

**UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

U.S. COMMODITY FUTURES TRADING
COMMISSION,

Plaintiff,

vs.

TREVOR COOK d/b/a CROWN FOREX, LLC,
PATRICK KILEY d/b/a CROWN FOREX,
LLC, UNIVERSAL BROKERAGE FX and
UNIVERSAL BROKERAGE FX
DIVERSIFIED, OXFORD GLOBAL
PARTNERS, LLC, OXFORD GLOBAL
ADVISORS, LLC, UNIVERSAL
BROKERAGE FX ADVISORS, LLC f/k/a UBS
DIVERSIFIED FX ADVISORS, LLC,
UNIVERSAL BROKERAGE FX GROWTH,
L.P. f/k/a UBS DIVERSIFIED FX GROWTH,
LP, UNIVESRSAL BROKERAGE FX
MANAGEMENT, LLC f/k/a UBS
DIVERSIFIED FX MANAGEMENT, LLC and
UBS DIVERSIFIED GROWTH, LLC.,

Defendant(s)

R.J. ZAYED,

Receiver.

Case No.: 09-cv-3332 MJD/JJK

**SECOND DECLARATION
OF L. EDWARD BAKER**

**UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,

Plaintiff,

v.

TREVOR G. COOK, PATRICK J. KILEY, UBS
DIVERSIFIED GROWTH, LLC, UNIVERSAL
BROKERAGE FX MANAGEMENT, LLC,
OXFORD GLOBAL ADVISORS, LLC, and
OXFORD GLOBAL PARTNERS, LLC,

Defendants.

and

BASEL GROUP, LLC, CROWN FOREX, LLC,
MARKET SHOT, LLC, PFG COIN AND
BULLION, OXFORD DEVELOPERS, S.A.
OXFORD FX GROWTH, L.P., OXFORD
GLOBAL MANAGED FUTURES FUND, L.P.,
UBS DIVERSIFIED FX ADVISORS, LLC,
UBS DIVERSIFIED FX GROWTH, L.P., UBS
DIVERSIFIED FX MANAGEMENT, LLC,
CLIFFORD BERG, and ELLEN BERG,

Relief Defendants.

R.J. ZAYED,

Receiver.

Case No.: 09-cv-3333 MJD/JJK

**SECOND DECLARATION
OF L. EDWARD BAKER**

I, L. Edward Baker (“Baker”), declare under penalty of perjury and state as follows:

1. I am a Minnesota resident, I have personal knowledge of the facts stated herein and I submit this Second Declaration in opposition to the Receiver’s Motion for Contempt.
2. As I noted in my initial Declaration, Mesa Holdings, Inc. (“Mesa Holdings”) is a Minnesota holding company that is owned 35% by Baker Capital, LLC, 1% by myself and 66% by 124 other shareholders. Mesa Holdings has always observed corporate formalities, including having acting officers and directors, holding shareholder and directors’ meetings, adopting resolutions and maintaining corporate records.
3. Mesa Holdings needed cash in 2008, and actively engaged in the process of obtaining additional capital. It was for that purpose that it entered into the transaction with Oxford Global FX, LLC (“Oxford”). In August 2008, Mesa Holdings was also negotiating, through Lazard Group LLC, with MTN Capital, a New York firm, for the investment of \$25 million. The alternative MTN transaction was abandoned after the September 8, 2008, letter agreement with Oxford was executed, because Oxford insisted that it be given a right of first refusal on future Mesa Holdings equity capital needs, advising Mesa Holdings that it could handle the \$40 million Mesa would need over the next 18 months.
4. Mesa Holdings transferred cash to Baker Capital periodically for services rendered to Mesa Holdings by Baker Capital, such as services rendered as the general partner of the G5 Funds, or were loans.
5. Mesa Holdings’ corporate credit card was used exclusively to pay for business expenditures of Mesa Holdings.
6. G5 Currency Fund-Institutional Series, LP and G5 Currency Fund-Affiliate Series, LP (collectively, the “G5 Currency Funds”) were always operated as separate and

independent entities. They observed corporate formalities, including having an acting general partner and maintaining appropriate business records.

7. Baker Capital LLC (“Baker Capital”) is 100% owned by Mr. Baker, but it was always operated as a separate and independent entity. It observed corporate formalities including maintaining corporate records.

8. Baker Capital made periodic payments to me as I am its sole governor and member. These transfer included transfers of \$20,000 in October 2008 and on August 11, 18 and 24, 2009 in the total amount of \$32,000. These transfers were simply routine payments like other that have been made over the course of many years.

9. I did not use Baker Capital’s credit card for the payment of personal expenses.

10. The expenses the Receiver highlights in his brief were business expenses incurred in connection with a trip an Oxford agent made to Florida to hold seminars on the Oxford strategy for prospects and Mesa investors, which included hosting several investors at a golf outing.

