

Dear President Obama,

CMKM Diamonds and its shareholders respectfully ask that our government act responsibly in seeking justice in one of the largest singular frauds ever perpetrated in our financial markets. Although CMKM Diamonds, Inc. (trading as CMKX) was revoked over three years ago, the company's current management and its shareholders still await the filing of criminal charges against the numerous individuals who defrauded over 50,000 shareholders of an estimated \$250 million.

From late 2003 until the company was revoked in late 2005, criminals in control of CMKM Diamonds, Inc. sold over 703 billion shares of stock to unsuspecting shareholders in the largest penny stock fraud in history. It was the most shares ever sold in a single company. Corporate insiders were aided and abetted in their crimes by high-powered attorneys, accountants, transfer agents, major banking institutions, brokerage houses, and clearing firms. It occurred right under the noses of the SEC and NASD (now FINRA), both agencies ignoring dozens of blatant warning signs, allowing the scam to go on far longer than it should have.

The company's stock was promoted to mostly blue-collar, Main Street investors on huge billboards with "Got CMKX?" written across them, company sponsored NHRA race cars, and lavish parties thrown with shareholders' money. Homes were lost, marriages ruined, and lives destroyed. Many CMKX shareholders lost everything, enticed by former CEO Urban Casavant's false promises to create a "million millionaires" and by stories of gold, diamonds, uranium, and even platinum mines. Casavant even convinced dozens of our soldiers stationed in Afghanistan and Iraq to invest in CMKX, giving them false hope of providing for their families while they were defending our country. One investor (a retired New York firefighter who was at the World Trade Center on 9/11), who lost everything, put over \$200,000 of his own money into CMKX in hopes of using the return on his investment to open a retreat for the widows of firefighters who perished on 9/11.

Documents clearly show that a SEC investigation into CMKX was well underway as early as May of 2004, while the fraud was still underway, and before hundreds of billions of shares were sold to investors. While the Saskatchewan Financial Services Commission first halted Canadian trading in the company on October 26, 2004, CMKX continued to trade in the U.S. for another full year. Incredibly, some individuals involved in the scam continued to fraudulently sell stock for years after the company's stock was revoked.

A letter signed by an SEC staff attorney and faxed to CMKX transfer agent Helen Bagley on May 26, 2004 requested documents from 1st Global Transfer pertaining to purported mastermind John Edwards, CEO Urban Casavant and others involved in the CMKX scam. On March 26, 2008, a copy of the SEC fax to 1st Global and an accompanying letter detailing possible negligence in the SEC's handling of the CMKX fraud was supplied to SEC Inspector General David Kotz and to the General Accounting Office.

By design, the scheme was complex and widespread. The SEC investigation would eventually encompass 200,000 pages of documents and delve into the involvement of dozens of individuals, trading accounts, banking institutions, and other fraudulent companies. CMKX laundered their money through no less than 35 bank accounts, and Edwards, alone, had 36 trading accounts and dozens of fraudulent companies set up to hide the money trail.

To the SEC's credit, they eventually filed civil complaints against John Edwards, Urban Casavant, corporate attorney Brian Dvorak, eight other individuals, as well as three corporate entities in April of 2008, a full two years after CMKX was revoked. Many of those involved, however, including CFO David DeSormeau, ex-SEC attorney D. Roger Glenn (who wrote opinion letters allowing over 300 billion shares of stock to be dumped into the market), and co-conspirators John Edward Dohnau, Michael Williams, and Rendal Williams, plus a cast of numerous other associates, have not been charged at all for their part in this massive fraud.

Independent of and parallel to the SEC's investigation, a Task Force consisting of the Las Vegas Divisions of the Department of Justice, the FBI, and the IRS's Criminal Investigation Division, with the co-operation of the SEC, conducted its own major investigation into this massive fraud. An FBI spokesperson said that they were weeks away from issuing indictments in September of 2006, but to date, the combined efforts of the DOJ, FBI, and IRS have yet to produce a single criminal charge filed against any individual or entity involved in robbing 50,000 CMKX shareholders. Many of the criminals have already fled the country, while others are involved in new scams with the intent of robbing other investors.

In the case of CMKX, while management and their cohorts were already flooding the market with hundreds of billions of unregistered and illegal shares, there is strong evidence to suggest that brokers not only aided and abetted the criminals in their schemes, but eventually began to directly defraud shareholders themselves by selling even more shares than were actually issued. Until brokers are forced to open their trading records, it is impossible to say how many billions,

or even hundreds of billions of shares were sold and never delivered to shareholders' accounts.

A single brokerage firm, NevWest Securities, utilizing clearing firm Computer Clearing Services (now owned by Penson Worldwide, Inc.) helped John Edwards trade over 250 billion shares of CMKX stock totaling over \$53 million. Almost two years after the fact, the NASD (now FINRA) charged NevWest with "failing to file Suspicious Activity Reports ('SAR'), or cease trading in multiple accounts owned and controlled" by Edwards. In what has become the norm in securities fraud cases, NevWest received little more than a slap on the wrist for their part in the scam, eventually paying a token fine of just \$100,000 "without admitting or denying the allegations of the Complaint".

More troubling still are the phone records from NevWest, which show that they contacted the SEC each time Edwards came in with CMKX certs to sell, many of which were clearly forged and fraudulent, some even "signed" by an individual who had been deceased for months. Instead of taking action to halt the obvious fraud against innocent shareholders, the SEC and NASD (FINRA) ignored the evidence and dozens of other red flags, allowing the scheme to continue unabated, costing unsuspecting buyers of CMKX stock hundreds of millions of dollars.

