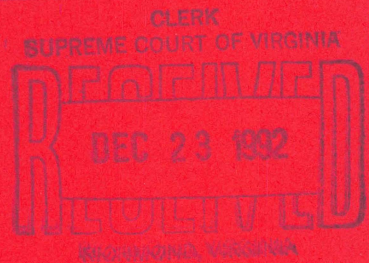


245 VA465



IN THE  
SUPREME COURT OF VIRGINIA  
AT RICHMOND

---

RECORD NO.  
920870

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THOMAS R. NEDRICH,  
  
Appellant,

v.

LES G. JONES, DOROTHY JONES, DULLES EQUITIES, INC.  
ARMED FORCES ELECTRONICS, INC., DULLES EQUITIES OF  
VIRGINIA, INC., FIRST SOURCE BANK, RIGGS NATIONAL BANK OF  
WASHINGTON, D.C., TRAFALGAR HOUSE PROPERTY, INC.,  
JETTECH, INC., EDWARD DAHLBERG.

Appellees.

---

APPENDIX

Volume I

---

Thomas R. Nedrich (VA Bar #016418)  
200 Little Falls Street  
Suite 203  
Falls Church, Virginia 22046  
(703) 536-3113

Counsel for Appellant



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V I R G I N I A :

IN THE CIRCUIT COURT OF FAIRFAX COUNTY

JOHN F. WEBER

Plaintiff,

v.

Law No.

LES G. JONES

10904 Woodland Falls Drive  
Great Falls, Virginia

DOROTHY ANN JONES

a/k/a DEANNA JONES  
1909 Lakeport Way  
Reston, Virginia 22091

DULLES EQUITIES, INC.

A Virginia Corporation  
SERVE: Beverly Stephenson  
4157 Chain Bridge Rd.  
Fairfax, VA 22030

AND

DULLES EQUITIES OF VIRGINIA, INC.

A Virginia Corporation  
SERVE: J. Thomas Fromme, II  
10482 Armstrong Street  
Fairfax, VA 22030

and

ARMED FORCES ELECTRONICS, LTD

SERVE: J. Thomas Fromme, II  
10482 Armstrong Street  
Fairfax, VA 22030

and

FIRST SOURCE BANK

Christopher Murphy, President  
100 N. Michigan Street  
South Bend, Indiana 46634  
SERVE: Secretary of Commonwealth  
Richmond, VA

and

JETTECH, INC. )  
a Delaware corporation )  
SERVE: Edward R. Parker, R.A. )  
5511 Staples Mill Road )  
Richmond, VA 22228 )  
and )  
JETTECH )  
SERVE: Bill Davis, Mgr )  
11417 Sunset Hills Road )  
Suite 210 )  
Reston, VA 22090 )  
and )  
EDWARD DAHLBERG )  
11417 Sunset Hills Road )  
Suite 210 )  
Reston, VA 22090 )  
and )  
ABC AIRCRAFT PURCHASER )  
(Address to be provided) )  
and )  
NWIL MANHEIMER )  
(Address to be provided) )  
and )  
MARIS MANHEIMER )  
(Address to be provided) )  
and )  
ERA FIVE STAR REALTORS )  
SERVE: Carolyn Babione, Mgr )  
1801 Reston Parkway )  
Reston, VA 22090 )  
and )  
TRAFALGAR HOUSE PROPERTY, INC. )  
a Delaware corporation )  
t/a Capital Homes, Virginia )  
t/a Trafalgar House Residential, VA )  
SERVE: Edward R. Parker, R.A. )  
5511 Staples Mill Road )  
Richmond, VA 22228 )  
and )

CAPITAL HOMES OF VIRGINIA, INC. )  
t/a TRAFALGER HOUSE RESIDENTIAL )  
VIRGINIA )  
SERVE: Janna Blankers, Mgr. )  
8300 Greensboro Drive )  
McLean, VA 22102 )  
and )  
RIGGS NATIONAL BANK )  
15TH Street & Pennsylvania Ave, NW )  
Washington, DC 20005 )  
SERVE: Secretary of Commonwealth )  
Richmond, VA )  
Defendants. )

### MOTION FOR JUDGMENT

#### STATEMENT OF CASE

COMES NOW the Plaintiff, JOHN F. WEBER, and moves for judgment against the Defendants as follows:

1. At all times relevant hereto Plaintiff has been a resident of the Commonwealth of Virginia and an employee of Defendant Dulles Equities, Inc., pursuant to a written employment agreement dated October 30, 1987, a true copy of which is attached hereto as Plaintiff Exhibit 1.

2. At all times relevant hereto Defendant Dulles Equities, Inc. (sometimes referred to as the Corporation) was a Virginia corporation whose sole shareholders and controlling operatives, officers and directors, were Defendants LES G. JONES and DOROTHY ANN JONES, a/k/a DEANNA JONES (sometimes referred to as the individual Defendants).

3. At all times relevant hereto the Defendants Dulles Equities, Inc., Les Jones and Dorothy Jones were also partners in

an entity known as Dulles Equities Limited Partnership III (sometimes referred to as the Limited Partnership). The "Agreement" creating the alleged limited partnership designates Dulles Equities, Inc., as general partner and Les Jones and Dorothy Jones as Limited Partners. The sole asset of the alleged limited partnership consisted of a commercial office building and the land upon which it was built, known as the Atrium, located at 381 Eldon Street, Herndon, Virginia.

4. By written Employment Agreement dated October 30, 1987, the Corporation hired the Plaintiff as its Vice President of Marketing and Development. Defendant Les Jones signed the Agreement on behalf of the Corporation.

5. Under the terms of the Employment Agreement the Plaintiff was to be paid an annual salary and receive certain benefits and also was to be paid a bonus for all leases executed by the Corporation during the term of the Agreement.

6. In August, 1988, and due to the substantial efforts of Plaintiff, the Corporation entered into a lease agreement with the General Services Administration ("GSA") for the lease of over 135,000 square feet of space in the Atrium Building owned by the Limited Partnership. The lease was signed by Les Jones, as President of the Corporation and as General Partner of the Limited Partnership.

7. By reason of the execution of the GSA lease, and the actual beneficial occupancy of the subject lease space, the Plaintiff became due a bonus in the total sum of \$241,993.50, of

which one half was due and payable on August 25, 1988, and one half was due and payable on April 15, 1989. However, to the date of this action, no part of said bonus has been paid to Plaintiff.

8. Plaintiff remained in the employ of the Corporation until on or about March 1, 1991. The Employment Agreement provides that, aside from any bonuses, Plaintiff was to be paid an annual base salary of \$75,000, payable in monthly or bimonthly installments. Plaintiff was not paid his monthly salary installments for the months of January and February, 1991, and is due the additional sum of \$9,249.00.

9. From August, 1988, through the end of his employment with the Corporation Plaintiff repeatedly demanded payment of the bonus due to him for the GSA lease. In the instance of each such demand Les Jones, acting individually and as the President of the Corporation, acknowledged that the bonus was due to Plaintiff, but stated that there was "no money" available from which to make payment.

10. In the last several months of his employment, Plaintiff also made demand upon Les Jones and the Corporation for payment of his monthly base salary. In each such instance he was again told by Les Jones that there was "no money" available from which to make payment.

11. During the times aforesaid when Les Jones pleaded "No money" the said Les Jones and Dorothy Jones made use of more than \$1,000,000 in monies of the Corporation and the Limited



Partnership to pay for personal expenses and for business expenses beneficial to Les and Dorothy Jones and/or other entities owned and controlled by them but unrelated to the Corporation and the Limited Partnership. These expenditures, which constituted a pattern of diversion of corporate assets, include, but are not limited to, the following:

a. Use of Corporate funds to pay a \$30,000 deposit and \$5,000 per month rent since July, 1990 for the lease/purchase of a home located at 10904 Woodland Falls Drive, Great Falls, Virginia. The contract purchaser/tenant is Les Jones.

b. Use of Corporate funds in 1989 and 1990 to lease a home located at 1958 Lakeport Way, Reston, for the residence of Dorothy Jones (the contract lessor was Dulles Equities, Inc., the tenant was Dorothy Jones) and use of corporate funds in 1990 and 1991 to lease with the option to purchase a home located at 1909 Lakeport Way, Reston, Virginia. The contract purchaser is Les Jones. The tenant is Dorothy Jones.

c. The use of the credit of the Corporation to establish and fund another company owned and controlled by Les Jones, known as Armed Forces Electronics, Inc. ("Armed Forces"). Also, the use of Corporate funds to pay for the operating expenses,

including the salaries of persons who though nominally on the payroll of the Corporation, actually performed work for Armed Forces. Armed Forces generates \$20,000.00 per month in revenue which, upon information and belief, is being substantially diverted to the personal use of Les and Dorothy Jones, but not to the Corporation.

d. The use of Corporate funds to pay for the salary of one or more persons nominally on the payroll of the Corporation, but who, in fact, devote substantially all of their time and efforts to improvement and renovation of the personal residences of Les Jones and Dorothy Jones. In addition the use of Corporate funds to pay for materials used to improve/renovate said personal residences.

