

# THE CREATURE FROM GALT'S GULCH



SCREENPLAY BY

## TERENCE GILLESPIE

STARRING KEN JOHNSON • MARIO DEL REAL • IAN THORNTON • JERRY FOLTA • JEFF BERWICK



DIRECTED BY

**JOSH KIRLEY**

EXECUTIVE PRODUCER

**THOMAS BAKER • CATHY CUTHBERT**

ORIGINAL CONCEPT BY

**JOHN COBIN**

DVD  
UNIVERSAL  
MEXAS  
MCA



# **The Creature from Galt's Gulch**

**An Exposé of Galt's Gulch Chile**

by

**Terence Gillespie**

[www.McGillespie.com](http://www.McGillespie.com)





# McGillespie Consulting

**AUTHOR OF "THE OUTLIERS HANDBOOK"**

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# **The Creature from Galt's Gulch**

## **Dedication**

To those without borders in Life or Liberty.

## **Acknowledgements**

Investors, Buyers, The Recovery team, Farm workers, and good attorneys.

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# Introduction



**AS PROMISED BY** investor Lt. Col. Thomas Baker the forensic reconstruction of all that has transpired with regard to Galt's Gulch Chile from its inception to June, 2015 is complete. The reconstruction was put together by Thomas Baker, Cathy Cuthbert and Josh Kirley. I'll be adding more pieces of that reconstruction to this e-book as documents become available.

See Appendix C for the resulting criminal charges filed on May 20, 2015 against Kenneth Dale Johnson and Pamela Del Real in Chile.

Media sources, to date, might have considered as equals the eyewitness accounts of dozens of people involved with GGC and Johnson's perpetual lies (Sprinkled with just enough truth to fool those unfamiliar with GGC). Those who've been reading the GGC Series on McGillespie.com will find it no surprise that Kenneth Dale Johnson has now been revealed to have wholeheartedly earned his latest A.K.A., "The Creature from Galt's Gulch". As of the completion of the forensic reconstruction and the release of this e-book, media outlets risk professional negligence if claiming to be "Confused" about Johnson's criminal behavior with regard to Galt's Gulch Chile.

## The purpose of This Book

- † To Document what is happening with Galt's Gulch Chile to assist recovery efforts, underway.
- † To be a trusted and reliable source for journalists who may wish to write about various aspects of GGC.
- † To tell the truth about GGC while the facts are clearly in the memory of the participants and the evidence is freshly available.
- † To document the crimes of Kenneth Dale Johnson so possible future victims may be warned.
- † To Document GGC for legacy reference and lessons that may be gleaned for both GGC restoration and other such ambitious liberty-minded projects.

## All You Need to Know about Galt's Gulch Chile

**MY FLIGHT LANDED** a day late, Wednesday November 5 at 2:00 am Santiago time. I don't know how they knew me because we had never met, but Kenny Carpenter, the most successful salesman for Galt's Gulch Chile (GGC), and EJ Lashlee, an adviser to several GGC investors waved to me as I exited la aduana. We found a place to sit in the all night coffee shop upstairs and talked for three hours as they filled me in on the events of the prior few days.

I had flown to Chile to oversee the next phase of Galt's Gulch Chile. We investors had been demanding that the developer, Kenneth Dale Johnson, resign. After months of his insistence that he wanted out yet refusal to get out, investor Tom Baker and EJ went to the property to help him speed up his time table. They were successful, at least to a point.

E.J. caught a flight home while Kenny and I made our way to the GGC farm, outside the small town of Curacaví, an hour's drive from Santiago. We entered the gate just as the sun was rising over the mountains surrounding our little valley. I spied peacocks in the front lawn strutting for their mates, as three utterly emaciated

dogs with barely the energy to wag their tails crawled up to the car to meet us. Kenny told me they had been abandoned on the property. I was too tired to care and went straight to bed.

Several days later, I learned that these emaciated dogs were what was left of a litter of five pups abandoned several weeks prior to our take over. Maybe the owners had heard that Johnson was a great dog lover and was running a sanctuary, or so he said. Or maybe they were left there because that's what happens in the country. They were in good health when given over to Johnson's tender mercies. He proceeded to let them slowly starve, while he pampered his own dog with salmon dinner every night. We found the rotting bodies of the other two puppies in the orchard.

