UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

In re:

BEAU DIAMOND.

Debtor.
_____/

Case No.: 8:09-bk-6199-KRM

Chapter 7

SHARI STREIT JANSEN, as Chapter 7 Trustee,

Plaintiff,

v.

DIANA CLOUD, an individual,

Defendant.
_____/

Adv. Proc. No.: 8:10-ap-00924-KRM

COMPLAINT TO AVOID AND RECOVER FRAUDULENT TRANSFERS

Plaintiff, Shari Streit Jansen, as the Chapter 7 Trustee ("**Trustee**" and/or "**Plaintiff**") for the bankruptcy estate of Beau Diamond in Case No. 8:09-bk-06199-KRM, by and through her undersigned counsel, files her Complaint to Avoid and Recover Fraudulent Transfers against Diana Cloud, and alleges as follows:

PARTIES, JURISDICTION AND VENUE

1. This is an adversary proceeding pursuant to Rule 7001 of the Federal Rules of Bankruptcy Procedure seeking to avoid and recover fraudulent transfers made to Defendant pursuant to Sections 544, 548, and 550 of the Bankruptcy Code and Chapter 726 of the Florida Statutes.

2. This court has jurisdiction over this cause pursuant to 28 U.S.C. §§ 157(b)(2)(A)(B)(H) and (O) and 1334.

3. This matter is a core proceeding pursuant to 28 U.S.C. § 157.

4 On March 31, 2009 ("**Petition Date**"), Beau Diamond (the "**Debtor**") filed a voluntary petition for relief pursuant to Chapter 7 of the Bankruptcy Code.

5. Plaintiff, Shari Streit Jansen is the appointed Chapter 7 trustee for the Debtor's bankruptcy estate.

6. Diana Cloud ("**Cloud**") is an individual residing in Sarasota, Florida.

7. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

GENERAL ALLEGATIONS

A. The Debtor Engaged in a Ponzi Scheme

8. On or about March 30, 2006, the Debtor formed Diamond Ventures, LLC ("**Diamond Ventures**").

9. The Trustee realleges and incorporates paragraphs 1 through 7 as if fully set forth herein.

10. On or about March 30, 2006, the Debtor formed Diamond Ventures with its principle place of business in Sarasota, Florida.

11. Prior to his incarceration, the Debtor resided in Sarasota, Florida.

12. At all material times, the Debtor was the managing member of Diamond Ventures, LLC.

13. The only other person listed as a member of Diamond Ventures by the Secretary of State, Harvey Diamond, denies any involvement in the formation and business operations and activities of Diamond Ventures.

14. From April 2006 to the present, the Debtor through Diamond Ventures, LLC solicited approximately $37 million from at least 200 members of the general public, for the purported purpose of trading off-exchange foreign currency ("**forex**") contracts.

15. As the managing member of Diamond Ventures, the Debtor opened and managed Diamond Ventures' forex trading accounts.

16. The Debtor deposited the funds received from investors into accounts in the name of Diamond Ventures which were controlled by the Debtor.

17. As the managing member of Diamond Ventures, the Debtor controlled Diamond Ventures' bank accounts.

18. As the managing member of Diamond Ventures, the Debtor controlled all aspects of Diamond Ventures' solicitations.

19. As managing member of Diamond Ventures, the Debtor made or controlled all decisions concerning Diamond Ventures' business operations.

20. To induce members of the public to invest with Diamond Ventures, the Debtor falsely represented to investors that Diamond Ventures could guarantee the return of the investor's original investment and also receive monthly returns of between 2.75% and 5% because Diamond Venture's forex trading generated monthly profits of up to 30%.

21. The Debtor executed the Participation Agreements on behalf of Diamond Ventures that were entered into with the investors whereby Diamond Ventures contractually guaranteed investors the return of their original investment and monthly

returns between 2.75% and 5% on their investment, depending upon the date of the investment.

22. The Debtor also represented to investors that nothing in the contract (the Participation Agreement) "…releases me from liability or that does anything but promises the security of your funds and the guaranteed 5% return. My lawyer actually put in a paragraph basically releasing me of liability and I told him to remove this."

23. The Debtor also caused Diamond Ventures to provide false promotional materials to investors falsely representing to investors that the investor assumed no risk by investing in Diamond Ventures, that Diamond Ventures was safe and secure, that trading in forex is recession proof, that the maximum trading loss was 15%, and that Diamond Ventures maintained a reserve account to cover any losses.

24. The Debtor made the representations with the intent that investors rely on the representations so as to invest with Diamond Ventures, a company that he owned and controlled.

25. At all times relevant hereto, the Debtor knew that these representations were false and misleading and were intended to induce such investors into transferring their money to Diamond Ventures.

26. The Debtor knew that Diamond Ventures trading was unprofitable and sustaining losses far in excess of the alleged 15% maximum loss and that Diamond Ventures was not making a profit or other income and that it could never meet the "guaranteed" rate of return.

27. The Debtor knew that Diamond Ventures did not have a reserve account that could cover the losses.

28. The Debtor knew that investing with Diamond Ventures was not safe.

29. From September 2006 through February 2009, the Debtor and Diamond Ventures lost approximately $13.2 million.

30. The Debtor and Diamond Ventures did not engage in any income producing activity other than soliciting and obtaining funds from investors and trading forex contracts in which it lost money.

31. The Debtor's sole source of income was from funds received from Diamond Ventures.

32. The source of monthly return payments or repayment to investors was not from bona fide investments, but from investment funds received from other investors.

33. The trading conducted by the Debtor through Diamond Ventures resulted in substantial losses and the Debtor did not make a profit.

34. Instead of investing all of the funds, the Debtor through Diamond Ventures would use a large portion of the existing funds of investors to make the promised monthly returns to customers or to repay customers.

35. The Debtor through Diamond Ventures also used funds invested by subsequent customers to make the monthly returns for existing customers or to repay customers.

36. The monthly returns made to investors came either from fictitious profits, existing investors' original principal and/or from money invested by subsequent investors.

37. The Debtor's operation of Diamond Ventures constituted a Ponzi Scheme.

38. To assure a continual source of funds in order to perpetuate the fraud and Ponzi Scheme, the Debtor offered commissions to investors for referral of new investors, an indicia of a fraudulent Ponzi Scheme.

39. The Debtor also caused Diamond Ventures to issue monthly account statement which reported profits that were consistent with the promised guaranteed monthly returns. These monthly reports were false and failed to disclose that Diamond Ventures incurred substantial losses, that the Debtor had misappropriated funds, and that any returns on investment provided to investors came from either prior investor investments or money subsequently invested by subsequent investors.

40. To further perpetuate the fraud and Ponzi Scheme, the Debtor lulled investors into not withdrawing their purported monthly earnings by offering a larger monthly return to investors who opted to compound their false earnings.

41. The Debtor and Diamond Ventures did not invest all of the funds received from the investors into forex contracts. Rather, the Debtor through Diamond Ventures used a substantial portion of the funds received for his own personal uses and lived a lavish lifestyle using the funds received from customers.

42. In running the Ponzi Scheme, the Debtor and Diamond Ventures made transfers to the various investors totaling approximately $15.6 million, which derived either from fictitious profits, from existing customers' original investment and/or from money invested by subsequent customers.

43. Payments to investors began in or about May 2006 and ended in or about December 2008.

44. All known payments were made by check or wire transfer from accounts at two financial institutions and each check was made payable to the investor by name.

45. Payments to investors were primarily made by check or wire transfer from the Bank of America account maintained by the Debtor and Diamond Ventures, account ending in no. 7477.

46. Investors received from the Debtor on Diamond Ventures monthly statements which detailed the status of their investments for the previous period, including the amount earned.

B. <u>The Indices of a Ponzi Scheme were Obvious from the Start</u>

47. In order to participate in the Debtor's investment program, which the Debtor referred to as the "club", investors were required to sign a participation agreement. A copy of a participation agreement signed by an investor is attached hereto as Exhibit "A". It is believed that the participation agreement is substantially identical to those signed by other investors.

48. The participation agreement required the investors to maintain secrecy regarding their participation in the investment program, a common indicia of the operation of a Ponzi scheme.

49. The Debtor guaranteed initial investors the return of invested funds as well as the 5% monthly returns. A 5% monthly return is a 60% return annually. No reasonable investor would believe that 60% annual return was possible.

50. The 5% monthly rate of return promised by the Debtor greatly exceeded the prevailing market rates at the time it was offered, suggesting that the promised monthly returns would not be achieved through actual market trading.

51. Despite the implausible rate of return promised by the Debtor, the Debtor failed to offer any explanation for why the promised rate greatly exceeded prevailing market rates or any justification for such a high rate of return.

C. <u>The State Court Action by Investors</u>

52. The Debtor is the subject of a pending civil action filed by investors in *DeLoach v. Diamond Ventures, LLC*, Circuit Court of the Twelfth Judicial Circuit in and for Sarasota County, Case No. 2009-CA-000548NC (the "**State Court Action**").

53. Consistent with the allegations herein, the civil complaint filed by investors against Debtor in the State Court Action alleges the following:

(a) Since the formation of Diamond Ventures, Diamond Ventures and Beau Diamond engaged in a Ponzi scheme in which they raised $35 million in capital from at least 100 investors by offering contracts to participate in an investment program that purported to generate returns through sophisticated trading in foreign exchanges. (*DeLoach v. Diamond Ventures, LLC*, Case No. 2009-CA-000548NC, Amend. Compl. at ¶ 22).

(b) "By targeting their close friends and associates, Defendants pursued an 'affinity fraud' wherein Defendants used payouts to initial investors to lure in said investor's friends and associates to expand the pool of investors." (*DeLoach v. Diamond Ventures, LLC*, Case No. 2009-CA-000548NC, Amend. Compl. at ¶ 24).

