UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN

UNITED STATES OF AMERICA, Plaintiff, v. RON VAN DEN HEUVEL and KELLY VAN DEN HEUVEL, Defendants.	)	Case No. 16 CR 00064-WCG-DEJ Honorable William Griesbach Magistrate Judge David E. Jones

DEFENDANT KELLY VAN DEN HEUVEL'S MEMORANDUM IN SUPPORT OF MOTION FOR DISCOVERY

Kelly Van Den Heuvel is charged in just three counts of a 19 count superseding indictment. Her husband, Ron Van Den Heuvel, is named in all 19 counts. The core allegation of the superseding indictment is that Mr. Van Den Heuvel used "straw borrowers" to obtain loans from Horicon Bank that Mr. Van Den Heuvel then used for his benefit and the benefit of his business entities. The grand jury identified nine separate loans allegedly part of the criminal conspiracy involving Mr. Van Den Heuvel and "straw borrowers." Notably, only two of the loans allegedly involve Kelly Van Den Heuvel – a $25,000 loan that was promptly paid back (according to the evidence thus far provided by the government) and a $250,000 loan to a company named KYHKJG, LLC, which was allegedly operated by Kelly Van Den Heuvel. This motion seeks targeted discovery concerning only that $250,000 loan.

Based on the government's own evidence, it is undisputed that all of the $250,000 loan proceeds to KYHKJG in fact went to purchase a home in De Pere, Wisconsin. It is also undisputed that none of the $250,000 loan proceeds went to Mr. Van Den Heuvel or his business interests. Thus, the $250,000 loan is already an outlier – it is unlike the other loans named by the

grand jury in the superseding indictment in that the grand jury does not allege in the superseding indictment that any of the proceeds of the $250,000 loan went to Mr. Van Den Heuvel or his business entities.

Also based on the government's own discovery, no evidence exists of fraud involving the $250,000 loan or its proceeds. In conversations with the government, its lawyers have forthrightly acknowledged that they have not yet identified a theory of fraud as it relates to Ms. Van Den Heuvel's alleged involvement in the $250,000 loan. From the facts that Ms. Van Den Heuvel has thus far unearthed (which appear uncontested based on the government's current discovery), it appears that no false statements exist related to the $250,000 loan. And, in fact, the grand jury has not alleged any, despite the fact that the grand jury itemized the $250,000 loan as one of the "overt acts" listed in the Count One conspiracy charge involving Ms. Van Den Heuvel. All of the proceeds of the $250,000 went to Evans Title and Horicon Bank. Neither of those entities have any connection to Mr. Van Den Heuvel. Instead, the payments to those two entities establish that the loan proceeds went for their intended purpose: to buy a home. Moreover, the undisputed facts demonstrate that the home was fully collateralized. When Horicon Bank ultimately foreclosed on the home because KYHKJG was behind in its mortgage payments, Horicon Bank got its money back through its sale of the property at a sheriff's sale. In short, the $250,000 loan to KYHKJG appears to be a simple business transaction that mirrors millions of other home purchases in 2008 and 2009 in the United States: investors purchase home, investors are unable to make the mortgage payments, bank forecloses. That's not a crime – it was the American experience for far too many households during the economic calamity of 2008 and 2009.

Based on those undisputed facts and the government's own forthright admissions, it is not clear how the grand jury could have itemized the $250,000 loan as one of the overt acts in Count One of the indictment. Therefore, because a "particularized need" exists for scrutiny of the evidence presented to the grand jury concerning the $250,000 loan, Ms. Van Den Heuvel moves pursuant to Federal Rule of Criminal Procedure 6(e) for discovery of all information provided to the grand jury concerning the $250,000 loan to KYHKJG, LLC from Horicon Bank entered into on or around November 7, 2008 – including testimony, documents, and / or argument.

A. BACKGROUND

On April 19, 2016, an indictment was returned against Mr. Van Den Heuvel and Kelly Van Den Heuvel. Dkt. 1. Mr. Van Den Heuvel was named in all 13 counts of the indictment. Kelly Van Den Heuvel was charged in three counts, relating to the $250,000 loan to KYHKJG and the $25,000 loan to "J.G.":

- Count One (with Paul Piikkila and Mr. Van Den Heuvel): conspiracy to commit bank fraud and conspiracy to make material false statements to Horicon Bank, all in violation of Title 18, United States Code, Section 371, related to Kelly Van Den Heuvel's alleged involvement in a $250,000 loan to KYHKJG and a $25,000 loan to alleged straw borrower "J.G."

