you, did he represent that
8 this was his actual trading?

9 A. I had the impression that it was his first real
10 month of trading and that this was real money. And he was
11 obviously making his living on this. He had no other
12 source of income. And it was kind of left unsaid that if
13 this is his first month, when he gets better it could be
14 even more.

15 So yes, it was definitely sold to me that that
16 was real numbers. I didn't find out until probably a year
17 later and he told me this was practice, but that was too
18 late.

19 Q. When you had these numbers, did it influence your
20 decision to invest with Helmut Weber in any way?

21 A. I would say it very positively influenced it.
22 Those are unbelievable numbers. And the way he explained
23 it, with the leverage in the Forex and all of the billions
24 that are made around the world, he made it plausible, and
25 I bought it.

1 Q. Did you invest with Helmut Weber?

2 A. I did. At first I invested \$10,000.

3 Q. When was that?

4 A. Well, according to the contract -- I was
5 reviewing the documents over the weekend -- it looks like
6 it was December 31, which would have been two days
7 after --

8 Q. Let me direct you to Exhibit S-2.

9 A. Okay. Yeah, that would have been the packet that
10 he gave me, and he said he needed the money by the end of
11 the year. And I believe I signed this on December 31,
12 which was the last day of the year. He led me to believe
13 that was pretty much the last chance to get in for another
14 12 months.

15 Q. So after you -- so you invested after you
16 received that November example of the trading results?

17 A. It looks like two days after I received it, yes.

18 Q. Did Helmut Weber promise any kind of personal
19 return for you?

20 A. He never promised anything. He showed me what he
21 had done in the past. He believed that he was the finest
22 trader in the world and that he did not lose money, but he
23 didn't promise anything. And he did say it was a risky
24 business and a lot of people lose money in it, but he
25 didn't. He knew how to stop the losses, and he was

1 basically smarter than the rest of the world.

2 Q. Was he promising positive returns?

3 A. I wouldn't say promised, but he very much
4 indicated that he had made positive returns in the past
5 and that he was capable of making positive returns. He
6 was very careful not to promise anything, because it's not
7 a science. It's more of an art, I guess, of trading. He
8 insisted he was very, very good at trading and that --

9 ALJ STERN: Did he give you the feeling that you
10 were going to make money if you invested with him?

11 THE WITNESS: He gave me the feeling that I was
12 going to make a lot of money, quit your job kind of money,
13 yeah.

14 ALJ STERN: What did he do before he was in this
15 so-called capital management business?

16 THE WITNESS: Helmut invented a machine that
17 cleans contact lenses. He invented it in Germany,
18 according to his story. He came over with two suitcases,
19 one full of his patents and one full of his clothes, and
20 he sold that product and made a living off of that product
21 for 15, 20 years, mostly selling it to eye doctors. It
22 cleans contact lenses by centrifugal force.

23 I never saw the patents. I took his word for it
24 that he had the patents. I did try to sell the machine,
25 but it was old technology. Newer contact lenses are soft

1 and his only worked on hard. So basically he was out of
2 business on that. That's pretty much what he did the
3 whole time that he was in the U.S.

4 ALJ STERN: Okay. Go ahead.

5 Q. (BY MS. VERVILOS) What were you told would
6 happen with your money once you invested it?

7 A. He told me -- well, he showed me the November
8 chart, and he told me and he showed me that he conducted
9 transactions every night. He worked all night. Most of
10 the money traded in the world starts in Switzerland and
11 London, and they're 10 hours -- 8, 10 hours ahead of us.
12 So he was up all night and he made transactions every
13 night, and he showed or purported to show that he won most
14 of those transactions.

15 Q. Did you have any input into which Forex trading?

16 A. Oh, not at all, no. He represented to everybody
17 he talked to that he was the only one smart enough to have
18 any idea what to trade. He liked trading the euro against
19 the dollar, liked trading the pound against the dollar.
20 And no, that was strictly -- he was completely the expert
21 on that and nobody else had any input whatsoever.

22 Q. Were all of your funds supposed to be used for
23 the trading?

24 A. I was told that my funds -- my \$10,000 was put
25 into an account. And there was various explanations,

1 either it was all one account with his money or it was a
2 separate account. Never did get that quite straight,
3 because he wasn't quite straight with us on that. But it
4 was if I had 10,000 in there, he never transacted more
5 than 5 percent, which was \$500, at a time. So you really
6 couldn't lose all of your money at once. That was his
7 story. But the 10,000 in my account, it was accumulated
8 for me.

9 And we pretty much agreed that -- I was a little
10 skeptical, and I told him I would like to be able to take
11 my money out at any time. He said, "That's fine. If you
12 take all of your money out, I'll give you your money back,
13 you're done." But we agreed not to take proceeds out
14 until the end of the year.

15 Q. Did you ever request your money back?

16 A. Yes, I did.

17 Q. Why did you do that?

18 A. Well, it was about 18 months later. 2005, I
19 started -- 2006 was an excellent year. He gave us weekly
20 or monthly reports on how much money we were making. I
21 don't recall the numbers, but it increased by about
22 50 percent. 2006 was a great year.

23 At the end of the year, he said he was not going
24 to take the fee that he was going to charge everybody of
25 25 percent profit, because some people came in during the

1 year. We only had part of a year. He said that was his
2 gift to us and we would start 2007 over.

3 2007 wasn't as good. For whatever reason, he
4 supposedly was sick for a month in January. His trading
5 was sporadic and his results were, instead of a 50 percent
6 profit, maybe a 10 percent profit or 8 percent profit.
7 And he stopped -- I believe in June was the last -- June
8 of 2007 would have been his last report to anybody for
9 what he was making, and he became very secretive. And we
10 were all friends and we all talked amongst ourselves, and
11 I think individually most of us asked for our money back.

12 Q. Did you ever talk to him about -- did he ever
13 offer you or suggest to you that there was an alternative
14 strategy that he might be using?

15 A. About the time that we wanted our money back, he
16 was then accusing us of being disloyal because we weren't
17 giving him the whole year to make his money. And he
18 didn't make anything the year before, and he wanted until
19 the end of the year.

20 Basically, one day he told me -- we would meet
21 for coffee quite a bit on Saturday mornings. He would
22 tell me that he had no hope of getting back enough money
23 to please himself and to make us happy with his 5 percent
24 strategy, and he had to go to a more aggressive strategy.

25 Q. Let me have you look at Exhibit S-3.

1 ALJ STERN: Just one little question. You said
2 about a year and a half later, so roughly around June or
3 July --

4 THE WITNESS: It was July of 2007.

5 ALJ STERN: July of 2007 is when you wanted your
6 money back?

7 THE WITNESS: Uh-huh. That's when we all just
8 started getting some uneasy feelings about it.

9 ALJ STERN: "We all" being who?

10 THE WITNESS: Well, myself, Phil Hinke, I believe
11 who is going to testify. I'm not sure. I know him the
12 least. Brent Keil asked for his money back. Friends of
13 mine, Gary Guise, myself. And I can't speak for all of
14 us, but I know that Brent Keil did not put more money in
15 at the end of 2006. Even though he had made a nice
16 return, he just wanted to let that ride.

17 ALJ STERN: Did they actually get cash back?

18 THE WITNESS: Nobody got a penny back.

19 ALJ STERN: You were getting reports for
20 something?

21 THE WITNESS: We were getting reports showing
22 that we had made X amount of money on paper, but we didn't
23 have any confirmation of that.

24 ALJ STERN: Okay. And the friends, did you
25 introduce these people to Mr. Weber?

1 THE WITNESS: Yes, I did. I was the first one,
2 and I wanted to share my good fortune with my friends.
3 Hopefully they'll forgive me. I see Chuck laughing.

4 ALJ STERN: Okay. Go ahead.

5 Q. (BY MS. VERVILOS) Looking at Exhibit S-3, could
6 you tell us what that is?

7 A. That was sent October 15 of 2007. So I would say
8 between the time of July, late July 2007 and October, we
9 were pressuring Helmut to give us better answers and to
10 give us the money back. Brent asked for all of his money
11 back. I actually needed some money because my business
12 had taken a turn with the economy and everything, and I
13 asked him for half my money back. And he really got
14 violently opposed to that and refused.

15 I believe that this was sent out -- I received a
16 lot of e-mails from him. I don't recall exactly what
17 prompted this, but he took a more aggressive strategy on
18 this. And I believe this shows that he took 50,000 and
19 turned it into 64,000. And it was my belief that this was
20 real money that he was playing with.

21 He always said that he had two accounts, his own
22 money and he had our money. He was more conservative with
23 our money, but he would -- wager is not the right word,
24 but he would make transactions for up to 25 percent of his
25 holdings at once, which made a huge gain or a huge loss.

1 And we all told him, don't do that with our money. We are
2 a little more conservative. You're doing fine as it is.
3 This was his example of what happens when he got a little
4 more aggressive.