(c) The participation agreement specified that the participants would receive a Form 1099, however, the investors did not receive a Form 1099.

(*DeLoach v. Diamond Ventures, LLC*, Case No. 2009-CA-000548NC, Amend. Compl. at ¶ 25).

(d) The participation agreement required strict confidentiality in "an effort to restrict the disclosure of the program and to control the investors." (*DeLoach v. Diamond Ventures, LLC*, Case No. 2009-CA-000548NC, Amend. Compl. at ¶ 26).

(e) The participation agreement provided that Diamond Ventures and/or the Debtor guaranteed the investor the return of their deposit and their earnings. (*DeLoach v. Diamond Ventures, LLC*, Case No. 2009-CA-000548NC, Amend. Compl. at ¶ 27).

(f) Diamond Ventures was legal in form, but in fact was a sham created by or on behalf of Beau Diamond and his father, Harvey Diamond to further their Ponzi scheme. (*DeLoach v. Diamond Ventures, LLC*, Case No. 2009-CA-000548NC, Amend. Compl. at ¶ 43).

(g) The legitimate business activities of Diamond Ventures were very minor in comparison to the scheme of fraud perpetrated by the Defendants. Diamond Ventures was, in fact, a "shell" created by or on behalf of Beau Diamond and Harvey Diamond for the purpose of conducting an improper fraudulent enterprise, the Ponzi scheme. (*DeLoach v. Diamond Ventures, LLC*, Case No. 2009-CA-000548NC, Amend. Compl. at ¶ 48).

54. In light of the foregoing, the investors themselves allege that Debtor engaged in a Ponzi scheme.

D. The CFTC Judgment Against the Debtor and Diamond Ventures

55. On September 2, 2009, the U.S. Commodity Futures Trading Commission (the "CFTC") filed a complaint against Beau Diamond and Diamond Ventures, LLC, in the United States District Court for the Middle District of Florida, Tampa Division, Case No. 8:09-CV-1811-17MAP (the "CFTC Action").

56. In the CFTC Action, the CFTC alleged that the Debtor and Diamond Ventures engaged in acts and practices in violation of the Commodity Exchange Act.

57. On April 16, 2010, the court in the CFTC Action entered an Order of Default Judgment for Permanent Injunction and Other Ancillary Relief Against Defendants Beau Diamond and Diamond Ventures, LLC (the "CFTC Default Judgment").

58. In the CFTC Default Judgment, the court found that the Debtor and Diamond Ventures solicited $37 million from investors, purportedly to trade forex. (*U.S. Commodity Futures Trading Commission v. Diamond*, Case No. 8:09-CV-1811-T-17MAP, Order of Default Judgment, p. 5 ¶ 10).

59. The court further found that the Debtor and Diamond Ventures falsely represented that Diamond Venture's forex trading generated monthly profits of up to 30%, that Diamond Ventures had a reserve account, and that investors were guaranteed monthly returns of between 2.75% and 5%. (*U.S. Commodity Futures Trading Commission v. Diamond*, Case No. 8:09-CV-1811-T-17MAP, Order of Default Judgment, p. 6 ¶ 13).

60. The CFTC Default Judgment further provided that contrary to their representations, the Debtor and Diamond Ventures only deposited a total of

approximately $15.2 million in forex trading accounts. (*U.S. Commodity Futures Trading Commission v. Diamond*, Case No. 8:09-CV-1811-T-17MAP, Order of Default Judgment, p. 7 ¶¶ 16-17).

61. Of the money deposited in the forex trading accounts, approximately $1.9 million was withdrawn, and approximately $13.3 million was lost in forex trading from September 2006 to February 2009. (*U.S. Commodity Futures Trading Commission v. Diamond*, Case No. 8:09-CV-1811-T-17MAP, Order of Default Judgment, p. 7 ¶ 17).

62. The Debtor and Diamond Ventures engaged in no other investment activity to compensate for their trading losses. (*U.S. Commodity Futures Trading Commission v. Diamond*, Case No. 8:09-CV-1811-T-17MAP, Order of Default Judgment, p. 7 ¶ 19).

63. The CFTC Default Judgment further holds that from April 2006 to September 2009, the monthly returns paid to the Diamond Ventures customers "derived from the customers' original principal and/or money invested by subsequent customers in a manner akin to a Ponzi scheme." (*U.S. Commodity Futures Trading Commission v. Diamond*, Case No. 8:09-CV-1811-T-17MAP, Order of Default Judgment, p. 7 ¶ 19).

E. <u>The criminal convictions.</u>

64. On July 20, 2009, a criminal complaint was filed in *United States of America vs. Beau Diamond*, Case No. 8:09-MJ-1334-EAJ, in the United States District Court for the Middle District of Florida, Tampa Division, alleging that Beau Diamond committed wire fraud and money laundering. (*U.S. v. Diamond*, Case No. 8:09-MJ-1334-EAJ, Compl.).

65. In the affidavit of Special Agent Lynn M. Billings, attached to the criminal complaint, it was alleged that in or about April 2006, Diamond began soliciting friends and family members to invest money into Diamond Ventures for the purpose of trading funds in the forex market. (*U.S. v. Diamond*, Case No. 8:09-MJ-1334-EAJ, Compl., Aff. Billings at ¶ 6).

66. The affidavit also alleged that from June 2006 to December 2008, investors were e-mailed electronic account statements representing that their investments were accruing profits. (*U.S. v. Diamond*, Case No. 8:09-MJ-1334-EAJ, Compl., Aff. Billings at ¶ 11).

67. The affidavit alleged that from April 2006, through August 2006, Diamond received over $800,000.00 in investor principal and invested only $240,000.00 of the funds received, losing over $130,000.00 of the trading funds. (*U.S. v. Diamond*, Case No. 8:09-MJ-1334-EAJ, Compl., Aff. Billings at ¶ 18).

68. From September 2006, through April 2007, Diamond's trading activities resulted in losses of over $2,800,000.00. (*U.S. v. Diamond*, Case No. 8:09-MJ-1334-EAJ, Compl., Aff. Billings at ¶ 20).

69. From May 2007, through January 2008, Diamond's trading activities resulted in losses of $6,500,000.00. (*U.S. v. Diamond*, Case No. 8:09-MJ-1334-EAJ, Compl., Aff. Billings at ¶ 22).

70. From February 2008 through June 2008, Diamond's trading activities resulted in losses of over $3,900,000.00. (*U.S. v. Diamond*, Case No. 8:09-MJ-1334-EAJ, Compl., Aff. Billings at ¶ 24).

71. From July 22, 2008 through September 30, 2008, Diamond engaged in no trading activity at all. (*U.S. v. Diamond*, Case No. 8:09-MJ-1334-EAJ, Compl., Aff. Billings at ¶ 26).

72. The affidavit of Billings further alleges that "[t]he analysis of the Diamond Ventures accounts revealed that from July 2006, to December 2008, Diamond never made enough profit on forex trading to pay the cumulative profits he guaranteed his investors. From the beginning, Diamond operated the program as a 'Ponzi' scheme, that is, Diamond used subsequent investors' principal to make the alleged profit payments to other investors. In total, Diamond received over $37,600,000 in principal from approximately 200 investors. The financial review indicated that from those funds $15,400,000 was lost in trading activity, $15,600,000 was returned to investors in the form of profit payments, commissions, and/or returned principal, and $6,600,000 was used by Diamond for unauthorized expenditures . . . ." (*U.S. v. Diamond*, Case No. 8:09-MJ-1334-EAJ, Compl., Aff. Billings at ¶ 32).

73. On or about December 17, 2009, and indictment was filed against Beau Diamond charging Diamond with wire fraud, mail fraud, illegal monetary transactions, and transportation of stolen property. (*U.S. v. Diamond*, Case No. 8:09-MJ-1334-EAJ, Indictment).

74. In Counts One through Seven of the Indictment, it was alleged that "[a] 'Ponzi' scheme is a fraudulent investment program in which funds paid in by later investors are used to pay out non-existent, phantom 'profits' to the original investors, thus creating the illusion that the fraudulent investment program is a successful, profit generating enterprise which, in turn, attracts new investment funds that are used to

sustain the fraudulent program." (*U.S. v. Diamond*, Case No. 8:09-MJ-1334-EAJ, Indictment at ¶ 1).

75. The Indictment further alleged that "[b]eginning in April 2006 until January 2009, the defendant, Beau Diamond, operated a Ponzi scheme by which he solicited friends, family, and others (hereinafter 'investors') to invest in a small company controlled by him, Diamond Ventures, LLC ('Diamond Ventures'), for the purported purpose of trading their invested funds in foreign exchange currency markets, commonly called 'forex' trading." (*U.S. v. Diamond*, Case No. 8:09-MJ-1334-EAJ, Indictment at ¶ 2).

76. "The defendant collected approximately $37,744,000 from more than 200 investors, some of whom invested their life savings. Defendant spent approximately $15,231,000 - - less than half of what he took in - - on forex trading and ultimately lost all of it. Defendant paid out approximately $15,177,000 to investors as phantom profits and other payments to sustain his Ponzi scheme." (*U.S. v. Diamond*, Case No. 8:09-MJ-1334-EAJ, Indictment at ¶ 4).

77. On or about July 21, 2010, a verdict was entered finding Diamond guilty as to Counts One through Seven of the Indictment charging wire fraud in violation of 18 U.S.C. §1343. (*U.S. v. Diamond*, Case No. 8:09-MJ-1334-EAJ, Verdict at ¶¶ 1-7).

78. On or about July 21, 2010, a verdict was entered finding Diamond guilty as to Counts Eight through Ten of the Indictment charging mail fraud in violation of 18 U.S.C. §1341. (*U.S. v. Diamond*, Case No. 8:09-MJ-1334-EAJ, Verdict at ¶¶ 8-10).