11. Mesa Holdings conducted a proper due diligence of Oxford Global FX LLC and its investment strategy. Much of the process occurred before any investments were made into the G5 Funds.

12. For example, contrary to the Receiver’s statement, the Saunders letter was provided to Mesa Holdings *before* the G5 Funds were launched. The letter, which is dated August 8, 2008, was provided by Cook to Mesa Holdings in December 2008, during the pre-investment stage of the due diligence process. The later e-mail that the Receiver relies upon relates to a *second* Saunders letter that was rendered in connection with on-site due diligence at Crown Forex in Switzerland.

13. In addition to this initial due diligence, Mesa Holdings also relied on its continuing investigation, including the April 13, 2009, Stikeman Elliott letter. We relied on that letter to confirm that Oxford's strategy was sound.

14. I am not aware that any due diligence process would have revealed that Cook was engaged in a Ponzi scheme at that time. Many other intelligent and sophisticated investors concluded that the Oxford investment strategy was sound. In January 2009, the FBI apparently investigated Oxford's investment strategy and, like Mesa Holdings, found it to be legitimate. Attached hereto as Exhibit 1 is a true and correct copy of a Startribune newspaper article stating that the FBI "gave the investment program a pass in early 2009."

15. I have previously described the meeting I called to discuss with the Receiver the resolution of the Hennepin Action and how to preserve Mesa Holdings' assets. During the meeting, which was held on May 20, 2010, I did not answer questions about Mesa Holdings' due diligence process because I considered the subject irrelevant to the purpose of the meeting. It now appears that the Receiver had a different agenda, which explains why we found it necessary to repeatedly "change the subject" to what we believed we were there to discuss.

16. Although the Receiver says Mesa Holdings or I should have discovered Cook's fraud earlier, there was only one investment made in June 2009 and that was recovered; all other June investment monies were returned to the investors *before* they were transferred to the G5 Funds.

17. The Receiver's suggestion that there was something sinister about Baker Capital's recovery of the investors' G5 funds in late June 2009 is unfounded. Baker Capital demanded return of the G5 funds when we were unable to obtain information about Crown Forex's problems with Swiss authorities. The recovery of the investments may have come after the SEC

launched its investigation of Cook, but I was not aware of the investigation and was not aware that Cook had made fraudulent transfers. I am not aware that Baker Capital received any preferential treatment.

18. I understood from my bankruptcy lawyer that the erroneous listing of the Hennepin Action as an uncontested claim had been corrected before now. I only learned today that although he had previously raised the error in oral argument in bankruptcy court, he did not file the document that formally corrected the petition until September 8, 2010.

19. There is no basis for the Receiver's unfounded suspicions about the Richardson affidavit. Mr. Richardson provided the affidavit because he was involved in the meetings in which Mr. Cook agreed to pay the expenses associated with creation and administration of the G5 Funds. There was no connection between the affidavit Mr. Richardson signed and payments later made to him by Mesa Holdings. Those payments were made to Richardson pursuant to an agreement they had to pay referral fees for providing Mesa Holdings with capital sources.

20. I did not pay \$105,000 to Mike Behm at any time. Mesa Holdings paid Mr. Behm this amount as a referral fee.

21. I listed my sister's address on the bankruptcy petition correctly. She lives in a home on a ten acre property.

22. I never had notice that the Order applied to my personal assets or that it would prohibit me from filing a bankruptcy petition. Although the Receiver stated on May 20, 2010, and on other occasions, that he was seeking the return of the investments Cook had made in Mesa Holdings and the G5 Funds, I did not believe that this demand applied to me personally because I never received these funds. I interpreted the letter from the SEC dated February 3, 2010, the same way, as it merely demanded the return of the Cook investments.

23. I viewed the Receiver's threats to take action against me personally as bullying tactics, and those threats only confirmed my belief that the Order did not apply to me. I never challenged the Court's Orders because I had no idea that anyone thought the Order applied to me or to a bankruptcy filing until the arguments were raised in the bankruptcy court and in this motion.

24. I have never tried to evade service of process. Apparently the process servers for the Receiver were attempted to serve me at an office address that I use only for mail collection and meetings. No one in that office advised me that there had been an attempt to serve process on me. Similarly, another plaintiff attempted to serve me, but again I had no knowledge of this effort.

25. My lawyer requested an extension of the date for my deposition date because five days' notice was inadequate. But this extension was not given in exchange for my agreement to accept personal service of the Receiver's contempt papers. When I learned that the Receiver was attempting to serve me, I provided my correct office address to my bankruptcy lawyer to provide to the Receiver.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 8th day of September, 2010

s/L. Edward Baker
L. Edward Baker