



Defendant: TERRENCE PAUL RIELY
JN #: 1432758-1
CLERK'S ORIGINAL

Address: 12523 GEORGIAN OAKS ST, SAN ANTONIO, TX 78230-3043

Complainant:

CoDefendants:

Offense Code/Charge: 260218 - MISAPP FIDUC/FIN INSTIT OVER \$200,000

FILED
_____ O'CLOCK _____ M
AUG 26 2010
MARGARET G. MONTEMAYOR DISTRICT CLERK BEXAR COUNTY, TEXAS
<i>Margaret G. Montemayor</i> DEPUTY

GJ: 493933

PH Court:

Court #: 437th

SID #: 911991

Cause #:

Witness: State's Attorney

2010 - CR - 8732

TRUE BILL OF INDICTMENT

IN THE NAME AND BY AUTHORITY OF THE STATE OF TEXAS, the Grand Jury of Bexar County, State of Texas, duly organized, empanelled and sworn as such at the July term, A.D., 2010, of the **579 T H** Judicial District Court of said County, in said Court, at said term, do present in and to said Court that in the County and State aforesaid, and anterior to the presentment of this indictment:

COUNT I

on or about the 7th day of November, 2002, through on or about the 29th day of August, 2003, TERRENCE PAUL RIELY, hereinafter referred to as defendant, did intentionally, knowingly, or recklessly misapply property namely: Lawful Currency of the United States of America, having an aggregate value of Two Hundred Thousand Dollars (\$200,000.00) or more, that the defendant held as a fiduciary or as a person acting in a fiduciary capacity, contrary to AN AGREEMENT UNDER WHICH THE DEFENDANT HELD THE PROPERTY, and in a manner that involved substantial risk of loss of the property to Robert Denton, Herbert Pettit, Helen Raines, and Michael Holloway, the owners of said property, and the people for whose benefit the property was held, by inappropriately using investor funds for purposes other than those designated within the investment agreement and the defendant received the property from the following checks:

1. Check Number 3534, Dated November 7, 2002, made out to Paramount Financial Group, Inc. and signed by Robert Denton;
2. Check Number 363, Dated February 15, 2002, made out to Paramount and signed by Herbert Pettit;
3. Check Number 381, Dated December 19, 2002, made out to Paramount and signed by Herbert Pettit;
4. Check Number 1913, Dated February 10, 2003, made out to Woodlands S.A. Financial Services and signed by Helen Raines;
5. Check Number 1958, Dated September 25, 2003, made out to Paramco Financial Group and signed by Michael Holloway;

and all amounts alleged were misapplied pursuant to one scheme and continuing course of conduct.

INDICTMENT - CLERK'S ORIGINAL

BOOKED BY: [unclear] DATE: [unclear]

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COUNT II

on or about the 26th day of November, 2002, through on or about the 1st day of December, 2004, TERRENCE PAUL RIELY, hereinafter referred to as defendant, did intentionally, knowingly, or recklessly misapply property namely: Lawful Currency of the United States of America, having an aggregate value of One Thousand, Five Hundred Dollars (\$1,500.00) or more but less than Twenty Thousand Dollars (\$20,000.00), that the defendant held as a fiduciary or as a person acting in a fiduciary capacity, contrary to AN AGREEMENT UNDER WHICH THE DEFENDANT HELD THE PROPERTY, and in a manner that involved substantial risk of loss of the property to Robert Denton, Herbert Pettit, Helen Raines, and Michael Holloway, the owners of said property, and the people for whose benefit the property was held, by failing to hold the currency in trust with interest payable to said owners, and all of the amounts alleged were misapplied pursuant to one scheme or continuing course of conduct;

COUNT III

Paragraph A

on or about the 25th Day of August, 2003, TERRENCE PAUL RIELY, hereinafter referred to as defendant, with intent to defraud or harm Michael Holloway, by deception, to-wit: by misrepresenting that Paramco Financial Group, Inc. was looking to expand into mortgage warehouse lending or the acquisition of a real estate investment trust, did cause Michael Holloway to sign or execute a document, namely, a Redeemable Convertible 12% Promissory Note, affecting the PECUNIARY INTEREST of Michael Holloway, having a value of Twenty Thousand Dollars (\$20,000.00) or more but less than One Hundred Thousand Dollars (\$100,000.00);

Paragraph B

on or about the 25th Day of August, 2003, TERRENCE PAUL RIELY, hereinafter referred to as defendant, with intent to defraud or harm Michael Holloway, by deception, to-wit: by failing to disclose Paramco's true financial situation, did cause Michael Holloway to sign or execute a document, namely, a Redeemable Convertible 12% Promissory Note, affecting the PECUNIARY INTEREST of Michael Holloway, having a value of Twenty Thousand Dollars (\$20,000.00) or more but less than One Hundred Thousand Dollars (\$100,000.00);

