

D.V. Fraites: 1st 25/5/04

**IN THE HIGH COURT OF JUSTICE
ST. CHRISTOPHER AND NEVIS
ST. CHRISTOPHER CIRCUIT
(CIVIL)
A.D. 2004**

**CLAIM NO. SKBHCV2003/0222
BETWEEN:**

**RICHARD ROWE
And
MARK SECRIST**

CLAIMANTS

AND

ADMINISTRATIVE SERVICES, LIMITED

1ST DEFENDANT

B.M.T. LIMITED

2ND DEFENDANT

J.I.K. LIMITED

3RD DEFENDANT

**THE EXECUTORS of the Estate of Bill
Gagnon also known as Bill Sherwood, Deceased)**

4TH DEFENDANT

**SIR PROBYN INNIS
(Individually and as Executor of the Estate
of Mary Estes, Deceased)**

5TH DEFENDANT

**ROBERT MORSE ESTES
(Individually and as Executor of the
Estate of Mary Estes, Deceased)**

6TH DEFENDANT

**PARADISE PARTNERS LIMITED
(d/b/a The Angelus Resort, Paradise Beach
Resort and Casino or Paradise Beach Resort
and Convention Center)**

7TH DEFENDANT

AFFIDAVIT

I, **DERRICK V. FRAITES** of Fort Thomas Road, Basseterre, ST. KITTS being duly sworn make oath and say as follows :

1. I am currently the office manager at The Angelus Resort, the property of B.M.T. Ltd., the 2nd Defendant herein, situate at Frigate Bay, St. Kitts. The matters herein are matters within my own knowledge and are based on personal observations made by me, conversations with me and/or with others in my presence, and written and oral instructions given to me during the course of my employment. Where matters are not within my own knowledge, the documents and/or persons relied upon are stated.
2. I am familiar with all of the Defendants in this matter. I am also familiar with Mr. Larkland Richards and Mr. Sylvester Anthony who are known to me as lawyers practising in St. Kitts and Nevis and who are also known to me as representing various parties in this action before the Court.

Background and General Information as to Operations

3. I began working on the 8th day of November, 1998 for Administrative Services Limited, the 1st Defendant herein. The Company was owned by one Bill Gagnon also known as Bill Sherwood. I worked at the Company and with Mr. Gagnon as a customer service representative.
4. The business of Administrative Services Limited was investment and trust services. Services were provided to a number of investors primarily from the United States of America.
5. My functions at the Company involved secretarial type services for Mr. Gagnon. I also checked trust documents to ensure that they were accurate. I was responsible for sending trusts to the offices of Sir Probyn Innis for registration and/or renewal.
6. Sir Probyn Inniss, the 5th Defendant named herein, was the lawyer for Administrative Services Limited and at all times acted as Registered Agent for the various trusts and took care of their registration and renewal.
7. All incoming mail (post and Federal Express) came through me for recording purposes. I recorded the mail in a Blue Book called the 'Fed Ex In and Out' Book. Noted in that book were the dates of receipt, the senders' names, the contents of the package and the purpose of or reasons for the contents. Most monies that came in from investors came in the form of cheques. There was sometimes cash but that was rare. If cheques (or cash) were in the package, that information would be recorded in another book, a Green Book called the 'Cash Book'. Noted in the Green Book would be the dates, senders' names, amounts and purpose of the contents.
8. I handled both of these books and was assisted from time to time in so doing by one Diana Mitchum who is no longer employed to the Company.

