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Dept. of Commerce Div. of Securities

BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF : Anglo-American International: Anglo-American Investments; Kirk I. Koskella; O. Jay Neeley; and Paul J. Young;	)	ANSWER TO GOVERNMENT'S ORDER TO SHOW CAUSE
Respondents	)	Docket No. SD-99-0043 Docket No. SD-99-0044 Docket No. SD-99-0045 Docket No. SD-99-0046 Docket No. SD-99-0047

COMES NOW THE respondent Paul J. Young, a licensed practicing attorney in good standing in the state of Utah, who resides in Henderson, Nevada, and who has reviewed the document entitled "ORDER TO SHOW CAUSE" directed against him and "Anglo-American International; Anglo-American Investments; Kirk I. Koskella; O. Jay Neeley". Respondent Paul J. Young has also reviewed Utah Uniform Securities Act, Utah Code Ann. Sections 61-1-1, et. seq. ("the Act"), more particularly Utah Code Ann. Section 61-1-20(1) and has completed his due diligence to answer the Order to Show Cause against him. Mr. Young represents only himself and does not represent any of the other Respondents. I was retained by them from March of 1997 to December of 1997. Prior to that I had represented Mr. Koskella in late 1994 and briefly in 1995 as legal counsel on specific matters not involving the creation of his overseas business.

In responding to the points contained in the document prepared by Mr. S. Anthony

Taggart, the Utah Division of Securities Director (hereinafter the "Director") pursuant to Sections 61-1-20, et. seq., Respondent Young prefers to respond in the first person so as to reduce confusion and get to the real issues and therefore provides the following bearing in mind that many of the "facts" are compound complex groups of sentences which require more than one answer for each:

(1) Responding to the Director's Finding of Fact #1 Respondent Young answers that I can only respond to past experiences and do not have any information to deny or affirm that Anglo-American Investments is a foreign or domestic corporation. I have no personal knowledge of any filings in the Isle of Man but believe from what I was told and represented that "Anglo-American Investments", or some derivation of the name, is in fact an Isle of Man corporation or company. I am unaware of Koskella's present status or employment. I have reason to believe that Koskella presently works for a company called Canrose Mining which appears to be a Canadian Company. Koskella, who has approached Young in the last several months, seems to still be working out of Provo or Orem, Utah, possibly out of his home. It has been 23 months since I had an office at one of Anglo-American's or Koskella's buildings and relations have been very guarded as I have no confidence in representations by Koskella. The related entity "Anglo-American International" was created to distance the Isle of Man company from the assets of Koskella in the United States. Koskella did this because he could not control the activities of the Isle of Man Court and its receiver which have the apparent ability to seize assets first and then prove later at trial whether the seizure was prudent. In the mean time the receiver charges, according to Koskella and legal counsel Mark Maroney on the Ilse of Man, very large sums of money to act as receiver. Young is not privy to the structure or management of Frandsen LLC but believes it to be an Idaho LLC which actually belonged to O. Jay Neeley. Young can confirm that it was used in connection with both Anglo-American International and Anglo-American Investments, but was principally used as an entity to hold assets used by Anglo-American International at the building located at 500 West in Provo. Whether Koskella was manager or Neeley registered agent of Frandsen LCC, I can neither confirm nor deny as I do not possess that knowledge. However many items at the 500 West location had "stickers" indicating that they were the property of Frandsen Company. A relationship which was never fully

explained to me.

(2) Responding to the Director's Finding of Fact #2 Respondent Young answers that I believe that O. Jay Neeley is licensed to practice in Idaho but have no knowledge as to his current status.

(3) Responding to the Director's Finding of Fact #3 Respondent Young answers that I do live in Nevada but also maintains his residence in Utah. I have 10 children, ranging from ages 24 years to 6 months, consisting of 9 daughters and 1 son, 2 married children, 2 grandchildren, 3 children in college (Utah), and for that reason I lead a very complex life. The home in Utah was retained so as to provide a place for my college age children to live while attending BYU and UVSC. I am licensed to practice in Utah and I am in good standing. I have attempted to pass the Nevada Bar but failed. Nevada now prides itself on having the toughest passing rate in the United States. I will take the Bar again in Nevada when it is next offered. I may also take the California Bar this winter. I will confirm that I was an attorney for Anglo but kept and maintained my own clientele which made up more than 80% of my practice. Most of what I did for Anglo was actually for Koskella personally. Anglo had four other attorneys working full time at its main offices who were entirely focused on the transactions of which Neeley was one along with Robert Dodenbier, Dane Hines, and Delbert Phillips (who had 25 years as an attorney for the federal government). I was not permitted in the inner circle because I have also spoken the truth freely and I believe I was seen as a threat. This was another reason why Koskella wanted to keep me close on some of his personal issues in the Isle of Man and away from his business. I had absolutely no involvement with Anglo, Koskella, or any of his enterprises in the creation of his offshore documents or plan. On occasion I was called upon to do legal research and develop opinions as to what I believed certain consequences would be in investment. I was very clear that taxes had to be paid and taxable events reported.

