



Report reveals scam generated nearly \$400 million

BY SHAWN MARTIN AMERICAN PRESS

The assets of a former Vernon Parish man accused of participating in a multistate and international scam have been seized.

Court-appointed receiver Greg Hays, of Hays Consulting in Atlanta, filed a report with a federal district court in Texas.

Most of the defendants have retained legal counsel, Hays told the court. Neulan Midkiff, a former Vernon Parish resident, has not, leading to “some difficulty in communicating with him about the issues related to the receivership,” he said.

Several defendants have invoked their Fifth Amendment right against self-incrimination, and he has received limited information from them or their attorneys, Hays said.

Most of the information has come from documents, electronic records, investors and third parties, he said.

The report is intended to provide the court with information on the scam; on the assets and liabilities of the receiver estate; and a summary of the receiver’s activities.

In December, the U.S. Securities and Exchange Commission obtained from the Texas federal court restraining and asset-freeze orders against Travis E. Correll, of Atlanta, dba Horizon Establishment, and Neulan D. Midkiff, of Forest Lake, Minn., and his Joshua Tree Group.

The defendants are charged with operating a fraudulent high-yield investment scheme that has raised about \$36 million since July 2004.

The scam has links to offshore investment banks in Australia, the SEC said. The FBI and U.S. Postal Service are involved in the investigation.

The Ponzi scheme has collected close to \$153 million from more than 1,200 investors nationwide, Hays said.

Records indicate the total investment in the scheme may exceed \$390 million, including rollovers and reinvestment of principal, he said.

Of the 1,200 investors, 400 of are from Louisiana — at least 229 from Allen, Beauregard and Vernon parishes.

Hays identified 83 investors in DeRidder and 51 in Leesville.

Others are scattered across Southwest Louisiana. There are 270 investors in Texas, 238 in Minnesota, 63 in Idaho and 41 in Georgia.

Investors were lured into the scheme by the promise of high returns of monthly interest payments ranging from 4 percent to 12 percent a month for annualized returns on the investment ranging from 48 percent to 144 percent, Hays said.

The terms of most investments appear to be between seven months and a year, but investors were encouraged to roll their investments over for longer periods, he said.

Hays said he has records from Correll’s office, TNT Office Supply in San Antonio, and Dwight Johnson, Harry Gowdey and Greg Thompson in Texas.

He also has records seized from an apartment in Midkiff’s hometown, he said.

The FBI seized some of Midkiff’s records from his church and home, and Hays said he has access to them.

Hays has frozen nearly \$3.2 million in assets from 38 banks nationwide. More than \$528,000 of that has been turned over to him. Hays has identified 31 other people and businesses whose assets could be

frozen.

The hub of the scheme was Correll and the entities under his control in Atlanta, Hays said.

Correll worked with Thompson and TNT in Texas and Midkiff in Minnesota, he said.

The money taken in was used to make monthly payments to early investors; pay finders' fees and commissions; pay for the defendants' activities, including office rent, salaries and automobiles; and pay for the lifestyles and investments of the defendants and those working with them, Hays said.

Monthly payments were made to investors until September, when they stopped, he said. Records indicate that by then, \$14 million per month — an average monthly return of 9 percent — was required to meet the investment obligation.