That was my welcome to Johnson's world. It's world of half renovated buildings, unkempt gardens, filthy living quarters, unpaid employees, stiffed shopkeepers and dead puppies. He's a helluva salesman, but he delivers broken promises and shattered dreams. Lies and deceit are his stock in trade.

The dream he sold us was Galt's Gulch Chile, a proposed residential community to be built near Curacaví, equidistant between Santiago and the Pacific. The original principals were John Cobin, Germán Eyzaguirre, Jeff Berwick, and Ken Johnson. However, through a series of broken promises, broken contracts, and fraudulent maneuvers, Johnson gained 100% ownership and control of the project.

Johnson proceeded to develop not a community, but an affinity scam aimed at Western libertarians. He employed deceptive selling practices, violations of Chilean and US law, multiple bank accounts, and multiple jurisdictions to defraud his investors of US\$10.45 million. He enriched himself by using investor money to fund his lifestyle.

In April 2014, Johnson was himself defrauded by a Chilean con artist named Mario Del Real, who took ownership and control of the real-estate holding company for GGC. Also, due to his mismanagement and fraudulent dealings, the flow of investor funds into the project collapsed, making it impossible for him to pay the final installment for the parcel which was to be the main building site.

On October 24, 2014, Tom and E. J. went to the GGC farm to have talks with Johnson. They hoped to convince him to leave the

premises and turn the project over to an investor group. Johnson was not present when they arrived. They were let in by the night watchman who then called Johnson.

Arriving some time later, Johnson sent his thuggish lackey, Ian Thornton, to physically assault E.J. Thornton's attack was easily turned aside with no injuries. During these events, Johnson was where he should be now and forever--cowering in the bushes. He then abandoned the property to the investors, who from late October 2014 to April 20, 2015, maintained the farm.

On April 21, 2015, Johnson sent four thugs to terrorize the employees at gun point in his cowardly take back of the farm. He is now spending his time writing libelous reports about the investors and former employees, taunting and threatening them with legal action. He claims to be moving ahead with plans to develop the libertarian community. I don't know anyone who believes him.

The only positive attribute I can determine about Johnson is that he is clever. He peppers his false statements with elements of truth to confuse people. Since the GGC situation is rather complex and he has hidden many details, even some of the investors are confused.

All you need to know about GGC to sort out the good guys from the bad guy is that \$10.45 million was sent to Johnson for developing a project, yet we have nothing to show for it. At the time of this writing, May 2015, the investors do not have title to the residential lots, orchards, or shares of Agricola GGC, the farm operating company, for which they paid and that Johnson agreed to deliver. Loan payments to GGC investors have also not been paid. In addition, the titles to two GGC companies and the two parcels that were to become GGC are clouded. The project is insolvent.

A real estate agent in Chile told us, "I could have developed two communities with that kind of money."

Even though this really is all you need to know, we've written this book to cut through the miasma of deception draped over the GGC project, as Johnson desperately tried to obscure his utter mismanagement and compounding fraud. It may be surprising that this is not simply a story of a gringo cheating other gringos set in Latin America. It's a story reminiscent of a Batman comic book, with multiple Chilean villains joining Johnson in his plot against the investors to steal their money, including an out of office pol-



itioner, a loan shark, crooked notaries, and incompetent lawyers. At times it seems to us investors that swindling Americans is the Chilean national sport. We hope that this book will prove useful to investigators, journalists, expats and expat wannabes who are sure to need a guide.

While the GGC story is still unfolding in the courts of Chile and the United States, the one thing of which we feel most certain is that the final chapter will take place in the slammer for Kenneth Dale Johnson.

Cathy Cuthbert, GGC Recovery Team  
San Luis Obispo CA

Part

1

**The Creature from  
Galt's Gulch**

# 1

## Story, Timeline & References

**THE STORY, TIMELINE** and references in this chapter were put together for reference in my GGC series of articles documenting Galt's Gulch Chile at [McGillespie.com](http://McGillespie.com).

All publicly available documents, articles or references to Galt's Gulch Chile (GGC) are cited or listed in this chapter as of May 19th, 2015.

