

INVESTMENT GROUP TAKES STAKE IN FIBER-OPTICS FIRM

By Tom Steinhilber-Threlkeld

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A newly formed Dallas investment firm said Monday it had bailed out a failing Colorado company that makes massive fiber-optic television screens.

Corporate Partners Inc. said it would inject \$6.7 million in three phases into Advance Display Technologies Inc., a Golden, Colo., start-up that has been developing large video display screens based on lightwave fiber technology instead of light bulbs or cathode ray tubes.

CPI president Jeffrey S. Robinson said the agreement will provide the Colorado company with \$1.2 million immediately. In August, employees of the financially strapped company filed a petition seeking to force the 5-year-old company into bankruptcy involuntarily.

The infusion comes after the petition was dismissed and the company negotiated settlements of certain claims against the company with its creditors.

That first \$1.2 million gives CPI 17.5 percent ownership of ADTI, through common stock and a convertible debenture. If ADTI achieves certain performance goals, CPI will provide the remaining \$5.5 million and gain 51 percent control of the company.

In the meantime, Robinson, 35, and CPI's other principal, Mukesh G. Assomull, 32, join ADTI's board of directors. Steven R. Sedlmayr, the developer of ADTI's FiberVision technology, resigned as chairman, president and chief executive officer, but remains on the board.

ADTI has spent the last five years developing its advanced display. To date, the company has sold only two of its high-resolution public displays, at \$350,000 a pop.

The ADTI investment represents CPI's sole holding so far.

Money launderer gets 5 years, 3 months - Prosecution witness in Caprock case receives reduced sentence

By Tracy Everbach / Staff Writer of The Dallas Morning News

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An admitted money launderer who was the key prosecution witness in last month's trial of former Caprock Savings Association officers was sentenced Friday to five years and three months in federal prison.

Mukesh Assomull, who testified last month that he illegally transferred millions of dollars of the thrift's money at the direction of the failed thrift's officers, had pleaded guilty to a money-laundering charge. He could have received up to 10 years in prison, but federal prosecutors recommended that he receive a reduced sentence because of his cooperation. He will not be eligible for parole.

U.S. District Judge Jerry Buchmeyer agreed and gave Mr. Assomull the shorter sentence.

The Caprock Savings trial ended last month with the convictions on fraud charges of two top thrift officers: George F. Dillman, the former chairman, and William C. Hatfield, former chief of the thrift's executive committee. Acquitted in the case were former thrift president Anthony C. Nims and two lawyers who represented Caprock: James D. Eggleston and Mary Lou Garcia.

Mr. Dillman and Mr. Hatfield will be sentenced later by U.S. District Judge Barefoot Sanders. Mr. Dillman could receive a maximum 90-year prison sentence and a \$3.2 million fine. Mr. Hatfield faces a maximum of 60 years and a \$2.5 million fine.

Caprock Savings was based in Lubbock but had its main offices in Dallas. It failed in 1990, and the government estimates its bailout cost at \$100 million.

Man testifies thrift assets illegally boosted

By Tracy Everbach / Staff Writer of The Dallas Morning News

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A self-proclaimed money launderer testified in the trial of five people associated with the failed Caprock Savings Association that they directed him to transfer millions of the dying thrift's dollars illegally.

Mukesh Assomull of Dallas, testifying Monday and Tuesday, said he arranged two deals in November 1988 that falsely boosted the thrift's assets by \$7 million.

"The money actually came from Caprock," Mr. Assomull said.

Mr. Assomull's testimony came in the federal trial of three former top officers of the savings and loan and two lawyers who represented it. The Lubbock thrift, which had its main offices in Dallas, failed in 1989 at a loss to taxpayers of \$100 million.

On trial are former Caprock chairman George F. Dillman of Dallas, who served as chairman of the Dallas Citizens Police Review Board from 1981 to 1990; William C. Hatfield, the ex-chief of Caprock's executive committee and a former president of RepublicBank of Dallas; and former Caprock president Anthony C. Nims, a lawyer.

Also being tried are lawyers James D. Eggleston Jr. and Mary Lou Garcia, former partners in the now-defunct Dallas firm Hoover & Eggleston, which represented Caprock.