5 Q. Do you know whether all of your investment went
6 to trading?

7 A. I do not know that. I doubt it at this point. I
8 always thought it did. I believed it did, but I had no
9 way to know.

10 Q. At any time did you authorize Helmut Weber to
11 withdraw any portion of your investment for purposes other
12 than investing?

13 A. No, I did not. It was never brought up, and I
14 never would have.

15 Q. If your money went to uses other than the
16 investment, would you have wanted to have known that?

17 A. Oh, yes.

18 Q. Would it have affected your decision to invest?

19 A. Oh, yes. I would have pulled all of my money out
20 if that was the case.

21 MS. VERVILOS: I have no further questions.

22

23 EXAMINATION

24

25 Q. (BY ALJ STERN) So if I understand things

1 correctly, you made an acquaintance with Mr. Weber
2 sometime prior to 2005 in this contact lens --

3 A. Right.

4 Q. -- situation?

5 A. Strictly a business connection at that time.

6 Q. And then subsequently he moved to Scottsdale, did
7 you say?

8 A. Yes.

9 Q. And he contacted you a number of times, and
10 finally you met with him at the coffee shop in the
11 neighborhood. And at that time, did he start telling you
12 about his new way to make an income?

13 A. Yes, I believe the first day he told me, because
14 that was -- he had changed his profession totally, and I
15 was interested in what he was doing, and he was interested
16 in talking about it. So I'm sure that was the first thing
17 he talked about.

18 Q. But did he represent to you that he was -- this
19 was a business that he was looking for investors for, or
20 did he just say --

21 A. The first, time I believe, he just said that was
22 the way that he was making his living. And probably the
23 second time we met he said, you know, there's a lot of
24 opportunity for investment here. It was a very gradual
25 procedure that he --

1 Q. So as far as you know, you gave him \$10,000
2 personally, and your friends, apparently, that you
3 introduced to him, at or about, I guess, the end of 2005
4 and during 2006 --

5 A. Right.

6 Q. -- invested various sums.

7 But you gave him \$10,000, and did he e-mail you
8 reports or did he mail them in the mail?

9 A. E-mailed reports.

10 Q. So you get those e-mailed reports allegedly from
11 either Mr. Weber or this so-called Weber Capital
12 Management?

13 A. That was just him out of his house.

14 Q. And that just showed a fictitious --

15 A. It did, and we all had questions about that. We
16 all questioned among each other: How do we know these
17 numbers are not being made up?

18 And when we asked him that after about six
19 months, then he really reacted poorly to that. This S-3
20 is the only thing that I have ever seen that shows a
21 report from his trading partner or his trading company.

22 Q. Well, I mean, you know --

23 A. And that's not even real, but it's the most we
24 ever had.

25 Q. So it shows, if I understand it correctly, around

1 September 9, there was some sort of a something that says
2 it was bought, but how do you know what was bought?

3 A. I believe here it says euro currency, euro to
4 U.S. dollar.

5 Q. Oh, I see. \$100,000 worth? 100K, is that what
6 that stands for?

7 A. That's 100,00 --

8 Q. Purported.

9 A. Right.

10 Q. And then the --

11 A. We only had 50,000 to start with in the account,
12 so this was never explained to me. He would never
13 explain, because he was the expert. We were just the
14 investors.

15 Q. So then that 100,000, apparently -- I'm just
16 going across that line. It shows 240 at the end. That
17 supposedly shows that --

18 A. He made \$240.

19 Q. On the 100,000?

20 A. The transactions are leveraged. A PIP is
21 one-hundredth of a penny. He purported to us that he
22 could make a lot of money if the currency changed within
23 20 PIPs or 10 PIPs.

24 Q. Where is that? Where are the PIPs shown?

25 A. That's not on here, but that's just the language

1 of this industry.

2 Q. P-I-P-S?

3 A. Yeah. A PIP is a hundredth of a penny. When you
4 leverage \$1,000, you are supposedly working with \$100,000.

5 Q. So supposedly at the end of -- if I'm going back
6 to Page 3 of this purported report to you, at the third
7 page of S-3, it shows the period, I guess, September 23?

8 A. Uh-huh.

9 Q. That's the last date of that period it shows.

10 A. Right.

11 Q. The 100,000 turned into --

12 A. Well, 50,000 turned into 64,000.

13 Q. Oh, 50,000 turned into 64,000, even though --

14 A. Well, 100 -- they may be units, not dollars or
15 euros. I don't know.

16 Q. We don't know, and the money doesn't mean
17 anything probably.

18 A. Probably not.

19 ALJ STERN: I don't have any other questions.
20 Any redirect?

21 MS. VERVILOS: No, Your Honor.

22 Q. (BY ALJ STERN) One other question. You haven't
23 heard -- when was the last time you even spoke with
24 Mr. Weber?

25 A. This was probably one of the last times right

1 here when I received this, probably one of the last
2 e-mails. I did -- my very last e-mail to him was right
3 before we contacted the Corporation Commission and met
4 with Robert. And I sent an e-mail, kind of a demand: "I
5 haven't heard from you in months. What is going on?"

6 I got a very quick answer back: "I've been
7 traveling the world. I'll call you when I get back to my
8 office." And that was probably January, early February of
9 2008, the very last time I talked to him.

10 But between -- this October 17 was probably the
11 last substantive e-mail or talking about the issues that
12 we had.

13 Q. Does he live in Scottsdale still?

14 A. I believe he's fled to Germany.

15 Q. He fled to Germany?

16 A. Right. He was supposed to give up his passport,
17 but no one followed up on that so --

18 Q. I see. Had he been charged criminally or
19 something?

20 A. Yes.

21 Q. Okay. I don't have any other questions.

22 Was that by a federal -- I guess I do have
23 another question. By state or federal authorities? Do
24 you know?

25 A. It was the state. He was arrested and spent some

1 time in the county jail until he could post bail. The
2 Attorney General was after him. He was due to appear in
3 court, I believe, December 12, and did not show up. They
4 found that he flew to London on December 7.

5 Q. That's December?

6 A. Of this last year, 2008.

7 Q. 2008.

8 A. Yeah.

9 ALJ STERN: Okay. Anything else?

10 MS. VERVILOS: No. Your Honor.

11 ALJ STERN: Thank you.

12 MS. VERVILOS: The Division is going to call John
13 Hinke.

14 ALJ STERN: Okay. Please come forward, sir.

15 MS. VERVILOS: I'm sorry. That's Phil Hinke.

16 ALJ STERN: How do you spell the last name?

17 MS. VERVILOS: H-i-n-k-e.

18 ALJ STERN: Okay.

19

20

PHILLIP HINKE,

21 called as a witness on behalf of the Securities Division,
22 having been first duly sworn by the Certified Reporter to
23 speak the truth and nothing but the truth, was examined
24 and testified as follows:

25

1 DIRECT EXAMINATION

2

3 Q. (BY MS. VERVILOS) Will you please state your
4 name.

5 A. Phillip Hinke.

6 Q. What is your county of residence?

7 A. Maricopa.

8 Q. Your occupation?

9 A. I'm retired.

10 Q. Do you know an individual by the name Helmut
11 Weber?

12 A. Yes, I do.

13 Q. How do you know about Helmut Weber?

14 A. My neighbor -- Chuck Best, who is one of the
15 group of five people that filed a complaint against
16 Helmut, is my neighbor. And after I retired in October of
17 2006, I was talking to Chuck about different investments,
18 and he had mentioned that a group of his associates,
19 friends, get together at a bar in Scottsdale, basically
20 every Friday night, and there was this one guy, Helmut
21 Weber, who had started his own investing business and had
22 done very well for this group of people.

23 And so I went over with Chuck Best. I went to
24 this bar, met with Helmut, as well as the others, John
25 Madland, for example, who I know was up before me, and his

1 wife and so on. So it was sort of a social function.

2 And we got enough information from Helmut that
3 Chuck and I, Chuck Best and I went over to Helmut's
4 house -- I think it was a couple of days later -- where he
5 had his office, we met with him in more detail of what his
6 business was about.

7 Q. Where was this located? What city?

8 A. His house at the time was in Scottsdale.

9 Q. And what did you hear from Helmut Weber?

10 A. Okay. Well, first of all, I walked in the house.
11 It was a very nice house in Scottsdale. It looked like
12 somebody that had done well in business and was
13 financially sound.

14 He had his office for his business right there in
15 the house. The purpose, he said, of having the office in
16 the house there versus at a different location was a lot
17 of trading he did was late at night. Forex trading is
18 open, essentially, 24 hours a day. He did, if I recall, a
19 lot of Japanese currency against the American currency
20 trading, so he was up at midnight or 1:00 in the morning
21 doing trading, so that's why he had the office there.

