

DEFENDANT Edward S. Digges, ..

CHARGE Securities Fraud; Art. 581, Section 29C.(1), Texas Securities Act

611-pp

ADDRESS One Sandy Acres Road, Cambridge, MD 21613

CAUSE# 219-82770-08

DESCRIPTION W/M/DOB 06/30/1946

AGENCY/# CCDA

ARREST INFORMATION GJR

C/C Witness: Sara Scribner

**TRUE BILL OF INDICTMENT**

IN THE NAME AND BY AUTHORITY OF THE STATE OF TEXAS: The Grand Jury of Collin

County, State of Texas, duly organized at the JULY Term, A.D., 2008 of the 219th

District Court of said county, in said court at said term, do present that

EDWARD S. DIGGES, JR., hereinafter "defendant,"

on or about the dates listed below, and before the presentment of this indictment, in Collin County, Texas, did then and there directly and through agents, sell and offer for sale the POS terminal equipment investment program of Nexstar Communications, L.L.C.; TMT Management Group, L.L.C.; TMT Equipment Co., L.L.C.; POSA TMT, L.L.C.; and POSA, L.L.C., (hereinafter referred to as the "Millennium Terminal Investment Program"); being a security, to wit: an investment contract and an evidence of indebtedness, to each of the persons listed below, and in the following amounts:

<u>Person</u>	<u>Amount</u>	<u>Date</u>
Dewey Bain	\$30,000.00	April 6, 2005
Mary Dean Bowen	\$20,000.00	April 29, 2005
Mary Dean Bowen	\$40,000.00	July 13, 2005
Lawest Bennett	\$10,000.00	July 15, 2004
Ruth Griffin	\$40,000.00	December 31, 2003
Minnie Harris	\$20,000.00	January 14, 2004
Minnie Harris	\$70,000.00	May 20, 2004
Robert Klaus	\$235,000.00	August 19, 2004
Vernon & Norma Ottmers	\$35,000.00	November 14, 2003
Norma Ottmers	\$25,000.00	December 18, 2003

Vernon & Norma Ottmers	\$15,000.00	July 28, 2004
Charles Ramsey	\$15,000.00	January 14, 2004
Dorothy Robbins	\$40,000.00	May 31, 2005
Naomi Sumrall	\$60,000.00	December 10, 2003
Naomi Sumrall	\$80,000.00	July 15, 2004
Andrus Trahan	\$25,000.00	July 13, 2005
Andrus Trahan	\$10,000.00	October 17, 2005
Harry Traywick	\$25,000.00	March 14, 2005
Sally and Dewitt Dulaney	\$40,000.00	June 2, 2003
Sally and Dewitt Dulaney	\$40,000.00	January 14, 2004
Lee Etta Garret	\$20,000.00	June 2, 2003
Lee Etta Garret and Gretta A. Fisk	\$30,000.00	February 24, 2004
Jerry D. and Bertha Gustin	\$100,000.00	August 19, 2003
Della Haisler	\$60,000.00	August 21, 2003
Mary Jenkins	\$15,000.00	March 10, 2004
Edwina Adami	\$25,000.00	September 16, 2004
Pauline Barlett	\$5,000.00	November 23, 2004
Jon-Tomi Breen	\$25,000.00	November 2, 2004
Charles Camden	\$10,000.00	December 13, 2005
William Carabetta	\$30,000.00	November 12, 2004
Chempithra Jacob	\$60,000.00	September 1, 2005
Chempithra Jacob	\$30,000.00	November 15, 2005
Kathryn Childress	\$50,000.00	December 31, 2003
Kathryn Childress	\$25,000.00	May 21, 2004
Dorothy Daeschner	\$25,000.00	March 1, 2005
Walter Davis	\$25,000.00	June 9, 2005
Denver Day	\$100,000.00	July 1, 2004
E. Fawvor	\$60,000.00	June 16, 2005
Gertrude Florence	\$25,000.00	September 22, 2004
Elda Garcia	\$30,000.00	April 27, 2004