All have denied the charges, which include conspiracy, bank fraud and money laundering.

On Tuesday, defense lawyers cross-examined Mr. Assomull and portrayed him as a cunning con man who passed himself off as having ties to millionaires, traveled in leased Learjets and limousines and was known at his favorite Las Vegas haunt, Caesar's Palace, as "His Royal Highness."

When asked by defense counsel Richard Zadina why he had that nickname, Mr. Assomull replied, "I have no idea."

Mr. Assomull, a native of India who has permanent resident status in the United States, has pleaded guilty to a money laundering count in connection with \$1.5 million used in illegal stock transactions involving Caprock Savings. He could receive up to 20 years in prison.

In late 1987, he recalled, "Mr. Dillman said he needed my assistance in raising capital because they (the thrift) were losing \$1 million a month in cash."

Mr. Assomull outlined deals he said he set up in November 1988 for Caprock officers, including Mr. Dillman, Mr. Hatfield and Kenneth Hird, former general counsel and chief lending officer.

The deals were intended to create the appearance to banking regulators that the institution, which was losing money because of bad loans, was gaining capital, he said.

Under questioning from Assistant U.S. Attorney Jennifer Bolen, Mr. Assomull testified that the \$7 million the S&L appeared to acquire was actually money manipulated from its own deposits.

The chairman "desperately" wanted Caprock Savings to be part of the Southwest Plan, a government plan to bail out dying thrifts, Mr. Assomull said. But Mr. Dillman needed to boost its assets to qualify, he said.

Mr. Assomull recounted arranging two complicated real estate deals involving land flips -- subdividing land and selling tracts at inflated property values. He said he also created shell corporations, used phony borrowers, manufactured false loans, laundered money overseas and paid millions of dollars in bribes for participants to keep quiet, all with the defendants' approval.

He said that in December 1988 he arranged \$320,000 in kickbacks with Caprock's money for Mr. Dillman. After federal regulators seized the thrift in August 1989, Mr. Dillman ordered him to "clean up the files" so there was no trace of the dirty deals, he said.

Mr. Assomull testified that Mr. Eggleston and Ms. Garcia knowingly participated in the illegal transactions by incorporating shell corporations and handling paperwork to hide the true nature of the real estate deals.

Under cross-examination, Mr. Assomull admitted some discrepancies between court testimony and statements in previous depositions. He also acknowledged that in exchange for his testimony he received government guarantees that he would not be prosecuted for further illegal deals involving Caprock.

Trial begins for five charged with defrauding S&L

By Tracy Everbach / Staff Writer of The Dallas Morning News

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Two lawyers and three top officers of a failed Dallas savings and loan are on trial here in federal court, charged with defrauding the thrift of \$10 million.

The five are accused of arranging fraudulent land deals in 1988 to falsely inflate the net worth of Caprock Savings and Loan Association. The defendants wanted the thrift to appear healthy so it would be included in the government's S&L bailout plan, prosecutors charged Monday.

On trial in U.S. District Judge Barefoot Sanders' court are former Caprock chairman George F. Dillman of Dallas, who served as chairman of the Dallas Citizens Police Review Board from 1981 to 1990; the former chief of Caprock's executive committee, William C. Hatfield, who is also an ex-president of RepublicBank Dallas; and former Caprock president Anthony C. Nims, a lawyer.

Also being tried are two lawyers who represented Caprock: James D. Eggleston Jr. and Mary Lou Garcia, former partners in the now-defunct Dallas firm Hoover & Eggleston.

All have denied the charges, which include conspiracy, bank fraud and money laundering.

In opening statements Monday, prosecutors accused the five of willingly participating in a scheme of fraud and deceit. "Everybody knew, everybody got paid and nobody asked any questions," said Justice Department attorney Jennifer Bolen.

She charged that the defendants concocted the scheme in October and November 1988, when Caprock was having "severe financial difficulty, losing \$1 million to \$1.5 million every month. . . . They desperately needed money to stay open."

The defendants allegedly raised the money they needed through bogus "land flips" in Denton and Tarrant counties. After setting up two corporations with about \$3 million in Caprock money, they divided the land and sold it for a profit to other newly created companies, according to the indictment.

