

EXCERPT

12

18:00

1 representations by Mr. Leitner that the monies were
2 insured?

3 A I don't know that.

4 MR. OGAN: No further questions.

5 THE COURT: Anything further, Mr. Stokes?

6 MR. STOKES: No thank you. Pass the witness.

7 THE COURT: Mr. Frank, you may step down.

8 Who is the defendant's next witness?

9 MR. OGAN: Your Honor, we would call the
10 accused, Stanley Leitner

11 **MR. STANLEY LEITNER**

12 DIRECT EXAMINATION

13 BY MR. OGAN:

18:00

14 Q Mr. Leitner, would you state your name to the
15 jury?

16 A Stanley Allen Leitner.

17 Q And you are the Stanley Leitner that's on trial
18 in this case; is that correct?

19 A I am.

20 Q And you understand that you do not have to
21 testify. You have a Constitutional right to require the
22 government to prove the case on its own merit.

23 A I do understand.

24 Q But it's your choice to come in and tell the
25 jury your story?

18:00 1 Well, it was my impression that the money was in the
2 country. Even though I was sending it to the Antilles he
3 told me I was sending it there because he had some tax
4 problems or some phobia about the FBI. Or IRS, I'm sorry.
5 And so I would send it there, and he would then send it to
6 New York and into the sole signatory account. So when the
7 money didn't come by about June, I told Scott Baker that I
8 wanted to go and see Brad Stark. I had found out that
9 Brad Stark was the man who was supposed to be the trader.
10 As it turned out he was not a trader, in fact. But I went
11 out to see him, and I had -- Rumpf provided me with a
12 confirmation of two wire transfers. The first one was
13 thirteen million five hundred thousand in Euros that was
14 supposed to have gone to Rumpf's account in the Antilles
18:00 15 and supposedly it was rejected because the account was in
16 dollars and not Euros. So about five days later, I got
17 another confirmation of seventeen million US going to the
18 account in the Antilles and on those -- Yes, sir.

19 MR. OGAN: Approach, your Honor?

20 THE COURT: Yes, sir.

21 BY MR. OGAN:

22 Q Let me show you what's been marked as
23 Defendant's Exhibit 17 and Defendant's Exhibit 18.

24 A Yes, these are the confirmations.

25 Q The one seventeen million U.S.

18:00

1 A And 13.847 Euros.

2 Q And who did you get these from?

3 A Larry Frank delivered them to my office, but
4 they came out of the Sardaukar account, and that's where I
5 got the address.

6 MR. OGAN: I move in Defendant's Exhibits 17
7 and 18.

8 MR. YANOWITCH: I'm not sure there is a
9 foundation for authentication. They are not in our
10 Megafund files. Mr. Frank was here. I don't think we
11 have seen these before. So I would ask that some
12 foundation be laid for their authenticity.

13 MR. OGAN: Well, we're not claiming they are
14 authentic. We're claiming these came to him from Rumpf
15 18:00 assuring him certain action was being taken.

16 THE COURT: I understand the testimony was they
17 came from Frank.

18 MR. OGAN: That Franks delivered them to him,
19 but they came from Rumpf

20 MR. YANOWITCH: Well, your Honor, that's
21 hearsay.

22 THE COURT: I was going to say that's hearsay.
23 I don't think Frank testified to that when he was here.
24 But go ahead and seek to lay a foundation if you can.

25 BY MR. OGAN:

09:56

1 myself or Jerry Hobbs. I raised over a million dollars
2 between family and friends. The bulk of the remainder of
3 the money came in through Jerry Hobbs's associates. The
4 people that came in were not into the fine print. So much
5 as they were relied on the character of Jerry Hobbs, their
6 perception of my character, that's exactly what I relied
7 on with Jim Rumpf, his character. So I was less inclined
8 to do a lot of due diligence and more inclined to go along
9 with this man who was literally feeding millions of
10 children.

11 Q The existence of that policy -- or that
12 insurance policy was an important factor to many
13 investors, was it not?