9. There was also a Red Book where all the trusts set up for investors were entered. Entries in that book were the date, names of trusts, anniversary and renewal date, Administrator (who was usually the investor for whom the trust was established), date that renewal monies were received from investors and the actual date of renewal.
10. The day to day entries and handling of the Red Book were done by the said Diana Mitchum and me.
11. I also did all the banking for Administrative Services Limited, B.M.T. Limited, Paradise Partners and some other entities including one called Jehovah Jireh, all of which were owned and controlled by Bill Gagnon. B.M.T Limited had been formed to hold the real property purchased at Frigate Bay on which the Paradise Beach Resort now known as The Angelus Resort was to be developed. Some of B.M.T.'s lands were later transferred to J.I.K. Limited, the 3rd Defendant herein.
12. Two other persons, Brad Woodard and Morey Cragun, also worked for Administrative Services Limited in managerial roles. Mr. Cragun was directly in charge of the various trusts and had salespeople working for him in the United States selling trusts to investors. Mr. Cragun did most of the day to day running of the office.
13. Whenever a Federal Express package was received from an investor, Mr. Woodard or Mr. Cragun or Mr. Gagnon would open it and check the contents. If there was a cheque in the package, I would photocopy it and enter the information relating thereto in the Green Book. I would then prepare the deposit book for the deposit of the cheque to the St. Kitts Nevis Anguilla National Bank. Monies would be deposited to various accounts including Administrative Services Limited, B.M.T. Limited, Paradise Partners, Paradise Beach Resort and Jehovah Jireh. Sometimes the investor who sent the cheque would write it to a specific account but cheques were routinely endorsed over by Bill Gagnon and paid into one or the other of the several accounts dependent on which account was running low on funds.
14. After I made the deposits, the deposit books would be given to Denise Stapleton, the bookkeeper, who maintained computer records of the deposits and financial dealings.
15. I am aware that funds were routinely moved between the various bank accounts. Denise Stapleton would often be directed to send a fax to the St. Kitts Nevis Anguilla National Bank for the transfer of funds from one account to the other.
16. I am aware that Denise Stapleton was responsible for interest payments out to investors. Requisitions would come to me. I would check them, sign them and take them to the St. Kitts Nevis Anguilla National Bank. I would collect bank

drafts and prepare them for despatch to the various investors by mail or Federal Express. Even where we sent cheques by mail, we would batch them and send them from St. Kitts in a Federal Express package to one or the other of 2 persons in the United States who would then put them into the United States post. The two individuals whom Administrative Services Limited used for that purpose were Dwayne Parson and Marlene Estes, the wife of Robert Estes, the 6th Defendant herein.

17. During Bill Gagnon's lifetime, he controlled the various bank accounts and was the sole signatory. General directions on the day to day running of the office were however given to me and other employees by Brad Woodard or Morey Cragun.
18. Bill Gagnon died on the ^{17th} day of ^{June} ~~July~~, 2001 (CHECK). After Bill Gagnon died, his wife, Mary Estes, became the sole signatory on the various bank accounts. She was however a paraplegic and we used a signature stamp for her and on her behalf to control the various accounts.
19. Mary Estes' health began to deteriorate at or around December 2002. Her brother Robert Estes came to St. Kitts around July or August of that same year and became very involved in the affairs of the various companies.
20. At one point, each investor had an account called a Mutual Brokerage Account operated mainly by Brad Woodard and his wife for and on behalf of Administrative Services Limited. There was never any actual monies in the Mutual Brokerage Accounts, just book entries showing what investors' account balances were supposed to be. The accounts were available via the internet and each investor could check his or her balance by entering his or her pin number. The balances reflected on the internet were paper balances only as the actual funds were used as necessary for the construction and related expenses of the Paradise Beach Resort now known as The Angelus Resort and the general running of the office and the periodic payment of interest amounts to investors. Indeed, the account for Mutual Brokerage was set up with a bank in Dominica, Banc Caraibe, and never moved beyond the initial opening balance of US\$1,500. Each investor also had a controlling file in the office.

Documentary and Other Evidence

21. On or about August of 2003, I was given instructions by Robert Estes and Roland Thomas, the CEO of B.M.T. Limited, to box all files related to Administrative Services Limited, Paradise Beach Resort, Paradise Partners, Mutual Brokerage, Jehovah Jireh and all other entities other than B.M.T. Limited (including any and all investor information, trust information and bank records). Before the files were boxed, they were scanned into the computer by one Ancilla Chumney. Ms. Chumney was once an employee, had been terminated but was then rehired and is currently an employee at The Angelus Resort.