Paragraph C

on or about the 25th Day of August, 2003, TERRENCE PAUL RIELY, hereinafter referred to as defendant, with intent to defraud or harm Michael Holloway, by deception, to-wit: by failing to disclose that investor funds were being used for the personal benefit of Douglas Gregg and other individuals associated with Paramco, did cause Michael Holloway to sign or execute a document, namely, a Redeemable Convertible 12% Promissory Note, affecting PECUNIARY INTEREST of Michael Holloway, having a value of Twenty Thousand Dollars (\$20,000.00) or more but less than One Hundred Thousand Dollars (\$100,000.00);

Paragraph D

on or about the 25th Day of August, 2003, TERRENCE PAUL RIELY, hereinafter referred to as defendant, with intent to defraud or harm Michael Holloway, by deception, to-wit: by misrepresenting that interest earned on Paramco notes would be held in a trust account, did cause Michael Holloway to sign or execute a document, namely, a Redeemable Convertible 12% Promissory Note, affecting PECUNIARY INTEREST of Michael Holloway, having a value of Twenty Thousand Dollars (\$20,000.00) or more but less than One Hundred Thousand Dollars (\$100,000.00);

Paragraph E

on or about the 25th Day of August, 2003, TERRENCE PAUL RIELY, hereinafter referred to as defendant, with intent to defraud or harm Michael Holloway, by deception, to-wit: by failing to disclose that Douglas Gregg made similar misrepresentations concerning a prior note program in 2002, and the program failed prior to the offer and sale of the Paramco notes, did cause Michael Holloway to sign or execute a document, namely, a Redeemable Convertible 12% Promissory Note, affecting PECUNIARY INTEREST of Michael Holloway, having a value of Twenty Thousand Dollars (\$20,000.00) or more but less than One Hundred Thousand Dollars (\$100,000.00);

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Paragraph F

on or about the 25th Day of August, 2003, TERRENCE PAUL RIELY, hereinafter referred to as defendant, with intent to defraud or harm Michael Holloway, by deception, to-wit: by failing to disclose that on or about June 6, 2000, the United States District Court for the District of Utah, Central Division, entered a securities-related judgment against Douglas Gregg, did cause Michael Holloway to sign or execute a document, namely, a Redeemable Convertible 12% Promissory Note, affecting PECUNIARY INTEREST of Michael Holloway, having a value of Twenty Thousand Dollars (\$20,000.00) or more but less than One Hundred Thousand Dollars (\$100,000.00);

Paragraph G

on or about the 25th Day of August, 2003, TERRENCE PAUL RIELY, hereinafter referred to as defendant, with intent to defraud or harm Michael Holloway, by deception, to-wit: by failing to disclose that on or about November 12, 2002, the Fourth Judicial District Court, Ada County, Idaho entered a securities-related judgment and permanent injunction against Paramount Financial Group, did cause Michael Holloway to sign or execute a document, namely, a Redeemable Convertible 12% Promissory Note, affecting PECUNIARY INTEREST of Michael Holloway, having a value of Twenty Thousand Dollars (\$20,000.00) or more but less than One Hundred Thousand Dollars (\$100,000.00);

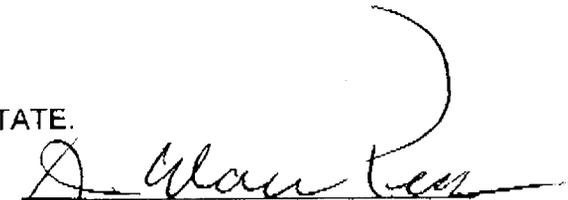
Paragraph H

on or about the 25th Day of August, 2003, TERRENCE PAUL RIELY, hereinafter referred to as defendant, with intent to defraud or harm Michael Holloway, by deception, to-wit: by failing to disclose that on or about May 16, 2003, the Securities Commissioner of the State of Texas concluded that a company controlled in part by Douglas Gregg violated the Texas Securities Act and ordered said company to immediately cease and desist from the offer or sale of securities until such securities are registered or an available exemption was utilized, did cause Michael Holloway to sign or execute a document, namely, a Redeemable Convertible 12% Promissory Note, affecting PECUNIARY INTEREST of Michael Holloway, having a value of Twenty Thousand Dollars (\$20,000.00) or more but less than One Hundred Thousand Dollars (\$100,000.00);

Paragraph I

on or about the 25th Day of August, 2003, TERRENCE PAUL RIELY, hereinafter referred to as defendant, with intent to defraud or harm Michael Holloway, by deception, to-wit: by failing to disclose that Paramco was not registered with the Texas State Securities Board and that the defendant and agents of Paramco were not licensed in the State of Texas to offer or sell securities, did cause Michael Holloway to sign or execute a document, namely, a Redeemable Convertible 12% Promissory Note, affecting PECUNIARY INTEREST of Michael Holloway, having a value of Twenty Thousand Dollars (\$20,000.00) or more but less than One Hundred Thousand Dollars (\$100,000.00);

AGAINST THE PEACE AND DIGNITY OF THE STATE.


Foreman of the Grand Jury

BOOKED TO COURT BY [illegible]