- Count Ten (with Mr. Van Den Heuvel): bank fraud, in violation of Title 18, United States Code, Sections 1344 and 2, related to Kelly Van Den Heuvel's alleged involvement in the $25,000 loan to alleged straw borrower "J.G."

- Count Eleven (with Mr. Van Den Heuvel): knowingly causing the making of a false statement to influence Horicon Bank, in violation of Title 18, United States Code, Sections 1014 and 2, related to Kelly Van Den Heuvel's alleged involvement in the $25,000 loan to alleged straw borrower "J.G."

On September 20, 2016, a superseding indictment was filed adding six counts of bank fraud and knowingly making false statement against Mr. Van Den Heuvel only. Dkt. 52. The fraud scheme involved wholly different conduct from that which was alleged in Count One. No additional charges were added against Kelly Van Den Heuvel.

The grand jury alleges in the superseding indictment that "[o]n or about November 7, 2008, Piikkila authorized two loans of $250,000 and $70,000, respectively, to KYHKJG, LLC." *See* Dkt. 52 at 5. The allegation constitutes the third alleged overt act in the alleged conspiracy involving Kelly Van Den Heuvel.

What is immediately revealing is the absence of an allegation in overt act three that any of the proceeds of the $250,000 loan (or the $70,000 line of credit) were transferred to Mr. Van Den Heuvel or his business entities. In each of the other overt act allegations concerning loans, the grand jury alleged that proceeds were used by Mr. Van Den Heuvel or his business entities. *See id.* at 5-6 overt act 2 ("Proceeds from that loan were transferred to two of Ronald Van Den Heuvel's business entities."); overt act 5 ("These funds were used to pay personal expenses of Ronald Van Den Heuvel and to pay off different loans obtained for Ronald Van Den Heuvel at different banks."); overt act 6 ("Those funds were promptly used for the benefit of two of Ronald Van Den Heuvel's business entities."); overt act 7 ("This loan consolidated the debts due on the loans noted in paragraphs 2 and 6 above."); overt act 9 ("These funds were promptly paid to RVDH, Inc. and KYHKJG, LLC; paid to S.P. as a payment on the loan noted in paragraph 7 above; or paid to W.B. to be used as payment on the loans noted in paragraph 5 above."); overt act 10 ("These funds were promptly transferred to Ronald Van Den Heuvel's other business entities, paid out to Ronald Van Den Heuvel's employees, used to pay off Ronald Van Den Heuvel's debts to other companies and other banks, and used to make payments against balances due on the loans noted . . . above."); overt act 11 ("These funds were promptly transferred to another of Ronald Van Den Heuvel's business entities.").

After investigating this $250,000 loan (in part with the discovery the government provided defendants), the undisputed evidence establishes that the proceeds for this loan were used to pay the loan fees and purchase property at 1520 Silver Maple Drive, De Pere, WI, and not for any fraudulent purpose. Specifically, $248,641 was paid to Evans Title to purchase the home. $1,359 was paid to Horicon Bank, representing payment of loan fees to the bank. No evidence exists that any of these funds went to Mr. Van Den Heuvel or his businesses. In fact, scant evidence exists even tying Kelly Van Den Heuvel to these loans. Cooperating defendant Paul Piikkila admitted, in connection to this transaction, that

- Mr. Van Den Heuvel (not Kelly) "approached Piikkila for the KYHKJG loans;" Piikkila March 2, 2016 interview at 3, copy attached as Exhibit A;
- Piikkila thought "that the $70,000 line of credit was to be used for maintaining the house;" *id.*
- Piikkila doesn't know that "Van Den Heuvel [not Kelly] used it for other purposes;" *id.*
- Piikkila "didn't see these loans [the $250,000 and the $70,000 loan] as a way to circumvent the bank." *Id.*

Aware of this evidence, counsel for Ms. Van Den Heuvel conferred in good faith with the government and sought information regarding the government's theory of fraud with respect to the $250,000 loan. The government candidly admitted it was unable to articulate a theory nor able to provide any information regarding fraud with respect to this loan. Instead, the government told defense counsel that it was still investigating this loan and would provide additional information when it became available. Months later, counsel for Ms. Van Den Heuvel followed up with the government. Again, no information was provided regarding fraud related to this loan. Subsequently, counsel for Ms. Van Den Heuvel requested the grand jury materials related to the $250,000 loan. The government declined to produce these materials and stated that it was not required to produce the materials.