e. The use of a Lear Jet, owned by the Corporation at a cost of not less than \$50,000 per month, for the personal benefit and business financial benefit of Les and Dorothy Jones, but not for the benefit of the Corporation. Over the past year, Les Jones has used the Lear Jet to make numerous trips both within and without the United States to transfer personal monies and to manage business transactions not connected with the

Corporation. These trips include numerous visits to, among other places England, South Africa, Gibraltar, Finland, Switzerland, Austria, Hungary, France, Germany and the Cayman Islands. During these visits, Les Jones negotiated several contracts not related to the Corporation which, if realized, will net Les Jones and/or entities under his control profits in excess of \$10,000,000. None of these profits would go to the Corporation. During these sojourns Les Jones charged more than \$100,000 to credit cards of the Corporation for meals and entertainment. Les Jones overseas contacts for these transactions include Messrs Phillippe Burnier, Chris Ziegler, J.A. Williams, Bob McCreery, Johann Lemmer, M.G. Hardman, K.H. Billimoria, M.I.W. Johansen, and Pertti Ruoho. Some or all of these parties have also been involved in Les Jones establishing one or more overseas entities to act as repositories and transfer points for assets of the Corporation.

f. The establishment of another company in Virginia, known as Dulles Equities of Virginia, Inc., owned and controlled by Les and Dorothy Jones, to be used as a repository for other assets being transferred out of the

Corporation. Recently, Les Jones has caused the Corporation to sell several vehicles owned by it, including one Mercedes, two Jaguars, and a Ford Bronco, the proceeds of which were not returned to the Corporation, but instead were used to acquire new vehicles for the personal benefit of Les and Dorothy Jones and titled to either Dulles Equities of Virginia, Inc., or to Les and/or Dorothy Jones personally.

g. The attempt to convert other corporate assets, specifically, a Lear Jet, away from the Corporation and to Les Jones and Dorothy Jones. The plan, as told to Plaintiff by the aircraft broker retained by Les Jones for this purpose, is to exchange the Lear for a new aircraft (either purchased or leased) titled in the name of a new corporate entity established by Les Jones. The intent and expected result is to channel the equity in the Lear out of the Corporation and into the new entity. Plaintiff estimates the value of the equity in the Lear at several hundred thousand dollars. Others involved in this transfer scheme include First Source Bank, JETTECH, Edward Dahlberg and ABC Aircraft Purchaser.

h. Using corporate funds to pay for exercise equipment installed in the personal residences of Les Jones and Dorothy Jones.

i. Using corporate funds to pay for the private tuition of the children of said Les Jones and Dorothy Jones.

j. Using corporate funds, including corporate checks and charge cards, to pay for personal purchases of Les Jones and Dorothy Jones of clothing and accessories at Macy's, Nordstrom, Woodward & Lothrop, Harrods, May Company, Talbots, J.W. Robinson Jewelers and Toys R Us.

k. Using corporate credit cards by Les Jones and Dorothy Jones to purchase theater tickets, lingerie, phonographic equipment and personal clothing.

12. The foregoing transactions are examples of some, but not all, of the financial maneuvers which formed the elements of an elaborate scheme of Les Jones and Dorothy Jones to use both the Corporation and the Limited Partnership as financial shells for their personal benefit and was designed and executed with the purpose and effect of defrauding the creditors of both the Corporation and the Limited Partnership. One of those creditors is your Plaintiff.

13. The Limited Partnership was also designed and executed as a ruse and sham by said Les Jones and Dorothy Jones. Although



denominated only as "limited partners" in fact at all times Les Jones and Dorothy Jones, actively managed all of the business affairs of the Limited Partnership. In fact, at no time did any true limited partner exist within the Limited Partnership and, consequently, no true limited partnership existed under the terms of the Virginia Limited Partnership Act. Both Les Jones and Dorothy Jones were at all times the general partners of the alleged Limited Partnership.

14. The Limited Partnership itself has been the subject of proceedings leading to discharge in the United States Bankruptcy Court and, therefore, is not made a party to this litigation.

#### COUNT I

#### BREACH OF CONTRACT

15. Plaintiff incorporates by reference Paragraphs 1 through 14 of this Motion.

16. Despite repeated demands by Plaintiff the Corporation has failed to pay to Plaintiff the bonus due to him for the GSA lease agreement in the total sum of \$241,976.50, one half due on August 25, 1988, and one half due on April 15, 1989. Despite demand, the Corporation has also failed to pay Plaintiff \$9,375.00 in base salary due him for and January and February, 1991.

WHEREFORE, Plaintiff demands judgment on this Count I against Defendant Dulles Equities, Inc., in the amount of \$251,351.50, plus interest, as applicable from August, 1988,

April, 1989, and January and February, 1991, plus costs of this action.

COUNT II

CONVERSION

17. Plaintiff incorporates by reference Paragraphs 1 through 14 and 16 of this Motion.

18. The \$251,351.50 owed to the Plaintiff by the Corporation was never paid to him because the funds which would have been otherwise available to pay Plaintiff were diverted by Les and Dorothy Jones for their personal use and benefit. Indeed, and upon information and belief, Les and Dorothy Jones have improperly converted funds and other assets in excess of \$1,000,000 to their personal use and benefit and in violation of their duties as officers of the Corporation to see to the payment of legitimate creditors of the Corporation, such as Plaintiff. As further evidence of the improper nature of these conversions, although the funds in question should have been treated as personal income to Les and Dorothy Jones, they were never declared as such to the income tax authorities.

WHEREFORE, Plaintiff demands judgment against Defendant, Les Jones and Dorothy Jones, jointly and severally, on this Count II in the amount of \$251,351.50, plus interest, as applicable, from August, 1988, April, 1989, and January and February, 1991, plus costs of this action.

COUNT III

BREACH OF FIDUCIARY DUTY

19. Plaintiff incorporates by reference Paragraphs 1 through 14, 16 and 18 of this Motion.

20. At all times while they were in control of Dulles Equities, Inc., the Individual Defendants owed a fiduciary duty to corporate creditors to manage the affairs of said Corporation in an orderly and legal manner to satisfy the legitimate debts of the creditors in advance of the interests of said Individual Defendants.

21. Les Jones and Dorothy Jones breached their fiduciary duty to Plaintiff, as a creditor of Dulles Equities, Inc., by transferring corporate funds and assets of Dulles Equities in excess of the debt owed Plaintiff to themselves and/or other entities controlled by them, rather than satisfying Dulles Equities debt to Plaintiff. This breach of fiduciary duty is further evidenced by the fact that for the past several years Dorothy Jones was carried on the payroll of the Corporation, receiving salary and benefits, but did no work for the Corporation.

WHEREFORE, Plaintiff demands judgment against Defendant, Les Jones and Dorothy Jones, jointly and severally, on this Count II in the amount of \$251,351.50, plus interest, as applicable, from August, 1988, April, 1989, and December, 1990, and January and February, 1991, plus costs of this action.

COUNT IV

CONVERSION AND CONSTRUCTIVE TRUST

ARMED FORCES ELECTRONICS

22. Plaintiff incorporates by reference paragraphs 1 through 14, 16, 18, 20 and 21 of this Motion.

23. Defendant First Source Bank is an Indiana banking corporation which regularly conducts business in the Commonwealth of Virginia through use of telephone, mail, personal visits and filings made with various regulatory agencies within the Commonwealth. However, First Source Bank maintains no offices in Virginia, and has not registered as a foreign corporation doing business within the Commonwealth.

24. In 1990, Les Jones formed Defendant Armed Forces Electronics, LTD., ("Armed Forces") as a Virginia corporation to lease/sell electronics equipment to members of the Armed Forces of the United States. Les Jones has sole ownership and control of Armed Forces.

25. The business of Armed Forces is to purchase electronic equipment and then to lease or sell the equipment to military personnel under monthly payment schedules with payments sent to a depository bank selected by Armed Forces and/or Les Jones.

26. Les Jones never funded the start up of Armed Forces with his own funds. Rather, Les Jones caused Armed Forces to be funded by pledging the Lear Jet and other assets of the Corporation to obtain loans from Defendant First Source Bank of the State of Indiana with the result that several hundred thousand dollars was channeled into and used by Armed Forces to purchase the equipment which was then leased/sold to members of

the military.

27. During its operational phase, which remains on going, Les Jones has also used substantial assets of the Corporation, labor, equipment, facilities, to the value of tens of thousands of dollars to support the continuing operations of Armed Forces.

28. Despite the use by Les Jones of the assets and credit of the Corporation to establish and support Armed Forces, the Corporation derives no benefit from the lease/sale program which constitutes the business of Armed Forces. Rather, all such benefits inure directly to the personal benefit of Les Jones. Consequently, the entire operation of Armed Forces was designed and implemented by Les Jones as a scheme to hinder, delay and defraud Plaintiff and other creditors of the Corporation.

29. Upon information and belief the income of Armed Forces from the lease/sale program, estimated to be in excess of \$20,000 per month, is deposited in the Armed Forces account(s) from which Les Jones withdraws and/or otherwise uses a substantial portion, if not all of said monies for his personal use and benefit.

30. All income derived by Armed Forces from the lease/sale program constructively belongs to the Corporation or, in the alternative, to Les Jones personally. Further, all assets acquired by Les Jones and/or others deriving said assets through the actions of Les Jones in using the income of Armed Forces constructively belong to the Corporation and/or Les Jones.



