

AFFIDAVIT

001W 5-80



STATE OF
RHODE ISLAND
AND
PROVIDENCE
PLANTATIONS

AFFIDAVIT AND ARREST WARRANT

| AFFIDAVIT | | | | | |
|--|--|---|--|---------------------------------|-----------------|
| AFFIANT Det. Todd E. Catlow | | AGENT OF Rhode Island State Police Financial Crimes Unit | | | |
| DEFENDANT Elizabeth C. Baldwin | | ADDRESS | NO. | STREET | CITY/TOWN STATE |
| | | 1 Commercial Wharf, Apt. B26, Newport, RI | | | |
| AFFIDAVIT | | | | | |
| Your affiant upon oath states that he has reason to believe and does believe that grounds for issuance of an arrest warrant exists and states the following facts on which such belief is founded: Please see affidavit of Det. Todd E. Catlow attached hereto and made a part thereof.////// //////////////////////////////////// | | | | | |
| <input type="checkbox"/> IF SPACE IS NOT SUFFICIENT, CHECK (A) HERE AND ATTACH ADDITIONAL INFORMATION | | | | | |
| SUBSCRIBED AND SWORN TO BEFORE ME AT (CITY/TOWN) Providence | | DATE 4/29/09 | AFFIANT x <i>Todd E. Catlow</i> JUDGE OF DISTRICT COURT, JUSTICE OF SUPERIOR COURT OR ANY OTHER AUTHORIZED OFFICER x <i>[Signature]</i> | | |
| ARREST WARRANT | | | | | |
| SEAL OR BEL | CITY/TOWN | COUNTY | DATE OF BIRTH | DIVISION | WARRANT DATE |
| | Rhode Island State Police | Providence | 11/6/45 | 6th RHODE ISLAND DISTRICT COURT | |
| VS. DEFENDANT Elizabeth C. Baldwin | | ADDRESS | NO. | STREET | CITY/TOWN STATE |
| | | 1 Commercial Wharf, Apt. B26, Newport, RI | | | |
| TO ANY AUTHORIZED OFFICER. Affidavit (and complaint) having been made to me under oath, and as I am satisfied that there is probable cause for the belief therein set forth that grounds for issuing an arrest warrant exists, you are hereby commanded to arrest the defendant forthwith and to bring him before a judge of this court without unnecessary delay. | | | | | |
| BAR | SURETY | DATE SIGNED | JUDGE OF DISTRICT COURT, JUSTICE SUPERIOR COURT OR ANY AUTHORIZED OFFICER | | |
| \$ | <input type="checkbox"/> with <input type="checkbox"/> without | <i>[Signature]</i> | x <i>[Signature]</i> | | |
| RETURN OF SERVICE | | | | | |
| I have apprehended the within named defendant and have presented him/her before the court as herein commanded. | | | | | |
| SERVICE | MESSAGE | DATE OF RETURN | AUTHORIZED OFFICER | | |
| \$ | \$ | | x | | |

AFFIDAVIT

I, Detective Todd Catlow, do on oath depose and state; that I am a sworn member of the Rhode Island State Police and have been continuously employed in that capacity for sixteen years. I am currently assigned to the Detective Bureau's Financial Crimes Unit and as such am engaged in the investigations of all types of crimes. I am a Certified Public Accountant and have been continually licensed as such since 1989. Prior to becoming a member of the State Police I completed approximately five years of full-time work experience in the field of public accounting.

This affidavit pertains to an investigation of a fraud and/or fraudulent conversion complaint filed by a group of investors in Virginia Beach, VA against Elizabeth C. Baldwin of 1 Commercial Wharf, Newport, RI.

Your affiant and Investigator Gerard J. Ratigan were assigned to investigate the complaint against Baldwin. Investigator Ratigan is an attorney and a Certified Fraud Examiner employed in the Financial Crimes Unit of the Rhode Island State Police.

The United States Commodities Futures Trading Commission (CFTC) is an independent federal agency created by Congress in 1974 with the mandate to regulate commodity futures and option markets in the United States. Philip D. Rix is a Futures Trading Investigator for the CFTC and has been employed in that capacity since 1975. Investigator Rix is assigned to the CFTC investigation of Elizabeth Baldwin.

