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8 Attorneys for the State

9 MONTANA ELEVENTH JUDICIAL DISTRICT COURT  
10 FLATHEAD COUNTY

11 STATE OF MONTANA,  
12 Plaintiff,  
13 v.  
14 CATHERINE ANN FINBERG,  
15 A/K/A CATHY FINBERG,  
16 Defendant.

Cause No. DC-16-409A

INFORMATION

AMY EDDY

16 Jesse Laslovich and Barbara C. Harris, Special Assistant Montana Attorneys  
17 General and Special Deputy County Attorneys for Flathead County, Montana, allege that  
18 the Defendant, CATHERINE ANN FINBERG, A/K/A CATHY FINBERG, committed  
19 the following offenses in Flathead County, Montana:

20 **COUNT I: THEFT BY EMBEZZLEMENT**, common scheme, a felony, as  
21 specified in Mont. Code Ann. §§ 45-2-101(8), 45-6-301(7)(a), 45-6-301(8)(c): On or  
22 about and between March 1, 2010, and April 15, 2016, with the purpose to deprive J.K.  
23 of money, Defendant purposely or knowingly obtained or exerted unauthorized control  
24 over money entrusted to Defendant, to-wit: funds held for the benefit of J.K. and by J.K.  
25 in Individual Retirement Accounts and bank accounts. The Defendant committed a  
26 series of acts or omissions motivated by a common purpose or plan that resulted in the

Information

1 repeated commission of the same offense.

2 The amount of money involved in the theft by embezzlement exceeds \$10,000.

3 A person convicted of this offense shall be imprisoned for not less than one year  
4 or more than ten years, fined not more than \$50,000, or both such imprisonment and fine.

5 **COUNT II: FAILURE TO REGISTER AS A SECURITIES BROKER-**  
6 **DEALER OR SALESPERSON**, common scheme, a felony, as specified in Mont.  
7 Code Ann. §§ 30-10-201, 30-10-306, 45-2-101(8): On or about and between January  
8 1, 2008, and April 1, 2016, the Defendant willfully transacted business in Montana as a  
9 securities broker-dealer or salesperson without having registered as a securities broker-  
10 dealer or salesperson with the Montana State Auditor, Commissioner of Securities and  
11 Insurance (CSI), as required by Mont. Code Ann. § 30-10-201, to-wit: taking money  
12 from up to twenty-eight persons in exchange for a security. The Defendant committed  
13 a series of acts or omissions motivated by a common purpose or plan that resulted in  
14 the repeated commission of the same offense.

15 A person convicted of this offense shall be imprisoned for not more than ten years,  
16 fined not more than \$5,000, or both such imprisonment and fine.

17 **COUNT III: FAILURE TO REGISTER SECURITIES**, common scheme, a  
18 felony, as specified in Mont. Code Ann. §§ 30-10-202, 30-10-306, 45-2-101(8): On or  
19 about and between January 1, 2008, and April 1, 2016, the Defendant willfully offered  
20 or sold securities without having registered the securities with the Montana State  
21 Auditor, Commissioner of Securities and Insurance (CSI), as required by Mont. Code  
22 Ann. § 30-10-202, to-wit: at least eight Demand Promissory Notes offered or sold to  
23 at least eleven persons. Defendant committed a series of acts or omissions motivated  
24 by a common purpose or plan that resulted in the repeated commission of the same  
25 offense.

26 A person convicted of this offense shall be imprisoned for not more than ten years,

1 fined not more than \$5,000, or both such imprisonment and fine.

2 **COUNT IV: OPERATING A PYRAMID PROMOTIONAL SCHEME**

3 **(PONZI SCHEME)**, a felony, as specified in Mont. Code Ann. § 30-10-325: On or  
4 about and between January 1, 2008, and April 1, 2016, Defendant operated a pyramid  
5 promotional scheme, to-wit: operated a Ponzi scheme wherein she received and  
6 deposited into her personal accounts investment proceeds in excess of \$1.5 million from  
7 28 investors and paid investors on an ongoing basis with money primarily obtained from  
8 later investors, rather than from profits or other income from her day-trading or other  
9 underlying business venture.

10 A person convicted of this offense shall be imprisoned for not more than ten years,  
11 fined not more than \$100,000, or both such imprisonment and fine.

12 **COUNT V: FRAUDULENT SECURITIES PRACTICES**, common scheme, a  
13 felony, as specified in Mont. Code Ann. §§ 30-10-301(1)(b), 30-10-306, 45-2-101(8): On or  
14 about and between January 1, 2008, and February 17, 2015, Defendant willfully committed  
15 fraudulent securities practices. In connection with the offer, sale, or purchase of a security,  
16 Defendant made untrue statements of material fact or omitted a material fact necessary in  
17 order to make the statements made, in the light of the circumstances under which they are  
18 made, not misleading, to-wit: Defendant failed to notify up to twenty-eight individuals who  
19 gave her money to invest of information, such as would be found in a prospectus, relating to  
20 the financial circumstances of her investment endeavors.

