

# EXCERPT

# 11

18:00

1 THE COURT: I think that will work out fine with  
2 our daily schedule if we take another five minutes between  
3 them and your first witness takes thirty minutes.

4 (Recess)

5 THE COURT: Ladies and Gentlemen, the government  
6 has rested its case which means it has now presented all  
7 the evidence it wishes us to consider in support of the  
8 allegations against Mr. Leitner in the indictment. You  
9 will remember going back to the beginning of the trial  
10 when I described to you the order of proceedings, I told  
11 you that after the government had presented all of its  
12 evidence the defendant would have the opportunity,  
13 although not the obligation, to present any evidence that  
14 he wishes us to consider.

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15 Mr. Ogan, do you have evidence to present on  
16 behalf of Mr. Leitner?

17 MR. OGAN: Yes, your Honor.

18 THE COURT: Who will be your first witness?

19 MR. OGAN: The defense will call Larry Frank.

20 LARRY FRANK

21 DIRECT EXAMINATION

22 BY MR. OGAN:

23 Q Mr. Frank, would you state your name for the  
24 record?

25 A Larry W. Frank.

18:00

1 Q Do you live in this area?

2 A Denton, Texas.

3 Q And what do you do for a living, Mr. Frank?

4 A I work at Liberty Christian School, coach the  
5 golf teams there, been associated with them since 1988.

6 Q And what sort of other employment have you had  
7 in the past or business experience?

8 A I played professional baseball back in the  
9 seventies. Building and development. In the early  
10 seventies just had venture things in real estate with  
11 other men. Served on several boards of which one board  
12 was advisory, Cilak International.

13 Q Who is or was the head of Cilak International?

14 A That was James Rumpf.

18:00 15 Q Also Jim Rumpf?

16 A Jim Rumpf.

17 Q What sort of things did you do in conjunction  
18 with Mr. Rumpf or Cilak?

19 A In serving on the advisory board in 2003 in the  
20 end of May and 2004, I was employed with Liberty as the  
21 golf coach and the development market for raising funds  
22 for our new campus. We restructured the development  
23 department in 2004, and a gentlemen by the name of John --  
24 and I can't think of his name was the assistant to Mr.  
25 Rumpf. He left to go back to Tennessee due to illness in

18:00 1 his family. I was serving on the advisory board, and Mr.  
2 Rumpf knew that I was no longer in the development party  
3 at Liberty and asked me to come to work at Cilak. And not  
4 to interfere with the golf coaching in the afternoon but  
5 to take care of food ministries and health ministries.  
6 And in that same month of June he asked if I would  
7 consider becoming the successor to him at Cilak should he  
8 die or anything happen to him and he became incapacitated.

9 Q So you served in that capacity?

10 A Yes, sir.

11 Q And if something happened to Mr. Rumpf you would  
12 have been the person to stand in his shoes and continue  
13 the operations?

14 A At that time, yes, sir.

18:00 15 Q And is it pretty fair to say that you knew the  
16 operation well and were pretty involved with it?

17 A To the extent the main thing I took care of was  
18 the food ministry and the outreach. I was privy to the  
19 function of actually dealing with Mr. Stark and Sardukar  
20 Holdings to some extent. I had at the time a copy of the  
21 records on a large blue stick from Mr. Rumpf. So each  
22 week he would cover whatever happened, and he gave me a  
23 copy of that.

24 Q And you would keep that kind of as a safety  
25 measure or a back-up device?

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1 ever come up in any of your conversations?

2 A No, sir.

3 Q Did you speak at one point with someone from the  
4 SEC, the Securities and Exchange Commission?

5 A Yes, sir.

6 Q Who was that?

7 A Mr. Steve Cortesh (phonetic) in Fort Worth.

8 Q Did you have a rather lengthy discussion with  
9 him about your knowledge?

10 A About four and a half hours.

11 Q Did the issue of insurance or whether in fact  
12 there was insurance that Mr. Rumpf had -- did that topic  
13 come up with them?

14 A Yes, sir.

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15 Q And did you bring an insurance policy with you?

16 A I brought a copy of the insurance policy, a copy  
17 of an enforcement letter from the Chicago Board of Trade  
18 and then a copy of two wiring instructions, and I  
19 discussed those with Mr. Cortesh, and he said all of those  
20 were fraudulent.

21 MR. STOKES: Your Honor, object to hearsay.

22 THE COURT: Sustained.

23 BY MR. OGAN:

24 Q Without going into what you said you did reveal,  
25 you had the documents and you had them available if they

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1 wanted them?

2 A They were discussed at the table with my  
3 attorney. Mr. Rayburn was there from the receiver's  
4 office. A young lady, blonde-headed, from the SEC and two  
5 other people besides my attorney.