The National Futures Association (NFA) is the industry wide, self-regulatory organization for the U.S. futures industry. The NFA regulates every firm or individual who conducts futures trading business with public customers. The NFA develops rules, programs and services that safeguard market integrity, protect investors and helps its members meet their regulatory responsibilities. NFA often collaborates with the CFTC, the FBI and other law enforcement agencies to ensure successful prosecutions. (www.nfa.futures.org)

James Altizer, Mary Altizer, Edmund Baughan, Mary Baughan, William Hatfield, Bernard Hummel and Michael Hunt who hereafter will be referred to collectively as the "Virginia Beach Group." In his September complaint Dr. McDermott writes, in part:

Numerous individuals have sent money into the Newportant group in Newport, RI, operated by Elizabeth C. Baldwin. I would estimate these investments to range between \$5 to \$10 million dollars. Basically, she is a daytrader who would take money and invest it, and take a share of the profits. She also agreed that there would be a stop-loss of 10% so that individuals were at minimal risk. We started sending her funds last September. Our base investment was approximately now up to \$1.2 million dollars. The statements that she sent us showing the appreciation on this investment would now approximate \$2 million dollars. It was understood that the investor could withdraw the funds at any time. August 1st, my wife requested to withdraw \$200,000. The transfer was not forthcoming. Again, on August 15th, the transfer was supposed to occur and did not. She stated that it definitely went out but my bank has no record of it. Around this time we also heard that some other investors were having trouble receiving funds. Apparently one investor was given a check for around \$500,000 that bounced. Another investor in California hasn't received any payments for 3 months, which were to begin in June. Liza Baldwin notified a number of the investors that she was closing her investment fund and everyone would receive their monies by Friday, September 7. She took all the information for us and other investors to do with wire transfer and told everyone that it would certainly go out Friday. No one has still received any funds. In addition, she is also not responding to e-mails and phone calls. Apparently, she told one investor that she had an unrelated pending suit against her and was avoiding being served in Rhode Island, and may be in the Washington D.C. area with her daughter. I have personally sent her 3 emails this past week and had no response.

Dr. McDermott provided the State Police with copies of electronic mail correspondence with Baldwin and copies of wire transfer authorization forms substantiating payments to Elizabeth Baldwin and The Newportant Group, specifically account number 18935273 at Citizens Bank, Newport, RI and account number 9102591055 at JP Morgan Chase Bank, New York, NY for the benefit of Mann Financial Inc.

An electronic mail message from Baldwin dated June 5, 2007 in account statement format provides an ending balance amount for Rebekah Parker's account of \$815,101.44. The statement contains only the initial balance, deposits, withdrawals, gross profit or loss and an ending balance. There is no trading detail in the statement. A second electronic mail message from Baldwin dated June 5, 2007 in the same statement format provides an ending balance amount for Glen McDermott of \$830,243.22. The statement information is written into the body of the electronic mail however, the column headings do not line up with the amounts, the amounts are not lined up in the column(s) and, although there are columns for trading activity, no activity is listed. The statement is titled Newportant Group, but it is sent from Baldwin's personal Hotmail electronic mail account, lcbaldwin@hotmail.com.

In an electronic mail message dated August 14, 2007 from Rebekah Parker to Baldwin, Parker reminds Baldwin to wire \$200,000 to her bank and requests statements for April, June and July. In an electronic mail message dated August 30, 2007 from Baldwin to Parker, Baldwin writes "hi becky .. sorry for the delay .. i am home but have some health issues the (sic) will require me to close the trading down..i was in the process of streamlining it but now i need to slow down a bit .. now i really must take a full on break for a bit .. get my health back in line .. so i will be liquidating all accts over the next week and sending the balance .. thanx for your patience .. be well, moi." This message makes no mention of any trading losses in the account(s).

To date neither Dr. McDermott nor his wife have received any of their money from Baldwin or the Newportant Group.

On September 28 and 29, 2006, Glen McDermott and Rebekah Parker wired \$703,791.18 into one of Baldwin's accounts at Citizens Bank. On October 2, 2006 Baldwin deposited a cashiers check for \$20,000.00 from James Osborn, an investor from Newport, to the same account. Your affiant's analysis of Baldwin's accounts during this time frame determined that from these deposits, \$606,000 was distributed to other investors, \$83,000 was wire transferred into Baldwin's brokerage account and \$30,927 was withdrawn by Baldwin or used to pay her personal expenses.