The best overall narrative was written by “someone who left a great life and a job, to move to Chile, in the hopes of building this ambitious project” and posted on [The International Man Forum](#). I've added comments (**TG:**) to fill in or correct the narrative where I know it to be inaccurate or where perspective would be helpful.

As introduced by “Dave322mp” on the International Man Forum just before posting it on August 27th, 2014:

“A large number of employees and investors received the following email. It was sent by a producer for an American television program, who happened to work at GGC, in its early days. They were looking for people to interview for an upcoming show they are doing. It is titled, “Kenneth Dale Johnson, The Bernie Madoff of Bitcoin.” Following the narrative is a timeline assembled by reading all GGC related documents and listening to all GGC related radio shows and podcasts, multiple times.

**TG: It appears the intended show was never made.**

### Narrative

I am sorry to be the bearer of bad news, but you are receiving this email because of your investment in or association with Ken Johnson and Galt's Gulch Chile (GGC). What follows is a brief time line of this project - a short summary of a much larger story that is still being written. This will be the first of many emails detailing the scheme of which you are a victim.

In 2012, Ken Johnson and Jeff Berwick (The Dollar Vigilante) explored the idea of creating a community in Chile that would appeal to people worried about the financial and political stability of their home countries. Chile, they believed, would be a welcoming home for those of a libertarian/anarchist and free market bent, much as Argentina is home to Doug Casey's Cafayate. Turns out that John Cobin (Host of Red Hot Chile) and his associate Germán Eyzaguirre also had plans to launch a community In Chile. When Berwick and Johnson met Cobin and Eyzaguirre in Chile in late 2012, they decided to join forces. Cobin and Eyzaguirre had tried to purchase land near Curacaví – a plot of land referred to as El Tranque (aka Freedom Orchard) – but could not raise the funds to fulfill the contract. Cobin and Eyzaguirre helped Johnson find a tract of land nearby – Caren, known locally as “El Peñon” for a large rock formation near the crest. In exchange for finding the property and helping to facilitate the deal, Cobin and Eyzaguirre would receive \$250,000 and 30% of the shares of the holding company. Berwick and Johnson would evenly split the remaining 70%.

**TG: Cobin and Berwick agree that only 20% of the shares of the holding company were to be assigned to Cobin and Eyzaguirre and the \$250k finders/negotiation fee was later increased to \$285K. They discuss this on Cobin's 9/5/14 radio show, 42 min, 30 sec. Therefore, Berwick and Johnson could split the remaining 80% of the deal, not 70%. It is possible the 30% figure in this narrative was a direct quote from Cobin, Berwick or Johnson. However, the only recording I have is from the principles, themselves, who say it was 20%.**

\$1.75 million was raised from four Founders, known as the “First Round.” Within a month, the sale had been made for \$1.18 million – the majority of the money that the four founders (funders) had put up. None of the founders was Johnson, Berwick,

Cobin and Eyzaguirre, or any of his associates. They were just regular people who wanted to move to the proposed community.

**TG: The only “regular” person in this group of four would have been Johnson, who ostensibly brought nothing but a moving mouth to the deal. Cobin and Eyzaguirre found a near perfect property, created a detailed business plan, suggested the GGC name, contacted Berwick through his TDV employee, Johnson, and persuaded them to start attracting investment capital for the project. Cobin also setup the holding company, negotiated the price/acre to be an amazingly low \$270 US. For Berwick's part, all public articles about this project suggest it was his efforts that attracted the four founders to purchase the property. There were many subsequent “regular” people who just wanted to move to the proposed community but Cobin, Eyzaguirre and Berwick were not among them.**

As quickly as the sale had been made, it was discovered that the land would be unsuitable for the promised development. They told the first rounders it would be subdivided into 3,000 parcels. Turns out it could only be divided into 12 parcels. And even those 12 had building restrictions due to the elevation and being zoned for agricultural use. To top it off, though there were water rights (surface only), there was very little water. Johnson failed to register the few wells that existed, within the required time frame, making matters worse. The entire deal was a spectacular failure. Johnson would later place fault with Cobin and Eyzaguirre for misrepresenting the possibilities of the land. That should have been the end of Ken Johnson's tenure as developer or manager of a community of expatriates in Chile. Instead, it was just the beginning.