WHEREFORE, Plaintiff prays that, to the extent Les Jones and/or the Corporation are found liable to Plaintiff, this Court declare that all funds and other assets of Armed Forces held by Armed Forces and/or held by Defendant First Source Bank are held in trust for the benefit of satisfying any such judgment entered in favor of Plaintiff and against the Corporation and/or Les Jones.

COUNT V

CONVERSION AND CONSTRUCTIVE TRUST

DULLES EQUITIES OF VIRGINIA

31. Plaintiff incorporates by reference Paragraphs 1 through 14, 16, 18, 20 and 21 of this Motion.

32. In 1990 Les Jones formed Dulles Equities of Virginia, Inc. ("Dulles of Virginia") as a Virginia corporation. Les Jones has sole ownership and control of Dulles of Virginia.

33. Since its formation Les Jones has used Dulles of Virginia as a transfer vehicle whereby assets of the Corporation are being sold and converted into different assets with title of those different assets being vested in Dulles of Virginia.

34. Within the past 12 months Les Jones has, among other actions caused the Corporation to sell a number of motor vehicles, see paragraph 11(f), supra, with the equity from these sales being used to purchase new vehicles titled in the name of Dulles of Virginia.

35. The Corporation derives no benefit from the transfer of

these assets, or their equity, from the Corporation to Dulles of Virginia.

36. The reason for the creation of Dulles of Virginia by Les Jones was to accomplish the transfer of assets of the Corporation in order to delay, hinder and defraud the Plaintiff and other creditors of the Corporation. But for this purpose, Dulles of Virginia would have no reason for its existence.

37. Upon information and belief, Les Jones may also be using the assets of the Corporation, to subsidize the ongoing operations of Dulles of Virginia, without the Corporation deriving any benefit therefrom.

WHEREFORE, Plaintiff prays that to the extent Les Jones and/or the Corporation are found liable to Plaintiff, that this Court declare that all funds and other assets of Dulles Equities of Virginia, Inc. are held in trust for the benefit of satisfying any such judgment entered in favor of Plaintiff and against the Corporation and/or Les Jones.

#### COUNT VI

#### CONVERSION AND CONSTRUCTIVE FRAUD

#### THE LEAR JET

38. Plaintiff incorporates by reference paragraphs 1 through 14, 16, 18, 20, 21 and 23 of this Motion.

39. In 1990 Defendant First Source Bank arranged financing for the Corporation for purchase of a Lear Jet aircraft. The Lear is titled in the name of the Corporation and is subject to

finance statements in favor of First Source filed with the Virginia State Corporation Commission and one or more Circuit Courts in Virginia.

40. Defendant JETTECH is a corporation or an unincorporated entity in the business of aircraft brokerage operating from offices located in Reston, Virginia.

41. Defendant Edward Dahlberg is an individual whose business is the brokerage of aircraft as an employee, agent or co-venturer with Defendant JETTECH.

42. Defendant ABC Aircraft Purchaser is an entity believed to be doing business out of Phoenix, Arizona but whose real name and address have not yet been determined. Upon information and belief ABC is about to purchase or trade the Lear Jet owned by the Corporation, in exchange for another jet aircraft to be either purchased or leased by Les Jones or an entity owned/controlled by Les Jones, but not the Corporation. Defendants JETTECH and Dahlberg are acting as the brokerage agents for ABC, Jones and the Corporation in connection with these contemplated transactions.

43. The sale of the Lear Jet and acquisition of another Jet aircraft by Les Jones as aforesaid is a scheme designed and being pursued by Les Jones with the aid and assistance of First Source Bank, JETTECH, Dahlberg and ABC as to assure that the title and equity of the Lear Jet is transferred out of the Corporation and into an entity other than the Corporation in such a way as to

delay, hinder and defraud Plaintiff and other creditors of the Corporation.

WHEREFORE, Plaintiff prays that to the extent Les Jones and/or the Corporation are found liable to Plaintiff, that this Court declare that the Lear Jet and/or the proceeds from the sale of the Lear Jet are held in trust for the benefit of satisfying any such judgment entered in favor of Plaintiff and against the Corporation and/or Les Jones.

COUNT VII

CONVERSION AND CONSTRUCTIVE TRUST

THE LEAR JET

44. Plaintiff incorporates by reference paragraphs 1 through 14, 16, 18, 21, 22, 23 and 39 through 43 of this Motion.

45. Throughout the period of time in which the Lear Jet has been owned by the Corporation it has cost the Corporation in excess of \$50,000.00 per month to maintain said aircraft.

46. The Corporation has derived no benefit from use of the Lear Jet throughout its period of ownership. Rather, at all times during the period of its ownership the Lear Jet has been used by Les Jones for his personal benefit and/or the business benefit of Les Jones and/or other entities owned and/or controlled by Les Jones, but not the Corporation. Among the uses of the Lear Jet by Les Jones are the arrangement of business transactions outside of the United States and the transfer of funds to banks and other entities outside the United States, all as specified in more detail in paragraph 11(e), supra.

47. To the extent that business transactions have occurred through use of the Lear Jet which have resulted in income and/or profits accruing to Les Jones and/or other entities owned and controlled by Les Jones - other than the Corporation - the said income and/or profits so acquired ought to be declared as constructively held for the benefit of Plaintiff to the extent that he is a judgment creditor of Les Jones and/or the Corporation.

WHEREFORE, Plaintiff prays that to the extent Les Jones and/or the Corporation are found liable to Plaintiff, that this Court declare that all income or profits acquired by Les Jones or entities controlled by him - other than the Corporation - as a result of the use of the Lear Jet are held in trust for the benefit of satisfying any such judgment entered in favor of Plaintiff and against the Corporation and/or Les Jones.

#### COUNT VIII

#### CONVERSION AND CONSTRUCTIVE TRUST

#### MANHEIMER PROPERTY

48. Plaintiff incorporates by reference paragraphs 1 through 14, 16, 17, 18, 19, 20 and 21 of this Motion.

49. Defendants Nwil Manheimer and Maris Manheimer are the owners of the real property known as 1909 Lakeport Way, Reston, Virginia.

50. Defendant ERA Five Star Properties is a real estate brokerage business which is the listing agent for the Lakeport



property.

51. In 1990 Les Jones entered into contracts with the Manheimers to lease/purchase the Lakeport property, as the result of which the Manheimers and/or ERA Five Star have been paid in excess of \$50,000.00 in connection with said lease/purchase.

52. Although the lease/purchase documents list Les Jones as lessee/purchaser all funds paid to the Manheimer's and/or ERA Five Star were paid with funds of the Corporation. The Manheimers and ERA Five Star were at all times aware that the funds being paid to them were Corporation monies and not the personal monies of Les Jones.

53. At all times since the lease of the Lakeport property the property has been occupied as the personal residence of Dorothy Jones.

54. At all times during the lease and occupancy of the Lakeport property by Les Jones and Dorothy Jones, Les Jones has caused the Corporation to expend substantial funds and other assets of the Corporation, in excess of \$10,000.00, to improve and upgrade the Lakeport property. The Manheimers and ERA Five Star have at all times been aware of the occurrence of this improvement and upgrading process and have approved the same.

55. Title to the Lakeport property remains in the name of the Manheimers but is projected to change to Les Jones, or Dorothy Jones, or an entity controlled by them, pursuant to the contract for sale.

56. Although the lease, purchase and improvement of the Lakeport property is being accomplished through use of the funds and assets of the Corporation, the Corporation has derived and will derive no benefit from these transactions and activities. Indeed, these transactions and activities were designed and implemented as a scheme by Les Jones and Dorothy Jones, with the active and conscious aid and assistance of the Manheimers and ERA Five Star, to hinder, delay and defraud Plaintiff and other creditors of the Corporation.

57. Plaintiff claims that to the extent that the funds and assets of the Corporation have been used to lease, purchase, and improve the Lakeport property, the property, to the extent of the liability of the Corporation, Les Jones and Dorothy Jones to the Plaintiff, is held in constructive trust for the benefit of the Corporation and Plaintiff.

58. Plaintiff also claims an interest in the Lakeport property under the doctrine of Lis Pendens.

WHEREFORE Plaintiff prays that to the extent that the Corporation, Les Jones and Dorothy Jones are liable to Plaintiff, a constructive trust exists on the Lakeport property in favor of Plaintiff to the extent of funds and assets of the Corporation expended on the said Lakeport property. Plaintiff also prays that this Court declare that the doctrine of Lis Pendens applies to the Lakeport property to the extent of any judgment rendered in favor of the Plaintiff.

COUNT IX

CONVERSION AND CONSTRUCTIVE TRUST

WOODLAND PROPERTY

59. Plaintiff incorporates by reference paragraphs 1 through 14, 16, 17, 18, 20 and 21 of this Motion.

60. Defendant Trafalgar House Property, Inc., t/a Capital Homes, Virginia, t/a Trafalgar Homes Residential, Virginia is a Delaware corporation with business offices located in McLean, Virginia.

61. Trafalgar is the owner of the property known as 10904 Woodland Falls Drive, Great Falls, Virginia.

62. In 1990 Les Jones entered into contracts with Trafalgar to lease/purchase the Woodland property as the result of which Trafalgar has been paid in excess of \$70,000.00 in connection with said lease/purchase.