79. On or about July 21, 2010, a verdict was entered finding Diamond guilty as to Counts Eleven through Seventeen of the Indictment charging illegal monetary

transactions in violation of 18 U.S.C. §1957. (*U.S. v. Diamond*, Case No. 8:09-MJ-1334-EAJ, Verdict at ¶¶ 11-17).

80. On or about July 21, 2010, a verdict was entered finding Diamond guilty as to Count Eighteen of the Indictment charging transportation of stolen property in violation of 18 U.S.C. §2314. (*U.S. v. Diamond*, Case No. 8:09-MJ-1334-EAJ, Verdict at ¶¶ 18).

81. Thus, Diamond was indicted on charges based upon the illegal operation of a ponzi scheme, and convicted on all counts of the indictment.

F. Various Indices of Fraud Placed Investors on Notice that the Debtor was Operating Diamond Ventures as a Ponzi Scheme.

82. On April 18, 2006, the Debtor represented to investors by e-mail that he would offer a 1% monthly referral fee for any person that investors referred to the club.

83. As early as October 2006, investors experienced delay in being provided with account statements and responses to their e-mail inquiries. Indeed, the Debtor and Diamond Ventures frequently failed to provide the investors with regular account balance statements, and frequently failed to respond to investors' questions regarding their account balances and investments.

84. By January of 2007, some of the investors had actively begun to question whether the investment program was a Ponzi scheme due to the aggressive referral incentives.

85. Through an e-mail correspondence on January 25, 2007, the Debtor announced to all investors that certain investors had become suspicious of the aggressive referral policy and apparent need to solicit new investors, and suggested that the investors

believed the investment program to be a Ponzi scheme. A copy of the January 25, 2007 e-mail correspondence is attached hereto as Exhibit "B".

86. By the same e-mail dated January 25, 2007, the Debtor represented that referral incentives would not be offered, but that the minimum deposit would be increased to $50,000.00. This increase in deposit amount should have put investors on notice that the program was dependent upon subsequent investments.

87. The Debtor informed investors that the investors would be provided with Form 1099s reflecting their investment income, in order to report their income to the IRS. However, in February of 2007, the Debtor advised investors that it was too late to send out Form 1099s for the previous year. The Debtor also advised that Form 1099s were for the "benefit of the payor," were not needed by the parties receiving payment, and thus, Form 1099s would not be provided.

88. Beginning in June 2007, the Debtor began notifying the investors that the returns would be decreased and that those receiving 5% would be reduced to 4%. Additionally, in July 2007, the Debtor also notified investors that Diamond Ventures was considering changing the return offered to new investors to 2%. The decrease in return percentages should have put the investors on notice that the investment program was generating insufficient income to pay monthly returns.

89. By e-mail correspondence dated July 11, 2007, the Debtor notified investors that he had been "unable to set aside enough company profits to let the internal capital build up because the overall average returns this year have so far been lower than last year's." A copy of the July 11, 2007, e-mail correspondence is attached hereto as Exhibit "C".

90. By the same e-mail correspondence, the Debtor further notified the investors that "[t]he profits left over after the funds dispersed to the reserve account this year have been very, very little."

91. In the July 11, 2007 e-mail, the Debtor also informed investors that the rate of return paid to new investors would be decreased because the rate of return currently offered seemed less realistic to very wealthy people, and therefore a deterrent to new investors.

92. In March 2008, the Debtor notified investors that funds on which the investors were taking monthly withdrawals would have a reduced return of 3.75%, and that any new funds deposited would earn only a 3% monthly return and only a 2.75% monthly return if the investor took monthly withdrawals. According to the Debtor, this represented "an incentive to compound funds in the club." Thus, investors were placed on notice that the Debtor had begun to discourage monthly withdrawals.

93. Also, in March 2008, the Debtor resumed offering a 1% referral for commissions. In conjunction with declining return percentages, this should have put the investors on notice that subsequent investments were necessary in order to sustain the monthly returns of prior investors. A copy of the Debtor's March 18, 2008 e-mail correspondence is attached hereto as Exhibit "D".

94. On March 20, 2008, the Debtor again notified investors that certain investors were (again) expressing concerns about the changes occurring in the club, including declining returns, and that those same investors questioned whether the investments were producing income. A copy of the March 20, 2008 e-mail correspondence is attached hereto as Exhibit "E".

95. In the same March 20, 2008 e-mail, the Debtor represented that the "trading has been going quite well and a higher return had been achieved this past 8 months than ever before." The patent conflict between the reduced monthly returns and the Debtor's statement that a higher return had been achieved than ever before, should have put investors on notice that the Debtor's representations with respect to the investments were false.

96. On July 21, 2008, the Debtor began offering a 10% bonus to anyone depositing additional funds until he "hit the goal of additional funds needed." A copy of the July 21, 2008 e-mail correspondence is attached hereto as Exhibit "F".

97. In early December 2008, the Debtor reported to investors that their monthly return checks had been delayed because he had changed Diamond Ventures' banking institution from Bank of America to JP Morgan Chase.

98. In late December 2008, the Debtor represented to investors that their monthly returns had not been received due to holiday mail delay.

99. On January 9, 2009, the Debtor notified investors that he had lost the entirety of their investments through forex trading.

100. As mentioned above, the Debtor's insolvency was obvious and indicated by the declining rate of returns and increased efforts to solicit new investors, in order to pay the promised monthly returns to prior investors.

101. In addition, from the inception of their operation, the Debtor and Diamond Ventures clearly possessed insufficient funds and assets to redeem all investments.

102. While the Debtor did invest some portion of the funds in the forex trading market, the Debtor lost approximately $15.4 million in forex trading. Thus, any monthly

returns that were paid to investors as "profits" were funds obtained from existing customers' original principal and/or deposits by subsequent investors, and not funds gained through trading.

103. During the operation of Diamond Ventures, many investors requested and received distributions from their accounts. Certain investors also redeemed or closed their accounts, or removed portions of them.

104. Some investors have freely admitted that they should have been on notice that the investment program was a fraudulent scheme.

105. Craig Siegel, a chiropractor and investor in the club, has been quoted as saying "Greed created this . . . [p]eople wanted those 50 percent-a-year returns and looked at this through rose-colored glasses."

106. At least one investor, Sal Boccio, has admitted that the investment program sounded "too good to be true" even prior to his initial deposit.

107. Likewise, several of the Debtor's e-mail correspondence to investors acknowledged that returns for new investors would be decreased in order to make the guaranteed returns more "realistic" to prospective investors.

108. The majority of the investors that participated in the investment program were wealthy, sophisticated investors with knowledge of the market and the operation of investments, and with extensive experience in investment activities.

109. Specifically, Diana Cloud was a wealthy, sophisticated investor with knowledge of the investment market.

110. Because Cloud was a sophisticated investor, she knew or should have known that forex trading was a high-risk investment that cannot rationally be guaranteed.

111. Because Cloud was a sophisticated investor, she knew or should have known that the Debtor and Diamond Ventures could not guarantee the promised monthly returns unless the monthly returns were funded through subsequent investments.

112. Because Cloud was a sophisticated investor, she knew or should have known that such an aggressive program of solicitation of new investors, coupled with commissions paid for referrals, was indicative of a Ponzi scheme whereby subsequent investments were required to fund monthly returns on prior investments.

113. Based upon all the foregoing allegations, Cloud was on notice of the existing indicia of a fraudulent Ponzi scheme, but failed to make sufficient inquiry.

E. Despite Being on Notice that Diamond Ventures was being Operated as a Ponzi scheme, the Defendant Failed to make Diligent Inquiries into the nature of Diamond Ventures

114. The above described facts were sufficient indicia of fraud to place Cloud on inquiry notice and give rise to a duty for Cloud to make diligent inquiry into the nature of the Debtor's business operations.

115. Despite the presence of indicia of fraud, Cloud failed or refused to make any inquiry.

116. Cloud received fictitious profits, repayment of principal and/or monies from subsequent investors after being placed on inquiry notice by the indicia of fraud and without making any reasonable inquiry.

COUNT I
ACTUAL FRAUD – AVOIDANCE AND RECOVERY OF FRAUDULENT TRANSFERS RECEIVED BY DEFENDANT UNDER 11 U.S.C. §§ 548(a)(1)(A) AND 550

117. The Trustee repeats and realleges paragraphs 1 through 116 as if more fully set forth herein.

118. This is an action against Diana Cloud to recover fraudulent transfers pursuant to 11 U.S.C. §§ 548(a)(1)(A) and 550.

119. The records of Diamond Ventures reflect that the Defendant transferred a total of approximately $2,500,000.00 to the Debtor through Diamond Ventures, which funds were part of the funds solicited by the Debtor in connection with his Ponzi Scheme.

120. Within two years prior to the Petition Date, the Debtor through Diamond Ventures made the following transfers of funds belonging to the Debtor, from Bank of America account ending in no. 7477, to or for the benefit of Cloud (the "**Two Year Transfers**"):

Date	**Amount**
4/4/08	$131,480.15
5/7/08	$48,750.00
6/9/08	$48,750.00
7/9/08	$48,750.00
8/8/08	$48,750.00
9/5/08	$48,750.00
10/8/08	$108,750.00
11/19/08	$48,750.00

121. The Two Year Transfers were made as part of and in furtherance of the Debtor's operation of the Ponzi Scheme.

122. The Debtor made the Two Year Transfers with actual intent to hinder, delay and defraud his creditors.

123. The Two Year Transfers, from the Bank of America account maintained by the Debtor and Diamond Ventures, constituted a transfer of an interest of the Debtor in property.

WHEREFORE, the Trustee demands final judgment in its favor and against the Defendant, Diana Cloud: (1) determining that the Two Year Transfers are fraudulent and avoidable pursuant to 11 U.S.C. § 548(a)(1)(A), and avoiding the Two Year Transfers; (2) entering final judgment in favor of the Trustee and against Cloud for the amount of the Two Year Transfers pursuant to 11 U.S.C. § 550, plus costs, pre-judgment interest, and post-judgment interest; and (3) disallowing any claim that Cloud may have against the Debtor, including without limitation, pursuant to 11 U.S.C. § 502(d); and, for such other relief as the Court deems just and proper.