B. ANALYSIS

A court may permit disclosure of grand jury materials under Federal Rule of Criminal Procedure 6(e)(3)(E)(i) when the requesting party has demonstrated a "particularized need" for the material. Rule 6(e) provides several situations in which the Court can order the release of grand jury materials. *See Douglas Oil Co. v. Petrol Stops Northwest*, 441 U.S. 211 (1979). The movant must demonstrate that the material sought is: "[N]needed to avoid a possible injustice in another judicial proceeding, that the need for disclosure is greater than the need for continued secrecy, and that [the] request is structured to cover only material so needed." *Id.* at 222; *see also United States v. Sells Engineering, Inc.,* 463 U.S. 418, 443 (1983); *Lucas v. Turner,* 725 F.2d 1095, 1101 (7th Cir. 1984). Here, each of those elements favors disclosure.

In determining whether disclosure is permitted, the court must balance the "particularized need" of the party seeking disclosure against the need for secrecy. As the need for secrecy decreases, the burden of demonstrating need for the materials is reduced. *See Douglas Oil Co.*, 441 U.S. at 223; *see also Dennis v. United States*, 384 U.S. 855, 870 (1966); *Illinois v. Sarbaugh*, 552 F.2d 768, 774-75 (7th Cir. 1977). The most important factor to consider in weighing the need for continued secrecy is whether the investigation has been completed. After completion of the investigation, "[O]nly 'institutional' concerns are implicated by the [requested] disclosure." *United States v. Dynamac*, 6 F.3d 1407, 1412 (9th Cir. 1993). Once the investigation is completed and the grand jury is discharged, disclosure is more likely to be ordered "where the ends of justice require it." *Dennis,* 384 U.S. at 870; *see also United States v. Socony-Vacuum Oil*, 310 U.S. 150, 234 (1940); *Wisconsin v. Shaffer*, 565 F.2d 961, 967 (7th Cir. 1977).

Finally, the court may regulate the disclosure of materials ordered pursuant to Rule 6(e)(3)(E)(i) to limit to the maximum extent possible the invasion of grand jury secrecy. *See*

Douglas Oil, 441 U.S. at 219-22. The Seventh Circuit has endorsed protective orders which permitted disclosure to a single attorney; required that attorney to keep a log of all subsequent disclosures; prohibited the copying of transcripts; and required the return of all transcripts once they were no longer needed. *Illinois v. Sarbaugh*, 552 F.2d 768 (7th Cir. 1977).

Here, a particularized need exists for disclosure of the requested information. The grand jury alleged as an overt act in furtherance of the conspiracy the $250,000 loan to KYHKJG. Based on the undisputed evidence, however, nothing untoward occurred in relation to that loan – even according to the government's own cooperator. No obvious purpose exists, then, for leaving that allegation in the indictment. Kelly Van Den Heuvel needs the requested information in order to understand the grand jury's thinking on this issue and determine whether a motion to strike that portion of the superseding indictment is appropriate. *See e.g.*, *United States v. Way*, No. 14-CR-00101-DAD-BAM, 2015 WL 8780540 at *7 (E.D. Cal. Dec. 15, 2015) (ordering limited disclosure of grand jury materials based upon the defendant's showing that the indictment may have not appropriately alleged the defendant's knowledge of the charged crimes in light of recent precedent). Likewise, the grounds for secrecy are significantly diminished here, because the case has already been indicted, it is moving toward trial, and the grand jury has presumably completed its work on this matter. In addition, the requested information here is very targeted – Kelly Van Den Heuvel seeks only that information related to the $250,000 loan on November 7, 2008. Finally, Kelly Van Den Heuvel has no objection to a protective order that would limit disclosure of this information to only those persons authorized by the Court.

In *United States v. Way*, the district court compared the defendant's asserted need for disclosure to the need for secrecy of grand jury proceedings. 2015 WL 8780540 at *2. The court reasoned that the need for secrecy was diminished because the grand jury had completed its

investigation and "already returned an indictment" so there were not "security concerns to jurors or witnesses[.]" *See id.* at *5 (citations omitted). The court also noted that the limited scope of the disclosure of only materials pertaining to one element of a single count in the indictment weighed in favor of disclosure. *Id.* The court added that it would include protective limitations on the use of the disclosed material to help diminish secrecy concerns. *Id.* at *6-7.