22 We went into the office, sat down. He gave us a
23 cocktail or a beer or something, I can't remember, and
24 showed us his stuff. He had a very nice setup, a very
25 nice office. He had a computer with six flat-screen TV

1 screens on it, a setup showing different technical
2 analyses that he was doing, MACD, M-A-C-D, and
3 stochastics. These are just technical tools that you
4 would use for either stock trading or Forex trading. So
5 he went through in some detail why he had the screens set
6 up that way. He had showed books that he had read on
7 Forex trading, and then indicated that it was something
8 that he had pretty well mastered.

9 He put together a very -- I don't want to use the
10 word secure, because no trading is secure, but a reduced
11 risk investment style that required -- that he traded
12 currencies, and did not go for home runs. Did not go for
13 large increases, but would just get a couple of basis
14 points increase in these currency differentials, and then
15 he would get in the order and then sell the order for a
16 small profit, but it became very profitable for him. He
17 was talking in terms of 5 percent a month is what he was
18 making.

19 So everything looked very good. He comes
20 across -- he has a German accent. He comes across as very
21 intellectual. He presented himself very well. Certainly
22 gave me the confidence that this is a man that -- he
23 mentioned that he was also a CEO of a company and that he
24 had left the company because he just got tired of
25 traveling, which I could relate to because that's why I

1 left. So he came across as someone that was financially
2 sound, very intelligent, really knew Forex trading, and
3 had really mastered this and was doing well for his
4 clients.

5 Q. All of those factors gave you confidence in him?

6 A. Yes, it did.

7 Q. Did Helmut Weber tell you what kind of returns he
8 could make for you?

9 A. He did not guarantee any returns, but he talked
10 in terms of what he had been doing. And I'm almost sure
11 it was 5 percent a month, because I remember the
12 60 percent a year clicked with me.

13 ALJ STERN: Didn't that seem a little high?

14 THE WITNESS: Certainly it did. And again, I
15 also understood that with investments of this sort, when
16 you're going for that kind of return, you're also taking
17 on risk. And one of the reasons why I put -- I ended up
18 putting \$20,000 towards this is I felt that was what I was
19 comfortable with, knowing that for high returns you have
20 high risk, and I was willing to accept that.

21 ALJ STERN: Okay. Go ahead.

22 Q. (BY MS. VERVILOS) Was he going to be making the
23 selections for you?

24 A. Yes.

25 Q. Was he at least -- or was he promising positive

1 returns?

2 A. He did not guarantee or promise. Again, what he
3 talked about is the results he had made to date.

4 Q. Did he lead you to believe that those are the
5 same kind of results that he could do for you?

6 A. That was certainly what I was anticipating, yes.

7 Q. Let me direct your attention to Exhibit S-5.

8 A. These are here?

9 Q. Yes. One of them.

10 A. S-5, I have it.

11 Q. Would you please look at that.

12 A. Okay. I have it.

13 Q. What is this document?

14 A. This is the document that my wife and I signed
15 giving Helmut Weber and his company, Helmut -- no -- Weber
16 Capital Management the right to trade Forex trading for
17 us. It's a pretty standard agreement, indicating that all
18 of his funds would be used for Forex trading, indicating
19 the commissions for his trading, for his services.

20 Q. Did this agreement also allow you to terminate
21 the trading that he was doing for you?

22 A. Yeah, it does. The application -- this agreement
23 states that either he or myself could terminate this
24 agreement at any time with written notice.

25 Q. Did Helmut Weber ever talk to you about the risks

1 of the investment?

2 A. Certainly he -- you know, he did indicate that
3 Forex trading has risks, as does all trading, and I
4 understood that. You know, I trade in the stock market,
5 and that's what I do in my retirement. So I understand
6 that there's risk with any kind of trade. But he
7 certainly made it -- he made me comfortable in knowing
8 that he knew what he was doing and that he could get
9 5 percent or somewhere per month.

10 Q. Did he say anything else that mitigated the
11 high-risk nature of this that he was saying to you?

12 A. No, he didn't say -- at no time, again, did he
13 promise 5 percent or any returns. At no time did he
14 indicate that, hey, this was risk-free. But everything
15 that he said made me feel comfortable that he knew what he
16 was doing and that there would be positive returns.

17 Q. All right. I'm going to direct your attention to
18 Exhibit S-6.

19 A. Okay.

20 Q. Can you tell us what this document is?

21 A. Yeah. We had some e-mails back and forth, and he
22 was in these e-mails telling me how I needed to wire the
23 \$20,000 into his account. I think the first e-mail here
24 says he made a mistake. I initially wired into an account
25 that he gave me, and then he realized that he gave me the

1 wrong account, so I had to correct that. But basically
2 what this is is e-mail communication between him and
3 myself saying what he needed, and me providing the wire
4 transfer of the funds.

5 Q. Can I direct your attention to the second entry
6 from the top?

7 A. The one that starts, "Thanks a million for your
8 trust"?

9 Q. Yes.

10 A. Yes.

11 Q. Can you explain what that was about?

12 A. Well, you know, one of the things that Helmut, at
13 least with myself, always used the word trust. I mean, he
14 had mentioned that when we met at his house that, you
15 know, he was somebody that you can trust, that I could
16 trust. And he basically says that again here, that thanks
17 for your trust.

18 Q. Did you trust him?

19 A. Yes, I did.

20 Q. Did you get e-mails from Helmut Weber showing the
21 examples of how well the investment was doing?

22 A. Yeah. We were getting e-mails on a periodic
23 basis from, I believe, January of 2007 through about July,
24 I think, of 2007. And with those e-mails would come an
25 Excel spreadsheet, and the Excel spreadsheet would list in

1 detail the trades that he made, how much he made, or in
2 some cases there were losing trades, and then the
3 commissions that he charged for that month.

4 Q. Let me direct your attention to Exhibit S-7.

5 A. Okay.

6 Q. Can you tell us what that is, the first page?

7 A. The first e-mail?

8 Q. Yes.

9 A. This is -- well, when he sent his Excel
10 spreadsheet showing the profits and the commissions for
11 the month, he would send a cover e-mail, and this is the
12 one -- this was sent on June 8, and basically is showing
13 the performance of the month and how well he did for that
14 particular month, the previous month of May.

15 Q. Okay. Can you look at the second paragraph of
16 that e-mail?

17 A. Okay. It starts with, "Also"?

18 Q. Yes.

19 A. I'll read that. Oh, how my competitor is doing.
20 Yeah. He sent a -- it wasn't a spreadsheet. I think it
21 was just on a Word -- you know, here it is. It's just on
22 a Word format, or maybe it was Excel. It looks like it's
23 Excel, but --

24 Q. Mr. Hinke, before you get to that page, let me
25 have you look at the second page, the Excel spreadsheet.

1 A. Okay.

2 Q. Is this an example of the spreadsheets that you
3 were receiving from Helmut Weber?

4 A. This is exactly what he was sending every month.

5 Q. And what was this showing you?

6 A. What this shows is the trades that he made for
7 that particular month, the commission, the profits and

8 losses, and then the commissions that he charged, and then
9 how our -- my account had grown incrementally every month.

10 Q. And how was this account doing?

11 A. It was -- again, he was stating, when I first met
12 him, that he was doing 5 percent a month. If you look at
13 these, he's at more of a 2 to 3 percent. I kind of looked
14 at that and I said, you know, that's 25 percent a year. I
15 was pretty happy with 25 percent a year, so this looked
16 good to me.

17 Q. At this point, did you have any reason to believe
18 that there was anything wrong or inaccurate about these
19 results?

20 A. No. As a matter of fact, my e-mails back to
21 Helmut were always very positive. You know, thank you for
22 a great job, et cetera.

23 Q. And can you turn to the next page.

24 A. Okay.

25 Q. Can you explain what this is?

1 A. Well, this is -- in his cover e-mail, he talked
2 about he wanted to show how his competitors were doing.
3 And I'll be honest, I wasn't quite sure what he was trying
4 to get across, other than he was trying to get across that
5 he's doing better than anybody else. And I wasn't sure if
6 he's the 14 percent in Company C or what this was.

7 But I know he showed it, and I thought -- to me
8 it was -- it was pretty good. You know, you're starting a
9 business, you've got to sell yourself and you show what
10 your competitors are doing. I didn't think he did a very
11 good job of presenting it, but I understood what he was
12 trying to say is, look, other people aren't doing that
13 well and I am.

14 Q. Okay. For right now I'm going to have you skip
15 the next page, which is numbered 41. And if you will turn
16 to the page after that, which it's an e-mail.

17 A. Okay. The one that starts, "To all"?

18 Q. Yes. Could you tell us about that?

19 A. This looks like -- this is July 9. This looks
20 like a cover letter to his next -- to his Excel
21 spreadsheet, his report for the June results. And what
22 he's saying here is, basically, it was another great
23 month. He's up 12 percent, which is -- he would beat
24 25 percent for the year.

