



**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES**

**CLOSURE OF FIRST COLONIAL BANK, LTD
A/K/A PAC-RIM, INC.**

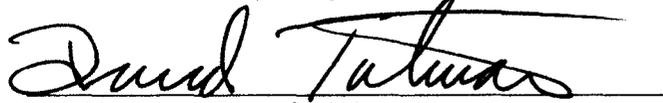
The Oregon Division of Finance and Corporate Securities has closed its longest standing open case file, the Receivership for First Colonial Bank Ltd, aka Pac-Rim, Inc., Case No. S-88-0011. This case dates from a 1985 investigation of David Alvin Hunt, Linda Stockwell, Ronald George Vogeltanz, Robert Lee Gottier, Orchards Accounting and Tax Services, Inc. and others for securities fraud and unregistered securities sales. The fraud involved approximately 400 victims from four states who invested over \$6.3 million with Hunt and other defendants.

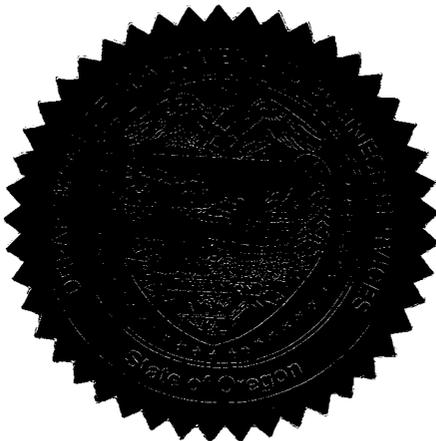
The Receiver recovered investor funds in the form of Philippine bearer bonds which were eventually converted to dollars. On March 3, 2008, the Receiver began mailing checks for pro rata shares of \$592,844.69 in recovered funds and interest.

These funds could not have been returned to investors without the work of dedicated State of Oregon employees.

ACCORDINGLY, the undersigned as Administrator of the Oregon Division of Finance and Corporate Securities acknowledges and extends his thanks for the efforts of the many individuals who worked on this case during the past 23 plus years and hereby issues this certificate to commemorate the closing of the case.

In Testimony Whereof, I have hereunto set my hand and affixed the Seal of the Department of Consumer and Business Services of the State of Oregon at Salem, Oregon this 1st day of April, 2009.


David C. Tatman, Administrator



BRIEF HISTORY OF THE CASE

The case of First Colonial Bank Ltd, aka Pac-Rim, Inc., Case No. S-88-0011, dates back to at least 1985 when the Oregon Corporation Commissioner, then the State of Oregon official charged with responsibility of enforcing the Oregon Securities Law, was investigating David Alvin Hunt, Linda Stockwell, Ronald George Vogeltanz, Robert Lee Gottier, Orchards Accounting and Tax Services, Inc. and others for securities fraud and unregistered securities sales. The fraud involved approximately 400 victims from four states who invested over \$6.3 million with Hunt and other defendants.

First Colonial Bank Ltd., a Marshall Islands "shell" bank, was purchased June 29, 1983, from WFI Corporation, in Los Angeles, California for \$19,500. The corporation was purchased by Gottier as attorney in fact for Gordon A. Douglas, a State of Washington resident. The corporation was actually purchased by Hunt, a fact that Douglas admitted. This ownership was further verified by tracing the payments for the purchase to a Seattle First National Bank account controlled by Hunt. First Colonial was a "brass plate" bank. The "bank" had no offices or banking operations; it existed only as a post office box with a mail forwarding service in the Marshall Islands.

Investors, a number of whom were employees or retirees of Tektronix, were told that their monies were being placed in gold and currency arbitrage with two trading companies: Grimsby's Investment Ltd. of Grand Cayman Islands; and Elma's Trading Company of Reno, Nevada. Many of the investors were solicited through so called "investment clubs" that invested in overseas certificates of deposit and "arbitrage" ventures associated with the defendants. The investment clubs were thinly veiled Ponzi schemes attempting to evade the registration and anti-fraud provisions of both federal and state securities laws.