James Altizer

James Altizer is a retired commercial airline pilot with residences in Virginia Beach, VA and St. Barthelemy (St. Barth), an island in the French West Indies. Altizer told your affiant that he met Elizabeth Baldwin in St. Barth in January 2005. Baldwin told Altizer she was a bond trader, that she had a fund of investors and that she was trading the 30-year bond. In March or April of 2006 Baldwin told Altizer that because one of her larger investors had withdrawn from the group she had an opening in the fund, and she was soliciting investors. Baldwin offered to let Altizer participate in the fund. Altizer accepted and initially invested \$100,000.00 on April 17, 2006 by wire transferring the funds from his bank in Virginia Beach to Elizabeth Baldwin, Account #16004264 at Citizens Bank, Washington Square, Newport, RI. Altizer's wife, Mary Altizer, made an investment with Baldwin on September 11th, 2006 of \$100,000.00 which was wire transferred to Elizabeth Baldwin's same account at Citizcns Bank, Washington Square, Newport, Rhode Island.

Baldwin provided Altizer with a one page Commodity Trading Agreement (CTA). The CTA acknowledges receipt of \$100,000.00; provides that Baldwin will trade daily in 10 year note and 30 year bond future contracts; requires Baldwin to terminate trading if the account trades down to \$90,000.00; and upon termination provides for the refund of the initial \$100,000.00 investment, plus profits earned. The CTA makes no mention of trading losses or their allocation. Although the agreement calls for the money to be held in a separate account, Baldwin told Altizer the money was to be "pooled" with other investors in one account.

Based on my training and experience, your affiant believes that the brevity and content of the one page agreement is inappropriate for this type of arrangement.

Sometime after Altizer made his first investment and before his wife made her initial investment, Baldwin told Altizer that she had stopped trading in bonds and was now trading in the S & P 500 futures. Baldwin provided the Altizers with monthly statements by electronic mail through June of 2007, which indicated a balance in Mary Altizer's account of \$179,518.84 and a balance in James Altizer's account of \$248,671.02. Your affiant

reviewed the account statements from December 2006 through June 2007, which were provided to the State Police by the Altizers, and noted that each and every month there was a gain in the account.

James Altizer told your affiant that he first learned that there was a problem with the funds invested with Baldwin during a telephone call from Dr. Glen McDermott in late August. McDermott told Altizer that he had requested the return of some funds from Baldwin in the first part of August but he had not received any funds. When Altizer heard that Baldwin had not promptly returned funds to Glen McDermott he decided to terminate his own accounts. Mary Altizer sent Baldwin an electronic mail specifying that she wanted both her and James' accounts closed and their funds sent to them. The Altizers did not receive any of their money from Baldwin.

Azim Khamisa

Altizer told your affiant that he subsequently contacted a friend, Azim Khamisa, who also invested with Baldwin. Sometime during the end of July or early August of 2007, Baldwin had decided she no longer wanted Khamisa's participation in the fund and she "kicked him" out. Khamisa told Altizer that he had not received any of his funds from Baldwin. Khamisa had invested \$100,000 with Baldwin. Khamisa's father, Noordin Khamisa, also invested \$100,000 with Baldwin.

September 11, 2007 Meeting

As a result of the Altizer's concern over funds not being provided to McDermott and Khamisa, Altizer called a meeting of the Virginia Beach Group at his home in Virginia on September 11, 2007. In attendance at the meeting were Mary Altizer, Michael Hunt, Bernard Hummel, Dr. Glen McDermott, Rebekah Parker (McDermott), William Hatfield and Edmond Baughan.

About three hours before the meeting, Altizer spoke with Baldwin by telephone and she said she had a catastrophic trading loss of \$4 million in the account during the first few

days of August but she had decided that she was going to pay those trading losses to restore the account balances as of July 31. Baldwin said the trading loss occurred because she was dyslexic and instead of "going short" she "went long" with a trade and, before she realized it, she was down \$4 million. She indicated that she had the money in a bank in St. Barths, which is known as "The Bred Bank." She told Altizer that she had gone to St. Barths and caused a wire transfer for \$21.5 million to be sent up to the United States and she had taken with her a cashier's check for \$2.2 million as well. Baldwin told Altizer she had put the \$2.2 million in the bank five days ago but the check still had not cleared.

Altizer told your affiant that during the September 11 meeting Baldwin called Altizer's house and spoke with Baughan and McDermott. She essentially told them the same thing she told Altizer in their earlier telephone conversation. The Virginia Beach Group decided that Hummel and Baughan should go to Newport, sit down with Baldwin, and evaluate what she had to say.

Altizer said the only person he is aware of that has received any money from Baldwin is Azim Khamisa's father, Nourdin Khamisa, who invested \$100,000.00. Baldwin was paying Nourdin Khamisa interest on his investment on a monthly basis. Nourdin Khamisa is in his mid-80s and was living on this money. Altizer said that Baldwin stopped making interest payments to Nourdin Khamisa during the first part of May 2007.

