

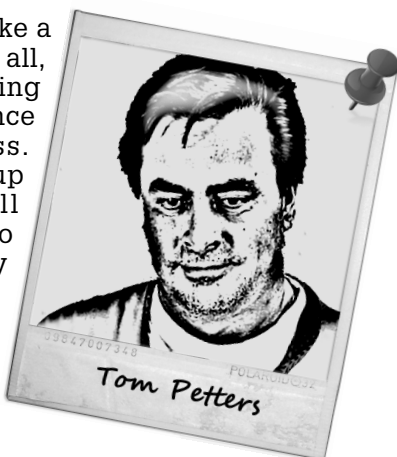
Where's The Money?

Behind the Scenes of the Petters Scam: Part 2

To ordinary taxpayers and small investors, the American economy can often seem like an impenetrable jungle or a foreign land. Outside of a federally insured bank, where is your money safe? What makes one investment company more trustworthy than another? Who is watching over them, and how carefully? And who watches over those people and organizations to make sure they are doing their jobs?

Petters Company, Inc. (PCI) looked like a safe bet for investors of all sizes. After all, Tom Petters ran the business—marketing bulk sales of consumer electronics—since 1988. On paper, it was a huge success. Plus, his other operation, Petters Group Worldwide (PGW), had acquired all sorts of brand names familiar to Minnesotans, like Fingerhut, Sun Country Airlines, and Polaroid.

However, we all found out how little in the investment world is safe in the fall of 2008. The economy tanked. Wall Street had to be saved with our tax dollars.



On Oct. 3rd, 2008 Tom Petters was arrested in Minnesota and charged with financial fraud. Petters allegedly operated a \$3.6 billion Ponzi scheme—the largest in history. But that record stood for only two months. Bernard Madoff's \$65 billion Ponzi pyramid collapsed in December 2008. Now the courts are sorting through both of those ruined financial empires.

A major bankruptcy affects thousands of people. Madoff's companies are represented by an attorney, naturally enough. Another person is the court-appointed receiver in charge of managing those businesses. Still another is the court-appointed trustee charged with protecting the business and personal assets Madoff had acquired, so that investors and creditors get a fair shake. Nothing unusual about that. That's how bankruptcies are supposed to work.

But somehow, in Minnesota, Petters' corporate attorney, the receiver, and the trustee are all the same person. His fees—plus those of all the other lawyers, accountants and consultants he hired in the case—are paid out of Petters' remaining assets. That attorney/receiver/trustee, Douglas A. Kelley, has said these professionals "are going 24-7." The Petters bankruptcy, Kelley said, "is going to take years." And that's not all it's going to take. So far, it's cost over \$20 million in fees and expenses. And the story only gets worse.



Tomorrow: How Doug Kelley and a retinue of insiders took over the Petters case.

FOR MORE INFORMATION VISIT:

STOP

THE PETTERS

SCAM

.COM