The facts in *Way* are comparable to the facts here. Kelly Van Den Heuvel's asserted need for disclosure of the grand jury materials is not speculative or overreaching. She has established a particular need for specific information concerning the grand jury materials related to a single overt act in Count I of the Superseding Indictment. The discovery produced by the government regarding this overt act does not point to anything fraudulent about the $250,000 loan (or Kelly Van Den Heuvel's part in it) and the government has been unable to provide any information regarding its theory of fraud on this loan. Accordingly, the grand jury materials are the only means by which Ms. Van Den Heuvel can determine whether a motion to dismiss this portion of the indictment is appropriate. *See United States v. Mechanik*, 475 U.S. 66 (1986) (noting that many grand jury errors are now appropriately raised prior to trial).

An order requiring disclosure of grand jury materials rests in the sound discretion of the trial court. *Carlson v. United States*, 837 F.3d 753, 762 (7th Cir. 2016). After the grand jury's functions have ceased, disclosures are proper where the ends of justice require it. *See id.* (citing *United States v. Socony-Vaccum Oil Co.*, 310 U.S. 150 233-34 (1940)). Here, the compelling need for secrecy is outweighed by the potential miscarriage of justice that could result from irregularities in the grand jury proceedings concerning the allegations in Count I of the superseding indictment.

C. CONCLUSION

WHEREFORE, Defendant Kelly Van Den Heuvel, moves this Honorable Court to enter an order requiring the government to disclose to Defendant Kelly Van Den Heuvel the grand jury materials regarding the overt act in Count 1 of the superseding indictment, including testimony, documents, and argument, concerning the purported fraud with respect to the $250,000 loan.

Respectfully submitted,

/s/ *Andrew Porter*

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that in accordance with Fed. R. Crim. P. 49, Fed. R. Civ. P. 5 and the General Order on Electronic Case Filing (ECF), the following document:

DEFENDANT KELLY VAN DEN HEUVEL'S MEMORANDUM IN SUPPORT OF MOTION FOR DISCOVERY

was served pursuant to the district court's ECF system.

/s/ Carrie E. DeLange

MEMORANDUM OF INTERVIEW

INTERVIEW OF	DATE OF INTERVIEW	INTERVIEWED BY
Paul Piikkila	March 2, 2016	Brian Due, Special Agent, FBI Sara Hager, Special Agent, FDIC OIG Mel Johnson, Assistant US Attorney, US Attorney's Office – Eastern District of Wisconsin Matthew Krueger, Assistant US Attorney, US Attorney's Office – Eastern District of Wisconsin
INTERVIEW HELD AT	**PEOPLE PRESENT**	
US Attorney's Office – Eastern District of Wisconsin, 517 E Wisconsin Ave, Milwaukee, WI	Piikkila, Hager, Johnson, Krueger, Due, Sanders	

On the above mentioned date, Paul Piikkila (Piikkila) was interviewed by FDIC – OIG Special Agent Sara Hager, Assistant US Attorneys Mel Johnson and Matt Krueger from the US Attorney's Office – Eastern District of Wisconsin, and FBI Special Agent Brian Due. Dan Sanders from Kohler, Hart and Powell Law Firm was also present and representing Piikkila.

Piikkila understood that the interview was continuing under the same proffer terms as the previous interview on April 15, 2015, and had no additional questions.

Piikkila began by stating that when he was closing Ron Van Den Heuvel's (Van Den Heuvel) deposit accounts at Horicon Bank (HB) that one account was over $13,000 overdrawn. Piikkila paid the overdraft with his credit card and he was reimbursed from the Source of Solutions (SOS) loan. The $13,361.21 check was made payable to Bank of America [attachment 1].

RVDH was supposed to be a company to acquire and/or pulp wood to make paper. The equipment was never purchased and the company never got off the ground. The Wisconsin Economic Development Corporation (WEDC) funds were supposed to buy this sorting equipment for Green Box, NA. This sorting equipment cost approximately $280-300,000, and cost $80,000 to transport from Pittsburg. Van Den Heuvel previously had it housed at a warehouse located on Circle Drive in Green Bay.

Piikkila repeatedly asked to see the RVDH sorting equipment but Van Den Heuvel never gave a straight answer, stating that it was being refurbished. Piikkila didn't know what the RVDH money was used for.

Van Den Heuvel takes money from banks and investors to pay personal and business expenses. Piikkila didn't realize this until he started working for Van Den Heuvel.

Van Den Heuvel treats business and personal expenses as one big entity.

Piikkila believed that Van Den Heuvel has a good business plan but he never uses his money for what he says he is. Piikkila witnessed this while he was working for him.