63. Although the lease/purchase documents list Les Jones as lessee/purchaser all payments to Trafalgar have been with funds of the Corporation. Trafalgar was at all times aware that the funds being paid to it were Corporation monies and not the personal monies of Les Jones.

64. At all times since the lease of the Woodland property the property has been occupied as the personal residence of Les Jones.

65. At all times during the lease and occupancy of the

Woodland property by Les Jones, Les Jones has caused the Corporation to expend substantial funds and other assets of the Corporation, in excess of \$100,000.00, to improve and upgrade the Woodland property. Trafalgar has at all times been aware of the occurrence of this improvement and upgrading process and has approved the same.

66. Title to the Woodland property remains in the name of Trafalgar but is projected to change to Les Jones, or Dorothy Jones or an entity controlled by them pursuant to the contract for sale.

67. Although the lease, purchase and improvement of the Woodland property is being accomplished through use of the funds and assets of the Corporation, the Corporation has derived and will derive no benefit from these transactions and activities, and these transactions and activities were designed and implemented as a scheme by Les Jones and Dorothy Jones, with the active and conscious aid and assistance of Trafalgar, to hinder, delay and defraud Plaintiff and other creditors of the Corporation.

68. Plaintiff claims that to the extent that the funds and assets of the Corporation have been used to lease, purchase, and improve the Woodland property, the property, to the extent of the liability of the Corporation, Les Jones and Dorothy Jones to the Plaintiff, is held in constructive trust for the benefit of the Corporation and Plaintiff.

69. Plaintiff also claims an interest in the Woodland

property under the doctrine of Lis Pendens.

WHEREFORE Plaintiff prays that to the extent that the Corporation, Les Jones and Dorothy Jones are liable to Plaintiff, a constructive trust exists on the Woodland property in favor of Plaintiff to the extent of funds and assets of the Corporation expended on the said Woodland property. Plaintiff also prays that this Court declare that the doctrine of Lis Pendens applies to the Woodland property to the extent of any judgment rendered in favor of the Plaintiff.

COUNT X

QUANTUM MERUIT

RIGGS BANK

70. Plaintiff incorporates by reference paragraphs 1 through 14, 16, 17, 18, 20 and 21 of this Motion.

71. Defendant Riggs National Bank of Washington, D.C. is a banking corporation which conducts real estate financing in the Commonwealth of Virginia.

72. Riggs financed the acquisition and construction of the Atrium by the Limited Partnership.

73. All acquisition/construction financing provided by Riggs for the Atrium was deposited in the Corporation's account which had been established by Les Jones with Riggs.

74. In 1989-1990 Riggs declared the subject financing to be in default and instituted suit against the Corporation, Limited



Partnership, Les Jones and Dorothy Jones. During the course of said litigation Riggs determined that more than \$3,000,000.00 of monies deposited with the Corporation could not be accounted for. Upon information and belief, Les Jones and/or Dorothy Jones diverted said monies to bank accounts outside the United States owned and/or controlled by Les Jones and/or Dorothy Jones.

75. Despite Riggs knowledge of the improper diversion of the subject funds out of the Corporation, Riggs took no action to recover those monies. Rather Riggs entered into a plan/scheme with the Corporation, the Limited Partnership, Les Jones and Dorothy Jones whereby Les Jones and/or Dorothy Jones were permitted to keep said diverted funds in exchange for which the title to the property known as the Atrium was transferred back to Riggs.

76. The aforesaid plan/scheme between Riggs and the Corporation, the Limited Partnership, Les Jones and Dorothy Jones was accomplished with the aid and use of a seal order in the Riggs litigation in order to prevent Plaintiff and other creditors of the Corporation, the Limited Partnership, Les Jones and Dorothy Jones from learning the details of the diversion of the subject funds out of the Corporation.

77. Riggs, or entities controlled by Riggs, now own the property known as the Atrium and are deriving substantial income from the General Services Administration by reason of the lease procured by Plaintiff.

78. Although no contract exists between Plaintiff and

Riggs, but for the efforts of Plaintiff, Riggs would not be enjoying the benefit of the cash flow stream resulting from the General Services Lease procured by the efforts of Plaintiff.

79. Under the doctrine of quantum meruit Riggs is liable to Plaintiff for the fair value of Plaintiff's efforts in procuring the General Services Administration lease.

80. Riggs is liable to Plaintiff under the doctrine of quantum meruit in the sum of \$241,993.50, as representing the fair value of the benefit of the subject lease enjoyed by Riggs as the result of the valuable and substantial efforts of Plaintiff in procuring the same.

WHEREFORE, under the doctrine of quantum meruit, Plaintiff prays that judgment be entered in his favor and against Riggs National Bank of Washington, D.C. in the sum of \$241,993.50, plus interest and costs of this action.

#### COUNT XI

#### CONSPIRACY

81. Plaintiff incorporates by reference all previous allegations in this Motion.

82. The pattern of misconduct, diversion of assets and conversion of the assets of the Corporation, by the Corporation, by Les and Dorothy Jones, and by others acting in concert with them, evidence a series of conspiratorial combinations, associations and agreements undertaken for the purpose of willfully and maliciously injuring Plaintiff and other creditors

of the Corporation, and also evidence the intent to willfully and maliciously prevent and hinder Plaintiff and other creditors from obtaining from the Corporation the monies lawfully owed to them.

WHEREFORE Plaintiff prays this Court to enter judgment in his favor and against the Corporation, Les Jones, Dorothy Jones and any and all other defendants herein found to have willfully and maliciously conspired against Plaintiff as aforesaid, jointly and severally, in the amount of \$251,351.50, which amount Plaintiff prays be trebled under the Virginia Business Conspiracy Act, plus attorney fees and costs of this action.

#### COUNT XII

#### EXEMPLARY DAMAGES

83. Plaintiff incorporates by reference all previous allegations in this Motion.


84. The pattern of misconduct, diversion and conversion perpetrated by the Corporation, Les Jones and Dorothy Jones and other defendants acting in concert with them, were done with the intent to injure or destroy the viability of Plaintiff's creditor rights, were done willfully, maliciously and with a spirit of mischief such as to amount to a criminal indifference to civil obligation and, as such, makes said defendants liable in exemplary damages.

WHEREFORE Plaintiff prays this Court award him exemplary damages in the amount of \$500,000.00 against the Corporation, Les Jones, Dorothy Jones and all other defendants found to have acted

willfully, maliciously and in concert with them, jointly and severally, plus attorney fees and costs of this action.

JURY DEMAND

Plaintiff demands trial by jury on all issues.

  
\_\_\_\_\_  
JOHN F. WEBER  
\_\_\_\_\_  
THOMAS R. NEDRICH  
Counsel for Plaintiff  
200 N. Little Falls St., Ste 203  
Falls Church, Virginia 22046  
(703) 536-3113  
FAX 703-536-0363

## EMPLOYMENT AGREEMENT

This Agreement is made and entered into this 28<sup>th</sup> day of October 1987, by and between DULLES EQUITIES, INC. (the "Company"), and JOHN F. WEBER (the "Employee").

### W I T N E S S E T H :

WHEREAS, the Company is engaged in the general business of real estate;

WHEREAS, the Employee wishes to become employed by the Company and the Company is willing to employ the Employee on the terms and conditions hereinafter set forth;

NOW THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto mutually agree as follows:

#### 1. Employment

The Company hereby employs Employee as Vice President for Marketing and Development.

#### 2. Duties

Employee agrees to devote his full business time, attention and energy to the Company's business.

#### 3. Compensation

The Company shall pay the Employee an annual base salary of Seventy-Five Thousand Dollars (\$75,000), payable in monthly or bi-monthly installments of equal amount.

#### 4. Bonus

In addition to the salary described in paragraph 3 above, the Company shall pay to Employee a bonus for all leases executed by the Company, during the term of this Agreement. The bonus shall be computed by multiplying the total rentable square feet of space leased by \$1.25 or 1.75. If there is an outside broker involved in the transaction, the bonus shall be \$1.25 per square foot; if not, the bonus shall be \$1.75 per square foot. (Outside broker is defined as any broker who is not part of the Dulles Equities' organization.) Payment of bonuses shall be paid in two equal installments, fifty percent (50%) at the time the lease is fully executed and fifty percent (50%) when the tenant takes possession of the leased premises.

For all real estate projects which the Company undertakes in which the Employee is actively involved, the Company agrees to grant Employee an equity in the project in the form of a limited partnership or Corporate stock, whichever is applicable, equal to five percent (5%) of the ownership.

#### 5. Brokerage Activities

The Company agrees that Employee may retain his real estate license(s), and may continue to provide brokerage services to clients regarding properties other

than those owned and developed by the Company, provided that all such activities are approved in advance by the Company and that such activities do not interfere with Employee's principle duties with the Company. All brokerage commissions generated as a result of Employee's actions shall be split with the Company, sixty percent (60%) of the gross commission to be paid to the Employee and forty percent (40%) of the gross commission to be paid to the Company.

6. Automobile Allowance

The Company shall provide an automobile for use by the Employee for business purposes.