Clearing firms and brokers weren't the only ones who ignored red flags that should have triggered the filing of Suspicious Activity Reports. Several Nevada banks, most prominently Silver State Bank and Wells Fargo Bank, allowed CMKM Diamonds and related fraudulent companies to run hundreds of millions of dollars through dozens of accounts. Among the transactions executed by Silver State Bank:

- Wire transfers totaling hundreds of thousands of dollars were executed with only the notation "transferring to Personal Acct. per cust. transfer via phone".
- Checks from various accounts set up as shell companies and controlled by Casavant and Edwards written out only to "CASH"...including one for \$350,000.
- Multi-million dollar wire transfers between Edwards and Casavant run through dozens of accounts they controlled there.
- Millions of dollars written out of company accounts to Casavant and his wife Carolyn, and several family members, often on temporary checks.

It is not, however, too late for our government agencies to find redemption in this tragic miscarriage of justice. In the case of CMKM Diamonds, the four agencies that expended considerable time, effort, manpower, and money to investigate this massive fraud can show the country that they are serious about

cleaning up the stock market by immediately issuing indictments against those who defrauded tens of thousands of innocent investors in the largest penny stock fraud in our nation's history.

Furthermore, the SEC and FINRA need to follow up on their earlier charges by taking clear and decisive action against not just the criminals themselves, but against anyone else who helped to perpetrate this massive fraud, whether they be at the corporate level, attorneys, accountants, transfer agents, brokers, market makers, or clearing firms.

New management in CMKM Diamonds, Inc. has filed numerous lawsuits in their efforts to recoup money stolen from the company and its shareholders, but it should not be up to a handful of dedicated individuals to right this monumental wrong alone. The Securities Investor Protection Corporation (SIPC) is available to help those who lose their money when brokerage firms fail. What safeguards are in place to help those who have been victimized by fraud that could and should have been prevented had our federal regulators not been asleep at the wheel?

I respectfully request, in fact I'm pleading with anyone who has compassion for their fellow citizens, to join us in our fight for justice in this case. You, Mr. President, are in that position of power. Please make the call now. Instruct the DOJ/FBI/IRS Task Force to act immediately so that these criminals do not escape justice, and so that others will be protected from further fraud by this group of hardened criminals. The current management of CMKM Diamonds, Inc., and, I'm certain, many of the company's dedicated shareholders, are more than willing to assist you in any way possible.

Sincerely,
Mark Faulk, CEO
CMKM Diamonds, Inc.

If you need any further assistance, please contact Mark Faulk at 4justice@cmkmdiamondsinc.com

Supporting documents may be viewed at http://www.cmkmdiamondsinc.com/supp_docs_index.html

Supporting Documents:

Jefferies letter to NASD

SEC fax to 1st Global Transfer
Silver State Bank CMKX check to Urban Casavant for \$3,000,000
Silver State Bank CMKX check to Carolyn Casavant for \$3,000,000
Silver State Bank CMKX petty cash check for \$350,000
Wells Fargo Bank checks from St. George Metals (John Edwards) to CMKM
Diamonds
Response from NevWest Securities detailing regular contacts with SEC and
NASD

Letter Recipients:

President Barack Obama
Vice President Joe Biden

Senator Harry Reid (D-NV) Senate Majority Leader
Rep. Nancy Pelosi (D-CA) Speaker of the House
Senator Mitch Mitchell (R-KY) Senate Republican Leader
Rep. John Boehner (R-OH) House Republican Leader

Heads of various investigations:

Charyn Aldred, IRS
Brian Pugh, DOJ
Andrew Petillon, SEC
Ryan Randall, FBI
David Kotz, Inspector General, SEC

U.S. Senate Banking Committee:

Christopher J. Dodd, Chairman (D-CT)
Richard C. Shelby, Ranking Member (R-AL)
Tim Johnson (D-SD)
Jack Reed (D-RI)
Charles E. Schumer (D-NY)
Evan Bayh (D-IN)
Tom Carper (D-DE)
Robert Menendez (D-NJ)
Daniel K. Akaka (D-HI)
Sherrod Brown (D-OH)
Robert P. Casey (D-PA)
Jon Tester (D-MT)
Robert F. Bennett (R-UT)
Wayne Allard (R-CO)
Michael B. Enzi (R-WY)
Chuck Hagel (R-NE)
Jim Bunning (R-KY)

Mike Crapo (R-ID)
Elizabeth Dole (R-NC)
Mel Martinez (R-FL)
Bob Corker (R-TN)

U.S. Senate Finance Committee:

Max Baucus, Chairman (D-MT)
Charles Grassley, Ranking Committee (R-IA)
John D. Rockefeller IV (D-WV)
Kent Conrad (D-ND)
Jeff Bingham (D-NM)
John F. Kerry (D-MA)
Blanche L. Lincoln (D-AR)
Ron Wyden (D-OR)
Charles E. Schumer (D-NY)
Debbie Stabenow (D-MI)
Maria Cantwell (D-WA)
Ken Salazar (D-CO)
Orrin G. Hatch (R-UT)
Olympia J. Snowe (R-ME)
Jon Kyl (R-AZ)
Gordon Smith (R-OR)
Jim Bunning (R-KY)
Mike Crapo (R-ID)
Pat Roberts (R-KS)
John Ensign (R-NV)
John E. Sununu (R-NH)

Other Senators and Congressmen:

Rep. Joe Wilson, (R-SC)
Senator Richard Durbin (D-IL)
Senator Susan Collins (R-ME)
Senator James M. Talent (R-MO)