Investigation of the investor accounts showed that large quantities of investor funds went to corporations controlled by Hunt and also into bank accounts controlled by Hunt and Gottier. First Colonial monies were moved by wire transfer from Chemical Bank in New York to Finsbury Bank and Trust Company in the Cayman Islands. The funds were then transferred to Barclays Bank International Ltd. in Cockburn Town, Grand Turk.

In April 1985, Hunt wrote to investors in First Colonial that all investor funds were lost and that he was extremely sorry for the loss of funds. Hunt wrote the letter from Saipan in the Commonwealth of the Northern Mariana Islands. Hunt and Gottier were both believed to be residing at the time in Manila in the Philippines.

In June 1985, the Oregon Corporation Commissioner was appointed as the Receiver for First Colonial Bank and for Pac-Rim, Inc., another corporation formed by Hunt in the Marianas.

The mantle of Receiver would subsequently be assumed by the Director of the Department of Insurance and Finance and then the Director of the Department of Consumer and Business Services.

The Receiver filed a civil complaint against all of the defendants, and the US Attorney's Office prosecuted Hunt and Vogeltanz on criminal charges. Hunt was convicted of securities fraud, was sentenced to ten years in prison and ordered to pay almost \$7 million in restitution.

During the course of the investigation, the Receiver attempted to acquire legal title to 13 Philippine Central Bank Bearer Bonds that were purchased by Hunt with approximately \$600,000 of investor funds. In April 1986, another claim for the funds was asserted by a Stanley Durka. Durka attempted to intervene in the securities case in Washington County in an attempt to assert ownership over 12 of the bonds.¹ Durka filed suit against the Receiver in both Washington County and in the Philippines. Thereafter, the Receiver was involved in a series of lawsuits initiated by Durka filed against the Receiver and the Central Bank of the Philippines, both in Oregon and overseas. While the Receiver prevailed at every stage, the lawsuit in the Philippines was extraordinarily protracted. It was not until September 2001—over 14 years from the date of the filing of the Durka lawsuit—that the Philippine courts gave the Receiver legal title to the bonds.

It took almost two additional years for the Philippine Central Bank to make the bonds available to the Receiver's Philippine counsel and for the bonds to be cashed into Philippine pesos. Once the bonds were cashed, the Receiver was faced with the problem of converting the Philippine pesos to dollars. Because Hunt had sold dollars on the black market for pesos, the Philippine Central Bank had no record of the transaction and would not convert the pesos to dollars. The American embassy in Manila eventually agreed to accept the pesos for their local expenses and exchanged the pesos for dollars. The funds were then transferred to the United States and deposited in an Oregon bank.

In the late 1980's, a group of investors formed a non-profit corporation called the Pac-Rim Victims' Association. The Association hired counsel and attempted to intervene at certain points in the legal proceedings. Ultimately, the Association would come to represent approximately one-third of the investors.

In 2005, with the funds repatriated to the U.S., the Receiver filed a motion with the Washington County Circuit Court to reopen the case and obtain approval of a plan for distributing Receivership assets on a pro rata basis to the investors. A claim process had been previously approved by the Court in 1986. At that time, claimants were required to file documentation to support their claims. The Court in 2006 ratified that prior claim process. Individuals who had not filed in 1986 were not included on the 2006 list of known claimants.

¹ Durka did not assert ownership over one of the bonds.

While the distribution plan was moving forward in 2005-2006, the Receiver was also engaged in efforts to locate victim investors and verify their identities. Where victims were deceased, we attempted to locate relatives and obtain letters testamentary or other evidence that the heir was entitled to the deceased investor's share. This effort was aided by the availability of a powerful new online database tool, the likes of which had not been available to the Receiver previously. This resulted in contact with a number of victims who had long ago written off any possibility of receiving restitution in this case. The Association engaged in a similar process of locating its "lost" members.

At the end of February, 2008, the amount owed to each claimant was established. By March 3, 2008, when the first checks to claimants were mailed, the Receivership had approximately \$592,844.69 on deposit. The first group of checks included one for \$323,619.38 to the Victim Association and counsel. To date, the Department has made 13 distributions totaling approximately \$523,158.81, approximately 88.25% of the total assets in the Receivership. The remaining claims totaling approximately \$65,890.00 were sent to the Department of State Lands as unclaimed property.