COUNT II

ACTUAL FRAUD – AVOIDANCE AND RECOVERY OF FRAUDULENT TRANSFERS RECEIVED BY DEFENDANT UNDER 11 U.S.C. §§ 544(b)(1)(A) AND 550 AND FLA. STAT. §§ 726.105(1)(a) AND 726.108

124. The Trustee repeats and realleges paragraphs 1 through 116 as if more fully set forth herein.

125. This is an action against Diana Cloud to recover fraudulent transfers pursuant to 11 U.S.C. §§ 544(b)(1)(A) and 550 and FUFTA.

126. Pursuant to 11 U.S.C. §544(b), the Trustee may avoid any transfer of an interest of the Debtor in property that is voidable under applicable state law by a creditor holding an unsecured claim.

127. The records of Diamond Ventures reflect that the Defendant, Cloud, transferred approximately $2,500,000.00 to the Debtor through Diamond Ventures which funds were part of the funds solicited by the Debtor in connection with his Ponzi Scheme.

128. Within four years prior to the Petition Date, the Debtor through Diamond Ventures made the following transfers of funds belonging to the Debtor, from Bank of

America account ending in no. 7477, to or for the benefit of Cloud (the "**Four Year Transfers**"):

Date	Amount
4/4/08	$131,480.15
5/7/08	$48,750.00
6/9/08	$48,750.00
7/9/08	$48,750.00
8/8/08	$48,750.00
9/5/08	$48,750.00
10/8/08	$108,750.00
11/19/08	$48,750.00

129. The Four Year Transfers were made as part of and in furtherance of the Debtor's operation of the Ponzi Scheme.

130. The Debtor made the Four Year Transfers with actual intent to hinder, delay and defraud its creditors.

131. The Four Year Transfers, from the Bank of America account maintained by the Debtor and Diamond Ventures, constituted a transfer of an interest of the Debtor in property.

132. At the time the Transfers were made, there existed an unsecured creditor with an unsecured claim against the Debtor pursuant to Florida Statutes §726.102(4).

133. There is at least one actual holder of an allowed unsecured claim pursuant to 11 U.S.C. § 502, who would have standing to assert a claim for relief under FUFTA.

134. Creditors have filed claims against the Debtor, whose claims arose before or after the Four Year Transfers were made.

135. The Four Year Transfers are avoidable, and should be avoided, pursuant to and under Fla. Stat. § 726.105(1)(a) and 726.108 and 11 U.S.C. § 544(b)(1).

136. Pursuant to Section 550(a) of the Bankruptcy Code, the recovery of property for the benefit of the Debtor's bankruptcy estate is authorized to the extent that the Four Year Transfers are avoided under 11 U.S.C. § 544(b)(1) and FUFTA

WHEREFORE, the Trustee demands final judgment in its favor and against the Defendant, Diana Cloud: (1) determining that the Four Year Transfers are fraudulent and avoidable pursuant to 11 U.S.C. §§ 544(b) and 550 and FUFTA, and avoiding the Four Year Transfers; (2) entering final judgment in favor of the Trustee and against Cloud for the amount of the Four Year Transfers pursuant to 11 U.S.C. § 550, plus costs, pre-judgment interest, and post-judgment interest; and (3) disallowing any claim that Cloud may have against the Debtor, including without limitation, pursuant to 11 U.S.C. § 502(d); and, for such other relief as the Court deems just and proper.

COUNT III
EQUITABLE LIEN

137. The Trustee repeats and realleges paragraphs 1 through 116 as if more fully set forth herein.

138. This is an adversary proceeding to impose an equitable lien against the funds transferred by the Debtor to Diana Cloud.

139. Through his operation of Diamond Ventures, LLC as a fraudulent Ponzi scheme, the Debtor made certain Transfers to certain investors, including Transfers to Cloud, which represented fictitious profits, existing customers' original principal and/or money invested by subsequent customers.

140. The Debtor and/or Diamond Ventures made transfers to Cloud as follows:

Date	Amount
4/4/08	$131,480.15
5/7/08	$48,750.00
6/9/08	$48,750.00
7/9/08	$48,750.00
8/8/08	$48,750.00
9/5/08	$48,750.00
10/8/08	$108,750.00
11/19/08	$48,750.00

141. The Debtor made the Transfers with actual intent to hinder, delay and defraud its creditors.

142. Thus, the Transfers made to Cloud were obtained by fraud.

143. There is a limited fund from which to satisfy all of the Debtor's obligations to investors and creditors.

144. Some investors received fictitious profits, existing customers' original principal and/or money invested by subsequent customers from the Debtor and Diamond Ventures, LLC, while other investors received nothing at all.

145. It is fair and equitable that an equitable lien be imposed on the fictitious profits, existing customers' original principal and/or money invested by subsequent customers, and equally distributed among all investors.

146. Cloud is in possession of traceable funds transferred by the Debtor or Diamond Ventures, LLC which represent payment of fictitious profits, existing customers' original principal and/or money invested by subsequent customers.

147. Cloud was unjustly enriched by the Transfers.

148. Based upon the allegations set forth herein, equity requires the imposition of an equitable lien in favor of the Trustee for the benefit of the bankruptcy estate of the Debtor, as against all funds or other things of value that constituted the Transfers, or the proceeds or products of the Transfers.

WHEREFORE, the Trustee demands that this Court impose an equitable lien against the funds constituting the Transfers in the possession of Cloud, and all products and proceeds thereof, and for any other relief to which the Trustee may be entitled.

COUNT IV
CONSTRUCTIVE TRUST

149. The Trustee repeats and realleges paragraphs 1 through 116 as if more fully set forth herein.

150. This is an adversary proceeding to impose a constructive trust against the funds transferred by the Debtor to Diana Cloud.

151. Through his operation of Diamond Ventures, LLC as a fraudulent Ponzi scheme, the Debtor made certain Transfers to certain investors, including Transfers to Cloud, which represented fictitious profits, existing customers' original principal and/or money invested by subsequent customers.

152. The Debtor and/or Diamond Ventures made transfers to Cloud as follows:

Date	**Amount**
4/4/08	$131,480.15
5/7/08	$48,750.00
6/9/08	$48,750.00
7/9/08	$48,750.00
8/8/08	$48,750.00
9/5/08	$48,750.00

10/8/08	$108,750.00
11/19/08	$48,750.00

153. The Debtor made the Transfers with actual intent to hinder, delay and defraud his creditors.

154. Thus, the Transfers made to Cloud were obtained by fraud.

155. Based upon all the foregoing allegations, Cloud was on notice of the existing indicia of a fraudulent Ponzi scheme, but failed to make sufficient inquiry.

156. Some investors received fictitious profits, existing customers' original principal and/or money invested by subsequent customers from the Debtor and Diamond Ventures, LLC, while other investors received nothing at all.

157. It is fair and equitable that a constructive trust be imposed on the fictitious profits, existing customers' original principal and/or money invested by subsequent customers, and equally distributed among all investors.

158. Cloud is in possession of traceable funds transferred by the Debtor or Diamond Ventures, LLC which represent payment of fictitious profits, existing customers' original principal and/or money invested by subsequent customers.

159. Cloud was unjustly enriched by the Transfers.

160. Based upon the allegations set forth herein, equity requires the imposition of a constructive trust in favor of the Trustee for the benefit of the bankruptcy estate of the Debtor, as against all funds or other things of value that constituted the Transfer, or the proceeds or products of the Transfers.

WHEREFORE, the Trustee demands that this Court impose a constructive trust against the funds constituting the Transfers in the possession of Diana Cloud, and all

products and proceeds thereof, and for any other relief to which the Trustee may be entitled.

COUNT V
UNJUST ENRICHMENT

161. The Trustee repeats and realleges paragraphs 1 through 116 as if more fully set forth herein.

162. This is an action against Diana Cloud for unjust enrichment.

163. The Debtor and/or Diamond Ventures made transfers to Cloud as follows:

Date	**Amount**
4/4/08	$131,480.15
5/7/08	$48,750.00
6/9/08	$48,750.00
7/9/08	$48,750.00
8/8/08	$48,750.00
9/5/08	$48,750.00
10/8/08	$108,750.00
11/19/08	$48,750.00

164. The Debtor received less than a reasonably equivalent value in exchange for the Transfers.

165. The Debtor conferred a benefit upon Cloud by making the Transfers.

166. The Transfers were made by the Debtor with actual intent to defraud creditors of the Debtor and Diamond Ventures.

167. Because Cloud failed to provide the Debtor with reasonably equivalent value for the Transfers, Cloud has been unjustly enriched by the Transfers.

168. Under the circumstances, it would be inequitable for Cloud to retain the benefit conferred by the Debtor and/or Diamond Ventures without providing reasonably equivalent value.

WHEREFORE, the Trustee demands a judgment for damages against Cloud for the value of said Transfers, plus costs and pre-judgment interest, and any other relief to which the Trustee may be entitled.

Dated: July 28, 2010.

FORIZS & DOGALI, P.A.

/s/ Rachel S. Green
Robert Wahl, Esq.
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Attorneys for Plaintiff,
Shari Streit Jansen, Chapter 7 Trustee

PARTICIPATION AGREEMENT
Of
DIAMOND VENTURES, LLC
and
Alan Weedman
Name
505 Santa Rosa Ave #4
Address
San Francisco, CA 94112
City, State, Zip
(310) 920.0575
Phone
alanweedman@yahoo.com
Email Address

This Participation Agreement is entered into and effective as of May 19, 2006 by and between Alan Weedman, hereinafter referred to as the "Participant" and Diamond Ventures, LLC, a Florida limited liability company, hereinafter known as the "Manager."