Altizer recalled an e-mail that he received from Baldwin between the 20th-24th of August stating that said she had problems with high blood pressure and anxiety. This e-mail was before Baldwin told Altizer about the \$4 million loss that occurred in the first week of August.

Edmond Baughan and Bernard Hummel

On Thursday, September 13, 2007 your affiant and Investigator Ratigan met with Edmond Baughan and Bernard Hummel at State Police Headquarters in Scituate, RI concerning the Virginia Beach Group's complaint against Elizabeth Baldwin. Baughan is a

retired executive from Norfolk Southern Corporation and Hummel is a commercial airline pilot for Continental Airlines.

Baughan told your affiant that James Altizer introduced him to Baldwin in St. Barths about three years ago. Altizer told Baughan that Baldwin had informed him that one of her friends had taken a large withdrawal from the investment fund and that she had a opening for another candidate if Baughan was interested. Baughan spoke with Baldwin by telephone and communicated by e-mail. Baldwin sent Baughan documents indicating where to deposit the funds. Baughan invested \$50,000.00 with Baldwin initially on August 14, 2006 and on February 28, 2007 invested another \$50,000.00 on behalf of his wife, Mary H. Baughan. Baldwin provided Baughan with a CTA for each investment very similar to the CTA provided to James Altizer. Baldwin provided the Baughans with monthly statements by electronic mail.

Baughan told your affiant that when James Altizer told him about the problem Dr. McDermott had getting his funds from Baldwin, Hatfield, Hunt and he immediately sent an e-mail to Baldwin asking her to stop all trades in their behalf and requested the return of their funds. Baughan said, to date, he has not received any money from Baldwin.

Baughan confirmed Altizer's description of the September 11 meeting of the Virginia Beach Group. Baughan told your affiant that he and Hummel went to Newport on Wednesday, September 12, 2007 to meet with Baldwin. Baughan told your affiant that Baldwin said she shouldn't be there talking to them at all, but she was doing that out of the kindness of her heart. She said that "If you guys would just maintain the status quo, I will make sure that you get paid with all advances and all, all interest paid up through the month of July as soon as I get that money. I'm trying to work this because I cannot pay you legally because I'm, I'm -- the way I operate, and legally I can't do that."

Baughan asked Baldwin for the record of trade that caused the \$4 million loss described earlier and the record of the wire transfer of the funds from the Bred Bank in St. Barth. Baldwin replied that she could not provide that on advice from her lawyer. Baldwin also told them that the four million dollars she lost represented only 65 percent of the

portfolio. As Baughan wrote 65 percent down, Baldwin took great exception that Baughan quoted her and was writing that down. Baldwin then said "I can't say anything more. I have to talk to my attorney." Hummel confirmed Baughan's summary of their meeting with Baldwin.

Below is a list of amounts invested with Baldwin by the Virginia Beach Group:

| Investor | Amount |
|-------------------|---------------------|
| Altizer, James | \$ 100,000 |
| Altizer, Mary | 100,000 |
| Baughan, Edmond | 50,000 |
| Baughan, Mary | 50,000 |
| Khamisa, Azim | 100,000 |
| Khamisa, Noordin | 100,000 |
| Hatfield, William | 100,000 |
| Hunt, Michael | 100,000 |
| Hummel, Bernard | 56,650 |
| McDermott, Glen | 600,000 |
| Parker, Rebekah | 600,000 |
| Total | <u>\$ 1,956,650</u> |

The members of the Virginia Beach Group have provided documentation that shows they wired funds into account number 16004264 at Citizens Bank, Washington Square, Newport, RI; account number 1000104959 at Peoples Credit Union, Thames Street, Newport, RI; and account number 9102591055 at JP Morgan Chase Bank, New York, NY for the benefit of Mann Financial Inc.

Paul Saganey

Paul Saganey told your affiant that William Heydt was the person who referred him and Paul Meaney to Elizabeth Baldwin. Meaney and Saganey are cousins. Heydt had been a client in Baldwin's investment fund for many years and said his investment was very successful. Meaney also worked with people in Newport who knew of Baldwin and her investment fund. Saganey and Meaney later had lunch with Baldwin who described her investment fund. Saganey said the fund sounded legitimate at the time. Baldwin "introduced" Saganey to the chat room where she was trading. The chat room was run by a successful trader known as JP. Saganey joined the chat room for a while, but did not trade. Saganey told

your affiant that Baldwin came across as the best trader in the chat room and was the only trader in the chat room managing other people's money.