25 Q. And the next page, that Excel spreadsheet?

1 A. This is another one of his reports. This is the
2 report -- let me look at it. Yeah. This would be the
3 report for all of his trades up through June. And again,
4 it was a very -- it looks very good, and I was happy with
5 the results.

6 ALJ STERN: What did it show approximately? From
7 January to June of 2007, approximately --

8 THE WITNESS: My \$20,000 investment, taking
9 commissions out, is now \$22,399.25.

10 ALJ STERN: 22,000 what?

11 THE WITNESS: 399.25. So basically a \$2,400
12 increase in six months.

13 ALJ STERN: Did he ever represent -- what exactly
14 was his commission? Do you know?

15 THE WITNESS: It's outlined on the agreement. It
16 was a tiered structure depending upon how well he did. In
17 the middle of the second page of the agreement, 50 percent
18 net -- let's see. Bonuses for outstanding performance
19 during the full calendar. It's a tiered schedule where
20 he's taking out extra commissions depending upon how well
21 he does.

22 ALJ STERN: Okay.

23 MS. VERVILOS: Just for the record, he was
24 looking at S-5, I believe.

25 THE WITNESS: Right.

1 ALJ STERN: I see. Okay. Go ahead.

2 Q. (BY MS. VERVILOS) Did Mr. Weber offer you any
3 other or another type of investment opportunity?

4 A. Yeah. I went through a series of e-mail
5 communications with Helmut during July. And I think in
6 his initial e-mail, it talked about a new WebX -- excuse
7 me -- a new Internet website that he had put together.

8 That he had a group of doctors that wanted to use his
9 services or were using his services, and it was a
10 different system than what he was doing with our group.

11 Again, our group, the whole premise of our group
12 was he was using a system that had as little risk as
13 possible in Forex trading. Again, he was just going after
14 a couple of basis points increases. Then what he started
15 talking about was a new website and a new system that
16 would produce greater results.

17 Q. Do you remember what the website address was?

18 A. www.forex.com, or something like that.

19 Q. I'll have you look at the prior page, Page 41.

20 A. Okay.

21 Q. It's in between the two spreadsheets.

22 A. I have it, yeah. Okay. www.weberforex.com.

23 Q. Could you just spell it out for the record?

24 A. www.weberfx.com.

25 MS. VERVILOS: Thank you.

1 ALJ STERN: Where is that on this page, if I
2 might ask?

3 MS. VERVILOS: It's the first line of the text of
4 the e-mail.

5 ALJ STERN: I see. Okay.

6 Q. (BY MS. VERVILOS) Did you take a look at this
7 website?

8 A. I did look at the website. And I sent back some
9 comments to him just from a marketing standpoint, which
10 was my background, on how possibly to improve it.

11 Q. Do you remember what you saw on the website?

12 A. I don't vividly remember, but I do know it was
13 Helmut and a website that talked about Forex trading and
14 using his services. I do remember that.

15 Q. Did Helmut Weber ever want you to participate in
16 any way in this website?

17 A. Yeah, he did. This is where he mentioned that he
18 had a group of doctors that had asked him to -- or either
19 asked him to invest money or were investing money. I
20 can't remember. And he had asked me to participate in
21 that because there were -- he basically said -- and I
22 don't know the words, but basically just kind of tired of
23 the system that we were on, which was making 2 percent a
24 month. And he wanted to go for bigger results, and this
25 system would create larger results, if I wanted to

1 participate in that.

2 Q. Do you remember what the investment amount was
3 going to be for this new system?

4 A. Well, initially, I think he said it was \$25,000.
5 And then he said if I could give him a testimonial, he
6 could reduce it to 10,000, I believe, are the numbers.

7 Q. Did you ever provide a testimonial?

8 A. I never did. I told him that I was willing to,
9 because at this time, you know, I was very happy with his
10 results. But I had nasal surgery about that time, so I
11 was kind of in bed and in pain, so some of my responses
12 back to him were not very timely. But I did say that I
13 would write a testimonial for him. And that was before he
14 even told me that I could get into this new service for
15 \$10,000.

16 Q. Was there ever a time that you became concerned
17 about your investment?

18 A. Yeah, it was right in this time. He went from,
19 hey, we got this new system -- and I can't remember the
20 word, but it was a little bit of derogatory comments
21 against the group that I was participating in. They were
22 derogatory in a sense that they didn't want to go for
23 higher risk. They didn't want to make higher gains. They
24 wanted to keep with this true system of producing,
25 whatever, 2 to 5 percent a month.

1 So that's the time he asked me to participate in
2 this new service and wanted to know -- he asked in e-mails
3 if I wanted to give him more money for that, and then the
4 testimony where he says, well, he can reduce if I give the
5 testimony.

6 Then he started asking for -- if I had friends
7 that could participate. You know, and that's the time I
8 went to Chuck Best. Chuck is one of the people that filed
9 this complaint against Helmut, and Chuck is my neighbor.

10 I went over to Chuck, and I said, "Chuck, is
11 Helmut sending you e-mails about a new service and all of
12 this?"

13 And Chuck at that point said, "Phil, John Madland
14 and Brent Keil..." -- one of the initial two on this
15 complaint, the initial two that invested with Helmut --
16 "...they're becoming concerned. Helmut has stopped going
17 to the bar and has stopped talking to them."

18 And Chuck said, "Phil, I would not give this guy
19 any more money at this time."

20 So with that in mind, I did not pursue looking at
21 friends to invest with him. I did not pursue giving
22 Helmut any more money.

23 Q. Did you ask for your money back?

24 A. I did in December of 2007. I asked -- what
25 transpired is Helmut had come back and said that he lost

1 basically all the gains and 70 percent of the principal,
2 and if we were to try to take any money out, we would lose
3 it all somehow.

4 Well, I went with a series of e-mail to Helmut
5 asking him -- I didn't understand why we just couldn't
6 stop. He came back and said, "Well, I'm starting this new
7 system and I'm going to make up the differences."

8 And I did the calculations for Helmut, and I
9 said, "You're crazy." I said, "there's no way that you're
10 going to -- that would be like 100 percent gain a month or
11 something to gain this back."

12 So I told him at that time to cease all trading
13 and to return my funds.

14 Q. Did you get your funds back?

15 A. No, I did not.

16 ALJ STERN: This is December of 2007?

17 THE WITNESS: December -- I'm sorry. December
18 2007, correct.

19 ALJ STERN: Go ahead. I'm sorry.

20 MS. VERVILOS: That's all right.

21 Q. (BY MS. VERVILOS) Did you get a full accounting
22 of where the money went and what trading it went to?

23 A. No. The communications with Helmut were very
24 poor. I had asked Helmut to meet with us. I sort of took
25 over the position, you know, as the secretary of the

1 group, if you will. Asked Helmut to meet with us, and he
2 said he would not meet without an agenda. So I put
3 together an agenda, and he said he would not meet without
4 talking to his attorney. And basically, communications
5 broke down at that time. So we did not get any final
6 results on where the money went.

7 Q. Do you know whether your investment all went to
8 the trading?

9 A. Well, again, during this time, see, I had not
10 been talking to John Madland and Brent Keil since our
11 initial discussions in December of 2006. You know, I just
12 assumed things were going well. I knew that Chuck was
13 meeting with John and Brent, and I knew Chuck would tell
14 me if things were not going well, which he did in July.

15 Q. At any time did you authorize Helmut Weber to
16 withdraw any portion of your invested funds for purposes
17 other than trading?

18 A. No, I did not.

19 Q. If he did, would that have been something that
20 you would have wanted to know before you invested?

21 A. Yes.

22 Q. Would it have affected your decision to invest?

23 A. Yes.

24 MS. VERVILOS: I don't have any further
25 questions.

1

EXAMINATION

2

3 Q. (BY ALJ STERN) If I understand essentially what
4 you have said here, you invested \$20,000. And when you
5 asked Mr. Weber for your funds, you were met with, I
6 guess, poor communications, which ended up -- the end
7 result is you didn't get your \$20,000 back or any profits?

8 A. Did not get -- correct. We did not get -- I did
9 not get any money back.

10 Q. Did any of your friends, that you know of, get
11 any money from Mr. Weber?

12 A. I don't believe anybody has.

13 Q. When was the last time that you were in contact
14 with him?

15 A. My last -- and it was e-mail contact. It was, I
16 believe, December of 2007. It may have been later than
17 that. It may have been January of 2008.