21 The Defendant committed a series of acts or omissions motivated by a common  
22 purpose or plan that resulted in the repeated commission of the same offense.

23 A person convicted of this offense shall be imprisoned for not more than ten  
24 years, fined not more than \$5,000, or both such imprisonment and fine.

25 **COUNT VI: FRAUDULENT SECURITIES PRACTICES**, common scheme,  
26 a felony, as specified in Mont. Code Ann. §§ 30-10-301(1)(b), 30-10-306, 45-2-101(8):

1 On or about and between February 18, 2015, and January 30, 2016, Defendant willfully  
2 committed fraudulent securities practices by making untrue statements of material fact or  
3 omitting a material fact to persons who gave her money in exchange for a security, to-  
4 wit: Defendant failed to notify Guy Heldstab, Shirley Heldstab, and/or Phyllis Ausk of  
5 information, such as would be found in a prospectus, relating to the financial  
6 circumstances of her investment endeavors.

7 The Defendant committed a series of acts or omissions motivated by a common  
8 purpose or plan that resulted in the repeated commission of the same offense.

9 Guy Heldstab, Shirley Heldstab, and Phyllis Ausk are "vulnerable person[s]"  
10 pursuant to Mont. Code Ann. § 30-10-306, because they are over 60 years of age.

11 A person convicted of this offense shall be imprisoned for not more than twenty  
12 years, fined not more than \$20,000, or both such imprisonment and fine.

13 **TOTAL POSSIBLE PENALTIES:** Imprisonment of 70 years  
14 Fines of \$185,000  
15 Both such imprisonment and fines

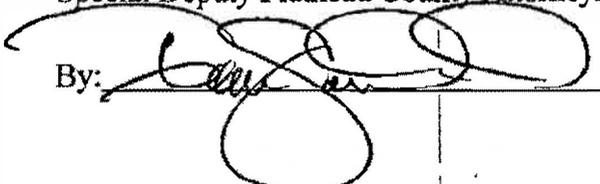
16 A list of the possible witnesses now known to the prosecution is as follows:

17  
18 Phyllis Ausk, Columbia Falls, MT;  
19 Sue Armstrong, Columbia Falls, MT;  
20 Donald Armstrong, Columbia Falls, MT;  
21 Anita Bakalo, Pensacola, FL;  
22 Laurie Baxter, Reno, NV;  
23 Larry Baxter, Reno, NV;  
24 Michelle Binstock, Kalispell, MT;  
25 Peggy Bennett, Kalispell, MT;  
26 Dean Chisholm, Columbia Falls, MT;  
Kim Cheff, Columbia Falls, MT;  
David Carlson, Kalispell, MT;  
Aimee Carlson, Kalispell, MT;  
Tammy Durkin, Clancy, MT;  
Sharon Eddy, Trout Creek, MT;  
Larry Eddy, Trout Creek, MT;  
Lynne Egan, Helena, MT;  
Traci Erickson, Columbia Falls, MT;  
Cary Finberg, Columbia Falls, MT;

1 Tanna Friske, Columbia Falls, MT;  
Kim Grigg, Windsor, CA;  
Shawn Hall, Kalispell, MT;  
2 Francine Halpin, Columbia Falls, MT;  
Guy Heldstab, Columbia Falls, MT;  
3 Mitch Heldstab, Columbia Falls, MT;  
Shirley Heldstab, Columbia Falls, MT;  
4 Vickie Heldstab, Columbia Falls, MT;  
Ralph Hopkins, Columbia Falls, MT;  
5 J.K., Columbia Falls, MT;  
Ann Kellam, Kalispell, MT;  
6 Theresa Kolczak, Columbia Falls, MT;  
Tom Kolczak, Columbia Falls, MT;  
7 Rochelle Lombardi, Kalispell, MT;  
Mark Murray, Helena, MT;  
8 Marianne C. Meyer, Valley Forge, PA;  
Gay Obray, Kalispell, MT;  
9 Diane Quinn, Windsor, CA;  
Marcel Quinn, Kalispell, MT;  
10 Cynthia Templer, Austin, TX;  
Connie Tuman, Kalispell, MT;  
11 Martin Ward, New York, NY;  
Bernadette Wilson, Columbia Falls, MT;  
12 Representative from Roven-Kaplan Escrow, Houston, TX; and  
Representative of Escrow Trust Services, Kalispell, MT

13 DATED this 31<sup>st</sup> day of August, 2016.

15 JESSE LASLOVICH  
16 BARBARA C. HARRIS  
Special Assistant Attorneys General  
Special Deputy Flathead County Attorneys

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18 By:   
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