Saganey invested \$200,000 in May of 2006 and another \$200,000 in July of 2006. Saganey's investments were deposited to the same checking account maintained by Baldwin at Citizens Bank in Newport, RI. Baldwin provided Saganey with a Commodity Trading Agreement, which stated he would never lose more than 10% on his investment.

Baldwin provided Saganey with investment statements every month by e-mail. The investment results were quite good, generally 1% to 6% per month. Saganey said that the statements always showed a gain with the exception of one month where he recalled that the return was either flat or suffered a small loss. The ending balance in Saganey's investment account with Baldwin is about \$911,000.

Saganey was building a house on Cape Cod when he requested a withdrawal from Baldwin of about \$75,000 to \$100,000 in May or June of 2007. On at least two occasions Baldwin promised to wire the funds into Saganey's account, but the funds were never transferred to him. To date, Saganey has never received any funds from his investment with Baldwin.

Attorney Maglio contacted Saganey and said he was coordinating the return of investor money on behalf of Baldwin. In October or November of 2007 Saganey learned that Maglio was no longer representing Baldwin so he called Baldwin directly. Baldwin told Saganey that she had an argument with Maglio over the way he was handling her affairs. Baldwin said that she had enough money overseas to back up all of the investors.

Robert Messinger

Robert Messinger told your affiant that he met Baldwin through Larry and Louise Taft about two to three years ago. The Tafts told Messinger about the money they invested with Baldwin and the great return on their investment. Messinger was skeptical and waited for a year before he invested any money with Baldwin. During that year he met Baldwin at social

functions where other people who invested with Baldwin discussed the returns that Baldwin provided them. Messinger recalled Joe Hall, a local attorney, discussing the return on his investment with Baldwin. Messinger learned that a number of prominent people in Newport had invested money with Baldwin.

Messinger said that in June of 2006 he invested \$50,000 with Baldwin. Baldwin and Messinger signed a CTA. In August of 2006 Messinger invested another \$50,000 with Baldwin. In October of 2006 Messinger received his entire initial investment of \$100,000 back and returned the funds to his retirement account. After his funds were returned, Messinger's account balance, as reported by Baldwin, was \$10,693.72.

Messinger said he invested another \$40,000 with Baldwin in February 2007, an additional \$10,000 in May 2007 and an additional \$40,000 in August 2007. Messinger now has \$90,000 invested with Baldwin. Messinger received several account statements from Baldwin and none of the statements indicated a loss in the investment. In January 2008 Baldwin told Messinger she would have \$20 million available in March 2008 from which she would use \$12 million to return all the money to the investors and \$5 million to pay fines, leaving \$3 million for herself. With the exception of the \$10,000.00 investment in May 2007 all of Messinger's investments were deposited to the same checking account maintained by Baldwin at Citizens Bank in Newport, RI.

Thomas Perry

Thomas Perry currently holds a USCG Master of the Ocean license, which allows him to captain boats up to 1600 ton. Randy West, the first captain of the Van Ki Pass, introduced Perry to Baldwin and Janet Booth in 2006. Booth told Perry that her investment with Baldwin made millions of dollars and Booth no longer had to work. Booth said that Baldwin had other friends that had retired as a result of their investment with Baldwin. Perry said that Baldwin and Booth were very good friends and that their relationship was very close. Baldwin and West encouraged Perry to invest with Baldwin.

Perry confirmed that he invested the following amounts with Baldwin:

\$26,578.67 on June 15, 2006, \$19,980.00 on June 16, 2006 and \$100,000.00 on May 4, 2007 for a total of \$146,558.67. Perry's investments in 2006 were wired directly to the same account maintained by Baldwin at Citizens Bank in Newport, RI. Perry's investment in 2007 was wired directly to an account maintained by Baldwin at Peoples Credit Union in Middletown, RI. To date, Perry has never received any funds from his investment with Baldwin.

Baldwin gave Perry a one page Commodity Trading Agreement (CTA). The CTA provided that Baldwin would receive half of the profits, the account could only lose 10% and that Perry could divest at any time. This CTA is in storage with some of Perry's property in Newport.

Perry became the captain of the Van Ki Pass (VKP) in August of 2007 and remained until December of 2007. Perry and his fiancé traveled with the VKP to Spain. Baldwin promised to pay Perry wages and reimburse him for expenses he paid out of his pocket for the VKP amounting to 67,000 euro or about \$98,000. Baldwin did not pay Perry for the wages or the expenses. Baldwin owes the shipyard in Spain where the boat is being stored about \$80,000.

Baldwin provided Perry with monthly investment statements by e-mail until June of 2007. Baldwin never reported a loss on any of the statements and never reported a loss to Perry in any other manner. Based on the statements, Perry's balance in his investment account with Baldwin is \$219,000.