(4) Responding to the Director's Finding of Fact #4 Respondent Young answers that Young had no involvement with Koskella in 1996 and did not become involved until late March of 1997 when he was incarcerated in Isle of Man. At that time I had an office on University Avenue in Provo and was approached by associates and family members of Koskella to help him. I at first refused because of a bad experience with Koskella in 1994 but agreed after I was given a

promise to recover a past indebtedness and be also provided with a retainer of sufficient size to justify involvement in what appeared to be a complex and difficult issue. I have never created an off shore trust nor have I invested clients' money at any time. I have acted in the capacity of legal counsel for tax matters and litigation defense, but have no connection to the creation of off shore trusts in spite of anything that may have been represented. I do have evidence that my name has been used on at least one occasion without his knowledge or consent.

(5) Responding to the Director's Finding of Fact #5 Respondent Young answers that he believes the assessment that the Koskella transactions were "classic investment contracts" is in part correct as far as I could tell. However, Koskella explained that the assets were "signed over to him" and *he* became the owner of the assets to do with them as he pleased. I am not sure that "blind pool" or "passive investment" definitions actually apply but there is an appearance similar to such entities. There was definitely an expectation of profit, however participants were called upon to sign a rather large set of disclaimers containing what appeared to be a multitude of statements that they were fully appraised of the risks involved which could include the loss of their entire investment (or as Koskella would say "sale of assets") . I did not prepare these documents. I know that there are copies available should one be required.

(6) Responding to the Director's Finding of Fact #6 Respondent Young answers that I have never sold securities. As far as Koskella and Neeley or "others associated" with Anglo my information is as follows:

(A) Mr. Koskella claims to have a BA, LLB, LLM and CIF. I do not know where or how he obtained these credentials. I do know that in 1994 he told me he had a law degree. I have heard from others that he held himself out as an attorney and yet the only law credential I am aware of is membership in the International Bar Association (who I called and discovered that you do not have to be an attorney to join) and the American Bar Association (which I also called and found out you do not need to be an attorney to join as an associated member). I understand that the acronym "CIF" means "Certificate in International Finance" but I do not know where he obtained it or whether use of the acronym is permitted as a bona fide credential.

(B) O. Jay Neeley has a JD and appears to also claim membership in the International Bar Association but makes no claim to a securities license.

(C) Becky Zabriskie has no college degrees but was held out to be the "Senior Administrator" holding a "Series 65 License, issued by the NASD". I am not familiar with whether this constitutes a securities license or not.

(D) Richard S. West has a BS, MPA, and CPM but no securities license that I am aware of. Mr. West was fired shortly after I was engaged as counsel in April or May of 1997. He was re-engaged later and was identified in publications well into 1998. The circumstances of the dismissal and rehire are not know to me other than he had information critical to the operation of Koskella's plans. In August of 1997 when my lease ran out on my offices on University in Provo I was given Mr. West's Office. About a month later I was moved to the other end of the building in the construction area away from the main operations of that office. I was truly isolated from the activities of that office and was finally required to enter through a back door not having any keys to the front door. What business was conducted by Mr. West and others I am not sure.

(E) James A. DeGroot worked for Koskella in his offices but I never met him. I understand that he was supposed to be an expert in retail and real estate management. I am not familiar with any licenses he may have held.

(F) Earl R. Koskella, father to Kirk Koskella, also worked in the office. I saw very infrequently and all I knew of his background was that he had worked in real estate and was in fact a Manager for World Savings and Loan Association on the East coast.

(G) Stacie Bateman is in fact a CPA in both Idaho and Utah and has been an auditor but I am not aware of any securities licensing.

(H) Dane Hines is an attorney with a BA and JD. Mr. Hines is responsible for most of the documentation used in the domestic and overseas trusts. I am unaware of any other licenses which he may hold.

(I) Robert Dodenbier is an attorney from California who also has a BA and JD but I do not recall any securities licenses.

(J) Kevin J. Crockett is an accountant but not a CPA, has no college degree, and no securities licenses that I am aware of.

(K) David Nielsen is or was the managing director of a company created by

Koskella to which I had nothing to do with known as "Pinnacle Capital Resources, Inc." I was never given a privy into the workings of this company. I have information that Mr. Nielsen holds a Series 6, 7, 63 and 65 licenses issued by NASD. I have met Mr. Nielsen only a few times and I know very little about him.