7. Moving Expenses

The Company shall reimburse Employee for the costs of relocating his residence from Los Angeles, CA to the Washington, D.C. metropolitan area.

8. Term

The term of this Agreement shall be three (3) years, commencing January 1, 1988, and may be extended by mutual agreement of the parties.

9. Entire Agreement

This Agreement contains the entire Agreement between the parties with respect to the subject matter hereof. No

waiver or modification of this Agreement or any of its terms shall be valid unless in writing and duly executed by the parties.

10. Assignment

Employee may not assign his rights or obligations hereunder. The rights and obligations of the Company shall inure to the benefit of, and shall be binding upon the successors and assigns of the Company.

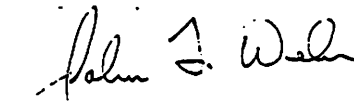
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

DULLES EQUITIES, INC.

JOHN F. WEBER

By: 

Les G. Jones, President



John F. Weber



1 Q Based upon what you read, were those facts all  
2 correct and all true?

3 A Yes, sir.

4 Q Was there more factual information which you  
5 possessed with regard to these particular counts that  
6 were not specifically discussed in this lawsuit?

7 MR. LABOWITZ: Your Honor, I don't even  
8 understand that question. It doesn't seem to me to be  
9 relevant as to whether or not the allegations -- After  
10 nine months of this case, I still don't know what  
11 evidence there is that supports the allegations that were  
12 in the Complaint. I have a hard time believing that we  
13 are going to hear more allegations that aren't in the  
14 Complaint.

15 MR. NEDRICH: Let me ask specifically a  
16 question.

17 BY MR. NEDRICH:

18 Q Let's ask you with regard to Trafalgar House.  
19 Did you have knowledge that Trafalgar House was receiving  
20 Dulles Equities, Inc.'s funds for the purpose of  
21 purchasing Les Jones' personal residence?

22 MR. LABOWITZ: Your Honor, I don't think that  
23 is relevant. I think what is relevant is the allegation

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1 contained in the Complaint that specifies and -- if the  
2 Court pleases -- let me quote the words that the  
3 allegations go to. "There was a scheme -- transaction  
4 activities regarding the Trafalgar House property which  
5 were designed and implemented as a scheme by Mr. and Mrs.  
6 Jones with the active and conscious aid of Trafalgar to  
7 hinder, delay, and defraud the plaintiff."

8 That is what is relevant to this discussion,  
9 because those are the allegations that are contained in  
10 the Motion for Judgment. There may be payments that were  
11 made from Dulles Equities to Trafalgar House. If that's  
12 what we are talking about, we've conceded that. But what  
13 I think the allegations in the Complaint are, go to  
14 active and conscious aid by Trafalgar to hinder, delay,  
15 and defraud this plaintiff. That's what we ought to be  
16 hearing about.

17 THE COURT: Are you saying that, even were that  
18 fact pled, that you were receiving monies from Dulles  
19 Equities, it wouldn't make any difference?

20 MR. LABOWITZ: Yes, ma'am. That is exactly  
21 what I'm saying.

22 THE COURT: I think you have already made that  
23 argument after the fact when it came to your attention

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1 Whereupon,

2 JOHN F. WEBER

3 the plaintiff, was called for examination by counsel in  
4 his own behalf, and, having been duly sworn by the Clerk,  
5 was examined and testified as follows:

6 DIRECT EXAMINATION

7 BY MR. NEDRICH:

8 Q Mr. Weber, state your full name and address.

9 A John F. Weber, 12317 Exbury Street, Herndon,  
10 Virginia.

11 Q Mr. Weber, are you the plaintiff in this cause  
12 of action?

13 A Yes.

14 Q When did you work for Mr. Jones and/or Dulles  
15 Equities?

16 A From January of 1988 through the end of  
17 February of 1991.

18 Q How did you come about working for him? How  
19 did you meet?

20 A Well, I was hired by Mr. Jones via an  
21 employment contract that was dated in October of 1987. I  
22 began employment in 1988 as vice-president in charge of  
23 leasing properties that Dulles Equities developed.

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1 Incorporation in this. There is an employment agreement.

2 THE COURT: Let's just go through it. We will  
3 deal with it later. Let's just go on through it. If it  
4 is not relevant, given the parameters of this hearing,  
5 I'll just disregard it.

6 MR. STEPHENSON: Your Honor, I want an  
7 objection in the record in that Mr. Weber gleaned various  
8 documents from the offices of my clients, without  
9 authority, and I want that clearly on the record that I  
10 object to his having confiscated those documents without  
11 any authority, and he is now making some use of them, and  
12 I don't even know what they are.

13 THE COURT: You made that objection. I'm not  
14 sure he is precluded from using them, but you may have --  
15 I don't know what your remedies may be, but I understand  
16 that there is an objection that these do not belong to  
17 him. In any event, they are here. All right, Mr.  
18 Nedrich.

19 MR. NEDRICH: Thank you, Your Honor.

20 DIRECT EXAMINATION RESUMED

21 BY MR. NEDRICH:

22 Q Mr. Weber, just very briefly, when you came to  
23 me, generally, what did you know with regard to Mr. Jones

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1 and what were you trying to accomplish?

2 A I was employed by Mr. Jones at Dulles Equities,  
3 Incorporated. Part of my employment agreement dealt with  
4 leasing properties which Dulles Equities, Incorporated  
5 had developed. One of those buildings was the property  
6 known as the Atrium in Herndon.

7 According to my employment agreement, I was to  
8 be paid a commission for \$1.75 per square foot for any  
9 tenants that I had procured in Dulles Equities,  
10 Incorporated's properties during my employment. I  
11 successfully procured a tenant for the Atrium building,  
12 the U.S. General Services Administration, for  
13 approximately 130,000 square feet, for which I was due a  
14 commission of approximately \$230,000.

15 I was not paid for that commission, despite Mr.  
16 Jones' many assurances to me that I would be. And I came  
17 to your offices because I felt that I had a valid claim  
18 against Mr. Jones. I also brought with me other  
19 documents which I believed supported my belief that Mr.  
20 Jones was systematically attempting to transfer assets  
21 out of Dulles Equities, Incorporated so that he could  
22 substantiate his claim -- one, that the company did not  
23 have any money to pay me; and that two, if we were ever

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1 successful in getting a judgment from him, that there  
2 would be no monies in the corporation for which I would  
3 have any claim.

4 Q Now, with regard to the other defendants named  
5 in this cause, did you -- Who, to your knowledge, was the  
6 owner and controller of Dulles Equities, Inc.?

7 A Les Jones and Dorothy Jones.

8 Q And who, to your knowledge, was the owner and  
9 controller of Dulles Equities Limited Partnership III?

10 A Les Jones and Dorothy Jones.

11 Q And who was the owner and controller of Armed  
12 Forces Electronics, Inc.?

13 A Les Jones and Dorothy Jones.

14 Q Did you actually do work for Armed Forces  
15 Electronics?

16 A Yes, I did work for Dulles Equities  
17 Incorporated, the limited partnerships in question, Armed  
18 Forces Electronics, and Dulles Equities of Virginia  
19 Incorporated.

20 Q With regard to Armed Forces Electronics and  
21 Dulles Equities of Virginia, who, to your knowledge, was  
22 the owner and/or controller of those business entities?

23 A As I said, Les and Dorothy Jones.

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1 Q Also, in the course of your working for Mr.  
2 Jones and these various entities, did you have direct  
3 communication with officials, first of all, of Riggs  
4 National Bank?

5 A Yes, I did.

6 Q Did you gain information by way of those  
7 communications that you provided to me?

8 A Yes, I did.

9 Q Did you have -- Not direct communications, but  
10 did you have activity involvement with the Trafalgar  
11 House purchase?

12 A Yes, I did. Not directly with the purchase  
13 itself, but with the ongoing activities with the  
14 property.

15 Q With regard to the jet plane, the Lear Jet, and  
16 with regard to Jettech and Dahlberg, did you have direct  
17 communications with them?

18 A Yes, I did.

19 Q With regard to First Source Bank, you did not  
20 have direct communication with them; is that correct?

21 A No, sir, not with the bank, but as I have  
22 already testified, was intimately involved in the  
23 activities of Armed Forces Electronics and performed work

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1 for them.

2 Q Now, did you share all the information you had  
3 at that time with me?

4 A Yes. I presented all of the information upon  
5 which I believed that these activities were going on.  
6 For example, in the case of the Trafalgar House property,  
7 I had receipts which showed that the residence which was  
8 a personal residence for Mr. Jones, which is stated  
9 clearly in his purchase contract, even though it was his  
10 personal residence, that he was using Dulles Equities  
11 Incorporated monies to pay for the improvements at the  
12 property in excess of \$100,000, as well as his monthly  
13 payments to Trafalgar House.

14 Q Let me go back to that a little later, Mr.  
15 Weber. The documents you provided; would it be fair to  
16 say, just to save time, that they are three feet deep?

17 A Yes, the volume. There are several boxes.

18 Q And we looked at all of those documents?

19 A Yes, we did.

20 Q How much of a period of time would you say we  
21 spent just examining documents and discussing them?

22 A Approximately four or five months. If I might  
23 just add --

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1 Q Go ahead.