Carlyne Berkhart

Carlyne Berkhart contacted Investigator Ratigan concerning her investment with Baldwin. Berkhart met Baldwin through mutual friends and invested \$100,000 with Baldwin on June 13, 2006. Baldwin provided Berkhart with a CTA indicating Baldwin would "terminate trading if the account trades down to \$90,000.00." Berkhart said the account performed so well she invested another \$60,000 on February 23, 2007. Berkhart's investments were deposited directly to the same account maintained by Baldwin at Citizens

Bank in Newport, RI. Berkhart has never received any funds from her investment with Baldwin.

Susan "Leppy" McCarthy

On November 2, 2007 Investigator Ratigan and your affiant met with Susan "Leppy" McCarthy at her home at her invitation to speak with her about her dealings with Baldwin. McCarthy has known Baldwin for 30 years.

McCarthy said she made an initial investment with Baldwin of \$20,000 in January of 2005 and later added an additional \$70,000. McCarthy said she got back her total investment of \$90,000 plus \$77,000 in earnings. She said she is still owed \$67,000 in earnings based upon monthly earnings statements that Baldwin would send to her by email.

McCarthy said her relationship with Baldwin deteriorated when she pressed Baldwin for a 1099-B to report her investment earnings on her 2006 tax return. McCarthy used the proceeds to buy a house and wanted to show the bank where the funds came from. McCarthy says she was constantly bugging Baldwin for money, statements and better record keeping.

Reported Investment Results

Your affiant reviewed investment statements that Baldwin provided to investors in her fund and found the statements always indicated a net profit on investments. There were no losses listed in the statements.

Investigator Rix identified commodity trading accounts maintained from January 1, 2004 forward by Baldwin at GNI, Inc. (GNI), Refco Inc. (Refco), Man Financial, LLC (Man) and Penson GHCO (Penson). In his November 21, 2007 declaration Investigator Rix wrote "My examination of the GNI, Refco, Man and Penson trading accounts indicates that Baldwin traded in each of the 44 months during the period from January 2004 to August 2007, and in 43 of those months she suffered net trading losses. Her sole successful trading month was at Penson in July 2007, when she made a profit of \$19, 947.18."

Below is a comparison of profits Baldwin reported to Berkhart for her account and the total losses on Baldwin's entire trading account as calculated by the National Futures Association (NFA):

| | Berkhart Profit/(Loss) per Baldwin's Statements | Total Profit/(Loss) on all Baldwin Accounts per NFA |
|----------------|---|---|
| July 2006 | 9100.00 | (\$8,449.38) |
| August 2006 | 4145.80 | (\$19,039.50) |
| September 2006 | 7021.23 | (\$12,380.06) |
| October 2006 | 10703.76 | (\$38,231.38) |
| November 2006 | 7989.21 | (\$73,330.30) |
| December 2006 | 4307.76 | (\$25,825.60) |
| January 2007 | 13037.36 | (\$14,887.80) |
| February 2007 | 4109.79 | (\$3,073.58) |

Based on a comparison of profits reported to investors with the analysis of Baldwin's trading records conducted by Investigator Rix and the NFA, it is clear that the profits reported to the investors were false. Several investors have told investigators that the profits Baldwin or other investors reported to them were a major factor in their decision to initially invest or increase their investment with Baldwin.

August 2007 Loss

As previously stated Baldwin told Altizer, Baughan and McDermott that she had a catastrophic trading loss of \$4 million in the account during the first few days of August 2007. The NFA summary of Baldwin's trading account in August 2007 reflects a total loss for the month of \$180,548.94.

The Van Ki Pass

Your affiant interviewed William Full, a broker with East Coast Yacht Sales (ECYS) in Yarmouth Maine. Full brokered the sale of a boat known as *Passing Wind* to Elizabeth

Baldwin in 2006. After purchasing the boat Baldwin renamed it *Van Ki Pass*. The sale price for the boat was \$315,000. According to Full, Baldwin had difficulty providing the 10% deposit. Baldwin made continued excuses as to why she did not have the funds and it took three to four weeks for her to eventually produce the funds.