(L) There were three others Shauna K. Ames, BS, IA; Rhett S. Andersen, BA, IA; and Paul Mugerian, BA, IA. Andersen holds Series 3, 6, 26, 30, 63 and 65 licenses. Mugerian holds a Series 65 license from NASD.

(M) Koskella also had other legal counsel and financial advisors in Houston, Texas; British Columbia; Isle of Man; and London. I have reason to believe that he worked with others in Japan, Korea, Thailand, and Indonesia. Except for Mark Maroney in the Isle of Man and few others whose names I am searching for this is the only information that I have.

(7) Responding to the Director's Finding of Fact #7 Respondent Young answers that I did not sell any securities. I am not really sure what it is that is being identified as a security and if identified, whether or not it is exempt from registration. I just do not know. However I do know that I did not sell securities with Koskella and did not promote the sale.

(8) Responding to the Director's Finding of Fact #8 Respondent Young so answers that I have no knowledge of any tax liens, lawsuits, and involuntary bankruptcy petitions during the months that I was at Anglo. I knew of the bankruptcy action in the Isle of Man but as it was explained to me by one of the top attorneys in the United Kingdom the action was not founded in proper facts. I have been told several time that matters over in the Isle and Great Britain have been resolved favorably. I have had no way to verify this. I did not and do not have contact with any of the potential investors, existing investors, or former investors of Anglo American International, Anglo American Investments, or Kirk Koskella.

(9) I cannot speak for any statements made by Koskella or Neeley or any of their associates. Almost exclusively I was never in contact with any "investor". My comments, when made concerning investments at any time, have always been consistently that an investor should consult with their investment advisor and/or legal counsel prior to making an investment, pay taxes on all taxable income, file all forms in a timely fashion, and report all taxable events. My rationale is that if you fail to fully disclose you run the risk of greater harm, not to mention the

very real possibility that something you thought might fall into the "grey area" is completely in violation of the law. I am quoted for saying that " it is better to have the ability to look over your shoulder without worry than to live in constant fear of the unknown". Any other course is to invite the government to exercise its powers to make an example out of you. I have examples of ex-clients who would not follow my advice to their detriment. They became ex-clients when they refused to obey the law and follow attorney's counsel. Some are in prison.

(a) I never commented to any of the "clients" or "investors" of Koskella, Anglo, or any related entity, or any of my own clients for that matter, about the litigation history of Koskella and Anglo. Your witness, Brent Smith, who worked for Anglo and who I was recently told by David Hart was fired from Anglo, has a history of attempting to sell many things. He was far more aware of Koskella's programs than I was. I suggest you ask him. However, he has said a great number of things apparently about me that are simply untrue. If there were any litigation the only litigation I would be concerned with was that which affected Koskella personally and such litigation would not be appropriate to discuss with disinterested parties in violation of the attorney-client privilege. Koskella would jealously guard his legitimate privacy. He would not have hesitated to sue me if I had referred to anything involving his personal issues.

(b) What securities are you referring to? I know of none ?

(c) I know of no security being offered nor of any requirement to register one. If there had been one and I was privy to that knowledge I would have advised those offering it to make sure it was properly registered.

(d) Denied. I could not explain what I did not know.

(e) Denied. I had no access.

(f) Denied. I never spoke to anyone about the identity of any of Anglo's management. I did not even know some of them. Those I did I had an idea of their function. From a Prospectus I obtained after I left Anglo's building I can identify the management. As far their experience factors and background I have heard many things , seen some, but can only speculate as I was not present. I have not offered endorsements, nor do I.

(g) Denied. I have nothing to do with this process.

(h) Denied. I am not nor have I ever been privy to the number of investors of Anglo.

(i) I have consistently advised any one who has asked about off shore or on shore investments that there is risk and that unless they talk to a fully informed investment counselor with experience and education in the field they should not make any such investment. All investment must be accompanied with sufficient due diligence to make sure that it is the investment that is best suited to the person. Personally, I have no investments, nor do I intend in involving myself in any, I have a large family with far too many expenses to worry about investment.

(10) It does not *appear* to be any violations if you are appraised of all of the facts.

(11) I have never offered any securities in any jurisdiction.

(12) I cannot be in violation of Utah Code Annotated Section 61-1-7 as I have never offered or sold any securities in Utah.

(13) - (14) I have never performed the duties of a broker-dealer in the state of Utah or elsewhere.

(15) - (16) I knew nothing of any tax liens. I did not have an office at Koskella's building until August of 1997 which I left by January 1998. I did know that there was a pending action in the Isle of Man but I had been informed that the action was resolved and dismissed. I am not sure what relevance a foreign dispute would have and why there would be an obligation to disclose it, especially since I had virtually no contact with the investors.