2 A That what I did was, I presented all of this  
3 information, and I said that I had reason to believe  
4 that, in every one of these cases, Mr. Jones was  
5 attempting to lose the corporation of Dulles Equities  
6 Incorporated, and I didn't know what rights I had to  
7 prevent that from happening, and that's what I came and  
8 talked to you about.

9 Q Okay. A question, Mr. Weber: The documents  
10 that you had in your possession, in light of Mr.  
11 Stephenson's objections, did you have any contractual  
12 agreement -- Well, first of all, how did you pull those  
13 files together? What was the reason for your pulling  
14 those files together?

15 A Well, as I said, they were part and parcel to  
16 my everyday activities at Dulles Equities Incorporated.  
17 I had no kind of agreement as to, you know, that I could  
18 not keep personal files. I had no agreement that said  
19 that I could not take files with me when I left the  
20 corporation, and I had never received any kind of  
21 communication either from Mr. Jones or his counsel, by  
22 letter or by phone call or otherwise, prior to filing the  
23 lawsuit, asking that I send back any files.

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1 telling First Source on the monies -- the three million  
2 that was borrowed to put the balance of the account into  
3 a checking account at First Source for Armed Forces  
4 Electronics.

5 THE COURT: It is established by the letter?

6 MR. NEDRICH: It is established by the letter.

7 MR. STEPHENSON: As I understood the proffer,  
8 all the parties were on the loan as well.

9 MR. MURPHY: Right. Armed Forces is on the  
10 loan by their own documents. The Joneses are on the  
11 loan. Dulles Equities is on the loan.

12 THE COURT: All right. Let's go on.

13 BY MR. NEDRICH:

14 Q Mr. Weber, when you looked through this  
15 documentation, what was your purpose? What were you  
16 involved with at Armed Forces Electronics?

17 A Well, Mr. Jones had me perform a number of  
18 different activities on behalf of the corporation. I was  
19 asked to find a source to refinance these accounts  
20 receivables. And in the course of my activities in  
21 working with Armed Forces, I was given the files on the  
22 corporation to review. I also had to justify to the  
23 potential lenders the validity of the receivables.

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1 Q Okay. Now, in the course of that, did you  
2 investigate the financial status of Armed Forces  
3 Electronics?

4 A To the extent that they were included in the  
5 records, yes.

6 Q What kind of assets did Armed Forces  
7 Electronics hold?

8 A Accounts receivables.

9 Q And what else? Did they hold any merchandise?

10 A They had some merchandise, as well.

11 Q As best you were able to determine, how were  
12 these things acquired -- with what capital?

13 A With money that was loaned to Dulles Equities,  
14 Incorporated.

15 Q To the best of your knowledge, was First Source  
16 Bank still holding monies of Armed Forces Electronics  
17 arising out of this capital of Dulles Equities?

18 A To the best of my knowledge, the wire transfers  
19 were going from Armed Forces Electronics to its accounts  
20 at First Source Bank.

21 Q To the best of your knowledge, was any monies  
22 from Armed Forces Electronics going back to Dulles  
23 Equities for the advancement of the capital?

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1 A No, sir.

2 Q Or for any other considerations?

3 A No, sir.

4 Q Was anything going into Dulles Equities at that  
5 point in time?

6 A No.

7 Q What was happening to Dulles Equities?

8 A Dulles Equities was in the process of  
9 liquidating its assets into new corporations in Les  
10 Jones' name.

11 MR. FROMME: Your Honor, I am going to object.  
12 This is absolutely conclusory on his part as he sees the  
13 documents, and I object to this testimony. That all was  
14 part of this pleading, and is all conclusory. There was  
15 no facts pleaded, and he is not pleading a fact now.  
16 He's simply making a conclusion.

17 THE WITNESS: I would be happy to show the  
18 facts.

19 THE COURT: It was not part of the pleading  
20 that Armed Forces was in the process of -- Was it Armed  
21 Forces that you say was in the process of liquidating?

22 THE WITNESS: No, no, no. It was Dulles  
23 Equities.

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1 THE COURT: Dulles Equities was in the process  
2 of liquidating?

3 THE WITNESS: If I might just explain  
4 something?

5 THE COURT: No. A question first.

6 BY MR. NEDRICH:

7 Q Let me ask you this --

8 THE COURT: I am going to sustain the  
9 objection. Go ahead, please.

10 BY MR. NEDRICH:

11 Q There was another company called Dulles  
12 Equities of Virginia; is that correct?

13 A Yes.

14 Q And there was an issue with regard to motor  
15 vehicles. Could you tell us, did Dulles Equities, Inc.  
16 own a fleet of cars?

17 A Yes, they did.

18 Q How many, approximately?

19 A Well, they owned a Mercedes Benz, two Jaguars,  
20 a Cadillac, a Ford Bronco, a Pontiac station wagon, and a  
21 truck, I believe. There may be more, but that's the best  
22 of my recollection.

23 Q There was another employee at Dulles Equities,

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1 Inc. called Alan Moore?

2 A Yes.

3 Q Did you have discussions with Mr. Moore and/or  
4 observe him doing something with these vehicles?

5 A Yes. The automobiles, some of which he was  
6 attempting to sell for cash, and others were traded by  
7 Mr. Jones in on purchase of new vehicles. All of these  
8 vehicles were titled in Dulles Equities, Incorporated.

9 Q The new vehicles or the old vehicles?

10 A The vehicles I just described. And that those  
11 vehicles, then, were traded in for the purchase of new  
12 cars, which were then titled in the name of Dulles  
13 Equities of Virginia, Incorporated. So, the net result  
14 of this was that the assets that were owned by Dulles  
15 Equities, Incorporated were transferred towards the  
16 purchase of new cars titled in the name of Dulles  
17 Equities of Virginia.

18 MR. STEPHENSON: I think we have the same  
19 objection that we have a continuing conclusory testimony,  
20 Your Honor.

21 THE COURT: The title of the cars -- The cars  
22 held by Dulles Equities, Inc. were traded in and new cars  
23 purchased as a result were then titled in Dulles Equities

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1 of Virginia, Inc.?

2 THE WITNESS: Yes, ma'am.

3 THE COURT: And that was the basis of your  
4 conclusion that -- or the basis of your allegation?

5 MR. NEDRICH: One of them. One of the bases  
6 for the allegation of transfer of assets.

7 THE COURT: That what?

8 MR. NEDRICH: That Mr. Jones and Dulles  
9 Equities, Inc. were transferring assets, tangible assets  
10 and cash, out of Dulles Equities, Incorporated and into  
11 other companies and other entities that he owned or  
12 controlled.

13 THE COURT: Well, in this case, Dulles Equities  
14 of Virginia?

15 MR. NEDRICH: That's correct.

16 THE COURT: Which is pled?

17 MR. NEDRICH: Which is pled, yes.

18 BY MR. NEDRICH:

19 Q To the best of your knowledge, based on what  
20 you saw at that time, was there any money owed on any of  
21 these vehicles?

22 A No.

23 Q When Dulles Equities owned them?

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1 A No.

2 Q Did you see the titles to them?

3 A Yes.

4 Q And did you see the titles to the new vehicles,  
5 Dulles Equities of Virginia?

6 A Yes.

7 Q Did you see any credits back in any way, shape,  
8 or form going from Dulles Equities of Virginia to Dulles  
9 Equities for having a purchase price?

10 A No.

11 Q Now, let me also ask you. Let's talk a little  
12 bit with regard to Mr. Dahlberg and Jettech. Did you  
13 have some discussions with Mr. Dahlberg?

14 A Yes, I did.

15 Q Approximately when were these discussions?

16 A These were in the fall of 1990.

17 Q What was the reason for you talking to him?

18 A Mr. Dahlberg called up Dulles Equities and was  
19 looking to speak to Mr. Jones.

20 Q Did you have any conversations with him?

21 A Yes.

22 Q Tell us what those were about. What did you  
23 learn from him?

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1           A     Well, Mr. Dahlberg had, over a period of time,  
2     had numerous contacts with Dulles Equities offices, and I  
3     had spoken to him on a number of different occasions. He  
4     knew who I was. He asked me if Mr. Jones was in, and I  
5     said no. I asked him how the efforts were going to sell  
6     the aircraft, because Mr. Jones had said --

7           MR. STEPHENSON: Objection to hearsay testimony  
8     of Mr. Dahlberg.

9           THE COURT: I think I am going to have him  
10    testify to it. Not for the truth of what was stated, but  
11    what his investigation disclosed. Go ahead.

12          BY MR. NEDRICH:

13          Q     Go ahead, Mr. Weber.

14          A     Well, I asked him how the sale of the Lear Jet  
15    was going, because Mr. Jones had told me that he was  
16    selling the Lear Jet in an effort to raise capital for  
17    Dulles Equities, Incorporated, in part to pay me the  
18    money that he owed me. Mr. Dahlberg told me that his  
19    efforts were going very well, that he was very close to a  
20    deal in Arizona with a party, whereby there would be a  
21    trade of the Dulles Equities aircraft for another plane,  
22    and that plane would be titled in the name of Dulles  
23    Equities of Virginia, Incorporated.

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1 Q Did Mr. Dahlberg say anything more about this  
2 transferring one plane out of the Corporation A and a  
3 second plane into Corporation B?