6 Q And the insurance policy that you are referring  
7 to, what company was it that issued that insurance policy?

8 A I believe it was ACE.

9 Q ACE Insurance Company?

10 A Yes, sir.

11 Q Let me show you what has been marked as  
12 Defendant's Exhibit 15 and have you take a look at that.  
13 Does this appear to be a true and correct copy of the  
14 insurance policy that you are referring to?

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15 A To the best of my knowledge, yes.

16 MR. OGAN: Your Honor, I move the admission of  
17 Defendant's Exhibit 15.

18 MR. STOKES: No objection.

19 THE COURT: Defendant's Exhibit 15 is  
20 admitted.

21 BY MR. OGAN:

22 Q Could you tell the jury a little bit about how  
23 it is that you initially would have found out about this  
24 policy or come into possession of this policy?

25 A Originally, I got this policy as a copy for my

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1 files because I was overseer of a corporation that did  
2 outreach, and I had twenty-six partners or friends that we  
3 had money with Cilak who was also returning profits to us.  
4 So working there in the office, serving on the board, I  
5 asked Mr. Rumpf for a copy of that for the TGC file.

6 Q And it's a little bit fuzzy on the screen. Can  
7 you see that?

8 A Yes, sir.

9 Q Maybe we could enlarge just the narrative part  
10 in the middle. Maybe it's worse.

11 A I can't read that.

12 Q Is it your understanding that this policy  
13 supposedly insured for any loss sustained or incurred by  
14 reason of -- It states title to the account or interest  
18:00 15 described in Schedule A. It goes on to any defect or lien  
16 or incumbrance on the account, unmarketability of the  
17 account. Securities, lack of right to access to and from  
18 the account and -- It mentions title to the account or  
19 interest described in Schedule A, and then a couple of  
20 pages in under Schedule A, under name of insured, who does  
21 it list?

22 A Sardukar Holdings, IBC.

23 Q And who do you know to have been affiliated with  
24 Sardukar Holdings?

25 A That was Bradly Stark.

18:00

1 Q And what's your understanding of his affiliation  
2 with Mr. Rumpf?

3 A He was purported to be a licensed trader, and he  
4 had entered a description agreement with Mr. Rumpf for the  
5 benefit of trading funds.

6 Q So the name of the insured, Sardukar Holdings,  
7 title to the account vested in?

8 A That's Cilak International.

9 Q And that's C-i-l-a-k?

10 A Yes, sir.

11 Q And whose operation was that?

12 A James Rumpf.

13 Q Do you know what Cilak stands for?

14 A Christ is Lord and King.

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15 Q And that was and is Mr. Rumpf's organization?

16 A That's the organization he was the overseer of.

17 Q And it says the property described in this  
18 policy is described in Chase Investment Corporation, gives  
19 a brokerage account, Cilak International and Sardukar  
20 Holdings?

21 A Yes.

22 Q What was your understanding about what these  
23 insurance accounts that Mr. Rumpf supposedly had were for?

24 A I think it was to cover the actual account there  
25 at the bank. I had not read that entire policy until my



18:00 1 attorney and I read it when we went to the SEC. So it was  
2 my understanding that Stark was insuring the policy for  
3 the benefit of it not being depleted or moved for the  
4 benefit of Cilak.

5 Q And are you aware in some of the financial  
6 dealings that Cilak had -- for instance in his dealings  
7 with Mr. Leitner -- that Rumpf stated that the account was  
8 insured, that the deposits were fully insured?

9 A Yes, sir.

10 Q Was this type insurance policy supposedly the  
11 insurance on those accounts?

12 A Yes, sir.

13 Q Did you believe when these insurance policies  
14 were made known to you that they were legitimate and  
18:00 15 really there to insure these accounts?

16 A Yes, sir.

17 Q Did you ever have conversations with Mr. Stanley  
18 Leitner about these insurance policies and the validity of  
19 these policies?

20 A Mr. Leitner asked Mr. Rumpf for a copy of that  
21 policy. Mr. Rumpf made --

22 MR. STOKES: Objection, the answer is  
23 nonresponsive to the question.

24 THE COURT: Sustained. Repeat the question  
25 please Mr. Ogan.

18:00

1 BY MR. OGAN:

2 Q Did you have discussions yourself with Mr.  
3 Leitner about this insurance policy?

4 A I took him a copy of the policy.

5 Q And that was in response to what?

6 A Mr. Leitner's request.

7 Q And his request of Mr. Rumpf?

8 A Yes, sir.

9 Q Was Mr. Leitner pleased when you gave him the  
10 policy?

11 A Yes.

12 Q Was it something he was excited about or just a  
13 run-of-the-mill inquiry?

14 A I don't recall.

18:00

15 Q After this trial had begun, did you receive an  
16 inquiry about whether you might have copies of the  
17 insurance policies? Do you remember getting a call about  
18 that?