22. Boxes of documents were removed from our offices to some other location. They were transported by the same Ancilla Chumney but I do not know where they were taken to.
23. On or about the 15th day of January, 2004 I received a type written memorandum from Robert Estes speaking to a particular task for me. After I received the memorandum from Mr. Estes, he instructed me to turn up to the office of lawyer Larkland Richards then situate in the Amory Building in Basseterre. I met Mr. Estes at the offices of lawyer Larkland Richards on or about the 17th day of January, 2004. Mr. Estes told Mr. Richards in my presence that from the 19th January 2004 I would work at Mr. Richards' office to do an exercise. I exhibit hereto a copy of the memorandum received from Mr. Estes and marked 'DVF1'.
24. Mr. Estes provided me with a 3 page document listing investors, addresses, emails and telephone contacts. My assigned task was to indicate which investors invested where and to indicate where they had sent monies. I was to prepare spreadsheets and provide regular updates to Mr. Estes and Roland Thomas. I worked at Mr. Richards offices for about 1 month compiling this information as instructed.
25. I did report the information and provided it in writing to Roland Thomas. Mr. Thomas instructed me to give copies of the information to lawyers Sylvester Anthony and Larkland Richards. I gave copies to Mr. Thomas in individually labeled envelopes to be passed on to lawyer Sylvester Anthony. I kept the copies for lawyer Larkland Richards but never delivered them to him. I am not aware if either lawyer actually ever received a copy of the information.
26. At the time of performing this exercise at the offices of lawyer Larkland Richards, the various books (Red Book, Green Book and Blue Book) spoken to earlier in this Affidavit existed and were examined by me in compiling my information for Mr. Estes and Mr. Thomas.
27. It was clear from my instructions from Mr. Estes that the intention was to distance B.M.T. Limited from the investors and the various companies and/or entities such as Administrative Services Limited. Mr. Estes also warned me not to discuss the exercise with anyone even staff members and not to tell anyone where I was working or what I was doing. This intention to distance B.M.T. from the other entities had actually been made clear much earlier as evidenced by a type written memorandum sent to me and other staff members by Robert Estes dated August 6th, 2003 a copy of which is exhibited hereto and marked 'DVF2'.
28. I do not believe that lawyer Larkland Richards knew of the precise nature of my exercise at his offices because when I told him what I was doing there and showed him the documents, he appeared very upset that the documents had been brought to his offices.

29. When the exercise was over, I left the various documents at lawyer Larkland Richards' offices including the Green Book also known as the 'Cash Book'. I returned to my normal work at The Angelus Resort.

The Events of February 20th, 2004 and Thereafter

30. On the 20th day of February, 2004 at about 1pm Denise Stapleton and I were in the office at The Angelus Resort. Lawyers Sylvester Anthony and Larkland Richards came to the office. They were dressed in suits and lawyer Sylvester Anthony said that they had just come from Court. Lawyer Sylvester Anthony sat next to me and advised that the Court had enquired about a Green Book and a Red Book.
31. I told him that I knew about these books and he asked me where the books were. He specifically asked me for a Green FedEx book. I told him that the FedEx book was blue not green. He asked me where it was.
32. I told lawyer Anthony that the book was in my desk drawer. I opened the drawer and gave it to him. He opened it and asked me to explain the entries. He also asked if there was a Red Book. I told him that there were several red books. Some had in details of people's investments and had been sent to the United States of America to someone Roland Thomas and Robert Estes had advised was their accountant, one Glenn Glasshigel (CHECK)
33. Sylvester Mason, a security officer then employed at The Angelus Resort, then entered the office and sat at a desk. I told lawyers Anthony and Richards that there was also a red book in a box beside where Mr. Mason was sitting. That Red Book contained information about various trusts for investors.
34. I asked Mr. Mason to hand me the Red Book from the box. Several other ledgers were also discovered in that box. I gave the Red Book to lawyer Anthony as requested by him. When lawyer Anthony recognized that there were other documents in the box, he became concerned and asked what they were. We went through them and lawyer Anthony advised that they should be removed from the premises.
35. Mr. Mason then pointed out some documents in a desk drawer and showed them to lawyer Anthony. The desk was formerly used by Brad Woodard when he worked there. I said they were documents related to tax returns that Brad Woodard had done for United States clients.
36. Lawyer Sylvester Anthony then advised us to box all the documents from the drawer and mark it 'Brad'. Mr. Mason did this.