Baldwin's Citizens Bank account records list the following payments to ECYS:

| Date | Payee | Amount |
|---------|------------------------|------------|
| 4/18/06 | East Coast Yacht Sales | 31,500.00 |
| 5/31/06 | East Coast Yacht Sales | 31,500.00 |
| 6/21/06 | East Coast Yacht Sales | 252,000.00 |
| 8/9/06 | East Coast Yacht Sales | 4,518.00 |

Baldwin used funds from James Altizer's \$100,000 investment on April 18, 2006 to fund the payment to ECYS on April 18, 2006. Baldwin used funds from Paul Saganey's \$200,000 investment on May 23, 2006 to fund the payment to ECYS on May 31, 2006. Baldwin used funds from investments made by Robert Messinger, Carlyne Berkhart, and Thomas Perry to fund the payment to ECYS on June 21, 2006. The last payment to ECYS on August 9, 2006 was for reimbursement of insurance purchased by the seller prior to the closing on the boat.

Baldwin told investors that she pays the captain \$90,000 per year. The *Van Ki Pass* is believed to be in Spain. The vessel is registered to Baldwin with the United States Coast Guard.

Registration with Regulators

Rhode Island Department of Business Regulation (DBR) records show that Baldwin has been licensed on and off as a General Securities Representative (Series 7), a Commodities/Futures Trader (Series 3) and an Options Trader (Series 5) from 1989 through 2002. However, her licenses have been expired since 2002.

With regard to Baldwin's registration with the NFA and the CFTC, Investigator Rix reviewed the public database of the NFA (www.nfa.futures.org) and found that Baldwin has not been registered in any capacity since July 6, 2005 and the Newportant Group has never

been registered. Prior to July 6, 2005 Baldwin was registered as an Associated Person and a Commodity Trading Advisor at various times. An Associated Person is an individual who solicits orders, customers or customer funds on behalf of a futures commission merchant, an introducing broker, a commodity trading advisor or a commodity pool operator and who is registered with the CFTC. A Commodity Trading Advisor is an individual or organization that, for compensation or profit, directly or indirectly advises others as to the value of or the advisability of buying or selling futures or options contracts. Providing advice indirectly includes exercising trading authority over a customer's account. Registration with the Commodity Futures Trading Commission is generally required.

On Monday, September 17, 2007 your affiant spoke with Attorney Robert Mann who is representing Baldwin in this matter. Attorney Mann requested that any communication with Baldwin be directed through him. Your affiant asked Attorney Mann if he would allow an interview of Baldwin concerning this matter. He advised that Baldwin would not provide an interview.

Baldwin's Financial Resources

The State Police has identified three accounts maintained by Baldwin at Citizens Bank and four accounts maintained by Baldwin at Peoples Credit Union. The sum of the balances in all of these accounts as of August 31, 2007 was \$16,930.65. Based on a review of inflows and outflows of the seven accounts, there is no indication that Baldwin maintained other bank accounts during the period January 2005 through September 2007.

On November 21, 2007 CFTC Investigator Rix filed a declaration under the penalties of perjury in connection with a civil action taken by the CFTC against Baldwin in the United States District Court for the Southern District of New York. In the declaration Investigator Rix provided the following information:

- Baldwin maintained trading accounts with futures commission merchants (FCMs), which were or presently are registered with the CFTC.
- Baldwin's trading accounts at each of the FCMs were maintained in Baldwin's own name individually and not in the name of any commodity pool.

- As a result of trading losses, fees and withdrawals, no funds remain in any of Baldwin's accounts at the FCMs except the account at Penson. As of August 31, 2007 the balance in Baldwin's Penson account was \$113,778.54.

Based on the review of Baldwin's bank accounts by the State Police and the information provided by CFTC Investigator Rix, Baldwin's total funds available from all identified sources as of August 31, 2007 are \$130,709.19.

As of April 24, 2008, the State Police investigation has identified and interviewed forty-seven victims who provided Baldwin with \$8.7 million, of which Baldwin has returned \$1.4 million. Baldwin has not returned \$7.3 million of the victim's money. No reported investment gains are included in these amounts. Baldwin used the \$7.3 million to pay back prior investors, fund trading losses and pay her personal expenses.

Your affiant prays that an arrest warrant shall issue for Elizabeth C. Baldwin, date of birth November 6, 1945, currently residing at 1 Commercial Wharf, Apartment B26, in the City of Newport, for Embezzlement over \$100 in violation of 11-41-3, Obtaining Money Under False Pretenses over \$500 in violation of 11-41-4, and Access to Computer for Fraudulent Purposes in violation of 11-52-2 of the General Laws of Rhode Island, as amended.

Todd Catlow


Todd Catlow
Detective
Rhode Island State Police

In *Pine* this *29th* day of *April* *08* before me personally came

Todd Catlow and made oath to the truth of the foregoing.

