

Brief Update on David Mould: April 1994

The four-part tract set, *David Mould Update—Part 1-6 [WM—507-513]*, brought the David Mould case up to January 20, 1994. We have provided continuing coverage of this sad situation only because you should understand the true facts about what is taking place. Telephone numbers will be included throughout, and at the end, of this brief update.

Here is a brief overview of more recent weeks:

MOULD IN FEBRUARY

David Mould has sent out a circular letter (originally dated February 11), in which he gives these items:

(1) **David has completely paid off Pat Arrabito.** She is now completely paid for both the first and second print runs. The check was written just before sending out this letter, dated February 11, 1994.

(2) **David has completely paid the IRS, and owes them no more money.** "By the time you get this, we should have completely paid the IRS every penny of the payroll taxes we owe."

(3) **David says McReynolds is not listed in Oregon State records as being trustee for LRL.** "Our attorneys have searched the records of the Secretary of State in Oregon—there is no legal entity by the name of Bob McReynolds, Trustee for LRL, Inc."

(4) **David has started an FBI investigation of McReynolds.** "Within hours, LRL's attorney and myself are

scheduled to travel to the FBI where we'll be filing criminal charges against Mr. McReynolds, but even then, we'll probably have to wait thirty to sixty days while they investigate."

(5) **David has sued Bob McReynolds and stopped the book shipment.** David "appealed to Caesar" and sued McReynolds. The first act of his attorneys was to freeze the books. The police ordered the driver of the truck to return with the books and unload them. "It was one thing to freeze the books, it was quite another to keep them frozen until our civil case is heard—which could take 60 days."

"Today (February 8, 1994) Judge Richard E. Ladd, upon reviewing the evidence . . . ruled our case so compelling as to warrant freezing the books until the criminal and civil cases against Mr. McReynolds are settled. The order was actually served after one of McReynold's trailers removing our books had left the press. It was, however, still in the

jurisdiction of the court and was ordered back."

"Heart-wrenching news: Under Tennessee law the bond we are required to post bond to keep the books frozen, has to be for the estimated value of the product being held. The judge set the value at \$100,000 but alas, once again on Friday we didn't have the money. Mr. McReynolds is probably loading the books again, even as I write.

(6) **The book shipment is stopped again, and, David wants you to help him keep them stopped, by putting your money into a new investment fund.** "Stop the press: . . . One very precious donor has offered us \$50,000 toward the bond . . . But there was more: the news of a massive snowstorm in Tennessee. Signifying what? Star wars! Those trucks are probably snowed in. Obviously, we still need your help . . . All funds may be made payable to our attorney, Robert C. Wattles, escrow acct. For this fund, you get every penny back."

WHAT ACTUALLY HAPPENED

Here is the truth of what actually took place:

(1) **David did not pay off Pat Arrabito,** Jim's widow, although he has owed her \$1.68 per book since 1989—yet he has illegally siphoned

off a double royalty on every book for himself. Although she repeatedly pled for the money (she is a widow with two children to care for), and others interceded on her behalf also, Mould paid her no royalties until she filed suit in 1992.

She says she has received no final check, as he claims. She is still owed royalty money, and her lawsuit is still in effect. You can phone her at 707-965-2512. This is still true as of 3/17/94. At the present time—two months later—Mould still owes

Pat over \$30,000.

(2) **David has not paid off the IRS.** Ask Joe Warner who is the IRS regional investigator in Florida, handling the Mould case: 904-254-2800.

(3) **Bob McReynolds does not need to be registered in Oregon in order to be the trustee.** He is the legal trustee of the LRL investors' account.

(4) **The FBI is not investigating McReynolds.** He is the bonifide trustee of the investors' account, and the FBI would have no reason to investigate him. McReynolds is trying to protect the investors' money, and the investors have found that he is faithful in that task. He has not been investigated, is not being investigated, and McReynolds' attorney says Mould's claim is laughable.

(5) **Legal ownership of the entire shipment has been granted to the investors, and they have all been shipped to a warehouse, preparatory to being sold.**

Last July 5, 1993, David Mould refused to stipulate in favor of the printer, Arcata Graphics, when he was unable to pay for the books. This forced Arcata to sue David Mould in court in order to legally obtain control of the books, so they could be sold in public auction. The accumulated judgments and attorney's fees, arising out of this suit, added about \$30,000 to what David would otherwise have had to pay to obtain the books. The total amount owed should have been approximately \$150,800 for the 93,836 copies of this print run of the *New, Illustrated Great Controversy*.

But, instead, legal fees incidental to obtaining legal control of the books (because Mould would not pay for them, yet would not let the printing house have them), the cost of the books rose over the months which followed to about 150,800.

David's plan was to submit a low

bid and get the books at less than cost. When David submitted his bid of \$111,000 for the books, he was required to deposit a cashier's check for \$11,500. (When the books came up for public auction, every bidder was required to submit a deposit of 10 percent with their bid. For David, that amount was \$11,500.) When that \$11,500 was received into the chancery court, Arcata's attorney, Bob Arrington, made a surprise move—by immediately stepping forward and submitting a motion to the judge, demanding that those funds be held as part-payment on Arcata's prior judgment (of over \$30,000) against David Mould.