18 Q. Okay.

19 A. I can't remember the exact date.

20 ALJ STERN: Anything else?

21 MS. VERVILOS: No, Your Honor.

22 ALJ STERN: Thank you, sir.

23 THE WITNESS: Okay. Thank you.

24 ALJ STERN: And who is your next witness?

25 MS. VERVILOS: Rob Eckert.

1 ALJ STERN: Okay. Come on forward and be sworn
2 in Mr. Eckert.

3

4 ROBERT ECKERT,
5 called as a witness on behalf of the Securities Division,
6 having been first duly sworn by the Certified Reporter to
7 speak the truth and nothing but the truth, was examined
8 and testified as follows:

9

10 DIRECT EXAMINATION

11

12 Q. (BY MS. VERVILOS) Would you please state your
13 name.

14 A. Robert Eckert.

15 Q. Where are you employed?

16 A. With the Securities Division of the ACC.

17 Q. What is your title?

18 A. Special investigator.

19 Q. What are your responsibilities as a special
20 investigator with the Securities Division?

21 A. Part of my responsibilities are to review
22 complaints when they come in, interview investors,
23 subpoena records from various sources, including financial
24 institutions, corporations, and LLCs. I also review those
25 records and complete written reports.

1 Q. How long have you been with the Securities
2 Division?

3 A. I'm working on my fourth year with the Securities
4 Division.

5 Q. For those four years you were a special
6 investigator?

7 A. Yes.

8 Q. Where did you work before the Securities
9 Division?

10 A. Prior to the Securities Division, I was a special
11 investigator with the Arizona Department of Corrections,
12 and prior to that I was a police officer with the Salt
13 River/Pima/Maricopa Indian community.

14 Q. How many years have you been working in law
15 enforcement?

16 A. I'm working on my eighth year.

17 Q. What is your educational background as it relates
18 to law enforcement?

19 A. I have participated in two training academies,
20 one was the Arizona Law Enforcement Academy, and the other
21 was the Correctional Officer Training Academy. I have
22 also done ongoing continuing training, both in-house and
23 outside of work.

24 Q. Do you have any professional certifications?

25 A. I'm a state certified peace officer.

1 Q. While acting as a special investigator for the
2 Securities Division, did you participate in an
3 investigation regarding Helmut Weber?

4 A. Yes.

5 Q. And then something also called Weber Capital
6 Management?

7 A. Yes.

8 Q. How was that investigation initiated?

9 A. The Division received a written complaint from a
10 couple of investors, and through that it was given to me
11 and I followed up on that.

12 Q. What work or tasks did you perform during this
13 investigation of Helmut Weber?

14 A. I made contact with the complainants. I
15 interviewed other investors. I subpoenaed records. I did
16 some initial review of financial records. I think that
17 encompasses all of it.

18 Q. Did you do any website research?

19 A. Yes. I forgot. Yes, I did do some website
20 research.

21 Q. Do you know the names of the investors that
22 invested with Helmut Weber?

23 A. Yes.

24 Q. Can you state them for the record.

25 A. That would be John Madland, Phil Hinke, Chuck

1 Best, Brent Keil, Gary Guise --

2 ALJ STERN: How many were there?

3 THE WITNESS: I believe there were approximately
4 nine.

5 ALJ STERN: Are they listed anywhere within the
6 exhibits by chance?

7 MS. VERVILOS: They'll be listed in the accounts
8 report.

9 ALJ STERN: Okay. Go ahead, continue, I'm sorry.

10 Q. (BY MS. VERVILOS) I want to have you look at
11 Exhibit S-4. I would like you to look at the first page,
12 the first paragraph of this e-mail, that was directed to
13 John Madland. It lists two persons that Helmut Weber says
14 are his clients, investors.

15 During your investigation, did you come across
16 these two people as investors?

17 A. No.

18 Q. In any documents received, did you see these
19 names as investors?

20 A. No.

21 Q. When you were conducting your investigation, did
22 you speak with all of the investors?

23 A. Yes.

24 Q. Can you tell us what Helmut Weber offered to them
25 as an investment?

1 A. Essentially, the story was similar with all of
2 the investors. That Mr. Weber had offered them or
3 solicited them to invest in the foreign currency exchange
4 markets where he would attempt to earn them profit, and
5 that this was something that he had been doing for a while
6 and was successful at.

7 Q. Did any of the investors tell you that they were
8 going to do any of the selecting of the foreign exchange
9 trades?

10 A. No. This was a passive investment.

11 Q. So in other words, Helmut Weber was going to do
12 all of the trading?

13 A. Yes.

14 Q. Do you know what kind of promises -- did the
15 investors tell you about any promises or representations
16 that Helmut Weber made to them regarding the investment?

17 A. I believe in some instances some had indicated
18 there was a discussion of risks. There was also the talk
19 of the potential for this to be very profitable, but I
20 don't necessarily recall any specific guarantees.

21 Q. Do you recall if any investor was told that their
22 investment was secured?

23 A. I don't recall.

24 Q. Do you recall if any of the -- if Helmut Weber
25 told an investor that their investment -- the investment

1 was guaranteed to make money?

2 A. I believe that may have been Brent Keil, yes.

3 Q. Other than the two investors that testified, did
4 any of the other investors receive application forms or
5 filled out application forms?

6 A. Not that I recall.

7 Q. Did the investors talk about whether Helmut Weber
8 discussed whether he would be taking out fees or expenses
9 of the trade?

10 A. I believe there may have been some discussion
11 about that. I don't recall. I do know in the account
12 applications that were completed there was some
13 information in there that Mr. Weber had a fee chart based
14 off of the amount of monies that he would earn.

15 Q. Did Helmut Weber say if the money was going to be
16 used for the entire investment or for other purposes?

17 A. It's my understanding of the representations that
18 he made was that all their monies were going to be used
19 for investing in the Forex market.

20 Q. And for no other purpose?

21 A. And for no other purpose.

22 Q. The investors that you spoke with, were they
23 expecting positive returns?

24 A. Yes.

25 Q. Do you know what Helmut Weber does for a living?

1 A. Well, during the time that he was doing the
2 investments, he was doing, to my knowledge, nothing for a
3 living. I had checked background information with the
4 Department of Economic Security to see if he had any
5 reportable wages, and I didn't find anything for him.

6 Q. Do you know if Helmut Weber said anything to the
7 investors about whether or not he was a registered
8 salesman or that the investments were registered?

9 A. As I recall, Mr. Weber made no mention to the
10 investors that he was registered or needed to be
11 registered in order to engage in this type of activity.

12 Q. As part of your investigation, did you look into
13 whether or not Helmut Weber was a registered salesman or
14 the investment was registered?

15 A. Yes.

16 Q. I direct your attention to Exhibit S-1, S-1a and
17 S-1b. Could you describe those, please.

18 A. Yes. S-1a is a certification of non-registration
19 for Helmut Weber, indicating that he was not registered or
20 licensed as a securities dealer or salesman. S-1b is also
21 a certification of non-registration for Weber Capital
22 Management, indicating that they had not registered as a
23 securities dealer with the State of Arizona.

24 Q. All right. You had said earlier that as part of
25 your duties as a special investigator that you do Internet

1 research. Did you do Internet research in this case?

2 A. Yes.

3 Q. Let me direct your attention to Exhibit S-8.

4 Could you tell us what this is?

5 A. S-8 is a computer printout of screen shots of one
6 of Mr. Weber's websites. It was webercapitalmanagement.com

7 Q. Did you look at this website?

8 A. Yes.

9 Q. The pages, the snapshots that are here, are they
10 representative of what you viewed on the website?

11 A. Yes.

12 Q. Can you give us -- let me have you look at the
13 first page. Do you see Helmut Weber on this page?

14 A. Yes. About halfway down on the right side,
15 there's a black and white photograph of Mr. Weber.

16 Q. Have you met Helmut Weber?

17 A. I have.

18 Q. Do you remember what Weber -- from this website,
19 do you know, were investors directed to this website to
20 view it?

21 A. Yes.

22 Q. Do you recall what -- give us a summary of what
23 this website was about.

24 A. The general overview of this website was
25 basically Mr. Weber promoting his business or dba, and

1 talking about how he manages investor accounts and what
2 his company does for investors by investing in the foreign
3 exchange currency markets.

4 Q. During your investigation, did you ever -- did
5 you come across any other websites?

6 A. Yes.

7 Q. And direct your attention to Exhibit S-9. How
8 did you come to find out about this? Or actually, first,
9 describe the exhibit.

10 A. Again, this is a compilation of screen shots from
11 the WeberFX.com website.

12 Q. How did you come about to find out about this
13 website?

14 A. I believe I located it through investors.

15 Q. Do you recall the time period of when you learned
16 about it?

17 A. It would have been during the course of the
18 investigation. I don't recall exactly when.

19 Q. Did you ever talk to investors -- during the
20 course of your investigation when you spoke with
21 investors, did any of them talk to you -- did any of them
22 mention to you that Helmut Weber was promoting this
23 website?