**TG: The property had more than enough water through consolidated wells and dam water access, but Johnson, who didn't speak Spanish or have any local contacts or knowledge of the process, bungled the clearing and consolidation process to get them inscribed to the property. Cobin and Eyzaguirre would have done all this had Johnson not gone incommunicado (See RHC Radio show, 9/12/14, 14 Min 30 sec.). The correct water inscription process, alone, would have increased the number**



of lots allowed in the subdivision and Cobin and Eyzaguirre had similar solutions at the ready to resolve other zoning challenges. Such is the nature of land development for which the involvement of Cobin and Eyzaguirre was crucial. Johnson's pattern is clear: All obstacles he couldn't overcome after cutting himself off from the talent were blamed on the talent. This is like blaming a broken pipe on a plumber whom you've never called! This insane pattern of blame is important to the psychopaths scheme: It elicits the sympathy of other parties who, having no time to investigate the situation, assume the psychopath has been wronged and is in need of help. In short order, all who even listen to a story are drawn into the web and even blamed, themselves, for one thing or another.

To rewind a bit, before the sale of Peñon was registered to one of many legal entities tied to GGC, Berwick and Johnson managed to nullify their deal with Cobin and Eyzaguirre, and register title to the albatross Peñon land to a Chilean entity – Inmobiliaria Galt's Gulch SA – that only they had 50/50 control of. Johnson's swift move to oust Cobin would foreshadow Berwick's own treatment by Johnson.

**TG: What follows are the, possibly true, details of a series of purchases and land swaps that Johnson engages in after bungling almost every aspect of the first property deal of El Peñon. I find it unnecessary to follow Johnson's rabbit trail in order to learn most of the important lessons from this deal. I will interject comments only if I can clarify something or know that something has been written is not true or described, poorly. I have no direct knowledge of all these swaps so must leave the accuracy of these descriptions to the original author who remains unknown to me as of 12/9/2014.**

In a display of pure brass, Johnson doubled down and found another property adjacent to El Tranque and Peñon: a land known as Lepe. Without a penny to his name or a single investor, he negotiated a cash deal (to be paid in installments), agreeing to pay a staggering \$6,850,000.00 USD for land and water rights. Now, why would the seller, Guillermo Ramirez, make a deal with a total

stranger, from a foreign country, who had no money and no reputation? In short, he did so, because Johnson was offering him nearly 4 million dollars more than the price he had already agreed to sell the land for (to Cobin and Eyzaguirre). Locals were astounded by the price tag. Some allege there was a kickback scheme between Ramirez and Johnson; this theory is buoyed by the fact that in addition to the inflated purchase price, Ken Johnson was to issue a 5% stake in Galt's Gulch Chile to Mr Ramirez, when payments were completed. Still others believe this is just another case of a foolish Gringo being taken by a wise local who grossly overstated the value of the land, the profitability of the farm, and the amount of water (Johnson would later exaggerate these already inflated figures to potential clients). The actual amount of water is not known because Johnson, for a second time, going against the advice of his paid legal counsel, performed no due diligence. Not a single water test was performed.

Upon hearing that his employee and partner had unilaterally entered into another hasty land deal, Berwick panicked. Johnson had no credibility or reputation. This entire venture was on the shoulders of Berwick. The initial debacle could have been enough to destroy his reputation. He had been heavily promoting the idea of this community, shared 50% of the holding company, and had even given Johnson 50% of his organization, The Dollar Vigilante. Ken was also doing other business development for The Dollar Vigilante, most notably a questionable Paraguayan passport program. Berwick apparently felt he was in too deep to turn back. And even though he had doubts, he continued to play the hand he was dealt, and went about promoting the community and stood behind Ken Johnson's efforts to secure the additional land purchase.

On both El Peñon and Lepe, Ken Johnson paid a premium and did no due diligence. He did not sufficiently verify the zoning status or perform water tests, either time. And he did not commit a cent of his own money to either purchase. The same can be said for Cobin, Eyzaguirre, and Berwick. Since Johnson had no skin in the game and he was not a public personality like Berwick, Casey, Black, or Cobin, he never had anything to lose. And, he would behave accordingly.