The judge decided to hold the funds in the court. David was then ordered to bring in the balance of the \$111,000, but David recognized that, if he did that, the Arcata would have the court seize that also. Because David was unable to prove that he had the balance of the funds, his bid for the 93,836 books was rejected. That rejection was made, in spite of a sworn statement by Bob Wattles, Mould's Florida attorney, that Mould had \$70,000 in the Bob Wattles Trust Account in Orlando. But that amount was not substantiated.

At this point, David had lost the books. He had also lost the bid deposit because the court already had a standing judgment against him for \$30,000, in addition to what he originally owed for the books.

So Mould tried the desperate expedient of having his attorney file a Florida lawsuit against McReynolds. Based on that lawsuit, Mould had his attorney file a temporary injunction at Kingsport, Tennessee, to stop the judge from releasing the books to McReynolds' group. David's allegation in that injunction was that the money McReynolds raised in January 1994 from the investors to bid on the books—was actually money

he had told the investors he was collecting for Mould—and then kept it instead! Obviously, this untruth could easily be disproved by the investors themselves. It was a desperate, last-ditch move on David's part, and, because the judge could not decide the case without corroborating evidence from McReynolds, he stopped shipment of the books for a week. During that week, McReynolds quickly and easily proved his case (through a Tennessee attorney hired for that purpose (Russ Adkins), and the books were then packed and trucked off, in spite of snow-storm difficulties.

Then, that same week, Mould filed a writ of attachment against McReynolds:

In what appeared to be an effort to harass McReynolds and the investors, Mould filed a writ of attachment with a different judge. (He is spending the money donors send him on lawyer expenses and court actions.) In this writ, he claimed that McReynolds owed him \$11,500. That is the amount of Mould's money that the court in Tennessee was still holding. In addition, he claimed that, because he had filed a Florida lawsuit against McReynolds, therefore the judge should lock up all the books until the law suit in Florida was adjudicated. The sheriff then served the levy and ordered all 93,836 books (some were already loaded onto trucks) returned into the book company warehouse.

Then the IRS sent an attorney into that Kingsport court, and served a levy to get David's deposit money of \$11,500. They said the money was theirs—and neither Mould nor the printing house could have it!

Next, McReynold's Tennessee attorney went before a third judge, who partially overruled the writ of attachment—and released all but 11,000 books to McReynolds' inves-

tors. He told the judge that, whatever the outcome of the case, it was unreasonable to hold all the books when only \$11,500 was controverted. After a one-week delay, most of the books were loaded onto trucks and shipped out.

Then, on February 18, Paul Harr, David's Tennessee attorney agreed to release the 11,000 books to McReynolds, if he would not sue Mould for damages. They agreed, knowing that, even if they received a judgment in Tennessee, Mould possesses no property there. Why was the release of that writ of attachment made? McReynolds learned it was because David's credit was so poor, he could not post an adequate bond.

So Mould's desperate lawsuit won him a one-week delay in the McReynolds' group getting the books which they had earlier paid for.

Yet that lawsuit will cost Mould dearly. When he learned that the lawsuit had been filed against the investors, McReynolds asked his investors what they wanted to do about the matter, and they made a decision: Previously, they did not sue Mould, in spite of what he had done, for perhaps he might be "a brother in the faith." But the lawsuit against them settled the matter. They filed a counter suit against David Mould. The investors do not expect to gain anything by the suit, other than to put Mould out of business so he can no longer defraud

innocent Advent believers.

In this suit, they are demanding an accounting and an audit. (Even Ellen White hired an attorney to defend her, when someone sued her.)

One of David's allegations was that Bob McReynolds was not the trustee representing the investors. But he signed their notes, with David as director and himself as trustee. Evidence of this is Corporate Resolution, dated October 26, 1992, which David Mould signed as Director and Robert McReynolds signed as Trustee, and Joann Mould signed as Officer of the corporation and then sealed, with her signature, with the JBB corporate seal. That Corporate Resolution certifies that Robert K. McReynolds is an officer, namely trustee, of Laymen for Religious Liberty, Inc. This document was then taken to Bruce Olson, time and date stamped, and filed with Dean Witter Reynolds, Inc. That document remains on file to this day with Dean Witter Reynolds, Inc.

For their lawsuit against David, the McReynolds' investors have retained David Sims, who is based in Orlando and is the same attorney representing Pat Arabito in her suit.

The 93,836 books weighed 125 tons, and were trucked from Kingsport to a storage warehouse in Knoxville.

(6) David did not repay the money due the previous set of investors, and now he has started a new "fund," and promises to repay "every penny" placed in it. It is of

interest that he wants the money sent to his attorney. That is necessary because the IRS is watching his own corporate accounts, had obtained a court order declaring them sham accounts, used for his personal gain, and has seized assets (money, property, and equipment) in LRL and JBB to defray part of what Mould owes them. Ask the IRS investigator on the case. *Joe Warner: 904-254-2800.*

Nathan McLaughlin (305-436-3550), former treasurer of LRL, recently told McReynolds that David said to him, "The boat is all packed in my back yard," one of Mould's colorful expressions, meaning that he has already planned his getaway.

David's expensive car is now registered in his brother, Carey Mould's, name, so the IRS cannot seize it. He has also transferred ownership of his several homes to others. A private bank account, which he had in Kingston, Jamaica, was found to have \$27,666 in it. Nathan says that David had at one time more than \$1 million in a bank in London, England. David said it was stashed there for the "London bus ad campaign," which never occurred.

As we go to press: As they learn what is being done, workers keep leaving LRL. When Mould's entire staff quit last year, he hired three fellow Jamaicans. They have just quit also.