Charles Henderson	\$30,000.00	April 25, 2005
Lilliana Hicks	\$30,000.00	September 3, 2004
Gordon Honeycutt	\$125,000.00	March 10, 2004
Gordon Honeycutt	\$10,000.00	November 28, 2005
Jesse Hyten	\$20,000.00	October 27, 2003
Jesse Hyten	\$55,000.00	October 25, 2004
Clarence Krackau	\$65,000.00	April 4, 2005
Darlene Leigh	\$25,000.00	September 27, 2005
W.R. and Ruth Lobdell	\$50,000.00	August 31, 2004
W.R. and Ruth Lobdell	\$40,000.00	September 9, 2004
W.R. and Ruth Lobdell	\$100,000.00	October 17, 2005
W.R. and Ruth Lobdell	\$50,000.00	December 6, 2005
Robert Matyear	\$50,000.00	March 11, 2005
Valerie Peiker	\$25,000.00	April 12, 2005
Gordon Ramsey	\$30,000.00	May 12, 2005
Jovita Rodriguez	\$50,000.00	March 10, 2004
Jovita Wechsler and Rachel Rodriguez	\$55,000.00	August 31, 2004
Frances Salazar	\$60,000.00	October 27, 2003
Nola Sexton	\$40,000.00	February 26, 2004
Delbert Spear and Pauline Bartlett	\$15,000.00	June 26, 2004
F.D. Sprencel	\$50,000.00	November 12, 2004
Francis Stehling	\$25,000.00	April 21, 2004
Henry Stratton	\$25,000.00	October 21, 2005
Willie Ed Sullivan	\$30,000.00	July 25, 2005
Juanita Taylor	\$15,000.00	May 20, 2004
John R. and Peggy Taylor	\$20,000.00	June 9, 2004
Lewis Forrester and Barbara Tiede	\$65,000.00	February 17, 2004
Annie Urbanowicz	\$10,000.00	February 2, 2004
Annie Urbanowicz	\$10,000.00	April 16, 2004

Wade Wimberly	\$85,000.00	September 8, 2005
Opal Wisenbaker	\$70,000.00	December 31, 2003
Edwina Zwald	\$30,000.00	March 15, 2005
Carmen Carney	\$80,000.00	September 30, 2003
Emile LeBoullec	\$120,000.00	November 20, 2003
Don T. Lewis	\$450,000.00	December 31, 2003
Rod Whitmire	\$35,000.00	November 28, 2003
Jesse C. Dotson	\$495,000.00	April 7, 2005
Norman and Irene Moford	\$205,000.00	October 31, 2003
Melvin Roach	\$65,000.00	October 27, 2003
Hildegard Roach	\$30,000.00	October 27, 2003
Karen Saunders	\$5,000.00	October 14, 2003
Jo Ann Walker	\$30,000.00	June 18, 2004
John Walker	\$80,000.00	July 1, 2004
Dorothy Baros	\$25,000.00	July 13, 2005
Dorothy Baros	\$25,000.00	July 5, 2005
Dorothy Baros	\$100,000.00	November 1, 2005
Cletus Bauer	\$275,000.00	July 16, 2004
Norman and Joan Bogner	\$70,000.00	October 9, 2003
Norman and Joan Bogner	\$60,000.00	January 6, 2004
Bernice Bryant	\$70,000.00	February 19, 2004
Elzire Campbell	\$120,000.00	December 22, 2003
Francis Davidson	\$35,000.00	August 2, 2005
Margaret Davis	\$80,000.00	August 25, 2004
Margaret Davis	\$100,000.00	October 1, 2004
Barbara Ellsworth	\$25,000.00	February 19, 2004
John and Barbara Ellsworth	\$100,000.00	December 7, 2004
John Ellsworth	\$25,000.00	March 15, 2005
William Estes	\$60,000.00	February 19, 2004
William Estes	\$80,000.00	October 27, 2004
William Estes	\$100,000.00	August 12, 2005