Piikkila stated that Van Den Heuvel monetized his patents for his personal financial statement based on his own speculation. There was no independent audit. Van Den Heuvel claimed a $2.3 million annual salary even though his businesses didn't cash flow. Piikkila didn't conduct any independent verification of Van Den Heuvel's claims on his personal financial statement.

Piikkila was hired by Van Den Heuvel in May 2010 to replace Steve Peters (Peters). Van Den Heuvel had made some money with the Eco Fiber plant, but when Piikkila started it wasn't running. It could have been fully operational but was hard to maintain. Brian Glime was the only one that could service the equipment. The only time that they ran the equipment was for trials or tours. Van Den Heuvel did run the plant for about three weeks, but instead of using the money at/for the plant, he used it elsewhere.

Piikkila said the process for making paper can be very complex. The waste has to be "de-inked" and cleaned of waste material to create sludge waste and then repurpose the material. The extra material from the "de-inking" can be used for other material and/or fuel, thereby creating less waste overall. Van Den Heuvel was never able to accomplish this; however, there is another company in Michigan that has the technology. Europe and Canada already have this technology, too, so it is a totally viable technology. This type of paper would have to be sold within a 100 mile radius, so Green Bay is a good location due to all the paper plants.

Van Den Heuvel made claims that his process didn't use bleach, but this wasn't true. It isn't possible to make clean paper without using bleach. Van Den Heuvel moved the bleaching part of the process to the "soap bath" at another facility so he could claim they didn't use bleach.

Some Van Den Heuvel investors included:

- Ken Partis (Partis) for $500,000
- Howard Bedford (Bedford) – he is involved with Dominick's food chain

Van Den Heuvel would tell people that he could make 200/tons of material a day, but the plant only produced 140/tons a day.

Van Den Heuvel was the only person with signing authority with the companies.

Debra Stary worked as Van Den Heuvel's secretary for 17-18 years. She was his right hand person, kept all the ledgers and was in charge of and maintained finances. She had no decision making authority.

Debra Stary was the Vice President of Nature's Way. She didn't want to be on the Board but Van Den Heuvel brow beat her until she agreed. Piikkila didn't know if Stary and Van Den Heuvel had a romantic relationship. Van Den Heuvel was intimidating and Piikkila once saw him punch Howard Bedford. They had a fight because Van Den Heuvel approached Dardus and asked him to invest $30,000. Bedford told him not to invest. Van Den Heuvel needed the money immediately for the Waste Fiber facility.

Steve Peters was with Van Den Heuvel for seven to eight years and worked as a manager.

Piikkila had a $250,000 loan limit at HB.

STEVE PETERS

Piikkila couldn't loan any money to Waste Fiber Recovery because Van Den Heuvel had ownership in the company so Van Den Heuvel asked if Piikkila could loan money to Peters so he could sell fiber independently, however, ultimately this benefitted Van Den Heuvel's business. Van Den Heuvel and Peters both told him Peters was going to sell the fiber in his own name, however, the end goal was to assist the plant. Piikkila acknowledged that bringing Peters in on the loan was a way to circumvent Van Den Heuvel being on the loan. Piikkila said that technically Waste Fiber was not part of Nature's Way.

Piikkila didn't know why Van Den Heuvel signed the 1/31/10 disbursement for the Peters loan renewal. He couldn't recall if Van Den Heuvel was at the signing (Attachment A).

The Peters loans were consolidated for ease of management.

KYHKJG

Van Den Heuvel approached Piikkila for the KYHKJG loans. At the time, Piikkila didn't know that Van Den Heuvel's ex-wife, Jan, lived in the house. Van Den Heuvel was required to maintain a house for her in DePere and Savannah, GA. It wasn't Piikkila's practice to get a rental agreement prior to this type of deal. Piikkila thought that the $70,000 line of credit was to be used for maintaining the house. He didn't know that Van Den Heuvel used it for other purposes. Piikkila didn't see these loans as a way to circumvent the bank.

BAIN

Regarding the Bain loan, Piikkila didn't think the collateral arrangement was strange because the people involved were very successful. Sharad Tak (Tak) was current on his payments to Van Den

Heuvel and Piikkila thought the other bank [agent's note: Nicolet Bank] had done their due diligence when taking Tak's promissory note as collateral. Bain was a successful and accomplished businessman. Piikkila thought that 50% of the loan proceeds were going to be used for a joint business venture for Bain and Van Den Heuvel. Piikkila didn't know why he thought that. Piikkila admitted this loan was a way to circumvent the bank.