4 A He said that it was easier to do it that way,  
5 to facilitate the deal. And I was surprised, one, by the  
6 fact that Mr. Jones would be attempting to trade the  
7 aircraft. I was also --

8 MR. FROMME: I am going to object.

9 THE COURT: Yes, I think that is irrelevant.

10 BY MR. NEDRICH:

11 Q That is the end of the question, Mr. Weber. So  
12 far as you knew at the time that this lawsuit was filed,  
13 was Jettech and Dahlberg still in the retainage of Dulles  
14 Equities, Inc. to sell that aircraft?

15 A I'm sorry?

16 Q Were they still under employment to Dulles  
17 Equities, Inc. to sell that aircraft?

18 A To the best of my knowledge, they were still  
19 the broker attempting to sell the aircraft, yes.

20 Q Okay. Did you have discussions with Mr.  
21 Dahlberg in 1991 before you left?

22 A No, I did not. I did have --

23 Q Go ahead. I'm sorry.

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1           A     I did have extensive conversations with another  
2 individual who is an employee of Dulles Equities, the  
3 pilot for the aircraft, Louis Vincenes. He told me that  
4 Mr. Jones' efforts to dispose of the plane were ongoing.

5           Q     Would you take a look at Exhibit 11? This is  
6 the Trafalgar House contract with Mr. Jones?

7           A     Yes.

8           Q     Take also a look at Exhibit 12. Are these  
9 copies -- I'm sorry.

10           THE COURT: What about 10?

11           MR. NEDRICH: Did I miss 10, Your Honor?

12           THE COURT: Is that --

13           MR. NEDRICH: Oh, 10 is Mr. Labowitz's letter.

14           THE COURT: That has already been established.  
15 Okay, go ahead. I'm sorry.

16           BY MR. NEDRICH:

17           Q     Eleven is the contract documents between Mr.  
18 Jones and Trafalgar House for the buy of the house?

19           A     Yes, it is.

20           Q     What is Exhibit 12?

21           A     This is just a sample of many invoices in which  
22 I was contacted at Dulles Equities and asked why these  
23 bills had not been paid. And I inquired as to what type

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1 of bill it was, went into the file to find it.

2 In this case, it was a bill to Dulles Equities,  
3 Incorporated for approximately 600 square feet of marble  
4 which was being shipped to Mr. Jones' personal address,  
5 and a notation that the payment for the marble was via  
6 Dulles Equities check.

7 Q Did you also -- Well, what did you --

8 MR. LABOWITZ: Excuse me, Mr. Nedrich.

9 MR. NEDRICH: I'm sorry; go ahead.

10 MR. LABOWITZ: I am not sure what you are  
11 saying. There is some notation on this document, Exhibit  
12 12?

13 THE WITNESS: On the invoice, you are saying?

14 MR. LABOWITZ: Yes.

15 THE WITNESS: Yes.

16 MR. LABOWITZ: Do you mean you contend this is  
17 a Dulles Equities check?

18 THE WITNESS: Yes, sir.

19 MR. LABOWITZ: How do you know that? Where did  
20 that come from?

21 THE WITNESS: It came from my inspection of the  
22 check records themselves.

23 MR. LABOWITZ: Okay.

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1 BY MR. NEDRICH:

2 Q You don't have these checkbooks? You didn't  
3 take the Dulles Equities checkbooks with you, or anything  
4 like that?

5 A No. What had happened in this particular case,  
6 I was very often the last employee in the office, and Mr.  
7 Jones very rarely spent his time at Dulles Equities. He  
8 also worked at numerous different places; he travelled  
9 extensively to Europe.

10 It was very often the case that many of the  
11 creditors that Mr. Jones owed money to would call up  
12 looking for him and asking where monies were. In various  
13 different cases, I was the one that took those phone  
14 calls.

15 MR. FROMME: I am going to object to this  
16 testimony. It is not relevant, and no question is  
17 pending.

18 THE COURT: I don't think it is relevant unless  
19 there is some contention that the information -- he  
20 wouldn't be privy to the information or that it's  
21 competent in evidence. I don't know if that's what the  
22 matter is about.  
23

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1 BY MR. NEDRICH:

2 Q Would you generally be the one who usually  
3 worked latest at the office?

4 A Yes.

5 Q Would you handle many things in Mr. Jones' life  
6 at that time, not just strictly trying to buy himself  
7 real estate or lease real estate?

8 A Absolutely.

9 Q Did you take it upon yourself to try to get  
10 these accounts straightened out?

11 A Well, whenever I received --

12 MR. LABOWITZ: Your Honor, I don't understand  
13 the relevance of this.

14 THE COURT: I don't think it is relevant.

15 MR. NEDRICH: Well, it is preliminary, Your  
16 Honor, because it is going to tie in with why he knows  
17 other things that he knows:

18 THE COURT: All right, go ahead.

19 BY MR. NEDRICH:

20 Q Did you undertake to try and figure out what to  
21 do with these bills?

22 A Yes.

23 Q Did you happen to have discussions with Alan

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1 Moore?

2 A Yes, I did.

3 Q Now, Alan Moore was a Dulles Equities employee?

4 A Yes.

5 Q Did he report to Mr. Les Jones?

6 A Yes.

7 Q What did Mr. Moore tell you about the Trafalgar  
8 House, what was going on there when these things came up?

9 MR. LABOWITZ: Your Honor, I am going to object  
10 at least as to hearsay as to what it is that he is  
11 saying. I understand the Court's prior ruling about  
12 we're not talking about the truth of this. If we are  
13 talking about simply what it is he was told --

14 THE COURT: Yes.

15 BY MR. NEDRICH:

16 Q All right, what did he tell you?

17 A Well, Mr. Moore told me that he was involved  
18 with the extensive renovations and improvements to the  
19 Woodland Falls property, which was something that I also  
20 knew myself, because throughout the late summer and early  
21 fall of 1990, the office was deluged with calls from  
22 carpet layers, marble suppliers, as I have already talked  
23 about, various different folks that were involved in

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1 improving that property.

2 Mr. Moore also told me that Mr. Jones had a  
3 very interesting way of paying for these activities. And  
4 he said that Mr. Moore would go out and hire contractors  
5 and would also go out and buy building materials. He  
6 would do that personally. Then Mr. Jones would then  
7 reimburse him with a Dulles Equities, Incorporated check  
8 for both his labors as well as the labors of others.

9 I was concerned about that, given the fact that  
10 Mr. Jones was telling me that Dulles Equities had no  
11 money to pay me, and I looked and, in fact, corroborated  
12 that, indeed, Mr. Moore was submitting these invoices to  
13 Mr. Jones and that they were being paid with Dulles  
14 Equities, Incorporated checks.

15 Q Did Mr. Moore tell you how much money Mr. Jones  
16 was using out of Dulles Equities to upgrade this  
17 property?

18 A Yes, he did.

19 Q What did he tell you?

20 A He said it was in excess of a hundred thousand  
21 dollars.

22 Q Did he tell you what kind of improvements were  
23 being made?

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1           A       Yes. He told me that there was over 2,000  
2 square feet of marble that had been installed at the  
3 property; that they had built a gymnasium and workout  
4 facility; that they had installed a quite elaborate  
5 electronic security system; that they had installed  
6 approximately twenty telephone lines; and there may have  
7 been others as well that I don't recall.

8           MR. LABOWITZ: Your Honor, so far we haven't  
9 heard about any money of this \$100,000 going to Trafalgar  
10 House Property, Incorporated. If I understand it  
11 correctly, there are twenty phone lines, which means C&P  
12 Telephone ought to be in here as a defendant because they  
13 are part of that same conspiracy, according to the  
14 understanding that Mr. Weber had in April of 1991. This  
15 isn't relevant to what it is we are talking about.

16           THE COURT: We are going to have to stop, in  
17 any event, because I am going to have to go to my  
18 meeting. And it is 1:15, and I think we just should stop  
19 for lunch.

20           Now, I don't know what time I will be back this  
21 afternoon, and I'm not sure that it is a good idea to try  
22 to schedule this again for this afternoon, because it  
23 certainly will be probably close to 4:00 if I can get

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1 MR. LABOWITZ: You know what the check numbers  
2 are?

3 THE WITNESS: Yes, I do. I know some of them,  
4 yes.

5 MR. LABOWITZ: I didn't hear what you said.

6 THE WITNESS: I'm sorry?

7 MR. LABOWITZ: You said, "I know what the check  
8 numbers are." I couldn't --

9 THE WITNESS: And I had seen the check  
10 register, yes.

11 MR. LABOWITZ: Okay.

12 BY MR. NEDRICH:

13 Q Did you have an estimate of how much cash was  
14 paid by Dulles Equities to Trafalgar for this purchase?

15 A Well, I based my understanding on what Mr.  
16 Moore had told me about his activities at the property,  
17 and also the checks that were being paid to Trafalgar  
18 House with Dulles Equities funds, and that was, I  
19 estimated, approximately \$150,000.

20 Q Let's take a look at Exhibit 13. This is  
21 actually in a series -- 13 through 17. I represent these  
22 all to deal with Riggs Bank. What is this affidavit  
23 number 13?

