

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

CASE NO. 6:07-cv-1920-Orl-22-DAB

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

ROBERT E. LANE,
WEALTH POOLS INTERNATIONAL, INC., and
RECRUIT FOR WEALTH, INC.,

Defendants,

T-N-T EDUCATION COMPANY, INC.,
RICHARD LANE, MUNDO TRADE, INC.,
RENEE BECKER, JULIA LANE, and
FIRST FIDUCIARY BUSINESS TRUST,

Relief Defendants.

**INITIAL REPORT ON THE CONDITION OF WEALTH POOLS
INTERNATIONAL, INC. AND RECRUIT FOR WEALTH, INC.
BY DENISE D. DELL-POWELL, RECEIVER**

I. INTRODUCTION

On December 6, 2007, this Court entered a Temporary Restraining Order and other relief against Defendants, Robert E. Lane, Wealth Pools International, Inc. ("Wealth Pools") and Recruit for Wealth, Inc. ("Recruit for Wealth"), enjoining Wealth Pools and Recruit for Wealth (collectively referred to as the "Receivership Entities") from violating federal securities laws. On the same date, the Court entered an Order appointing Denise D. Dell-Powell as Receiver for the Receivership Entities. On

December 20, 2007, the Court entered Orders of Preliminary Injunction and other relief against Defendants and Relief Defendants.

The Receiver files this initial report to update the court on activities since the Receivership Order was entered.

II. BACKGROUND OF WEALTH POOLS INTERNATIONAL, INC. AND RECRUIT FOR WEALTH, INC.

As more fully alleged by the SEC in its complaint, the Receivership Entities operated a Ponzi scheme – monies raised from new investors were used to pay fictitious returns to old investors. This scheme was cloaked in the guise of selling investors, called "associates," a language tutorial DVD/CD called "Talk-N-Tutor" (and other related products) ostensibly designed to teach people the English or Spanish language. For a base price of \$99.50, which later increased to \$199.95, paid to the Receivership Entities, one received the DVD/CD and became an associate of Wealth Pools, allowing the associate to share in the monies the Receivership Entities received from new associates, without ever having to sell any products. The associates received a return on their investment based on the recruiting of new associates, not based on the amount of product sales. This scheme was developed and rolled out in 2005, became effective in 2006, with most "sales" occurring in 2007. Receivership Entities was nothing more than a classic Ponzi scheme.

The associates, or investors, could share in four different "pools" of money depending on the number of associates they recruited into the program. Associates also could earn "generational commissions." The Receivership Entities paid the associates, at first by check, then by debit card, five (5) times per month. Several banks ceased their

relationship with the Receivership Entities due to the volume of checks written every month. In 2006, the Receivership Entities contracted with a debit card company to pay commissions to the investors through a debit card system. As a result of the nature of the business of the Receivership Entities, there is a huge amount of computerized and written data which the Receiver and her counsel have been reviewing to, among other things, trace assets and identify investors.

III. FINANCIAL SNAPSHOT OF THE RECEIVERSHIP ENTITIES.

Analysis of company records show that 20,000 investors had paid the Receivership Entities approximately \$143.9 million and only approximately \$106.5 million was paid back to investors in the form of fictitious profits. Based on the records, a large majority of the investors lost money, while only a few profited.

The Receivership Entities had little debt. They did not own any real estate, having leased their offices from a non-affiliated party. The Receivership Entities had only a limited amount of personal property, most of which the Receiver has sold and liquidated. The main asset of the Receivership Entities was cash resulting from associates' investments. Unfortunately, at the time of the asset freeze, only \$153,373.76 existed in the Receivership Entities' financial institution accounts. These funds were frozen by the financial institutions but were subsequently turned over to, and is currently in possession of, the Receiver. However, the Receiver has traced millions of dollars being transferred from the Receivership Entities to third parties, including but not limited to the Relief Defendants, and it is anticipated that some of these funds will be recovered through various legal actions for the benefit of the Receivership Estate and, ultimately,

the defrauded investors. A large part of the Receiver's work will revolve around this asset tracing and recovery effort along with the claims assessment and distribution process.

IV. THE EFFORTS OF THE RECEIVER IN SECURING WEALTH POOLS AND RECRUIT FOR WEALTH ASSETS

Since her appointment, the Receiver has sought to or has completed the following, with the assistance of her attorneys and representatives.

A. Assets and Transfers

i. Records and Electronically Stored Information

Upon her appointment, the Receiver immediately began to identify, locate, and secure the records of the Receivership Entities located at the Property. The Receiver has also subpoenaed records from third parties such as banks. The Receivership Entities records consisted of voluminous documents, such as bank statements, check stubs, cleared checks, marketing material, and investor forms, which were found throughout the property.