37. Lawyer Sylvester Anthony left with the Red Book and the Blue Book. Before leaving he asked me for a Green Book. I told him that that the Green Book or 'Cash Book' was at lawyer Larkland Richards' office. Lawyer Richards denied this but I told him where in his office the book was and told him that I would look for it the next time I came to his offices.
38. Before lawyer Sylvester Anthony left and while he was looking through the various books and documents handed to him, lawyer Larkland Richards' looked over lawyer Anthony's shoulder at the various books and documents. Lawyer Richards stated that nothing related to J.I.K. Limited so he did not need any documents.
39. I was told by lawyer Sylvester Anthony in the presence of Mr. Mason, Denise Stapleton and lawyer Richards to get the documents off the compound.
40. Lawyers Sylvester Anthony and Larkland Richards left. I went into Roland Thomas' office which he shares with other management, Robert Estes and Scott Ward, and saw 4 boxes of files. I showed them to Scott Ward, the manager of the resort. He asked me why the boxes were still on the premises and told me to get them off the premises that day. I asked him where to take them and he told me to take them 'anywhere'. I asked if I should take them to lawyer Larkland Richards' office and he told me 'yes'.
41. I then asked for Mr. Mason's help to move the 4 boxes. He took 3 and I took 1. We loaded them into my Suzuki Jeep and took them to lawyer Richards' office then situate at the Amory Building in Basseterre.
42. We did not take the boxes marked 'Brad' and I do not know what became of those boxes.
43. Mr. Mason and I took the boxes of files to lawyer Richards' personal office and not to the general area of his offices. All the files were in his personal office including a filing cabinet with files. While there I took the Green Book from a drawer where I had left it and put it into the filing cabinet.
44. On or about Saturday the 21st day of February, 2004 Roland Thomas called me at home via telephone and asked me several questions about Mr. Mason and the files marked 'Brad'. I told him what I knew.
45. On Monday 23rd February, 2004 I was in Roland Thomas' office when he showed me 2 entries in red made by Mr. Mason in the security diary. One entry was about lawyer Anthony taking files and the other was about the files that we had taken to lawyer Richards' office in Basseterre except that Mr. Mason erroneously noted that we took the files to B.M.T.'s office. Mr Thomas had the security diary in his desk. When I left his office I checked and saw a new diary at the security desk.

46. On that same day I was also summoned to the offices of lawyer Sylvester Anthony where I was questioned by him relating to files and the boxes of files marked 'Brad' for roughly 3 hours. Lawyer Anthony told me that the Company had been sold to Roland Thomas and other investors and that Sir Probyn Innis had given them wrong information about B.M.T. and had not told them that there were other companies tied to B.M.T. This shocked me as I had no idea that B.M.T had been sold.
47. I recall that there were 2 other boxes of files that were in the office prior to the events of February 20th, 2004. They had been missing for some time but then reappeared in the office. I was instructed by Roland Thomas to tape them up but the day after they had disappeared again. I immediately called Scott Ward on his cellular and he told me that he had taken the boxes to Roland Thomas' house in Bird Rock.
48. Sometime thereafter, Roland Thomas asked me to advise as to the cheapest and fastest way to send boxes to the United States of America other than Federal Express. I suggested air freight via Amerijet. Mr. Thomas asked me to find out the cost of shipping 15 or 16 boxes. I was curious and visited lawyer Richards' office and asked about the boxes that Mr. Mason and I had delivered there on 20th February, 2004. Lawyer Richards' was upset and told me that he had asked Robert Estes to take all the documents out of his office.
49. Some days after Roland Thomas summoned me to his office and during a conversation he asked me if I wanted to see an airway bill. I told him 'no' but I saw it anyway. I recognized that it related to the shipment of boxes with Amerijet. I noted that the boxes had been shipped to the United States of America and saw that Ancilla Chumney was listed as the sender. This was certainly after 20th February, 2004 but I cannot recall the precise date.
50. Roland Thomas had also instructed me and other staff members to delete all information from the computer systems other than B.M.T. information and/or Angelus information. He specifically told me to delete information about Administrative Services Limited, any trusts, any investors, Jehovah Jireh, Paradise Beach Resort, Paradise Partners and anything and everything related to the investors. He asked me if I knew how to 'bleach'. I did not understand what he meant and he explained that he meant wiping the hard drive clean of information. I told him that I did not know how to do that. He then asked if Sherwin Christopher, a part time worker at The Angelus, knew how and if I thought he could trust Sherwin. I told him I thought so and went back to my desk.
51. Mr. Thomas then came in my presence and in the presence of Denise Stapleton and asked Mr. Christopher if he knew how to bleach the computer. Mr.