24 A. Yes, I believe so.

25 Q. Do you recall what they said?

1 A. Offhand, I don't recall what they said.

2 Q. All right. Let me have you look at the first
3 page. Is there a percentage or an amount that Helmut
4 Weber is saying that prospective investors could earn?

5 A. Yes. About halfway down, there's a box, the
6 third paragraph down, and it states: "Our goal of your
7 managed account is between 3 to 5 percent a month."

8 Q. Let me have you turn to the next page. Direct
9 your attention to almost halfway down. Does this website
10 state how much is needed to start the account?

11 A. Yes.

12 Q. Can you tell us what that amount is?

13 A. It states: "An account can be opened with as
14 little as 25,000 U.S. dollars."

15 Q. And let me have you turn to the page that's Bates
16 stamped 20. It's a couple of pages in.

17 Do you see Helmut Weber on this page?

18 A. Yes. In the middle of the second page, there's a
19 black and white photograph of Mr. Weber.

20 Q. And what is his title?

21 A. It says "Chief Strategist" above his picture.

22 Q. Then I'm going to have you turn to Bates stamped
23 page 23. Can you tell us what is on this page?

24 A. Testimonials.

25 Q. Let me have you look at the first testimonial

1 that's on this page. During your investigation, did you
2 ever come across a Mary E.?

3 A. Yes. I came across a Mary Emerson. She is the
4 wife of one of his investors, Richard Emerson.

5 Q. Looking at the comments that she states, did the
6 investors that you spoke with, did you find that there was
7 full transparency in this investment?

8 A. No.

9 Q. Did they talk to you about being pleased with the
10 performances that were achieved?

11 A. There was talk of performances based off paper
12 statements that were given to them. However, there was no
13 actual cash that was transacted. So in the beginning, the
14 individual investors believed that what Mr. Weber was
15 purporting to them as gains, they believed in. However, I
16 believe that their thought process has since switched
17 tracks.

18 Q. What do you mean by switched tracks?

19 A. That the statements and the information they were
20 provided, that they believe Mr. Weber had possibly been
21 deceiving them.

22 ALJ STERN: Who told you -- who related that he
23 was deceiving them? If you recall.

24 THE WITNESS: I specifically, offhand, don't
25 recall, but I have spoken to all of the individual

1 investors, and I think they all believe or have the same
2 consensus that they thought what was once true in the
3 beginning has now turned into something that was untrue.

4 ALJ STERN: So the people you talked to, you mean
5 the investors that were -- the so-called group that you
6 dealt with in Scottsdale?

7 THE WITNESS: There are also investors outside of
8 that group that invested with Mr. Weber.

9 ALJ STERN: Okay. Go ahead.

10 Q. (BY MS. VERVILOS) During the course of your
11 investigation, did you locate Helmut Weber's trading
12 record?

13 A. Yes.

14 Q. Let me direct your attention to Exhibit S-10.
15 Can you tell us what this is?

16 A. This is one of the accounts that Mr. Weber had at
17 an institution called MB Trading Futures.

18 Q. Did you review -- strike that.

19 When you reviewed these trading documents, did
20 you find that Helmut Weber opened this account up?

21 A. Yes.

22 Q. Did you find that Helmut Weber was making
23 deposits and withdrawals?

24 A. Yes.

25 Q. Did you find if there was any other persons who

1 had authority to trade in this account?

2 A. No.

3 Q. So Helmut Weber was the only one?

4 A. Yes.

5 Q. Let me direct your attention to Exhibit S-11.

6 Could you tell us what this is?

7 A. S-11 looks like three different --

8 Q. I'm sorry. 11a. Could you please look at

9 Exhibit 11a.

10 A. Okay. 11a is an account application completed by

11 Mr. Weber for a trading account at Forex Capital Markets.

12 Q. Is this a different trading account than

13 Exhibit S-10?

14 A. Yes.

15 Q. Did you find anybody else's name that opened up

16 this account?

17 A. No.

18 Q. Anyone who had authority to manage this account?

19 A. No. Just Mr. Weber.

20 Q. Let me have you look at Exhibit S-11b. It's

21 Page 656 in the bottom. Do you know what this document

22 is?

23 A. It appears to be a transfer form for him to be

24 able to transfer monies from one account to another

25 account.

1 Q. And when you say "him," do you mean Helmut Weber?

2 A. Yes.

3 Q. Anybody else's name on that transfer form?

4 A. Just Mr. Weber's.

5 Q. Okay. Let me have you look at Exhibit S-12a, b,
6 and c.

7 ALJ STERN: Excuse me. Exhibit S-12 you said?

8 MS. VERVILOS: Let me just have Mr. Eckert go to
9 S-11c.

10 ALJ STERN: I'm sorry.

11 Q. (BY MS. VERVILOS) Can you tell us what this is,
12 or who owns this account?

13 A. Well, this appears to be a request by Mr. Weber
14 to open an additional account, and the requester was
15 Mr. Weber.

16 Q. Now, let me have you look at Exhibits S-12a, b,
17 and c. Can you tell us what these are?

18 A. S-12a, b, and c, are account statements for three
19 separate accounts that Mr. Weber had at the Forex Capital
20 Markets.

21 Q. May I have you refer back to Exhibit S-3. Do you
22 see the account number that's listed on Exhibit S-3?

23 A. Yes.

24 Q. When you looked at the documents that are in
25 Exhibit S-12a, b, and c, did you see that account number

1 there?

2 A. No.

3 Q. As far as you know, this is a complete set of
4 trading records?

5 A. Yes.

6 ALJ STERN: But they're two years apart so --

7 Q. (BY MS. VERVILOS) Can you look at the dates?

8 Look at 12a, b, and c. If you look at the dates, does it
9 encompass the time?

10 A. Yes. When the subpoena went out, the subpoena
11 asked, I believe, for the records dating back to
12 January 1, 2006, to the present, which would have
13 encompassed this.

14 However, based off research that was done, S-3
15 appears to be a virtual account or printoff. The Forex
16 Capital Markets website offers an individual to be able to
17 log on to set up a virtual account with \$50,000 of virtual
18 money in order to basically go in and do virtual trades,
19 act as a trader.

20 ALJ STERN: So to practice?

21 THE WITNESS: Correct.

22 ALJ STERN: And so this trading, the S-3 refers
23 to a trading account 149, but there's no reference to an
24 account 149 through all of the Forex Capital Markets
25 documents?

1 THE WITNESS: Correct.

2 ALJ STERN: Okay. Go ahead.

3 Q. (BY MS. VERVILOS) And looking at Exhibit 12a,
4 just for clarification, can you tell us the date that it
5 was created? It's on the left-hand side.

6 A. This was created March 29, 2005.

7 Q. In your discussions with the investors, did any
8 of them ever receive these trading documents?

9 A. No, not to my knowledge.

10 Q. During your discussions with the investors, do
11 you know if any of them had been repaid?

12 A. One investor was repaid.

13 ALJ STERN: In full?

14 THE WITNESS: Yes. That investor was Allen
15 Davis. And Mr. Davis, I believe, had initially only
16 invested \$2,000 or so, and was very adamant that if he
17 didn't receive his monies back that he would complain.
18 And Mr. Weber then, I believe, returned to him
19 approximately \$2,500.

20 ALJ STERN: About when was that?

21 THE WITNESS: I would have to refer to the
22 forensic accountant.

23 ALJ STERN: Was he part of that friends group or
24 whatever?

25 THE WITNESS: No.

1 ALJ STERN: Different guy.

2 THE WITNESS: Different guy.

3 ALJ STERN: Okay. Was he from Arizona? If you
4 can recall.

5 THE WITNESS: Yes, I believe he is here, from the
6 local area.

7 Q. (BY MS. VERVILOS) As part of your investigation,
8 you received investor -- or documents that the investors
9 received from Helmut Weber?

10 A. Yes.

11 Q. I'm going to direct your attention to Exhibit 17.
12 I'm sorry. S-17. Are you there?

13 A. Yes.

14 Q. In this document, did Mr. Helmut Weber list
15 advantages to the Forex investment?

16 A. Yes. At the bottom of the first page, it listed,
17 it looks like, nine advantages to Forex trading.

18 Q. Do you recall if any of the investors said that
19 this was important to them in terms of making the
20 investment?

21 A. Yes.

22 Q. Let me have you turn to the next page. Could you
23 look at the first paragraph. Did the investors -- this
24 talks about another fund and comparing it with Helmut
25 Weber's performance.

1 Do you recall if any of the investors said that
2 that was important and gave them confidence when they were
3 investing with Helmut Weber?

4 A. I don't recall specifics about, you know, the
5 Sentiment Fund that's talked about here in this paragraph.
6 But overall, these documents that were given to the
7 investors helped create an air of confidence in what he
8 was doing, which then in turn helped them make the
9 decision to invest with him.

