

1 **STATE OF WASHINGTON**  
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING ) Order Number S-04-247-05-SC01  
5 Whether there has been a violation of the )  
6 Securities Act of Washington by: ) STATEMENT OF CHARGES AND NOTICE  
7 ) OF INTENT TO ENTER ORDER TO CEASE  
8 ) AND DESIST  
9 Gretchen Sidorov; Brent Gill; Mary )  
10 Ann Gough; Reserve Foundation Trust )  
11 LLC )  
12 )  
13 Respondents.)

14 THE STATE OF WASHINGTON TO: Gretchen Sidorov  
15 Brent Gill  
16 Mary Ann Gough  
17 Reserve Foundation Trust LLC

18 **STATEMENT OF CHARGES**

19 Please take notice that the Securities Administrator of the State of Washington has reason  
20 to believe that Respondents, Gretchen Sidorov; Brent Gill; Mary Ann Gough; and Reserve  
21 Foundation Trust LLC, have violated the Securities Act of Washington and that the violations  
22 justify the entry of an order of the Securities Administrator under RCW 21.20.390 against each  
23 to cease and desist from such violations. The Securities Administrator finds as follows:

24 **TENTATIVE FINDINGS OF FACT**

**I. RESPONDENTS**

1. Gretchen Sidorov aka Gretchen Umlauf (“Sidorov”) is currently a resident of  
Alaska. Sidorov formerly lived in Washington State. Sidorov filed for Chapter 13 Bankruptcy  
in the District of Oregon Bankruptcy Court on December 12, 2001.

STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER ORDER TO CEASE AND DESIST

1

**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760



1 III. NATURE OF THE OFFERING

2 7. RFT claimed to trade in off-shore bank debentures. RFT offered and sold  
3 investment opportunities in its trading program to members of the public. The investment was to  
4 pay a 40% interest per month for one year and twenty-one days. The money would be deposited  
5 and secured by a "Top Money Center Bank." The funds would then be used for trading bank  
6 debentures purportedly regulated by the International Chamber of Commerce (ICC). The  
7 minimum required to invest in the trading program was \$100,000.

8 8. On or about June of 2000 Sidorov offered at least four individuals the RFT  
9 investment. Sidorov knew the potential investors through a family member. Sidorov offered and  
10 sold RFT investments for a total of approximately \$190,000 to the four investors.

11 9. Sidorov told investors that that there was a 40% monthly rate of return and gave  
12 them RFT documents outlining the investment. Sidorov told the investors that she and her family  
13 member had been involved with the investment since April of 2000. Sidorov told investors that  
14 she needed their money by July of 2000 in order for them to participate in the investment.  
15 Investors were told that they could expect their interest payments to begin in August of 2000.

16 10. Sidorov told the investors to send their money to her personal bank account at  
17 National Bank of Alaska located in Seattle, Washington. On or about July 8, 2000 one Colorado  
18 investor wired \$30,000 to the National Bank of Alaska. In or about July of 2000 another  
19 Colorado investor sent a check to the National Bank of Alaska in the amount of \$20,000. The  
20 investors sent the money to Sidorov's account for the specific purpose of participating in the  
21 RFT investment.

22 11. The money was to be transferred to a Bank of America account that Sidorov had  
23 opened at the instruction of Gill. From the Bank of America account the money was to be wire

1 transferred to a bank in Nevis, West Indies and then wire transferred to the RFT bank account in  
2 Colorado. The bank account in Colorado belonged to Harte. After each transfer Gill was to send  
3 a copy of the transfer to Sidorov through Gough.

4 12. On or about August of 2000 investors were told that the money was not invested  
5 in the original RFT trading program, but that there was a chance to invest in a different trading  
6 program with a 10% monthly rate of return.. Sidorov again stated that she needed \$100,000 to  
7 participate in the investment. On or about September 14, 2000 the same Colorado investor wired  
8 an additional \$20,000 to the National Bank of Alaska as instructed by Sidorov.

9 13. The investors were told in or about November of 2000 by Sidorov that their  
10 money was never invested as they thought it was. When the investors asked for their money back  
11 from Sidorov, she told them that she did not have it and that it had been sent out of the country.

12 14. These type of trading programs were the subject of an October 25, 1993; July 17,  
13 1996; and May 20, 2002 Investment Scheme Advisory issued by the Board of Governors of the  
14 Federal Reserve System warning the public about these illegal and fictitious schemes.