14 A I'm sure it was. It was important to me.

09:57

15 Q And you told all the investors about that
16 policy, that their funds would never be at risk?

17 A It was provided for in the agreement.

18 Q In February of 2005, you were approached by an
19 investor, Gary Lancaster. Is that correct?

20 A Yes.

21 Q And Mr. Lancaster told you that he had someone
22 who would invest millions of dollars, a significant sum,
23 but wanted some verification that the insurance policy
24 existed?

25 A Actually, I think Mr. Lancaster made an initial

09:58

1 investment of several millions and a second increment of
2 five million dollars and was prepared to invest that. He
3 told me that investment was being made through his
4 corporation, Lancorp. So I don't know what people you are
5 referring to. And he was a registered broker and held
6 numerous licenses, and I spoke to him several times on the
7 phone. He asked to see a copy of the insurance policy,
8 and he wanted to see a copy of the agreement. And so I
9 sought to get that information from Mr. Rumpf. Mr. Rumpf
10 advised me that the trader's attorney was involved in a
11 big merger in New York and therefore was unable to put
12 forth a letter that would suppose^{or} the existence of those
13 two documents, and so I then through a friend of mine,
14 Gordon Brown, spoke with Ken Humphries. This was a
15 Saturday afternoon. I called and spoke to Larry Frank.
16 Larry Frank brought the insurance policy to me. The part
17 about Sardaukar had been whited out, and I sent -- If
18 memory serves I either mailed that to Ken Humphries -- He
19 said he didn't have it. I don't believe a lawyer would
20 put forth a letter without having proof of the contentions
21 being made. But I either sent him that through a fax or
22 mailed it to him, both documents. Larry Frank brought
23 that document to me on that Saturday afternoon.

09:59

24 Q In the Megafund records -- an exhibit for both
25 parties here -- is the letter that you faxed to Mr.

10:55 1 or whatever it happened to be, that he would receive that.

2 Q You told the agents, did you not, that the
3 transfers to Mr. Correll, including the last transfer in
4 April, were short-term loans to Mr. Correll?

5 A Some of them fell into that category. Correll
6 also had an investment, the investment being the million
7 two hundred thousand dollar amount that I just
8 articulated. There was another amount of about two
9 hundred fifty thousand which was an investment.

10 Q So that two hundred fifty thousand investment,
11 that was at the very beginning of the program, was it not?

12 A No, that, sir, I think you are confusing with
13 IGI. There were two hundred twenty-five thousand
14 increments early on that he put in IGI.

10:56 15 Q Isn't it true that when you met with the agents
16 you never told them, never told us what you are now saying
17 about the 1.2 million dollar transfer to Mr. Correll?

18 A I don't have total recall. I don't know whether
19 that was discussed or not. I know essentially I answered
20 questions for about four and a half hours.

21 Q You never told any investor, did you, that you
22 were taking funds, that you were not sending all of their
23 funds to Mr. Rumpf?

24 A No, I did not.

25 Q And you never told any investor that their money

10:56

1 was being sent to a movie or UATV or any of those other
2 projects like that?

3 A No, those monies I viewed as either existing
4 profits or future profits predicated on the growth of
5 Megafund. It appears in the short term we would be
6 handling in excess of one hundred million dollars, and my
7 percentage of that would have been twenty million dollars.

8 Q Mr. Leitner, in a year you raised fifteen
9 million dollars, correct?

10 A No, it's not correct.

11 Q Well, between June 2004 and Scott Salmans in
12 June of 2005 which was the last money, that's about
13 fifteen million dollars?

14 A Well, but the time frame was really from
10:57 15 November to April. The first four months, if you recall,
16 were the Dale Wood months where I wasn't raising
17 additional money. I wanted to see the verification of the
18 program.

19 Q From November of 2004 until May of 2005 you
20 raised fifteen million dollars?

21 A I believe the number was closer to twelve and a
22 half million, and the disparity between those two numbers
23 is due to the fact that there were some transfers to
24 Correll and back from Correll, and I think when they came
25 back, they were listed as fresh monies. In effect, they