WHEREAS, the Participant is depositing $ 2500.00 USD (Two Thousand Five Hundred United States Dollars), hereinafter referred to as the "Deposit", and these funds shall be placed into a private, structured business opportunity with Diamond Ventures. LLC (hereinafter referred to as the "Program") to be controlled by the Manager; and

WHEREAS, the Participant has sought out and approached the Manager in order to place the Deposit into the Program; and

WHEREAS, the parties, do hereby agree to be bound by the following terms and conditions for their mutual benefit and the protection of themselves, their business relationship, financial sources, financial expertise, and other services by and through which the Parties place value in the execution of their respective livelihoods; and

WHEREAS, the Participant hereby warrants, under penalty of perjury, that the Deposit is legitimately earned, clean, clear, and of a non-criminal origin; and

WHEREAS, the Participant directly places the Deposit (bank wires, etc.) into an account with Diamond Ventures, LLC (as directed by Manager), hereinafter referred to as the "Program"; and

WHEREAS the parties desire that none of the terms or conditions of this contract are to be discussed or divulged to anyone and that all of this information is to be held private between these two parties.

Exhibit A

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements made herein for valuable consideration, the adequacy of which is hereby acknowledged, the Parties hereto agree as follows:

1. RECITALS: The foregoing recitals are true and correct and are hereby incorporated by reference as part of this Agreement.

2. GENERAL TERMS:

A. The minimum Deposit hereunder shall be $2,500.00 USD. Any additional Deposits shall be allowed in increments of $2,500.00 only.

B. Manager hereby agrees to pay a minimum return to Participant of five percent (5%) of the total Deposit, subject to the remaining conditions below.

C. The returns on a particular Deposit will begin accruing seven (7) calendar days from the date on which the money transferred as the Deposit clears the bank account of the Manager (the "Accrual Date"). During the first calendar month in which the Deposit has been made, the returns for the first month shall be pro-rated based on the number of calendar days which remain in that particular month following the Accrual Date.

D. Returns shall be paid to the Participant on a monthly basis, payable on the 1st day of each month.

E. Upon written notice to the Manager no less than fifteen (15) calendar days prior to the end of each calendar month, the Participant may elect to forego payment of the return for that particular month and have his or her return added to the Deposit held on behalf of the Participant, thereby increasing the total amount of his or her Deposit for purpose of the following month's return.

F. The Participant shall be entitled to a full and complete repayment of all or part of their Deposit within thirty (30) calendar days of providing written notice to the Manager of such request for repayment. However, in the event of partial repayments, the minimum Deposit remaining with the Manager must be $2,500.00.

G. The Manager will provide the Participant with a monthly statement confirming the amount of the Deposit and returns by electronic mail to be sent on or about the first of each month.

H. At any time hereunder, the Manager may, in its sole discretion, terminate this Agreement with the Participant and repay the Deposit, plus any accrued returns, to the Participant. In such event, the returns for the particular month in which this Agreement is terminated will be pro-rated based on the number of days in such month up to the date of such termination.

Exhibit A

3. CONFIDENTIALITY.

A. The Manager and Participant acknowledge that the Manager continually obtains and develops valuable proprietary and confidential information concerning its clients, listings, products, administrative services or methods of doing business, including, but not limited to, certain confidential information relative to the business and affairs of the Program, such as various papers, documents, legal instruments, studies, brochures, computer output, and other materials including any discussions, as well as other information that may be pertinent to the business conducted under this Agreement, together with information relating to trade secrets, marketing techniques and programs, dates, figures, projections, costs, methods of operation, identity of plans or administrative services, estimates, customer lists, customer history, personnel history, financial statements, accounting procedures, other financial data and selling techniques (as further defined below, the "Confidential Information") which may become known to Participant.

Participant acknowledges that all Confidential Information is and shall remain the exclusive property of the Manager. By way of illustration, but not limitation, Confidential Information may include e-mail, all databases, all client listings, monthly statements, and files, current, past and completed projects, trade secrets, matters of a technical nature, such as computer hardware and software, and matters of a commercial nature, such as agreements, contracts, costs, profits, sales, royalties, customer/broker lists, prospect lists, lead lists, employee lists, non copy-protected program executable files ("exes"), and business methods, plans and procedures and strategies for marketing and information disclosed to the Manager or to Manager and Participant by third parties of a proprietary or confidential nature or under an obligation of confidence. The Confidential Information protected herein is contained in various media, including without limitation, computer programs, flow charts and other program documentation, manuals, plans, drawings, designs, technical specifications, notebooks, customer lists, internal financial data, and other documents and records of the Manager, whether or not in writing and whether or not labeled or identified as confidential or proprietary.

Participant agrees that he or she shall not publish, disclose, or otherwise make available to any third party, any Confidential Information, including this Agreement, except as expressly authorized in writing by the Manager. Participant agrees to use such Confidential Information only in the evaluation of whether or not to conduct business under this Agreement. Participant agrees not to use such Confidential Information for his or her own other benefit or for the benefit of any other person or business entity whether during or following the term of this Agreement.

Manager and Participant agree to exercise all reasonable precautions to protect the integrity and confidentiality of this Agreement and any Confidential Information in his or her possession. At any time upon the Manager's request, Participant shall return immediately to the Manager any and all materials containing any Confidential Information then in his or her possession or under his or her control. The failure to comply with this paragraph of the Agreement shall constitute a material breach of this Agreement.

Exhibit A

Participant understands and acknowledges hereby that the Manager does not make any representations or warranties as to the accuracy or completeness of Confidential Information and that such Confidential Information is not guaranteed as to accuracy or completeness.

B. Non-Solicitation. Participant hereby agrees that he or she will, at all times, whether during or after the term of this Agreement, refrain from and will not, directly or indirectly, solicit, request or engage in any conversation with any of the clients, vendors, financial or investment institutions, other Participants, employees, or independent contractors of the Manager, or any affiliate of the Manager, regarding its business or other relationship with the Manager.

Participant further agrees that at all times, he or she will refrain from and will not directly or indirectly, solicit, request or engage in any conversation or communications that would tend to negatively impact or in any way damage or disparage the Manager's (or any affiliate thereof) relationship with any other employees, contractors, vendors, financial institutions, investment institutions, customers, distributors or other entities with which the Manager comes in contact.

C. Specific Performance. With respect to the covenants and agreements as set forth in Sections A and B hereof, the parties agree that a violation of such covenants and agreements will cause irreparable injury to the Manager for which the Manager will not have an adequate remedy at law, and that the Manager shall be entitled, in addition to any other rights and remedies it may have, at law or in equity, to obtain an injunction to restrain the Participant from violating, or continuing to violate, such covenants and agreements. In the event the Manager does apply for such an injunction, the Participant shall not raise as a defense thereto that the Manager has an adequate remedy at law, and the Participant hereby waives any requirement that the Manager post a proper bond.

4. NOTICES: Any notice given hereunder by either Party to the other Party will be effected by facsimile. The Manager will not accept any notices sent via normal post or e-mail (electronic mail).

Email Address for Manager:	bd@diamondforextrading.com
Fax Address for Manager:	(941) 827-4526
Email Address for Participant:	awreffman@yahoo.com
Fax Address for Participant:	(484) 210-2868

5. TAXES, DUTIES, AND FEES: Neither Party makes any representation regarding the tax consequences, if any, of this Agreement. Both Parties agree hereto that each, individually and separately, accepts liability for any taxes, imposts, levies, or charges that may be found applicable in the performance of their respective duties herein.

6. NON-SOLICITATION OF FUNDS: The Participant affirms that the Deposit(s) provided to the Program are provided at the Participant's specific request and authorization. The Participant also unconditionally affirms that he/she has requested specific information and documentation or such from Manager to serve only the Participant's own personal interest and purposes. The Participant attests that he/she is fully aware that the presented information does

Exhibit A

not constitute a solicitation of funds or a security offering, but is for general knowledge only and was requested as a result of the Participant's own free will and choice. Notwithstanding any other provision in this Agreement to the contrary, Participant hereby further represents and warrants to the Manager as follows:

(A) No Underwriters. The Deposit acquired by a Participant is being acquired by a Participant for the Participant's own account, for investment only, and not with a view to the offer for sale or the sale in connection with the distribution or transfer thereof.

(B) Restrictions on Sale. Each Participant acknowledges that its Deposit is not and will not be registered under the 1933 Act or any state securities act (the "State Act") and that the Manager does not and will not file periodic reports with the Securities and Exchange Commission pursuant to the requirements of the Securities Exchange Act of 1934. Each Participant acknowledges that the Manager has not agreed with any Participant to register such Participant's Deposit for distribution in accordance with the provisions of the 1933 Act or, any State Act, and that the Manager has not agreed to comply with any exemption under the 1933 Act or any State Act for the sale hereafter by any Participant of its Deposit.

(C) Knowledgeable. Immediately prior to its execution of this Agreement and the acquisition of its Deposit, Participant had, or in conjunction with its professional representatives had, such knowledge and experience in financial and business matters that it was capable of evaluating the merits and risks of this Agreement and is relying on its own due diligence with respect to the same and not any representation, warranty or covenant made by the Manager.

(D) Access to Information. Participant has received and read and is familiar with this Agreement, and has had an opportunity to ask questions of and receive answers from its own professional advisors, Manager, or any person or persons acting on Manager's behalf, concerning the terms and conditions of this Agreement, and all such questions have been answered to the full satisfaction of the Participant. To the extent, however, that oral information provided to the Participant conflicts or is inconsistent with written information provided to the Participant, Participant acknowledges that the written information shall control.