The Receiver also identified, located, and secured electronically stored information ("ESI") of the Receivership Entities. The Receiver employed the services of a computer forensic expert, Andrew Reisman of Litigex Inc., to forensically retrieve and preserve all of the ESI stored on the servers, hard drives, laptops and other electronic media located on premises of the Receivership Entities and on three servers leased by them in Dallas, Texas. Litigex preserved through forensic imaging over Ten Terabytes of ESI. From this truly massive amount of data, the Receiver identified the key stores of ESI located on twenty six computers and portable storage devices used by the officers and

key employees of the Receivership Entities. The Receiver then reviewed and analyzed approximately 271.29 megabytes of ESI located on these key computers. A detailed review of this ESI was required to search for assets, identify key data, and to verify the information for accuracy.

ii. **Bank Accounts, Brokerage Accounts, and Other Funds Recovered by the Receiver**

The Receiver has located certain bank and brokerage accounts into which the Receivership Entities had deposited funds. A number of these accounts have already been identified and frozen. As of April 23, 2008, the Receiver has located and frozen approximately \$153,373.76. The Receiver is diligently tracing the outflow of funds from the Receivership Entities' bank accounts in an effort to locate additional assets which may be used to satisfy investors' claims. Several million dollars of the Receivership Entities' money was transferred to the Defendant Bob Lane and/or the Relief Defendants. The SEC has frozen these accounts.

In addition to funds from the Receivership Entities' bank accounts, the Receiver has also recovered the total amount of \$23,597.88 from deposit refunds, return of retainer deposits, and checks from third parties who purchased furniture from the Receivership Entities' that was not deposited at the time of Receiver's appointment.

All funds the Receiver has recovered from banks and other sources have been deposited into an interest bearing account.

The Receiver has also retained an outside accounting firm to assist in the review of the financial information and provide the Receiver with relevant information to assist in tracing monies.

iii. Office Equipment

The business office of the Receivership Entities was a 27,360 square feet, leased office space at 6200 – 6220 Hazeltine National Drive, Orlando, Florida (the "Property"). There was limited furnishings and equipment, but the Receiver had recovered several computers and office equipment from the Property. On February 2, 2008, the Receiver liquidated these assets by auction, which brought in a net return to the receivership estate in the total amount of \$16,865.64.

B. Investors

The Receiver spent significant time to identify the thousands of investors who invested with the Receivership Entities. This entailed review of the Receivership Entities physical records and electronically stored information both on and offsite. The Receiver has received hundreds of mail, telephone calls and emails from Investors, of which the Receiver has responded to or has delegated her counsel to respond to on her behalf.

The Receiver has also established and continually updates an internet website at www.wealthpoolsreceiver.com (the "Receiver's Website") to inform investors of the alleged fraud which has been perpetrated against them, the nature of these proceedings, and of developments in the case. The Receiver's Website contains an individual email address (wealthpools@akerman.com) where investors can write to obtain general information or inquiries to the Receiver.

In addition, the Receiver has established a toll-free investor hotline at 1-866-204-4801 to keep investors informed as to the progress of the Receivership proceedings. The

Receiver has enlisted English and Spanish speaking counsel to retrieve messages left on the hotline and return calls from Investors.

The Receiver has ensured that she can properly communicate with the investors who are non-English speakers by putting information on the Receiver's Website in both English and Spanish, having mail received in Spanish translated into English so that they can be properly reviewed, and having a Spanish speaking agent correspond with investors.

C. Creditors and Vendors

After her appointment and closure of the Receivership Entities' business, the Receiver corresponded with the creditors and vendors of the Receivership Entities to terminate services and return property owned by these creditors/vendors. The Receiver worked closely with the landlord of the Property in preparation for the auction held on February 2, 2008, and to resolve the eviction lawsuit filed by the landlord against the Receivership Entities.

D. Claims Process

The Receiver has established a claims procedure whereby all creditors will have an opportunity to present their claims for payment. Since the entry of this Court's Order approving the claims procedure, the Receiver had mailed approximately 20,000 postcards via U.S. Mail and sent email notices (to those whose e-mail addresses were known to the Receiver) to potential claimants, and published an advertisement with USA Today and El Nuevo Dia, providing information on the claims bar date and how to obtain a form. In

addition, the Receiver has also posted on the Receiver's Website a Claim Form for potential claimants to retrieve.

To date, the Receiver has received approximately 2,000 claims. The Receiver has reviewed the claims that have been submitted thus far to assure that the forms are properly executed and attach the appropriate supporting documentation. The Receiver is contacting various claimants to correct any issues with his/her claim.

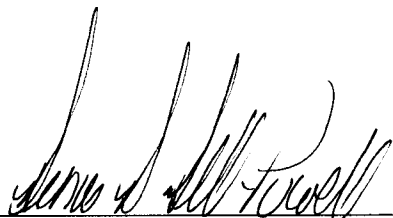
IV. RECEIVER'S PLANNED COURSE OF ACTION

Over the next several months, the Receiver will continue to take such action as is necessary to maximize the return to defrauded investors, including continuing to attempt to locate and secure assets, analyze and effectuate a plan to recover additional monies, and liquidate any remaining property. In addition, the Receiver will be reviewing claims to identify claims and develop legal theories for recovery against parties whose actions may have caused injury to the Receivership Entities and its investors. Further, upon review and analysis of claims, the Receiver will make recommendations to the Court on acceptance or rejection of claims, including a cost/benefit analysis, and whether a distribution is feasible.

V. CONCLUSION

The Receiver will continue, from time to time, to file interim reports which will describe future litigation efforts, the culpability of various individuals and the progress of the Receivership.

Dated this 25th day of April, 2008.



DENISE D. DELL-POWELL, RECEIVER