**TG: Cobin, Eyzaguirre and Berwick had money, time and**

reputation “skin” in the game, in my opinion. From what I can gather, Berwick had the least money and time (And expertise) at risk but his reputation was more at risk than any of the others. I have no idea why the author of the letter refers to “Casey”; presumably Doug Casey, in the paragraph above. The only time Casey’s name comes up, at all, in this drama is Berwick’s mention that Casey told him in a personal conversation to “think very carefully” about what he was doing. Berwick later laments not heeding Casey’s advice.

At one point, the lawyer for the New Zealand trust – Evgeny Orlov – described Johnson’s behavior as follows: “Ken has accused almost everyone I know of extremely serious things when he appears to be playing with his investors money like a child in a sandpit.” (2/26/14).

In defending his rushed purchase, Johnson misrepresented to Berwick and other investors that there were several competing bids on the land purchases. He made it appear that time was of the essence in both deals; this high pressure sales tactic would later be used on potential investors. With Ken Johnson it was always: “We must act right away, the time is now.”

His malfeasance would not be limited to acquisitions. His behavior would, within a year, alienate almost everyone who was associated with the project: partners, employees, professionals, vendors, the local community, and investors.

Ken Johnson partners with someone, uses their money, time, reputation, and resources, and when they are no longer of use to him, he discards and vilifies them. And even though Ken Johnson has been the sole director of Galt’s Gulch Chile since inception, he has taken no responsibility for its continued failure and downward spiral. It is always everyone else’s fault.

**TG: An excellent description of Johnson’s overall pattern. Please take note of this pattern as it relates to The Creature From Galt’s Gulch.**

In April of 2014, Johnson showed his true self and his true motives. Even though he was not paying his investors, his employers, his contractors, or the landowner, he negotiated to purchase 51%

of a company called Rio Colorado from a local “businessman” who had worked for the Chilean IRS: Mario Del Real. Johnson agreed to pay del Real the mind numbing sum of \$8.1 million USD. This was to be a private, personal purchase for the sole benefit of Ken Johnson, having no benefit for, or relation to GGC.

**TG: Cobin was called by an interested party and told “These guys are gonna kill each other!” Referring to Johnson and Real who were apparently living together at the time. See Cobin’s radio show of 9/12/14.**

Let that sink in. Someone with no backers, a negative net worth, and owing millions of dollars, agreed to make a private purchase of this magnitude. Why did he think he would get away with it? Because he already had. Twice. It began with El Peñon, then pulled it off with Lepe; now he figured he could do it again with Rio Colorado. When the money came due, and he was light \$8.1 million out of \$8.1 million, he decided to trade the equity, held by GGC.

**TG: Yes, “let that sink in”.**

This would be tricky for a couple of reasons. First, he told his investors and clients that all shares were held in escrow. Second, it would need approval. Knowing this would not be possible without support of the board of directors, he simply named a new board of directors: the very family he was trading GGC’s assets to: the Del Real family. What was interesting about this maneuver is that it was done twice. Both times through official notaries. Each time with drastically different signatures, proving that at least one, if not both, documents are forgeries. The new, hand picked Board, had no assets, investments, or interest in GGC and were granted control of the entire project. Mario, after receiving over a quarter million USD, became majority shareholder; his daughter Pamela became managing partner, treasurer, and accountant. And, his children were each given 10% ownership. Since Ken no longer had the ability to receive international wires because he refused to identify the source of funds, Pamela Del Real’s personal bank account became the corporate bank account for GGC. Including bitcoin wallets, this would be one of more than 15 accounts used

by Ken Johnson to receive client funds.

**TG: If these swaps and giveaways can be overturned for lack of consideration of the parties there may be some hope in the above paragraph.**

At this point, I bet you are wondering, ‘How did this happen?’ How was someone with no experience, no reputation, and no money, able to pull off a multi-million dollar Ponzi scheme? Well, first it took big balls. And each time he was allowed to get away with something, he got even more brazen.

Second, he had a lot of accomplices. Some were willing, but most were unwitting.

By aligning himself with established names, these accomplices gave Johnson an air of respectability. People saw that Johnson was aligned with people who they knew and trusted, so they transferred that trust onto him. Initially, it was his association with Jeff Berwick that raised money for the first land purchase. Later, it was his direct association with media personalities like Josh Tolley and Ben Swann that gave him credibility within the Freedom movement. Others were swept into his web when Johnson mentioned that he had worked with Jay Leno, Ed Begley, Jr, and Mario van Peebles. The fact that he was represented by the Carey Group, the largest and most prestigious law firm in South America, got many investors to let their guard down. This was a most curious pairing because Johnson actually paid these attorneys, with investor funds, to represent himself against those same investors. As recently as 8/18/14, Johnson forbade the Carey Group (and all of his former legal advisers) from sharing any information with GGC clients. And, ignoring their own code of legal ethics, they complied.