(E) Inherent Risks. Participant represents that (i) it has been called to its attention by those persons with whom it has dealt with in connection with this Agreement that its Deposit under this Agreement involves a high degree of risk, and (ii) no assurances are or have been made regarding any certain return on deposit (except as provided in this Agreement) and the tax consequences that may inure to the benefit of the Participants.

7. DUTIES AND OBLIGATIONS: By means of this Agreement, the Participant agrees to join with the Manager for the purpose of participating in a short term business opportunity.

No implied covenants or obligations shall be read into this agreement against the Manager. The Manager shall not be liable for nonperformance on the behalf of any other parties to this Agreement and business associates or unwarranted intervention on the part of any investigator or regulatory agency.

Exhibit A

The Manager is not responsible for making reports or for presenting any other information, other than as specifically detailed in this Agreement. Manager shall maintain no other responsibility to Participant during the term of the Agreement. The Participant has no rights to any portion of its Deposit during the continuance of this Agreement, other than as specified herein. Furthermore, the Participant will have no rights to manage the property, affairs, or business of the Manager.

8. RELATIONSHIP BETWEEN THE PARTIES. The relationship between the Manager and Participant shall not be construed to give the Participant any interest in the tangible or intangible assets of the Manager, nor shall their relationship constitute a partnership, joint venture, or other joint enterprise under state law or federal tax law.

9. EXTENDED BUSINESS: Upon termination of this Agreement, the Manager shall have no right to manage, control, or assign any returns or Deposit of the Participant. The Participant is not bound by this Agreement in the performance of any other business upon the completion of this Agreement.

10. BINDING EFFECT: This Agreement shall be binding on the parties hereto, their heirs, personal representatives, executors, successors and assigns, and the parties hereby agree for themselves and their heirs, personal representatives, executors, successors and assigns, to execute any instruments and to perform any acts which may be necessary or proper to carry out the purposes of this Agreement.

11. AMENDMENT: This Agreement shall not be modified or amended except by an instrument in writing and signed by both parties.

12. ATTORNEY'S FEES: If there is a breach of this Agreement, the prevailing party shall be entitled to recover a reasonable attorney's fees for negotiation, trial or appellate proceedings from the other party.

13. GOVERNING LAW: This Agreement shall be governed by and construed under the laws of the State of Florida and the venue for any proceeding shall be Sarasota County.

14. COUNTERPART: This Agreement may be executed by the parties in two or more counterparts, each of which shall be considered an original.

15. HEADINGS: The headings of the paragraphs and subparagraphs of this Agreement are inserted for convenience or reference only and shall not constitute a part hereof.

16. ENTIRE AGREEMENT: This Agreement and other documents specifically referred to herein which form a part hereof contain the entire understanding of the parties in respect to the subject matter of this Agreement. There are no restrictions, promises, warranties, covenants or undertakings other than those expressly set forth herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to the subject matter hereof.

Exhibit A

17. ARBITRATION: Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

18. INDEPENDENT REVIEW: The parties heretofore acknowledge and agree that each has been given the opportunity to independently review this agreement with legal counsel and/or has the requisite experience and sophistication to understand, interpret, and agree to the particular language of the provision hereof.

This constitutes the entire Agreement by and between the Parties. No other rights, title, interest, duties, or requirements are intended or implied. This contract binds both parties upon signature of both parties.

Agreed to and Accepted by the Manager:

DIAMOND VENTURES, LLC, a Florida limited liability company

BY: _____
Beau Diamond, Managing Member

Signed this 10th Day of April, 2006

Agreed to and Accepted by the Participant:

Signature: _____

Printed Name: Alan McCowan

Signed This 19th Day of MAY, 2006

Exhibit A

Watford, Tyler A.

From: Beau Diamond [beau@diamondventuresclub.com]
Sent: Thursday, January 25, 2007 8:09 PM
To: beau@diamondventuresclub.com
Subject: A Couple Changes

Hello Everyone,

I wanted to give you an update on a couple of changes that are being made in the club. There are a couple of issues that I have carefully considered and discussed with those close to me, and have come to a decision that I feel is important to make. I want to start out by saying that when I first started our investment club, it was simply a way to share with friends, family and some close associates our investment strategies in order to make a nice return, while at the same time agreeing on the investment club strategy of low, measured risk and diversification.

Putting together an investment club with friends and family was easy, because we all know each other and the level of trust and faith in the investment strategy is high. This is of course why an investment club such as ours exists; friends, family and associates pooling their resources into an agreed upon investment strategy.

Up until recently most of the people being referred to the club have been close friends or family of the core group of my friends, family and associates that I originally opened the club up to. There has been a trust factor with people involved in the club that gave them confidence in the structure of it.

Lately, as time has progressed the word is spreading to people much farther from the connection many of us have to one another. It has become apparent that the referral incentive is an big motivation for people to refer business to the club. It's a way for people to potentially make a large sum of money. However, it seems it is causing some people to pursue the opportunity of referring new clients too aggressively. It also has become obvious that many people, when they first hear of the returns being offered and then hear of the referral incentive being paid have this idea that the club is very eagerly and aggressively trying to attract as much new business and new capital as possible, or even think that we need new capital to keep it going The problem is that the referral incentive is giving a false impression. This perception by some that the club is trying to attract as much new capital as possible is actually completely false. In actuality the club can easily continue on very profitably just with the current members and capital, and since this is based on profitable trading, and NOT any kind of ponzi or pyramid structure, the club DOES NOT NEED a constant influx of new funds at all. In fact, a large amount of money can be made for everyone in the club by simply continuing this for those already involved and not even accepting or working with new clients and additional funds. Everyone needs to know that **NEW FUNDS** ARE NOT A NECESSITY, or even needed at all.

The fact is that a good, close look at the list of people involved in the club shows many of us know each other, are good friends with one another and have some common outlooks on life. Making a positive impact, spreading wealth to those who don't have it, and helping to bring prosperity into more people's lives is important to us. I would say all in all, people are not coming from greed, but from a place of generosity. We want to keep it that way, which is another strong reason for ending the club's policy of incentives.

Naturally, all those who have taken advantage of incentives in the past and up to this point shall continue to do so with respect to that business, however, from this point on there will be no further incentives with respect to any new business.

As the club spokesperson, I feel this decision will be of great benefit, because the club will grow a little more slowly and more naturally. It will give a more accurate portrayal of what this is; a private investment club that that pays a nice return to a circle of great people.

In addition the minimum deposit is being changing to $50,000. This is a very reasonable number for this type of investment, and is actually still low, considering that many investment vehicles that offer outstanding returns often have much higher minimums, at least $100,000. This does not mean that anyone who is already in the club that has less than $50,000 needs to deposit more to bring their balance up to $50,000. This is only for new club members and shall take effect as of February 1st, 2007

The investment club has done well and, as spokesperson, I want to personally thank everyone for your continued

Exhibit B

involvement and support and I feel strongly, along with some people close to me that I have spoken to, that this is the right decision to make.

Warm Regards,

Beau Diamond
Diamond Ventures LLC

Exhibit B

5/29/2009

Watford, Tyler A.

From: Beau Diamond [beau@diamondventuresclub.com]
Sent: Wednesday, July 11, 2007 10:09 AM
To: beau@diamondventuresclub.com
Subject: Update

Dear Club Member,

I need to make a change in the club, and the reason for this change is to ensure the long term stability of the club. What is of the greatest importance to me in regards the investment club is the safety, security, solidity, and long term stability, as I hope yours is as well. This is not something I want to offer for a couple years and not be able to continue running. The club is benefiting so many of us so profoundly that I want to take every measure to be able to continue running it for as long as possible, for many, many years to come. The most realistic way to ensure this is to make sure that the company profits and capital is able to build up. This year, unfortunately, I have been unable to to set aside enough company profits to let the internal capital build up because the overall average returns this year have so far been lower than last year's. This is not cause for alarm, as it is totally normal in the trading world that things go in cycles. The average returns between myself and the other two trading groups in the club fluctuate with changing market conditions. The second half of this year could be three times more profitable than the first half, you never know. But as of right now the average return we have produced this year has been lower than last year's.

The profits earned by the company this year have gone almost entirely to the reserve account; the chunk of capital equaling 15% of the total value of the assets in the club that sits there untouched to cover the worst case scenario loss of 15% if myself and the other traders all simultaneously reach our maximum drawdowns. The reserve account is very important because it is what enables me to secure the principal and guarantee that there won't ever be a loss to any club members. Because of this, it cannot be traded. It must just sit in an account untouched. Since a lot of new funds have come in this year, most of the company profits each month need to be set aside in the reserve account to ensure the balance is always 15% of the total amount in the club. The profits left over after the funds dispersed to the reserve account this year have been very, very little. This is a concern to me, and something that I must correct because it's the build up of company profits that add to the stability and ensure a long term ability to pay out the returns that I'm offering.

I'll give you an easy, hypothetical illustration to make it clear how and why a build up of company profits make this more solid and secure, and make it easier to pay out the returns. First off, the vast majority of company profits, after funds set aside to the reserve account, get added back into the trading accounts, and are traded by myself and the other traders. Let's say that over time, from the build up of company profits, half of the total amount of money in the club are company profits, basically my capital. Now since returns are being generated on company profits, but not paid out, lower returns are required in order to make the same payouts. If half the funds in the club are club member's funds, then only 50% of the returns being produced need to be paid out. To make this very simple, if half the funds in the club were company funds, only a 2% return would have to be made to pay out 4%, etc. Now this could be any number, if 25% of the funds in the club were company funds, then 25% lower returns would have to made in order to make the same payouts. The higher number, the better.

