

# Scheme loses \$1.5 million for investors

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Thirty-seven investors, including some who mortgaged their homes to get money, have lost \$1.5 million in a Denver scheme that promised a whopping 60 percent in annual interest.

Among the big losers was L. Ron Hubbard, founder of the Church of Scientology, who lost almost half a million dollars.

The scheme has been investigated by the state securities division, and the FBI plans to investigate. The state has found evidence of criminal conduct and will present its findings Wednesday to the Denver district attorney's office, a state official said Monday.

William Martin attracted the investors for his Denver company, BRW Liquidations, which bought and resold building materials.

The company paid interest to some investors for about a year, and then went belly-up this spring. No one is exactly sure where the money went, investigators said.

By the time Martin collected the entire \$1.5 million from investors, he owed \$75,000 a month to them in interest alone.

Martin contends that his idea was sound and would have succeeded if the building market hadn't slumped at the same time a number of investors wanted to

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William Martin

pull their money out of the company.

"I was trying to build an empire and the dream of a lifetime for myself and the people who supported me," Martin said. "I made some business decisions that might be second-guessed now, but if it had worked — and it could have — everyone would have applauded those decisions."

Martin paid himself and his wife, Hazel, about \$107,000, but there's no evidence that they squandered hundreds of thousands of dollars.

A few investors, such as Hubbard, could afford to lose the money. But many were middle-class people who used their savings and took second mortgages on their homes to invest in BRW.

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Twenty-two live in the Denver metropolitan area, while the other investors live throughout the country.

A Denver couple quit jobs, planning to live off the interest of their \$50,000 investment.

An Aurora woman, raising her two children on a book-keeper's salary, gradually invested \$3,000 in savings in BRW, knowing it was a risk but thinking it worth taking.

And a Fort Morgan man borrowed on several properties to set up \$120,000 in trusts for his four children's college educations. Now, he says, he can't afford to hire the attorney he needs to fight for his money.

He said he became suspicious when he filed notice to remove some money from his account in accordance with his contract and was told BRW couldn't give him the money because the company was suffering "a temporary setback." He brought a truck to BRW's Denver warehouse to collect the inventory that supposedly secured his investment and was refused.

Hubbard staff member John Busby put \$450,000 of L. Ron Hubbard's money — drawn from Hubbard's account in the Bank of Luxembourg — into BRW after Busby saw an ad Martin placed in the Los Angeles Times. He first invested \$50,000 last June, then \$100,000 in July and \$300,000 in September.

"In Busby's defense, he made a small investment at first and when it appeared to be running well and paying off like a slot machine, additional money was put in," said Lyndon Spurlock of Author Services Inc., which manages Hubbard's affairs. "But Busby's been fired and this is one of the major reasons." Hubbard's attorneys have filed suit against BRW and Martin in Denver federal court.

Martin told investors that their investments would be secured with inventory — building products such as doors, paneling and lumber — that he would buy at great discounts — 25 cents on the dollar — and then resell at a profit.

But state securities investigators say Martin never had ample inventories to secure the \$1.5 million investments he took. Instead, they think he used investments by later investors to pay the interest for earlier investors and set up additional companies to create a market for BRW's