#### 15 IV. MISREPRESENTATIONS AND OMISSIONS

16 15. Sidorov told investors that she had investigated the investment and people had  
17 made money on this investment for years, but failed to give the investors specific information  
18 about the trading program. Sidorov, Gill, Gough and the RFT offering documents failed to  
19 disclose the identities and addresses of the relevant parties to the trading program including the  
20 identities of the principals, the specific history of the purported trading program, the basis RFT  
21 had for its claims of being able to pay investors a 40% monthly return , the identity of the issuer  
22 of the bank debentures being traded and the specific risks of trading bank debentures including  
23

1 but not limited to a lack of market for the debentures, inadequate funds to complete the trading  
2 and the effects of government regulation in the banking and investment industries.

3 16. Sidorov had the investors send their money to her personal bank account at  
4 National Bank of Alaska and failed to disclose the identity of the bank at which the funds would  
5 be ultimately deposited and the identity of the bank that would guarantee the investor's funds.

#### 6 V. REGISTRATION STATUS

7 17. Gretchen Sidorov is not currently registered as a securities salesperson or broker-  
8 dealer in the state of Washington and has not previously been so registered.

9 18. Brent Gill is not currently registered as a securities salesperson or broker-dealer in  
10 the state of Washington and has not previously been so registered.

11 19. Mary Ann Gough is not currently registered as a securities salesperson or broker-  
12 dealer in the state of Washington and has not previously been so registered.

13 18. RFT is not currently registered to sell its securities in the state of Washington and  
14 has not previously been so registered.

15  
16 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

#### 17 CONCLUSIONS OF LAW

18  
19 1. The offer or sale of RFT investments described above constitutes the offer or sale  
20 of a security as defined in RCW 21.20.005(10) and (12).

21 2. The offer or sale of said securities is in violation of RCW 21.20.140 because there  
22 is no registration or notification of claim of exemption for such offer or sale is on file with the  
23 Securities Administrator.

1           3.       Gretchen Sidorov has violated RCW 21.20.040 by offering or selling said  
2 securities while not registered as a securities salesperson or broker-dealer in the state of  
3 Washington.

4           4.       Brent Gill has violated RCW 21.20.040 by offering or selling said securities while  
5 not registered as a securities salesperson or broker-dealer in the state of Washington.

6           5.       Mary Ann Gough has violated RCW 21.20.040 by offering or selling said  
7 securities while not registered as a securities salesperson or broker-dealer in the state of  
8 Washington.

9           6.       The offer and/or sale of said securities was made in violation of RCW 21.20.010  
10 because, as set forth in the Tentative Findings of Fact, Sidorov, Gill, Gough and RFT made  
11 misstatements of material fact or omitted to state material facts necessary in order to make the  
12 statements made, in light of the circumstances under which they were made, not misleading.

13  
14                           **NOTICE OF INTENT TO ENTER ORDER TO CEASE AND DESIST**

15           Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities  
16 Administrator intend to order that Gretchen Sidorov; Brent Gill; Mary Ann Gough; and Reserve  
17 Foundation Trust LLC; their agents and employees each cease and desist from violations of  
18 RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140.

19  
20                           **NOTICE OF INTENT TO RECOVER COSTS**

21           Pursuant to RCW 21.20.390 and based upon the Tentative Findings of Fact and  
22 Conclusions of Law, the Securities Administrator intends to order that Respondents, Gretchen  
23 Sidorov; Brent Gill; Mary Ann Gough; and Reserve Foundation Trust LLC, shall be jointly and

1 severally liable for and pay to the Securities Division the costs, fees, and other expenses incurred  
2 in the conduct of investigating this matter, in an amount not less than \$2,000.

3  
4 **AUTHORITY AND PROCEDURE**

5 This Statement of Charges is entered pursuant to the provisions of RCW 21.20 and is  
6 subject to the provisions of RCW 34.05. The respondents, Gretchen Sidorov; Brent Gill; Mary  
7 Ann Gough; and Reserve Foundation Trust LLC, may make a written request for a hearing as set  
8 forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR  
9 HEARING accompanying this order.

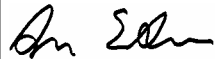
10 If a respondent does not request a hearing, the Securities Administrator intends to adopt  
11 the above Tentative Findings of Fact and Conclusions of Law as final and enter an order to cease  
12 and desist permanent as to that respondent and impose costs, fees, and other expenses incurred in  
13 the conduct of investigating this matter, as described above.

14 Dated this 27th day of April, 2005

15  
16 

17 \_\_\_\_\_  
18 MICHAEL E. STEVENSON  
19 Securities Administrator

19 Approved by:

20 

21 Suzanne Sarason  
22 Chief of Compliance &  
23 Examinations

19 Presented by:

20 

21 Kate Reynolds  
22 Financial Legal Examiner