This is by far the most important objective to reach in order to make sure the club is able to run long term because no one knows what the market could hold for us next year, the next 3 years, the next 5 years. If in a few years half the funds in the club are company funds, and for some reason we are only able to make about half the returns trading that we're able to now, then we could STILL pay out 4% monthly because of that build up of company profits. But to reach that point there

Exhibit C

must be enough to set aside profits back into the business so company funds can build up. Right now, I am not able to set aside enough for it to grow reasonably. This brings me to the change that I have to make, which is that everyone in the club who was originally recieving 5% will now receive 4% like everyone else, and this will take effect as of the August 1st payout. Even though we changed the percentage on new money from 5 to 4% last year, so much was already deposited under 5% that HALF the money in the club is at 5% and I'm also paying out 1% referral commissions on all of this money, because this was before the commissions on new funds were removed. This means that I am paying out 6% to about half the funds in the club, and this is unrealistically high, and too much. This is 72% a year that's being PAID OUT on that money. By lowering everyone who is at 5% down to 4% this will at least allow me to put some profits back into the club and start to let these company profits build up a bit, which in my mind is the only way to ensure the long term stability of the club, and is what is most important to me and most important to everyone in the club. I know that we all want this to run strong for a very long time.

I know that some people will have a lot of resistance to this and I know some will bring up that I promised to pay them 5% on their money long term, but I must remind you that trading IS NOT something that is fixed. It is NOT something that can be relied upon to make the exact same returns indefinitely. It changes month to month, year to year, and I can only pay out as much as I can based on what profit we are making. I have held on paying 5% to old club members as long as I could, but at this point the smartest thing I can do is make sure that I am able to set aside some company profits.

I also would like you to keep in mind that new clients that come to us in the near future may be earning 2% monthly. We've received feedback from a lot of people that have the potential to bring in large amounts of capital that a 24% yearly return is more reasonable and realistic to very wealthy people, and still higher than the top performing mutual funds out there and most hedge funds. We are going to seriously consider changing the return for new investors in the near future to 2% monthly, so to be able to continue to earn twice that as an old member is quite a fortunate opportunity. Remember that the objective in the main stream investment world often is to earn 10% a year, and that many investment and financial advisors shoot for that return as a yearly goal, and is considered very successful. So please, when you are reading this letter consider that even at 4% monthly you are making far more than you can find almost anywhere else in the investment world and that my goal is to try to offer you this return as long as I can, and this change will make it more realistic to do so.

Sincerely,

Beau Diamond
Diamond Ventures LLC
6547 Midnight Pass Rd, #35
Sarasota, FL 34242
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Exhibit C

Watford, Tyler A.

From: Beau Diamond [beau@diamondventuresclub.com]
Sent: Tuesday, March 18, 2008 4:08 PM
To: beau@diamondventuresclub.com
Subject: Update

Dear Club Members,

I'm making a change in the club in regards to returns on new funds that are deposited as well as a difference in returns between compounding and monthly withdrawals. For all current members of the club, your current funds with Diamond Ventures will continue earning you a 4% monthly return if you are compounding. On funds you are taking monthly withdrawals we will be paying a slightly lower 3.75% monthly return. This again is on your CURRENT funds on deposit with Diamond Ventures.

Any NEW funds that you or any new club members deposit as of April 1st will earn a 3% monthly return if you are compounding and a 2.75% monthly return if you are taking monthly withdrawals.

As you can see I am giving an incentive to compound funds in the club. The reason for this is very simple. You, and I both make more money. When you compound, your account will grow quicker and over any sample time period, your total earnings are higher. My total earnings are higher because when you compound your account, more funds remain in the club to be traded each month, and the effect of the returns on those profits being compounded along with my profits made on that amount makes a significant difference in company profits and the speed at which internal profits build up. It has a sort of exponential effect and it's very significant. So, I am now giving an incentive for club members to compound as much of their account as possible. Your overall profit difference in compounding rather than taking monthly withdrawals will now be very drastic. This is due to the fact that you will experience the normal compounding effect coupled with a higher monthly return.

For example, if you have a $100,000 account and you are compounding at 4% monthly, after a year your account value will be $160,103.22, a profit of over $60,000. If you are taking monthly withdrawals your return will be 3.75% monthly and after a year your total earnings will be $45,000. This means that if you are compounding, after a year your total earnings will be **33.33% higher than if you were taking monthly withdrawals.** Obviously an enormous difference.

Compounding for 2 years at 4% earns you a $156,330 total profit on a $100,000 account where taking monthly withdrawals for 2 years only earns you a total of $90,000. That's a 73% higher profit from compounding after two years. A savvy investor will definitely see the benefit of compounding as much of their account as humanly possible, resulting in a drastically higher return on their investment.

How this works on a very simple level if you are at all unclear is that any month you are compounding funds in your account, returns that month on that amount you are compounding are 4% (on original funds deposited). If you are taking a monthly withdrawal, returns that month on the section of your account you are taking the monthly withdrawal on are 3.75% (on original funds deposited).

I will also be charging a 2% accrued profit withdrawal fee on any built up compounded profits that are removed from your account. This does not affect you if you are taking a normal monthly withdrawal of 3.75%. However, if you are withdrawing any built up profits from your account that have compounded there will be a 2% accrued profit withdrawal fee. This means if you compound for several months, and

Exhibit D

for a hypothetical example have $10,000 of built up profits in your account, and OVER AND ABOVE a normal monthly return withdrawal of 3.75% you want to withdraw $5000 of accrued profits, a $100 accrued profit withdrawal fee will be assessed and debited from the amount withdrawn, so the amount received will be $4900.

Also, for any old club members who are receiving the grandfathered referral commission from when I originally used to pay it, I am going to start allowing those referral commissions to be compounded, so please let me know if you would like part or all of your referral commissions compounded if you are one of the few receiving the grandfathered commission.

So based on this new information, what I would suggest is that you look at your finances, determine how much money you actually NEED each month, and compound everything on top of that. That is already what the more savvy members of the club have been doing. Once you do this, please e-mail me and let me know how you would like your account split up. You may tell us a specific dollar amount that you would like to withdraw monthly, or you may tell us in percentages, for instance, "I would like to compound 75% of my account and take monthly withdrawals on 25%". Either way, we will do the calculations for you and adjust your account accordingly. When e-mailing me to inform as to how you would like your account split up for compounding and non-compounding **please copy accounting@diamondventuresclub.com.**

As you can see, there is a two week grace period to be able to deposit additional funds to your existing account before the rate of return on new funds is changed to 3% compounding and 2.75% non-compounding. So if there are funds you want to add to your account to be grandfathered in at the higher rate of return, you have until March 31st to do so. Exceptions will not be made if you are depositing funds after this date. Any funds deposited after this date will be at the new rate of return.

There are several reasons for lowering the return for new funds. The first is that throughout the time we have been operating the investment club, the first thing we hear when speaking to every prospective client is "this sounds too good to be true". So a slightly lower rate of return is more realistic for people to understand. It also will begin to lower the average that is being paid out so more company profits are allowed to build up. With the constant influx of new funds in the club the demand to lock the majority of company profits up in the the 15% reserve account is very high. Additional funds being deposited at a lower rate will help offset that a little bit.

I want to assure you that as a current club member, the funds you are earning the higher rate of return on will continue to earn that same return unless something drastic happens in the market and my and the other trader's ability to produce a profit changes. As of right now, the trading has been going very well and I and my two trading groups have been making consistent profits. But I'm always keeping an eye on the solidity and longevity of the club, so I feel this change will go a long way. For you, as a current club member, your accounts, if you are compounding your returns, will not change. If you are not compounding it is only changing very slightly. I assure you that the rate of return on your original funds is not going to change unless I absolutely have to. I do not foresee that happening, so for current members, this change has very little affect, especially with the ability to deposit additional funds at the higher rate of return before returns are changed.

On another front I am going to start offering a one time 1% commission for any clients that you refer to the club. I have been asked by so many people if it would be possible just to offer some kind of small commission for referring clients that I feel as though this will be appreciated by many, even though it is not an ongoing commission. I fully understand that when you make an effort to refer us a friend or associate that you may spend some decent amount of time talking to them about the opportunity and that it's somewhat dissapointing not to receive any commission at all for your efforts. So from now on,

Exhibit D

anyone you refer to us, will earn you a 1%, one time commission. So if you refer a client that deposits $100,000, you'll receive a check for $1000, if you refer a client who deposits $300,000, you'll receive a check for $3000. And yes, if they deposit additional funds, you'll receive an additional one time 1% commission on the additional deposits. This goes into affect immediately.

I will by the end of the month provide a new contract that includes these new terms for you to give to your referrals. The new returns however, for new clients, take affect immediately.

If you are unclear on any of this please contact my client relations manager Zachary Cubitt at zachary@diamondventuresclub.com or by phone at 941-705-1172 and he will clarify any confusion.

Thank you and have a great week!

Beau Diamond
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Watford, Tyler A.

From: Beau Diamond [beau@diamondventuresclub.com]
Sent: Thursday, March 20, 2008 9:59 PM
To: beau@diamondventuresclub.com
Subject: Follow Up

Since sending out the e-mail yesterday about the proposed modifications, I've received a small number of e-mails from clients expressing some concerns. I have talked to some clients over the phone and realize that the small number of communications I've received with concerns may be representative of the sentiment of other clients in the Club, so I felt it would be useful for me to elaborate a little bit about the reasons behind these modifications as well as provide an update on the status of the Investment Club overall.

First of all, I can understand completely, that if you're involved in some kind of investment opportunity and you unexpectedly learn that the amount you are receiving is being altered, your first natural reaction may be that things are not going well. I have heard from some people who have wondered if the trading was not going well or if we weren't able to produce the same profits, etc. It may be natural to wonder if it's a sign of things to come, that we may continue lowering returns every year or continually begin charging more fees. Let me put your mind at ease and assure you that these concerns are unfounded.