10 Q. Do you know if Helmut Weber was married?

11 A. Yes.

12 Q. Do you know if he was married from approximately
13 December -- about November '05 to the present?

14 A. Yes.

15 Q. You have no reason to believe that he was not
16 married during that time?

17 A. Correct.

18 Q. Do you recall Helmut Weber's wife's name?

19 A. Vera, V-e-r-a, Weber.

20 Q. Finally, may I have you look to Exhibit S-14.
21 Can you describe that for us when you get to it.

22 A. Yes. This was a subpoena to Helmut Weber for an
23 examination under oath and for document production.

24 Q. Was it served upon Mr. Weber?

25 A. Yes, it was.

1 Q. And how was it served?

2 A. Via personal service.

3 Q. Was that done by you?

4 A. Yes.

5 Q. Did you fill out the affidavit of service on the
6 back?

7 A. Yes, I did.

8 MS. VERVILOS: I have no further questions.

9

10 EXAMINATION

11

12 Q. (BY ALJ STERN) So you served this document on
13 Mr. Weber on the 16th of September in 2008?

14 A. Yes.

15 Q. And was this document something that you
16 formulated after speaking to some of the investors about
17 Mr. Weber, or all of the investors that you know of?

18 A. Yes.

19 Q. And did he subsequently appear for the
20 examination under oath on October 14?

21 A. No.

22 Q. When you were doing your investigation, and you
23 were referring to Exhibit S-17 just a minute ago, you said
24 there was reference to a Sentiment Fund. Did you ever
25 conduct any type of an investigation whether there was

1 such a fund, or, if you did, was it Mr. Weber's?

2 A. I don't recall specifically looking for a
3 particular fund called the Sentiment Fund. However, in
4 defense of that, also, my investigation did focus on
5 Mr. Weber and his activities. And thus, any and all
6 information derived about his activities and/or where the
7 monies went was the focus, and I didn't see anything
8 relating to a Sentiment Fund.

9 Q. So this S-17, the exhibit itself, S-17, did one
10 of the investors give you this document?

11 A. Yes.

12 Q. And in your opinion, then, this is something that
13 Mr. Weber gave the investor to have them gain some
14 confidence that, I guess, Weber Capital Management was
15 producing a higher rate of return than something called
16 the Sentiment Fund in this document?

17 A. Yes.

18 ALJ STERN: I don't have any other questions.

19 MS. VERVILOS: I have none.

20 ALJ STERN: Okay. Thanks, Mr. Eckert.

21 And do you have another witness?

22 MS. VERVILOS: I do. Gary Mengel.

23

24

25

1 GARY MENGEL,
2 called as a witness on behalf of the Securities Division,
3 having been first duly sworn by the Certified Reporter to
4 speak the truth and nothing but the truth, was examined
5 and testified as follows:

6

7

DIRECT EXAMINATION

8

9 Q. (BY MS. VERVILOS) Could you please state your
10 name for the record.

11 A. Gary Mengel.

12 Q. Where are you currently employed?

13 A. Arizona Corporation Commission, Securities
14 Division.

15 Q. What is your current position or title?

16 A. I'm a senior forensic accountant.

17 Q. How long have you been employed in your capacity
18 as a senior forensic accountant?

19 A. Thirteen years.

20 Q. Can you briefly explain what a forensic
21 accountant does?

22 A. I investigate allegations of securities fraud.

23 Q. What is your educational background?

24 A. I have a bachelor of science degree from the
25 California State University at Northridge in business

1 administration accounting. I'm a certified public
2 accountant and a certified fraud examiner.

3 Q. And besides your experience with the Securities
4 Division, do you have any other types of accounting
5 experience?

6 A. Yes. I have approximately 11 years as a criminal
7 investigator, investigating allegations of tax fraud.

8 Q. Have you ever testified in connection with a
9 legal proceeding involving allegations of securities
10 violations or fraud?

11 A. Yes.

12 Q. Do you have an idea of approximately how many
13 times you have testified?

14 A. A significant amount.

15 Q. What was the subject of your testimony in those
16 cases?

17 A. I was an expert witness giving my opinion as to
18 the financial transactions concerning the allegations.

19 Q. Was your testimony in those proceedings based on
20 your analysis of financial information and nonfinancial
21 information?

22 A. Yes.

23 Q. And in those cases, did you testify as to your
24 opinions and conclusions regarding that information?

25 A. Yes.

1 Q. In any of those cases were you recognized as an
2 expert by the court or administrative body?

3 A. Yes.

4 MS. VERVILOS: Your Honor, at this time I would
5 like to ask the court to recognize Gary Mengel as an
6 expert in forensic accounting.

7 ALJ STERN: Okay. No objections, Mr. Mengel is
8 hereby recognized as an expert forensic accountant. Go
9 ahead.

10 Q. (BY MS. VERVILOS) During the course of your
11 employment with the Securities Division, were you assigned
12 to the investigation regarding Helmut Weber?

13 A. Yes.

14 Q. When did you first become involved in that
15 investigation?

16 A. Approximately July of 2008.

17 Q. What was the nature of your assignment with
18 respect to that investigation?

19 A. To review the financial transactions concerning
20 Helmut Weber.

21 Q. What kind of documents did you review in order to
22 do that analysis?

23 A. Well, we subpoenaed the bank accounts, known bank
24 accounts, subpoenaed the trading accounts, and we
25 subpoenaed the other records as deemed necessary.

1 Q. Once you received those records, what was done
2 with them?

3 A. I evaluated them, I reviewed them, placed them
4 into a database, read the case file and the interviews
5 that were done by the investigator, and then decided --
6 determined the source and use of those funds.

7 Q. While you were doing that, did you perform any
8 quality checks to make sure the information was inputted
9 correctly?

10 A. Yes.

11 Q. How did you do that?

12 A. I tie back to the -- such as the bank accounts,
13 the monthly statements, to make sure that the totals tally
14 to the statements.

15 Q. And once you had all of the information and once
16 you did all of your checks, what did you do with the
17 information?

18 A. I created a report.

19 Q. Okay. Can I have you look at Exhibit S-16,
20 please. Are you there?

21 A. Yes.

22 Q. Okay. Do you recognize this exhibit?

23 A. Yes. It's the report that I created.

24 Q. Do you remember when you prepared it?

25 A. This was created around January of 2009.

1 Q. What information did you use to compile this
2 report?

3 A. This report was compiled using the bank records,
4 supplemented by some of the third-party records that we
5 subpoenaed.

6 Q. And the third-party records, are you talking
7 about the trading documents?

8 A. Between trading documents, documents obtained
9 from investors.

10 Q. In your report, can you tell us what time frame
11 this encompassed?

12 A. January 18, 2006, through July 15, 2008.

13 Q. When you reviewed the financial and nonfinancial
14 information, did you determine -- can you tell us who was
15 listed as the authorized signers?

16 A. Helmut Weber.

17 Q. Was he the only one?

18 A. Yes.

19 Q. And that was for both the financial and
20 nonfinancial records?

21 A. As to the bank records, Helmut Weber was the only
22 signer on the two accounts that I evaluated on this
23 report.

24 Q. Okay. Did you create a list of investors?

25 A. Yes.

1 Q. And were you able to determine how these funds
2 originated from the investors?

3 A. They were either wire transferred into the
4 account or checks written.

5 Q. According to your report, how much was received?

6 A. \$216,504 from the investors.

7 Q. Okay. Did any of the investors receive any
8 money, any return?

9 A. One investor received \$2,487 back.

10 Q. Do you know the source of that return to that one
11 investor?

12 A. That came from Helmut Weber's account, which
13 originated from some of the investor amounts and some of
14 the amounts coming back from the Forex trading accounts.

15 Q. Since some of the money came from the investors,
16 would you consider that a Ponzi payment?

17 A. Yes. It's a payment that originated from some of
18 the investor funds.

19 Q. How much was disbursed?

20 ALJ STERN: Did you refer to that as a Ponzi
21 payment?

22 MS. VERVILOS: Yes, I did.

23 ALJ STERN: Okay.

24 THE WITNESS: Can you restate the question?

25 Q. (BY MS. VERVILOS) Sure. I was asking you how

1 much of the funds were disbursed?

2 A. Of the total amount received from the investors
3 or --

4 Q. Yes, yes.

5 A. I'm a little confused on the question. I'm
6 sorry.

7 Q. All right. Let me -- looking at your report,
8 there are a list of other deposits. Were you able to
9 identify where those funds came from?

10 A. Yes. The other deposits came from another
11 individual and from an entity that we could not get in
12 contact with.