Shirley Forrer	\$70,000.00	July 15, 2004
James and Maxine Gholson	\$605,000.00	March 29, 2004
James and Maxine Gholson	\$50,000.00	December 7, 2004
James and Maxine Gholson	\$100,000.00	August 30, 2005
James and Maxine Gholson	\$100,000.00	October 13, 2005
Curtis Hall	\$70,000.00	October 17, 2003
Brad and Rebekah Hardie	\$70,000.00	July 16, 2004
Brad and Rebekah Hardie	\$220,000.00	July 29, 2004
James Helterbrand	\$85,000.00	June 24, 2005
Billie Hilliard	\$10,000.00	January 13, 2004
Onis Hilliard	\$100,000.00	January 13, 2004
Elizabeth Kosta	\$100,000.00	March 17, 2004
Billie Hilliard	\$30,000.00	October 25, 2004
Cecil and Alice Jones	\$90,000.00	April 16, 2005
Robert McClusky	\$285,000.00	November 25, 2003
Mattie Nelson	\$100,000.00	October 17, 2003
Mattie Nelson	\$15,000.00	June 17, 2005
Mattie Nelson	\$10,000.00	June 17, 2005
A. and Bennie Pavlas	\$55,000.00	February 9, 2005
Ronald Speer	\$35,000.00	April 20, 2004
Pauline Speer	\$35,000.00	March 29, 2004
Ethel Stewart	\$45,000.00	December 16, 2003
Muriel Stockstill	\$110,000.00	April 13, 2004
Muriel Stockstill	\$50,000.00	October 11, 2005
Shirley Twist	\$80,000.00	June 9, 2005
James Wiederanders	\$130,000.00	January 3, 2004
Bernice Wiederanders	\$20,000.00	February 19, 2004
Lorraine Rudder	\$55,000.00	February 19, 2004
Paulette Rawls	\$10,000.00	January 15, 2004
Suzanne Smith and James Hennessy	\$10,000.00	January 15, 2004

Steve Gilley	\$50,000.00	January 15, 2004
Jack Conboy	\$25,000.00	August 22, 2003
Bobby Murphree	\$50,000.00	June 3, 2003
Bobby Murphree	\$50,000.00	October 14, 2003
Geneva Aiken	\$10,000.00	February 9, 2004
Selma Cox	\$10,000.00	January 15, 2004
Loren C. and Irma Dodgion	\$50,000.00	September 8, 2003
Loren C. and Irma Dodgion	\$15,000.00	December 16, 2003
Loren C. and Irma Dodgion	\$30,000.00	February 20, 2004
Loren C. and Irma Dodgion	\$35,000.00	July 2, 2004
Loren C. and Irma Dodgion	\$25,000.00	February 28, 2005
Laurin and Dorothy Gaines	\$5,000.00	December 16, 2003
Barbara McKinnon	\$10,000.00	December 16, 2003
Joan Roberson	\$15,000.00	September 26, 2003
Jerry Gustin	\$300,000.00	December 30, 2005

and said defendant committed fraud in connection with the sales and offers for sale of said securities by:

**PARAGRAPH ONE**

intentionally failing to disclose that on or about November 29, 1989, the defendant, Edward S. Digges, Jr., was indicted by a federal grand jury for violations of Title 18, United States Code, Sections 1341 and 2, to wit: Mail Fraud, and Aiding and Abetting, in the United States District Court for the District of Maryland, in Case Number HAR-89-0460, styled *United States of America v. Edward S. Digges, Jr.*, said indictment alleging among other things the following: that as a partner of the law firm of Digges, Wharton & Levin, the defendant, Edward S. Digges, Jr., used the United States mail to perpetrate a scheme to defraud Dresser Industries, Inc., (hereafter "Dresser") one of the law firm's clients, by (1) billing Dresser for the legal services of attorneys who never worked on the Dresser matter, and (2) by billing Dresser for legal services for hours never worked by any attorney of the law firm; and that on or about April 5, 1990, the defendant, Edward S. Digges, was convicted and

sentenced for violating Title 18, United States Code, Sections 1341 and 2, to wit: Mail Fraud, and Aiding and Abetting, in the United States District Court for the District of Maryland, in Case Number HAR-89-0460, styled *United States of America v. Edward S. Digges, Jr.*, to serve a term of 30 months in the custody of the United States Bureau of Prisons, to pay a fine of \$30,000.00, to pay restitution in the amount of \$1,000,000.00 to Dresser Industries, and to serve a three-year term of supervised release upon his release from incarceration; said information being material facts; and/or