The total price allegedly was inflated to \$10 million. The transactions made it appear that the thrift's assets had increased by \$7 million, prosecutors charged.

Later, according to prosecutors, the defendants laundered the money to hide its source from federal banking regulators. They allegedly used about \$4.2 million to pay off participants.

The government's star witness is expected to be Mukesh G. Assomull, an Indian financier who has pleaded guilty to laundering \$1.5 million used in illegal stock transactions.

But defense attorney Richard Zadina of Dallas charged Monday that Mr. Assomull, whom he called a "smooth, articulate con man," orchestrated the scheme.

Caprock's former chief lending officer and general counsel, lawyer Kenneth L. Hird, pleaded guilty last June to one count of bank fraud and one count of money laundering. He is expected to testify against the defendants.

If convicted on all the charges in the 17-count indictment, the defendants face maximum sentences ranging from 45 to 65 years in prison and fines of \$2.25 million each.

Caprock Savings, a Lubbock thrift that had main offices in Dallas, failed in August 1989. Its bailout is expected to cost taxpayers at least \$100 million, according to the government.

5 charged with defrauding Caprock S&L of \$1.56 million - Phony real estate deals are alleged

By Tracy Everbach / Staff Writer of The Dallas Morning News

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Five people were named in federal indictments Tuesday on charges that they defrauded Cap-rock Savings and Loan Association of Dallas of a total of \$1.56 million through a series of loans and real estate deals.

One indictment accuses Jeffrey S. Robinson, Douglas M. Hickock and Kimberly Gill of serving as business fronts for phony real estate transactions allegedly used in attempts to cover up financial problems at Caprock. The indictment also accuses appraiser Jack W. Carle of inflating land appraisals to back up those phony real estate deals.

A second indictment accuses Dallas real estate broker Wayne Pickering of conspiring with others to defraud the thrift by serving as a figure-head officer of a fake corporation that enabled Caprock officers to create phony transactions and use thrift money to pay off their loans at other banks.

None of the five people named in the indictments could be reached for comment Tuesday.

Federal regulators took over Caprock Savings in 1989. Its bailout cost taxpayers about \$100 million.

In 1992, the thrift's two top officers, former chairman George F. Dillman and former thrift executive committee chief William C. Hatfield, were convicted of conspiracy, bank fraud, money laundering, mis-application of funds and unlawful participation in loans. Prosecutors alleged that the officers defrauded the thrift of \$10 million. Mr. Dillman received a 9-year prison sentence and Mr. Hatfield received 6 1/2 years.

In one of Tuesday's indictments, Mr. Robinson, Mr. Hickock, Ms. Gill and Mr. Carle are accused of receiving a total of \$1.4 million in payments for participating in the real estate scheme. The indictment says that scheme was intended to make the failing Caprock look healthy to federal regulators by increasing its holdings, paying off some of its debt and removing past-due loans from thrift records.

Mr. Robinson, Mr. Hickock and Ms. Gill, the indictment alleges, would find raw land and secure a contract to buy it. Then they would pay Mr. Carle to provide an inflated appraisal of the land.

Other conspirators would create fake corporations and "sell" the land to them at the inflated price, allowing Caprock to fund loans for 80 percent of the price. The other 20 percent, according to the indictment, "would be used to solve problems at Cap-rock Savings and to pay off the participants."

Mr. Robinson and Mr. Hickock are accused of conspiracy, five counts of bank fraud and four counts of money laundering each. Ms. Gill and Mr. Carle are accused of conspiracy and five counts of bank fraud each.

The other indictment alleges that Mr. Pickering agreed on three occasions to act as an officer of a phony corporation. It was used to carry out three loan transactions that generated "excess funds to be used by the officers and directors to pay off their own loans at other institutions, pay the outstanding-loan holding company debt and to solve other . . . problems at the institution," the indictment alleges. Mr. Pickering received \$165,000 for his services, the indictment says.

Mr. Pickering is accused of conspiracy, three counts of bank fraud, two counts of money laundering and one count of making a false statement to Caprock.