Christopher told him that he did not know how. I do not know if the computer hard drives were ever cleaned as instructed by Mr. Thomas.

52. I am aware that there is ongoing litigation between the Claimants and the Defendants herein. I am still at the time of swearing this Affidavit employed by The Angelus Resort. However, I know it to be categorically true that hundreds of investors invested monies through Administrative Services Limited and various other investment schemes promoted by Bill Gagnon. I am of the view that those investors' monies were used to purchase the lands at Frigate Bay owned by B.M.T. Limited and J.I.K. Limited. I also know that those investors' monies were used to fund the construction and related activities in building what is now The Angelus Resort. On the instructions of Brad Woodard and Morey Cragun I was actually the person responsible for sending out the certificates evidencing their investments. Control of the resort has now been taken over by Robert Estes, Roland Thomas and Scott Ward who are seeking to do everything in their power to deny the investors their investment monies and their beneficial ownership of the resort. They have gone as far as to hide documentary evidence and remove it from St. Kitts to the United States of America all in an attempt to conceal the flow of investors' funds into B.M.T. Limited and the resort property.

53. I have come forward with this evidence as a matter of conscience and in the interest of fairness and justice to all concerned.

And I make this affidavit knowing it to be true and correct in every respect.

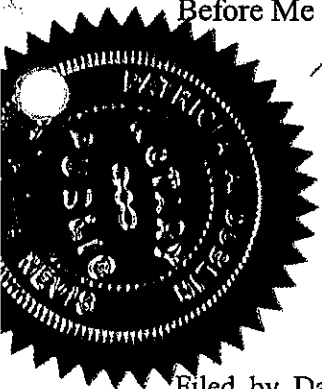
SWORN this ^{4th} day of)
June, 2004 at Basseterre)
St. Kitts)

Derrick V. Fraites
DERRICK V. FRAITES

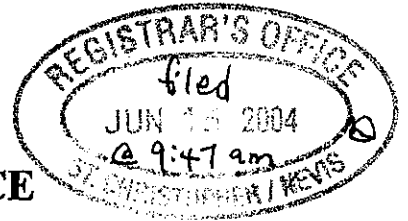
Before Me :

Patricia Dublin

**PATRICIA A. DUBLIN
NOTARY PUBLIC
ST. KITTS-NEVIS**



Filed by Daniel, Brantley & Associates, Solicitors of Chambers, Main Street, Charlestown, NEVIS for and on behalf of the Claimants/Applicants whose address for service is the same



**IN THE HIGH COURT OF JUSTICE
ST. CHRISTOPHER AND NEVIS
ST. CHRISTOPHER CIRCUIT
(CIVIL)
A.D. 2004**

**CLAIM NO. SKBHCV2003/0222
BETWEEN:**

**RICHARD ROWE
And
MARK SECRIST**

CLAIMANTS

AND

ADMINISTRATIVE SERVICES, LIMITED

1ST DEFENDANT

B.M.T. LIMITED

2ND DEFENDANT

J.I.K. LIMITED

3RD DEFENDANT

**THE EXECUTORS of the Estate of Bill
Gagnon also known as Bill Sherwood, Deceased)**

4TH DEFENDANT

**SIR PROBYN INNIS
(Individually and as Executor of the Estate
of Mary Estes, Deceased)**

5TH DEFENDANT

**ROBERT MORSE ESTES
(Individually and as Executor of the
Estate of Mary Estes, Deceased)**

6TH DEFENDANT

**PARADISE PARTNERS LIMITED
(d/b/a The Angelus Resort, Paradise Beach
Resort and Casino or Paradise Beach Resort
and Convention Center)**