(17) I do not recall every meeting Max or Lennis Lewis or speaking to them.

(18) I do not recall ever meeting James Williams. I have never assured anyone of the safety of Anglo. The only source of this information was from the FBI. Never in all the time I knew of Anglo did I ever tell anyone that it was safe to invest with them. I was never in a position to share information about the status of Anglo or make disclosures. I did on occasion when I was approached warn people to be careful, but not because of any specific information I possessed, just that I personally was being kept at a distance and did not know all that was going on.

(19) - (21) I did not violate Section 61-1-1 or any of the accompanying sections.

With regards to the Order to Show Cause there are only two issues:

(22) An order to cease and desist from engaging in any further conduct in violation of

Utah Code Ann. Sections 61-1-1(2) and (3), 61-1-3(1) and (2), 61-1-7 or any other section of the Act. This is not necessary as I have never been in violation of the Act. It is an defamatory to say that I have. It is particularly an aberration to me because I have tried so hard to do what is right and to be knowledgeable about my profession. I do not break the law. I do not encourage others to do so. It is not necessary to order me to not do something if I have never violated the law in the first place. If it will help I make my solemn promise that I will never engage in any activity which could be construed as a violation of the above statute, nor will I encourage, advise, or assist any one else from doing so. On the contrary I will encourage at all times others to obey the law, as I have always.

(23) It serves no purpose to punish someone who is not engaging in any activity which is in violation of the law nor has in fact engaged in any such an activity. What really disappoints me about all of this is that I have always tried to obey the law and br honest in my dealings , no matter what the examples around me. For a few months I used an office in the lesser of Anglo's facilities away from the decision making, isolated, even locked out of other portions of the building. Everything I saw seemed to be very much in order. I received a better offer in Las Vegas in November of 1997. I informed Koskella almost immediately. He was disappointed but prevailed upon me to remain longer. In the end he wished me well.

In conclusion I respond that this action, along with the Legacy Foundation action, are sadly too late and without factual substance. For Anglo I am not the person or persons you should be questioning because I do not have any knowledge of a "security" sold by Anglo. Equally there was never a security sold by Legacy. At Legacy, a non-profit 501(c)(3) Nevada Corporation, there was an attempt to explore the possibility of a charitable bond, which would have been exempt, for the purpose of raising funds to help abused and abandoned child. The SEC "informal" investigation all but destroyed Legacy. There was a voluntary cease and desist of any further review or preparation for the bond issue. The results for a time had a detrimental effect on Legacy's reputation. The loss of support required most of the employees to be released, including myself.

According to Utah Code Ann. Section 61-1-24 (a)(i) - (xviii) a security in the state of Utah is a "(i) note; (ii) stock; (iii) treasury stock; (iv) bond; (v) debentures; (vi) evidence of

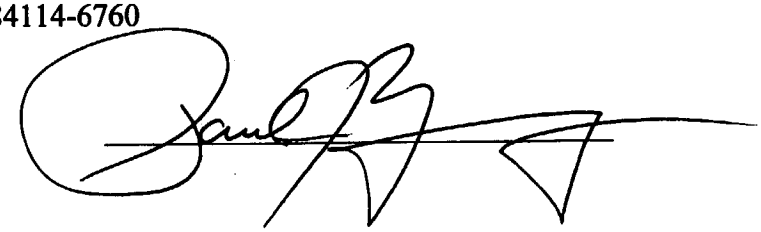
indebtedness; (vii) certificate of interest or evidence of participation in any profit sharing agreement; (viii) collateral-trust certificate; (ix) preorganization certificate or subscription; (x) transferable share; (xi) investment contract; (xii) burial certificate or contract; (xiii) voting-trust certificate; (xiv) certificate for deposit security; (xv) certif9icate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such title or lease; (xvi) commodity contract or option; (xvii) interest in a limited liability company; or (xviii) in general, any interest or instrument commonly known as a "security" or any *certificate of interest of* participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase any of the foregoing." There is no evidence or even reason to believe that I had the use or access to any of the above in the context as described in the Order to Show Cause and my past relationship with Anglo-American International or Anglo-American Investments.

Please reconsider the necessity of a hearing or the need to continue with this matter.

Respectfully submitted this 30th day of November, 1999.

Paul J. Young
Respondent and attorney

CERTIFICATE OF SERVICE

I certify that on the 30th day of November, 1999, I did cause to be mailed by First Class pre-paid mail a true and correct copy of the Answer to the two Orders to Show Cause and Affidavit in support thereof, to the Division of Securities, Utah Department of Commerce to the address contained below:

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