**PARAGRAPH TWO**

intentionally failing to disclose that on or about October 31, 1989, in The United States District Court for the District of Maryland, in Civil Action Number JH-89-485, styled *Dresser Industries, Inc., v. Edward S. Digges, Jr., et. al.*, an Order Directing Entry of Final Judgment Pursuant to F.R.C.P. 54(b) was entered against the defendant, Edward S. Digges, Jr., in the amount of \$3,124,414.93 plus \$510,386.99 in prejudgment interest; that to date the the defendant, Edward S. Digges, Jr., has not been released from said judgment; and that said judgment continues to be due and owing from the defendant, Edward S. Digges, Jr.; said information being material facts; and/or

**PARAGRAPH THREE**

intentionally failing to disclose that the defendant, Edward S. Digges, Jr., was involved in and controlled the Millennium Terminal Investment Program, and by falsely portraying to investors in sales material for the Millennium Terminal Investment Program that the venture was managed by individuals who, in fact, had only nominal roles in the operation of the program; said information being a material fact; and/or

**PARAGRAPH FOUR**

intentionally failing to disclose that funds invested by investors in the Millennium Terminal Investment Program would be used for the benefit of, and to pay the personal expenses of, Edward S. Digges, Jr., and members of his family; said information being a material fact; and/or

**PARAGRAPH FIVE**

intentionally failing to disclose that on or about November 17, 2003, the Pennsylvania Securities Commission issued a Summary Order to Cease and Desist against Nexstar Communications, L.L.C.; and POSA, L.L.C.; the predecessor companies offering the Millennium Terminal investment program, in Docket Number 2003-10-13, styled *In the Matter of Nexstar Communications L.L.C., POSA, L.L.C., Paul Hoffman, and James Bowling*, for violations of the registration provisions of the Pennsylvania Securities Act; and that subsequently, on or about March 17, 2004, said Pennsylvania Securities Commission issued Findings, Conclusions of Law and Order in Docket Number 2003-10-13, styled *In the Matter of Nexstar Communications L.L.C., POSA, L.L.C., Paul Hoffman, and James Bowling*, wherein Respondents Nexstar Communications, L.L.C., and POSA, L.L.C. were permanently barred from (i) offering or selling securities in the Commonwealth of Pennsylvania, (ii) representing an issuer offering or selling securities in the Commonwealth of Pennsylvania; (iii) acting as a promoter, officer, director or partner of an issuer (or an individual occupying a similar status or performing similar functions) offering or selling securities in the Commonwealth of Pennsylvania or of a person who controls or is controlled by such issuer, (iv) being registered as a broker-dealer, agent, investment adviser or investment adviser representative in the Commonwealth of Pennsylvania, (v) being an affiliate of a registered person in the Commonwealth of Pennsylvania, or (vi) relying upon any exemptions from registration contained in the laws of the Commonwealth of Pennsylvania; said information being material facts; and/or

**PARAGRAPH SIX**

intentionally failing to disclose that on or about November 17, 2003, the Securities Division of the Office of the Maryland Attorney General issued a Summary Order to Cease and Desist in Case Number 2003-0773, styled *In the Matter of: Nexstar Communications, L.L.C., and POSA, L.L.C.* (“Respondents”), ordering the Respondents to cease and desist from the offer and sale in or from Maryland of unregistered securities; cease and desist from acting as an unregistered broker-dealer or agent in Maryland; and cease and desist from engaging in material misrepresentations or omissions in connection with the offer or sale of securities in Maryland; said information being material facts; and/or