[Signature]

Judge of the District Court
Justice of the Supreme/Superior Court

| | | | |
|--|---|--|--|
| DISTRICT COURT NO. | COURT DIVISION 2nd | POLICE NO. 001 |  STATE OF RHODE ISLAND DISTRICT COURT CRIMINAL COMPLAINT |
| STATE EX REL | DEFENDANT (NAME AND ALIAS) Elizabeth C. Baldwin alias Jane Doe | | |
| DEFENDANT ADDRESS AND PHONE 1 Commercial Wharf, Apt. B26, Newport, RI | | | |
| DEF DOB 11/6/45 | DEF BIRTH CITY -0- | DEF SOC SEC NO. 03B249339 | DEF. M.V. LIC. NO. RI 2233664 |
| OFFENSE DATE 1/7/03 | OFFENSE RATE 9 | OFFICER/COMPLAINANT Det. Todd E. Catlow | |
| COMPLAINANT ADDRESS Rhode Island State Police Financial Crimes Unit | | | |

ON BEHALF OF THE STATE I SWEAR THAT THE ABOVE DEFENDANT DID COMMIT THE FOLLOWING OFFENSES

OFFICER/COMPLAINANT: *John E. Catlow* DATE: *1/7/03* SWORN TO BY: *Todd E. Catlow* JUDGE JUSTICE OF THE PEACE: *1/29/03*

INITIAL APPEARANCE

APPEARANCE DATE: \$ BAIL FOR ALL COUNTS: \$ ARRAIGNMENT DATE: JUDGE JUSTICE OF THE PEACE:

ARRAIGNMENT

ARRAIGNMENT DATE: ADVISED OF RIGHTS: YES NO JURY TRIAL WANTED: YES NO PLEA COUNT 1: PLEA COUNT 2: PLEA COUNT 3:

BAIL FOR ALL COUNTS: \$ ATTORNEY NAME: PRIVATE COURT APP. JUDGE JUSTICE OF THE PEACE:

COUNT 1 STATUTE(S) VIOLATED: 11-41-3 FELONY MISDEMEANOR VIOLATION ORDINANCE

EMBEZZLEMENT

Acting as an agent of 47 investors to whom money was entrusted, being the value of over \$100 did embezzle and fraudulently convert to her own use said property which came into her possession and under her care and charge by virtue of her acting in said capacity in violation of 11-41-3 and 11-41-5

DISPOSITION: DISMISSAL GUILTY PLEA NOLU PLEA GUILTY FINDING NOT GUILTY FINDING CASE FILED 1 YEAR INFO/TRUE BILL NO INFO/NO TRUE BILL OTHER

PROCEEDING: ARRAIGN PRE TRIAL TRIAL OTHER APPEAL TAKEN: JUDGE: DATE:

COUNT 2 STATUTE(S) VIOLATED: 11-41-4 FELONY MISDEMEANOR VIOLATION ORDINANCE

OBTAIN MONEY UNDER FALSE PRETEXTS

Did obtain and steal money being the value of over \$500 from 47 investors designedly by false pretenses with intent to cheat and defraud in violation of 11-41-4 and 11-41-5

DISPOSITION: DISMISSAL GUILTY PLEA NOLU PLEA GUILTY FINDING NOT GUILTY FINDING CASE FILED 1 YEAR INFO/TRUE BILL NO INFO/NO TRUE BILL OTHER

PROCEEDING: ARRAIGN PRE TRIAL TRIAL OTHER APPEAL TAKEN: JUDGE: DATE:

COUNT 3 STATUTE(S) VIOLATED: 11-52-2 FELONY MISDEMEANOR VIOLATION ORDINANCE

FRAUDULENT USE OF COMPUTER

Did access a computer for the purpose of executing a scheme and artifice to defraud for the purpose of obtaining money by means of false and fraudulent pretenses in violation of 11-52-2 and 11-52-5

DISPOSITION: DISMISSAL GUILTY PLEA NOLU PLEA GUILTY FINDING NOT GUILTY FINDING CASE FILED 1 YEAR INFO/TRUE BILL NO INFO/NO TRUE BILL OTHER

PROCEEDING: ARRAIGN PRE TRIAL TRIAL OTHER APPEAL TAKEN: JUDGE: DATE:

VICTIM(S) NOTIFIED: ARRAIGNMENT PRE TRIAL TRIAL

VICTIM(S) APPEARED: ARRAIGNMENT PRE TRIAL TRIAL

CASE TYPE: DOMESTIC VIOLENCE

IMMEDIATE APPEAL TAKEN: JUDGE: DATE:

ADDITIONAL COUNTS ATTACHED:

LEAD 999 COURT COPY