Bay Lake Bank funded a loan for Bain and Van Den Heuvel to buy hunting land. Either Bain or Van Den Heuvel said that the HB loan proceeds were going to pay down loans Bain had taken out for Van Den Heuvel at other banks. At the closing Bain said he wasn't going to repay the loan. Piikkila said that if he wasn't going to pay the loan not to sign but Bain signed anyway. Bain looked like he was competent and knew what he was doing. Piikkila thought that he was creating another hopefully successful business relationship with for HB with Bain. Van Den Heuvel's collateral was going to make payments and Bain was secondary. Piikkila emailed Van Den Heuvel when payments came due. Van Den Heuvel was the primary contact for the loan. Piikkila didn't think there was anything wrong with the loan because it was well collateralized, but now realizes he was probably fooling himself. Piikkila didn't know that what he was doing was criminal.

JULIE GUMBAN

Piikkila thought that Julie Gumban (Gumban) had a strong personal financial statement. He didn't know who prepared it or who gave it to him (Attachment B). He thought that the statement was accurate and noted that Gumban had assets and no expenses. He couldn't recall if Gumban signed the statement in front of him. He recalled questioning her credit card debt, but couldn't remember her response. It was only later that he found out Kelly Van Den Heuvel was using Gumban's credit cards.

SOURCE OF SOLUTIONS

Van Den Heuvel had Stary sign the Source of Solutions loan so Van Den Heuvel didn't have to. Piikkila called Van Den Heuvel to figure out the loan arrangements. Piikkila believes that Van Den Heuvel has other people on the Board of his companies to take the heat off him. Piikkila noted that he helped HB foreclose on the forklifts that were the collateral. HB's attorney, Sam Kaufman, asked Piikkila to secure the forklifts. The lessor had stopped making payments so Van Den Heuvel moved the forklifts to the Eco Fiber plant. Piikkila ended up signing the receipt for them so he was then personally liable for the equipment. After they were at the plant, he called Kaufman so HB could pick them up.

RVDH

There were two RVDH loans he approved at HB. One was paid off. The loan was collateralized by the GBSA. RVDH was not a cash intensive business. Piikkila believed that the loan that wasn't paid off was possibly for payroll and didn't know if taxes were taken out.

Piikkila said it is in Van Den Heuvel's nature to fight everything. Van Den Heuvel believes in his business plan and doesn't want to start out small. He wants his business to be big.

Piikkila believes that Van Den Heuvel has so many companies because he opens a "clean" entity and transfers the assets to them. He said that Van Den Heuvel has pledged the same collateral for multiple loans, including loans at Bay Lake Bank.

Piikkila kept emails from when he worked for Van Den Heuvel. He also used his personal computer when he worked for him which he still has in his possession. Piikkila was employed as a consultant with a salary of $25,000/quarter and was supposed to pay the income tax on his salary separately. Piikkila didn't have an employment contract and Piikkila didn't receive any salary from Van Den Heuvel in the 17 months he worked for him. Van Den Heuvel always paid the single mothers first. Piikkila eventually left because he wasn't being paid. He sued Van Den Heuvel for back pay. Van Den Heuvel asked him to settle out of court but all he paid was the $2,700 in filing fees for the lawsuit.

Piikkila was shown an email which outlined a proposed settlement for Van Den Heuvel and the HB straw loans (Attachment C). Van Den Heuvel came up with the agreement and Piikkila typed it out. The settlement wasn't Piikkila's idea because he wouldn't have approached the bank without offering full payment. This settlement was Van Den Heuvel's way of taking responsibility for the loans. Piikkila doesn't know why Van Den Heuvel doesn't write his own emails. He handwrites emails and someone else sends them for him. People were not supposed to send emails from Van Den Heuvel without his knowledge.

Van Den Heuvel is in denial that he is broke. He bought his wife a $90,000 car last year and at one point had one or two private planes. However, Van Den Heuvel had already gotten rid of the planes before Piikkila went to work for him. Van Den Heuvel has property in Savannah, DePere (although he thought that was actually owned by his brother in law Pedro Fernandez). The Van Den Heuvels lead an expensive lifestyle.

Bay Lake Bank has the first mortgage on the Eco Fiber plant.

Piikkila did the projections for the WEDC loan. There were no customers for the fuel pellets, but there were interested parties including Jaden LNU and Bedford.

ATTACHMENTS:

A) Peters renew disbursement 1/31/10

B) Gumban personal financial statement

C) Email from Van Den Heuvel

D) Emails provided by Piikkila during proffer