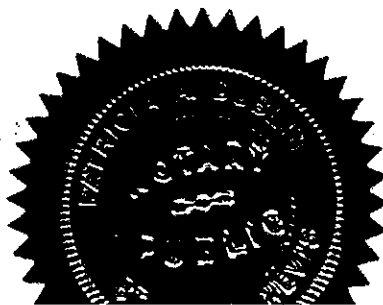
7TH DEFENDANT

CERTIFICATE OF EXHIBITS

I CERTIFY that these are the exhibits 'DVF1' and 'DVF2' referred to in the Affidavit of Derrick V. Fraites.

Patricia A. Dublin
NOTARY PUBLIC

**PATRICIA A. DUBLIN
NOTARY PUBLIC**



January 15th, 2004

Derrick,

Roland and I have made some plans for a new direction for BMT and the Angelus Resort as well as some yet unannounced much larger projects here in St. Kitts. Some of these unannounced plans you are aware of.

One thing that must be implemented immediately however is that we must get a handle on the rumor spreading and grumbling by certain employees that are presently on staff. There seems to be a lot of talk about the kitchen equipment order and not getting the restaurant opened and equipped in a style and timeframe suitable to some people minds. Specifically, Alex and Pauline have openly been critical of our management and direction of this operation. We will not tolerate any one that is not 100% loyal to the project, as the owners and unhappy with the direction we are leading the company. We are not happy with their loyalty and job performance and want you to give us reports on anything you note or hear from them that are of this character.

From this point forward any disloyal actions, comments or failure to comply with instructions from the officers of this company will be immediately confronted, written up in personal files. We are looking to you to immediately bring any of these type issues to our attention and we will take immediate actions.

Roland and I want you to give us a written (strictly confidential) advice on every employee here immediately. Before we move onto the larger organization and projects we must be completely assured we have the complete support and loyalty of all the staff presently employed. This is only to be discussed between you, Roland and me.

Also, Roland and I have a project for you to start immediately. As you are considered by us to be our most loyal and trustworthy employee we feel no one else can be involved. You will on Monday start working with Larkland and Sylvester on our legal issues. We want you to become in essence a Para legal for the lawyers and us in our defense against these claimants who are out to wreck and destroy this organization and all of our futures. We need you to start make detailed, concise written files on each claimant that are presently attempting to wreck this organization. You working daily and directly with the lawyers and the files that are at Larklands office will accomplish this. We will need a recap on each individual claimant containing the timing of the transactions, correspondences and your opinions on each claimant and how they interacted with Bill, Mary, Brad and Maury. Without this type of help our future existence is in grave jeopardy. Roland and I will expect a daily confidential memo on your findings and opinions.

Derrick, this will be your main job from Monday and probably the most important thing you have ever done in the defense of this property, all of us, and Bill and Mary's memory. And remember these people will also drag you personally down if they get any avenues to do so. Roland and I are 100% committed to not letting this tragedy occur and will look to you to be our point man in the investigation and the 5th member of our defense team, Roland, myself, Larkland, Sylvester and YOU.

We will meet only confidentially and this is in strict confidence.

We will discuss further and in greater detail. I am off to see the lawyers today and map this out to them.

Bob

Cc/Roland

August 6, 2003

Derrick, Denise and Verna,

Please immediately check the property for all printed materials (stationery, envelopes, ink pens, etc....) that have anything to do with Paradise Beach, Offshore, Administrative Service, etc... We want nothing other than Angelus things on this property.

Denise—please check our contract accounts—FedEx, Mail Box Etc, Cable or anything like that so that we have nothing in the same situation as above. Change them to BMT, Ltd.

Thank you,
Bob Estes