**PARAGRAPH SEVEN**

intentionally failing to disclose that on or about October 6, 2004, the Ohio Department of Commerce, Division of Securities issued a Cease and Desist Order in Order Number 04-174, styled *In the Matter of : Carmen P. Civiello, a/k/a Todd T. Taylor and Nexstar Communications, L.L.C.*, ordering Nexstar Communications, L.L.C., and Civiello, a Nexstar sales agent, to cease and desist from committing further violations of the Ohio Securities Act; said information being a material fact; and/or

**PARAGRAPH EIGHT**

knowingly and intentionally representing that the Millennium Terminal Investment Program would maintain a “reserve fund” for the purpose of guaranteeing the payment of the Millennium Terminal Investment Program’s monthly lease payments to investors for a period of six months; said information being a misrepresentation of a relevant fact; and/or

**PARAGRAPH NINE**

by intentionally failing to disclose that a “reserve fund” for the purpose of guaranteeing the payment of the Millennium Terminal Investment Program’s monthly lease payments to investors for a period of six months was not maintained by the Millennium Terminal Investment Program; said information being a material fact; and/or

**PARAGRAPH TEN**

knowingly and intentionally representing that the Millennium Terminal Investment Program would maintain a “sinking fund” for the purpose of repurchasing POS terminals from investors in the Millennium Terminal Investment Program; said information being a misrepresentation of a relevant fact; and/or

**PARAGRAPH ELEVEN**

intentionally failing to disclose that a “sinking fund” for the purpose of repurchasing POS terminals from investors in the Millennium Terminal Investment Program was not maintained by the Millennium Terminal Investment Program; said information being a material fact; and/or

**PARAGRAPH TWELVE**

intentionally failing to disclose that terminals that had been placed with merchants in connection with the Millennium Terminal Investment Program were not generating sufficient revenue to meet the monthly payments to pay investors as represented in the investors’ contracts with Nexstar Communications, L.L.C.; TMT Management Group, L.L.C.; TMT Equipment Co., L.L.C.; POSA TMT, L.L.C.; and POSA, L.L.C.; said information being a material fact;

**PARAGRAPH THIRTEEN**

intentionally failing to disclose that the majority of the monthly lease payments made to investors in connection with the Millennium Terminal Investment Program were not generated from revenue earned from the placement of POS terminals with merchants, but instead were paid with funds received from other investors in the Millennium Terminal Investment Program; said information being material fact; and/or

**PARAGRAPH FOURTEEN**

intentionally failing to disclose that a business model for the Millennium Terminal Investment Program prepared for the defendant, Edward S. Digges, Jr., by Louis C. Haug projected that the Millennium Terminal Investment Program would not generate a profit for the first eighteen (18) months of operation; said information being material fact; and/or

**PARAGRAPH FIFTEEN**

intentionally failing to disclose that prior investors in the Millennium Terminal Investment Program had not received monthly payments in accordance with the terms of their respective contracts with Nexstar Communications, L.L.C.; TMT Management Group, L.L.C.; TMT Equipment Co., L.L.C.; POSA TMT, L.L.C.; and POSA, L.L.C.; said information being a material fact; and/or

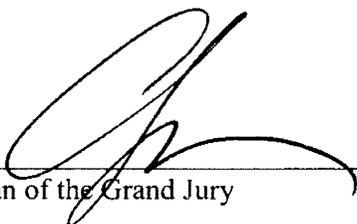
**PARAGRAPH SIXTEEN**

intentionally failing to disclose that on or about June 17, 2005, a search and seizure warrant issued by the judge of the 379<sup>th</sup> Judicial District Court of Bexar County, Texas, was served upon Frank Boyd Harrison, a salesman for the Millennium Terminal Investment Program, at his residence, and that records relating to the sale and offer for sale of interests in the Millennium Terminal Investment Program and violations of the Texas Securities Act were

seized by law enforcement officers and representatives of the Texas State Securities Board.; said information being material facts;

and all of said amounts were obtained pursuant to one scheme and continuing course of conduct, and the aggregate amount that was obtained was \$100,000.00 or more;

Against the peace and dignity of the State.

  
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Foreman of the Grand Jury

FILED  
COUNTY CLERK  
COMMISSIONER OF  
COLLEGE AND TEXAS  
J. Y. [Signature]