I will start by letting you know that the trading has actually been going extremely well. The dollar, as many of you are aware, has really been taking a beating and has reached some record low levels against other currencies. What this has caused in the market is an enormous spectrum of trading opportunities with very large movements and trends. From August of last year until now has been some of the most profitable trading I have ever experienced since I've been in this business, and I have without a doubt started witnessing and capitalizing from short to medium term trends the likes of which I have never seen in the Forex market. One example is that **just last Friday to Monday of this week, two and a half trading days,** the GBP/JPY (British Pound against the Japanese Yen) moved down from 205.02 to 192.72. That's a movement down of 1230 pips. I was short on this move and made a profit of over 1000 pips. That's nearly 10 times the amount put on that single trade. Yes, staggering.

I have never before witnessed trends as large as what I've seen from the middle of last year until today. Back in the first few years of trading some of the largest moves I would ever see, which were very rare, were 200 and 300 pip moves on currencies in a single day, whereas nowadays, moves of that size are more commonplace. So this has really made it a lot easier for me to show profit consistently. My other traders have also been doing extremely well and have had some of the best months I've seen since I've been working with them. These are enormously encouraging trends in terms of our long term goals.

"So why", you may ask, "If I'm making such great strides am I altering returns in the Club?"

These are the reasons for the modifications:

(1) My first and foremost consideration with the Investment Club is to watch out for the current members of the Club, many of whom are very good friends and close business associates for whom I care a great deal. There are a lot of members in the Club who have really come to rely on their

Exhibit E

earnings from Diamond Ventures and my FIRST AND PRIMARY consideration, above all else, is to look out for and ensure the longevity and stability of the Club so I can continue offering this for many, many years to come. The current members are who I care about most and I'm making adjustments so I can continue paying out as close to the same return as possible on your original club funds that are currently on deposit and possibly even increase returns down the road.

(2) The best way to accomplish this, as I have mentioned before in other e-mails, is to make sure there is a steady build up of company profits. If there is a build up of company profits it creates a cushion for the Club should there be rough periods in the market. Despite however well the trading may be going at any given time, there is always uncertainty with trading; it's the nature of the beast. You never know what the market has in store for you tomorrow, next week, next month, or next year. This uncertainty creates a lot of pressure on me if there is not a sizable cushion of company profits ASIDE from the reserve account to offset possible rough future periods in the market. Without this cushion, I and my other traders are forced to continue producing the same returns to make the same payouts to the Club members. But if a large amount of Club profits build up, the ratio of profits to member's principal is a lot higher and not as high of a percentage has to produced to pay out the same amount.

(3) The compounding affect of your earnings is huge. I have recently done some in depth calculations that have illustrated the difference after 6 months, a year, 2 years etc., of the current percentage of funds in the Club that are compounding right now to a slightly higher percentage and the difference is ENORMOUS. The difference for you when you compound, as you know from my e-mail yesterday, is vast. But the difference for me is crucial because when more funds remain in the Club each month to be traded I start making profits on profit's profits, etc. It starts to create an exponential growth effect because an ever increasing percentage of company profits grow so much faster than other funds in the Club since it's all growing on top of itself. In other words, I'm making all the returns produced on company profits, where Club members just make the fixed return, so the compounding affect for the company is even more significant. This is the very thing that will create long term stability for everyone. The 33% higher figure if you compound for a year rather than take monthly withdrawals is significantly higher for club profits. In a fundamental way having the company grow to a stronger and stronger profitable position translates into security and longevity for the individual investor.

(4) Just as the trading has been going quite well and a higher return has been achieved this past 6 months than ever before, so has the amount of new funds being deposited in the Club. The Club has been growing very significantly and a lot of new funds are being deposited each month. What this does is crate a huge demand to remove big chunks of trading profits each month from the brokerage accounts and lock them up in the reserve account, which just sits there. I have to do this since it's necessary to cover up front, right after a client deposits new funds, the 15% reserve on their account to cover the maximum drawdown. Because of the large influx of new funds in the Club much of the profits each month are going to the reserve account. They aren't staying in the brokerage accounts and being traded. This means that every month, lots of new money gets added to the brokerage accounts and the accounts remain mostly principal, not profits. It's essential to grow that ratio of profits to principal because that is what allows that exponential compounding affect to really kick in. If each month we're starting over with mostly principal, that much desired compounding affect barely gets to work. This compounding affect is what will really increase the internal strength of the Club and ensure long term stability.

(5) It's the natural progression of business that those who get on board first are the ones who benefit the most. This is universal with business and investing. At first companies offer large incentives for people to get on board. It took a LOT of trust and confidence in me for many you who opened accounts with me in my first few months to a year. There was no long track record, no impressive list of clients and millions on deposit. There was a level of trust and a leap of faith that really warranted

those early clients getting paid more money. Now it's much, much easier for new clients to make a decision to get involved with such an impressive track record, so many clients, and so much capital on deposit. So it's only natural for original members initial funds to earn a higher rate of return. Every company initially offers more in the beginning to attract business and then for long term stability it has to be a company's goal is to start to build up internal capital and strength. This is now what I have my sights set on.

(6) So, starting with a return of 3% (2.75% non-compounding) for new money will go a long way to allow a larger and faster profit build up. Everyone in the Club right now are all the lucky ones because you will still reap the benefit of the higher returns, while new clients will be offsetting the overall return being paid out, ensuring YOUR long term stability at the current return. **This makes the entire venture much more stable and secure.** The more build up of company profits, the easier it is to offer the highest return and keep it that way. By making it this way now it is even possible that down the road, after a large build up of company profits, I could conceivably offer quarterly bonuses based on how the trading is going, and I would really love to be able to do this. These modifications will truly be positive for everyone in the Club long term.

(7) As many of you know I'm now going to be spending about 3/4's of the year in California. I have some exceptionally solid connections out there that are beginning to bring me very large scale clients which are going to make the Club grow leaps and bounds from where it is right now. A 3% monthly return makes it much more realistic to offer on a larger and larger scale.

I hope that you have a better idea of where I'm coming from on all of this and the reasons behind these modifications. I also want to assure you that there are not going to be any more adjustments that alter what you are making unless something completely unexpected occurs in the market and our ability to produce a profit which I definitely do not anticipate. As of right now prospects are looking better and better and I really feel very strongly that the parameters that have been laid out are going to remain in place for a very long time or even increase. The entire purpose of doing this is so I can build up company profits in order to make more money for everyone concerned. My goal is to eventually help you make even more money by possibly offering quarterly bonuses that are variable with how the trading is going.

We are also going to start giving quarterly reports of how the Club is going and any new developments that are relevant. Please consider this to be the first report; the next one will be at the beginning of July.
All of us have certain things we wish to do in life. The plain fact is, money makes doing the things we wish to do a lot easier. In the final analysis the Diamond Ventures Investment Club is all about making money; making money for you and making money for me. If you will look at the grand picture, you will see that in the long term the modifications being made are designed to make us all the most amount of money for the longest possible time.

Thank you very much and know that I appreciate all of you for being a part of the Club.

Beau Diamond
Diamond Ventures LLC
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Fax 800.442.8980

Exhibit E

Watford, Tyler A.

From: Beau Diamond [beau@diamondventuresclub.com]
Sent: Monday, July 21, 2008 12:30 PM
To: beau@diamondventuresclub.com
Subject: Forgot Attachments
Attachments: Diamond Ventures Club Additional Deposit Form.pdf; Diamond Ventures Club Deposit Bonus.pdf; Diamond Ventures Club Contract.pdf

Dear Client,

I am going to be offering a temporary deposit bonus. As you know, I work with two other trading groups. My mentor Tom and his partner comprises one of the trading groups. I have along with them been negotiating with a bank to receive institutional spreads that are better than I have experienced with any broker since I have been trading. I typically pay 3 to 4 pips on majors and 4 to 8 pips on cross rates to the broker. With the bank we have been negotiating with, our spreads will literally be half that. What this means is that we are basically paying about half the commissions we normally pay to trade, which makes an *enormous* difference in our overall profit.

So, to qualify as an institutional client with this bank they have minimum deposit requirements. What we have been negotiating, is that even though Tom and his partner and my accounts would be different entities, they are going to view them as a single client in terms of the funds both of us are working with. However, even with both of us being viewed as one client, I need to increase the funds in the club a bit to be able to qualify to trade with this bank. If I do, the benefits and rewards both in increased profits and security and personal service are gigantic.

So what I'm going to do is temporarily offer a 10% deposit bonus to anyone depositing additional funds until I hit the goal of additional funds needed. As soon as I hit the goal of additional funds needed the 10% deposit bonus will be discontinued.

The way it works is pretty simple. If you deposit say $100,000, you will receive a deposit bonus of $10,000 that is yours to keep. However, this deposit bonus of $10,000 will be credited 6 months from the date of deposit. At this time it can be left in to increase your overall balance that returns are earned on or it can be withdrawn. The choice is yours. The only caveat is that if any principal is withdrawn in that 6 month period, it will result in forfeiture of a percentage of the bonus, depending on how much is withdrawn.

Let's go with the above example of a $100,000 deposit. Regardless of whatever amount you already have in the club, if ANY principal is withdrawn from your account, it results in a lower bonus. So let's so you deposit $100,000 tomorrow. If before six months is up you withdraw $25,000 of principal from your account you forfeit 25% of your $10,000 deposit bonus, etc. Taking normal monthly payouts from your account or profit of any kind does not affect it at all, only if you withdraw principal.

It is going to be well worth it for me to offer this bonus, even though it is quite large, because as soon as I am able to trade with this bank the increased profit we are going to make because of the vastly lower commission will be extremely significant.

So, if you would like to take advantage of this bonus I've attached the new additional deposit form in case you do not have that also a rider that outlines the simple rules of the bonus offer. Then just simply deposit the funds according to the instructions on the form.

Exhibit F

If you have any referrals that would like to take advantage of this offer and open an account while this bonus is being offered I'm also attaching the new contract and the one page rider for the agreement for them to take advantage of the bonus offer.

If you have any questions, please let me know!

Thanks and I hope you have a great week!

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Exhibit F