13 Q. For your report, did you determine how much money
14 was disbursed from Helmut Weber's accounts?

15 A. Yes.

16 Q. Did money go to Helmut Weber?

17 A. Yes.

18 Q. How much?

19 A. The amounts that I attributed to Helmut Weber was
20 \$140,324.

21 Q. And can you give some detail as to the
22 categories?

23 A. The majority of the amount went to his personal
24 residence of 105,000, approximately. He took ATM
25 withdrawals of approximately \$4,600, cash withdrawals,

1 small amounts, 341. And then he had another business that
2 he sent a little over \$7,000 to. And then his family
3 members, such as his wife, received 22,000, a little bit
4 more.

5 Q. In your report, did you create a category about
6 receipts and disbursements to brokerage firms?

7 A. Yes.

8 Q. And what were those amounts?

9 A. Okay. Amounts that went to the brokerage firms
10 was \$176,299. The amounts returned from the brokerage
11 firms was \$161,116.

12 Q. And what is the net?

13 A. The net is \$15,183.

14 Q. And so what does that mean?

15 A. Basically, the amount that he sent off to the
16 brokerage firms came back to his personal account.

17 ALJ STERN: But the net -- I mean, you said 176,
18 and he got 161 back. Isn't the net really a loss there?

19 THE WITNESS: There were some amounts that were
20 disbursed from the brokerage firms such as an expense.
21 The rest would be considered a loss.

22 ALJ STERN: So the 15,000 would be a loss?

23 THE WITNESS: A portion of it would be.

24 ALJ STERN: Did you find any that he actually
25 made money in his trading over that period of time that

1 you analyzed?

2 THE WITNESS: No. A summary of the trading
3 accounts indicated through the time period that he ran a
4 loss.

5 ALJ STERN: Go ahead.

6 Q. (BY MS. VERVILOS) And in your report, do you
7 have a category for other disbursements?

8 A. Yes.

9 Q. And can you tell us what the total amount is
10 there?

11 A. Total other disbursements were \$86,639.

12 Q. And can you just provide a couple of categories
13 of detail of where those other disbursements went to?

14 A. Types of retail stores was 25,000; grocery stores
15 was a little over \$10,000; restaurants, 9,000;
16 automobiles, \$8,000.

17 ALJ STERN: Let me just back up just a minute.
18 Those other disbursements, you determined those from
19 checks that were written?

20 THE WITNESS: Checks or --

21 ALJ STERN: Debit cards?

22 THE WITNESS: Debit cards.

23 ALJ STERN: Okay. Go ahead.

24 Q. (BY MS. VERVILOS) In your opinion, from your
25 review of all of the financial and nonfinancial records,

1 did Mr. Helmut Weber use 100 percent of the investor funds
2 to trade?

3 A. No.

4 Q. In your opinion, did Mr. Weber use a majority of
5 the funds for himself or for purposes other than trading?

6 A. He used the majority of the funds for other than
7 intended purposes. The monies that did go over to the
8 trading accounts came back and then were used for
9 different purposes.

10 Q. Okay. And my last question is what is the net
11 amount that is owed to the investors?

12 A. \$214,017.

13 MS. VERVILOS: I have no further questions.

14

15

EXAMINATION

16

17 Q. (BY ALJ STERN) Okay. A couple of questions.

18 Did you find any evidence that Mrs. Weber was a
19 signer on -- I assume -- was there more than one account
20 or just two or --

21 A. I evaluated two accounts. Her account, she had
22 an account and money was transferred to her account.

23 Q. You mean she had a separate account from his?

24 A. Yes.

25 Q. But money was transferred from his account

1 where -- I guess is that where the investor funds were
2 deposited?

3 A. The investor funds were deposited into his
4 account.

5 Q. And there was no separate Weber Capital
6 Management account or anything like that? It was just
7 Helmut Weber's account personally?

8 A. One account was just his name. The other
9 account, which was also opened up as a personal account,
10 but it had a business name tagged onto the name of the
11 account.

12 Q. Like Weber Capital Management?

13 A. Weber FX.

14 Q. Weber FX?

15 A. Right. I believe. Let me -- yes. Helmut Weber,
16 WeberFX.com account.

17 Q. Okay. But if I look at this, was Mrs. Weber at
18 all involved in writing checks to any of the investors, or
19 was she just the recipient of some of the funds?

20 A. She was just a recipient.

21 Q. Do you know how much?

22 A. I can give you a total. The majority of the
23 amount going to family members is to her account.

24 Q. The \$23,000?

25 A. Yes.

1 Q. So approximately 23,000.

2 Would monies that are listed here for that
3 \$86,693 been funds coming out of his account?

4 A. Yes.

5 Q. Or that Weber FX?

6 A. Right. The two accounts that he controlled where
7 the investor monies were deposited into.

8 Q. Did you ever see any direct deposits into his
9 spouse's account at all from investor funds?

10 A. No.

11 Q. Okay. And these accounts, I assume, were closed
12 by Mr. Weber to your knowledge?

13 A. They were. At this point, I don't know if
14 they're still open. They were open at the end of the time
15 frame.

16 Q. But where you show that bank balance at the end
17 of -- as of July 15, 2008, he owed money back to the
18 banks?

19 A. Right. He owed the bank money.

20 Q. For overdrafts or whatever?

21 A. Correct.

22 ALJ STERN: I don't think I have any other
23 questions.

24

25

1 REDIRECT EXAMINATION

2

3 Q. (BY MS. VERVILOS) When you were reviewing the
4 financial records, did you see evidence of checks being
5 written by Helmut Weber to pay mortgage payments or rent
6 payments, utilities?

7 A. His rent payment and utilities.

8 Q. And what about the automobiles?

9 A. Yes.

10 Q. Department stores?

11 A. Yes.

12 Q. All of those categories listed under other
13 disbursements?

14 A. Uh-huh. Those are the categories that came out
15 of accounts that the investor funds were deposited into.

16

17 FURTHER EXAMINATION

18

19 Q. (BY ALJ STERN) Okay. And the only investors
20 that you're aware of, these ones up above under the
21 Category No. 2 on Exhibit S-16, those are all Arizona
22 residents, or are some of them out of state?

23 A. I don't know.

24 Q. Okay. But those are the investors that you're
25 aware of?

1 Vera Weber was living?

2 A. With her husband.

3 Q. Okay. At any time during the investigation, did
4 you determine that she was not living with him during this
5 time?

6 A. No.

7 MS. VERVILOS: I have no further questions.

8 ALJ STERN: Okay. Just a couple.

9

10 EXAMINATION

11

12 Q. (BY ALJ STERN) You say they were living
13 together. Is that at the residence -- I assume it's on
14 Acoma in Scottsdale?

15 A. There were several residences that they resided
16 at. Mr. Weber had a tendency to move frequently.

17 Q. Okay. But I saw one reference, 1090-something
18 Acoma in Scottsdale. That would have been one of the
19 residences?

20 A. Acoma was one of them. He also rented a house in
21 north Scottsdale off Dixiletta Drive. And the last
22 residence where he resided at prior to leaving was also in
23 north Scottsdale on Happy Hallow Drive.

24 Q. And during the course of your investigation, did
25 you see any evidence that Mrs. Weber was directly involved

1 in his dealings in the FX -- the Forex commodity markets?

2 A. I didn't find any direct evidence that she was
3 involved in that, other than benefiting as a wife would in
4 a situation like this.

5 ALJ STERN: I don't have any other questions that
6 I can think of. Thank you.

7 Okay. Anything else?

8 MS. VERVILOS: No, Your Honor. That concludes
9 all of the witnesses.

10 ALJ STERN: Okay. You want to make a brief
11 closing statement, or would you just like to file a short
12 brief putting together what your evidence showed today?

13 MS. VERVILOS: Your Honor, I was going to propose
14 that in lieu of drafting a brief, a closing brief, that I
15 would submit a proposed order to the court, along with an
16 electronic version of it.

17 ALJ STERN: Whatever. It's your choice.

18 MS. VERVILOS: Okay. Then I would like to submit
19 a proposed order, along with an electronic version of it,
20 to you.

21 ALJ STERN: If you're making references to
22 specific findings, I would suggest that you put, you know,
23 the volume, it will only be one volume in this matter, and
24 the page number and line.

25 MS. VERVILOS: I will do so, Your Honor.

1 ALJ STERN: I appreciate it.

2 Okay. With that, we'll conclude this matter at
3 this time and take the matter under advisement. Thank
4 you.

5 MS. VERVILOS: Thank you, Your Honor.

6 (The Hearing concluded at 11:45 a.m.)

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1 STATE OF ARIZONA)
) ss.
 2 COUNTY OF MARICOPA)

3

4 I, MICHELE E. BALMER, Certified Reporter
 5 No. 50489 for the State of Arizona, do hereby certify that
 6 the foregoing printed pages constitute a full, true and
 7 accurate transcript of the proceedings had in the
 8 foregoing matter, all done to the best of my skill and
 9 ability.

10

11 WITNESS my hand this 27th day of March, 2009.

12

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MICHELE E. BALMER
 Certified Reporter
 Certificate No. 50489

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