19 A No, sir.

20 Q How was it that you happened to be able to  
21 locate this document?

22 A That document has been in a box folder of my  
23 attorney's papers from the time I went to the SEC office.  
24 Mr. Rayburn was there. Those documents were discussed. I  
25 took those documents back with me. There were copies of

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1 mine for TGC and people that had money in there. Those  
2 documents were never discussed with me outside of the Fort  
3 Worth office personally since then.

4 Q And you indicated that it just never came up  
5 when you spoke with the people at government's counsel  
6 table here?

7 A No, sir.

8 Q Tell the jury how it is that you know Stanley A.  
9 Leitner?

10 A I met Mr. Leitner over at IGI which was a  
11 company over in Carrollton that he was either the  
12 president or CEO of. There was a gentlemen by the name of  
13 Greg Harris. Greg Harris and I knew each other since  
14 1993. He had 21st Century Products, and I bought  
18:00 15 supplements from him in Fort Worth. We were friends, and  
16 Greg asked me to come over and take a look at IGI because  
17 it was a marketing situation with art, and so I went over  
18 and met with Greg. Came back another time and he asked me  
19 what I was doing, and I told him I was handling the food  
20 ministry and stuff at Cilak, and he asked what was that,  
21 and I explained it to him, and he said how is that done,  
22 and I explained to him that there were partners that had  
23 money invested and the profits off the returns were  
24 feeding people. And then he asked me -- he said I don't  
25 know if Mr. Leitner would be interested, but the next

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1 from Mr. Leitner when he was trying to get a hold of this  
2 guy Stark?

3 A Yes, sir.

4 Q And do you remember about when that was?

5 A I believe it to be in the month of June of 2005.

6 Q And do you remember where Mr. Leitner called you  
7 from?

8 A He called me from California.

9 Q And what was it that he was trying to accomplish  
10 out there?

11 A He was trying to locate and talk personally to  
12 Bradly Stark.

13 Q Did he seem to be having any luck with it?

14 A No, sir.

18:00

15 Q At some point did you fly out there to assist  
16 him or to be with him?

17 A No. I actually gave him a number of a gentlemen  
18 that was associated with Stark. Mr. Tishbaum, I think  
19 that was his name.

20 Q Did you at some point go out there yourself?

21 A Yes, sir.

22 Q Can you tell the jury about that?

23 A I flew -- Mr. Leitner called me and said that he  
24 had located Mr. Stark and he was going to have a meeting  
25 with him, and I asked him could I fly out there. Before I

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1 told him I would, I called Mr. Rumpf and told him that I  
2 wanted to go attend that meeting. One, to see if he's  
3 going to pay Megafund, and 2, to see about the account  
4 balances and why he hadn't communicated with Mr. Rumpf. I  
5 believe the meeting was at the Doubletree Hotel.

6 Q Did Mr. Leitner attend this meeting?

7 A Yes.

8 Q What was the atmosphere?

9 A Mr. Stark seemed apprehensive to any  
10 discussions. He came in and Mr. Leitner asked me if he  
11 could speak to Mr. Stark alone, and I said that's fine.

12 Q Did they go off and have a meeting together?

13 They set down in the foyer or a part of the hotel. I set  
14 probably as far as here to the door. They had a long  
15 discussion, and when they were through I asked Mr.

16 Stark -- I said I need three things answered on behalf of  
17 Jim Rumpf. One, are you going to pay this gentlemen.  
18 Two, what is the account balance and why have you not  
19 communicated.

20 Q And without going into the answers that you  
21 received, were you satisfied with the answers you  
22 received?

23 A Not in the very beginning. But he pulled out a  
24 letter that was from the Chicago Commodities Trading Board  
25 or something that was an enforcement type of letter and

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1 eighty thousand dollars, and I covered all of that at the  
2 SEC meeting.

3 Q You personally covered that?

4 A I covered the information. Your first question  
5 was did you talk about this entity at the SEC. We went  
6 through each one of those investors.

7 Q Well, my last question was, how did your  
8 investors come out in your program, and I believe you  
9 indicated that a number of them lost money. Is that  
10 correct?

11 A Yes, sir.

12 Q Was that discussed with the SEC when you went  
13 there with your attorney?

14 A Yes, sir.

18:00

15 Q Why is your program not a Ponzi scheme and  
16 instead a legitimate investment? Why is it not a Ponzi  
17 scheme? Do you know what that means?

18 A Well, I didn't increase my revenue by taking  
19 someone else's money and return it to other investors.

20 Q You forwarded all the money to Mr. Rumpf?

21 A Yes, sir.

22 Q Now, if Mr. Leitner forwarded all the money to  
23 the investors and kept twenty or thirty percent of it,  
24 would he be in compliance with the agreement with Mr.  
25 Rumpf?