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1 BY MR. NEDRICH:

2 Q Let me ask you this, Mr. Weber: Were you aware  
3 of Mr. Jones transferring substantial amounts of money at  
4 about the 1988, '89 time frame when he was receiving  
5 funds from Riggs?

6 A Was I aware of the activities that I described  
7 to you?

8 Q Yes, sir.

9 A Yes.

10 Q Okay. Would you briefly describe for us what  
11 you understood Mr. Jones to be doing at that time?

12 A Well, Mr. Jones was systematically moving  
13 assets out of Dulles Equities, Incorporated. And I was  
14 aware of this both because of my personal knowledge of  
15 being at the company, as well as the allegations that  
16 were charged in many of the lawsuits filed against him,  
17 including some of the people here in this room today.

18 It was on that basis that I became very  
19 concerned that by the time my case was brought to trial,  
20 that there wouldn't be any assets left for me to have a  
21 claim against. On that basis, I brought the information  
22 that I had available to me.

23 I went to a competent attorney. I presented

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1 the information to the attorney, and I asked him whether  
2 or not I had a valid case. And it was his judgment and  
3 your judgment that I did, and on that basis, we went  
4 forward.

5 Q The case with Riggs against the Dulles Equities  
6 Limited Partnerships, was there also a pending case  
7 against Mr. Jones? Was he part of this United States  
8 District Court case?

9 A Yes, he was, personally.

10 Q Okay. Approximately when was this case  
11 settled?

12 A It was settled in approximately, I believe,  
13 sometime in February.

14 Q Of 1990?

15 A 1990; that's correct.

16 Q Now, prior to the settlement, you said you had  
17 the deposition. Who took your deposition?

18 A I don't recall the particular attorneys, but  
19 they were counsel to Riggs Bank, and I believe that Hazel  
20 Fiske was the law firm. I believe there were two  
21 attorneys present representing the firm, and I don't  
22 recall their names.

23 Q In the course of that deposition, did you have

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1 any testimony with regard to these commissions?

2 A Yes, sir, I did.

3 Q Tell us how that matter arose.

4 A Well, the Riggs attorneys were, as I said,  
5 trying to look into the issue of where monies were going.  
6 And they asked me how I was compensated and how I was  
7 paid. I explained to them that I received a salary and  
8 that I also received commissions for leases that I  
9 procured. I explained that I had procured the lease in  
10 this instance for one of the properties, and that the  
11 commission was approximately \$230,000.

12 Q Did you identify the property in the  
13 deposition?

14 A I don't recall specifically, but I believe I  
15 did.

16 Q Did you also have telephone discussions or  
17 personal discussions with any Riggs officers?

18 A Yes.

19 Q When was that?

20 A That was about the same period of time. It was  
21 December and January of 1990; '89 and '90. December of  
22 1989 and January of 1990. The discussions were with  
23 Frank Langhammer, who was a Vice President of Riggs Bank.

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1 Mr. Langhammer initiated the phone calls to me.

2 He was concerned because we were continuing to  
3 attempt to lease the other properties that Dulles  
4 Equities owned, and he wanted to know why I was  
5 continuing to write proposals for prospective tenants.  
6 In the course of that conversation, I explained to him  
7 that I was very concerned about the proceedings going on  
8 between Riggs Bank and Dulles Equities, given the fact  
9 that I was involved as a leasing agent for the  
10 properties. I said that I felt that I ought to be  
11 considered a creditor in the proceeding.

12 Q Did you tell him how much money you were  
13 claiming?

14 A I believe I told him it was in excess of  
15 \$200,000.

16 Q What was his response to you?

17 A He said to go see a lawyer.

18 Q Did you review the court record of the  
19 bankruptcy filing for Dulles Equities Limited  
20 Partnership, III?

21 A Well, yes. As a matter of fact, I was, at one  
22 time, had been a press-spokesperson at the White House,  
23 and I had some experience in dealing with the media.

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1 This case was very prominent in the Washington Post and  
2 other newspapers, and Mr. Jones, on several occasions,  
3 asked me to speak on his behalf on background to  
4 reporters and such.

5 One of the allegations in the Riggs suit was  
6 that Mr. Jones had declared personal bankruptcy and had  
7 not disclosed it in the loans that he had received from  
8 Riggs Bank amounting to seventy million dollars. So it  
9 was a pretty significant issue.

10 Jones told me personally that he had never been  
11 bankrupt; that these were all lies and it was not  
12 accurate. I felt personally in a very awkward position,  
13 because I didn't want to say anything that was incorrect.  
14 So, I contacted the Court in Houston where this alleged  
15 activity was supposed to have occurred, and found out  
16 that, indeed, Mr. Jones had declared bankruptcy in  
17 Houston, Texas, as Riggs had alleged.

18 Q Were you listed as a creditor for the  
19 commissions on the Dulles Limited Partnership Chapter 11  
20 bankruptcy filings?

21 A No, I was not.

22 Q Did you discuss that with Mr. Jones?

23 A Yes, I did.

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V I R G I N I A:

IN THE CIRCUIT COURT OF FAIRFAX COUNTY

JOHN F. WEBER,

Plaintiff

v.

Law No. 104935

LES G. JONES,

Defendant

ORDER

THIS CAUSE CAME ON the individual motions of each of the original Defendants in this action against Plaintiff and his counsel, pursuant to the provisions of § 8.01-271.1, Code of Virginia, as amended. Upon consideration of said motions, the evidence presented by way of testimony and exhibits, and the argument of counsel, it is hereby

ORDERED that sanctions pursuant to § 8.01-271.1 should be, and hereby are, awarded to each of the Defendants against Thomas R. Nedrich, counsel for Plaintiff, and it is

FURTHER ORDERED that the motions for the imposition of sanctions against Plaintiff John F. Weber are each denied, and it is

FURTHER ORDERED that, upon the evidence that the Defendants incurred, through their respective counsel, attorneys' fees and expenses, the Court hereby orders Thomas R. Nedrich, counsel for Plaintiff, to pay the following amounts forthwith as sanctions pursuant to § 8.01-271.1 of the Code of Virginia: to Defendants Les G. Jones, Deanna Jones, and Dulles Equities, Inc., sanctions in




*Def*

the amount of <sup>3,500.00</sup>~~\$3,500.00~~; to Defendants Armed Forces Electronics, Inc., and Dulles Equities of Virginia, Inc., sanctions in the amount of \$3,500.00; to Defendant First Source Bank, sanctions in the amount of \$3,500.00; to Defendant Riggs National Bank of Washington, D.C., sanctions in the amount of \$3,500.00; to Defendants Jet Tech, Inc., and Edward Dahlberg, sanctions in the amount of \$3,500.00; and to Defendant Trafalgar House Property, Inc., sanctions in the amount of \$3,500.00.

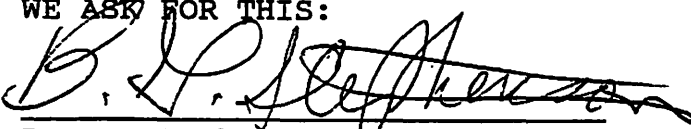
The Clerk is directed to enter this Order as a judgment against Thomas R. Nedrich in the judgment records of the Court.


AND THIS ORDER IS FINAL AS TO THE ISSUE OF SANCTIONS.

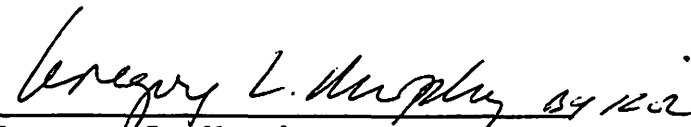
ENTERED this 3<sup>rd</sup> day of March, 1992.

  
ROSEMARIE ANNUNZIATA  
Judge of the Circuit Court

WE ASK FOR THIS:

  
B. G. Stephenson  
Counsel for Defendants Les G. Jones,  
Deanna Jones, and Dulles Equities, Inc.

  
J. Thomas Fromme II  
Counsel for Defendants Armed Forces  
Electronics, Inc., and  
Dulles Equities of Virginia, Inc.

  
Gregory L. Murphy  
Counsel for Defendant First Source Bank

David G. Fiske

David G. Fiske  
Counsel for Defendant Riggs  
National Bank of Washington, D.C.

Alan B. Croft

Alan B. Croft  
Counsel for Defendants Jet Tech, Inc.  
and Edward Dahlberg

Kenneth E. Labowitz

Kenneth E. Labowitz  
Counsel for Defendant Trafalgar  
House Property, Inc.

SEEN AND OBJECTED TO:

Thomas R. Nedrich

Thomas R. Nedrich  
Counsel for Plaintiff John F. Weber

IN THE  
SUPREME COURT OF VIRGINIA  
AT RICHMOND

---

Record No.  
920870

---

THOMAS R. NEDRICH,  
Appellant

vs.

LES G. JONES, et al.,  
Appellees

**ASSIGNMENT OF ERROR**

The trial court erred in imposing sanctions against Appellant pursuant to Section 8.01-271.1, of the Code of Virginia, 1950, because:

1. To the best of counsel's knowledge, information and belief, Appellant's Motion for Judgment is well grounded in fact and is warranted by existing law.

2. Appellant's Motion for Judgment was not interposed for any improper purpose.