In fact, to date, Johnson has never shared a budget, a financial ledger, a business plan, a mission statement, or any formal documentation with a single client. He refuses to reveal how much money he has taken in, how much money he has spent, how it was spent, how much money he has, and how much money he owes. He cannot or will not even say who owns the land and who is running the project. These are all very basic, straightforward questions that every client and investor deserves to have answered.

I do not expect you to accept the story from an anonymous



email. I implore you to do your own investigation. Do not make the same mistake twice, by taking another stranger at his or her word. Blind trust created this situation. Be accountable to yourselves and to each other. Do some research. Reach out and contact your fellow investors/victims. Email or call former employees, former attorneys, architects, builders, salespeople. You will find a single bond that joins them all. Every single one of them was lied to by Ken Johnson. Every single one of them was mistreated by Ken Johnson. And, every single one of them is owed money by Ken Johnson.

Ask what he did with the millions of dollars that he has taken in. Ask how many bank accounts he has. How many bitcoin wallets has he used? Why did he pay over a million dollars for land that could not be divided or lived on? Why did he agree to pay \$6,850,000.00 (over 8 million, after late fees) for land and water rights, when the owner had already agreed to sell them to someone else for only \$3 mill USD? Why did he refuse to identify the source of his funding to his own attorneys and his own bankers? On more than 10 occasions. Why has he physically and verbally abused employees and issued “cease and desist” orders or threatened suit against more than 2 dozen current investors and former workers?

Who owns GGC? Who is the managing director? Who holds the bank account or accounts that new investor money flows into? Who is the sales director? Who is the general contractor? Who is the accountant? Who is the attorney? Where are the financial records? Why has a master development plan or business plan not been created or approved? Why have farm and orchard owners not received dividends? Or any information, for that matter? Press Ken on why he has not fulfilled his repeated promise to turn the project over to the clients, whose money he squandered, in the percentage that they invested.

Here are a few unsolicited suggestions, from someone who left a great life and a job, to move to Chile, in the hopes of building this ambitious project. First, you have to accept that you have been conned. Most of you are probably not shocked by this news. Some of you understand the nature of investments, and know that there are not sure things. For others, this may be more difficult. But, you must accept that your money is gone. It was taken by a crook. A

con artist without a conscience. He is a tyrant whose only power has come from the money that he has received from trusting investors. Needless to say, it is incumbent upon all of us to make sure that he receives no more. To do so would be abetting a Ponzi scheme.

**TG: I appreciate your loss and efforts to document your point of view in this letter. Please contact me if you have anything to add to this post or would like your name attributed to it, here.**

Second, you need to extricate that crook from the equation. With the amount of damage that Johnson has done to this project, the road to success is much longer and more difficult than it otherwise would have been. But, there is no doubt, in anyone's mind, that as long as his claws are in GGC, there is absolutely zero chance of this community ever becoming a reality. He and Mario del Real have proven they will sell off every marketable asset GGC owns, while neither of them have ever put in a penny. Meanwhile, you all, the real owners, are left on the outside looking in. Federal authorities, in both Chile and the US, have been alerted to his actions, and are acting on them. But, a lot of damage can be done between now and the time that justice is served.

Once he is removed, there will be a great deal of messes to clean up. Johnson has made enemies around the Curacaví region, in Santiago, the United States, and on four continents. He did this in the name of GGC. Whether it is through active marketing or total re-branding, the damaged parties need to know that there has been a clean break between Ken Johnson and the people he purported to represent. Finally, he needs to be replaced.

**TG: The GGC Rescue team seems to have agreed with your assessment, here.**

His replacement should be everything he is not. This person should have experience. They should have references. They need to be bilingual. They need to be local, or have a knowledge of the local culture. Most importantly, they need to have their own skin in the game. Johnson behaved so recklessly because he had noth-

ing to lose. He spent so frivolously because it was not his money. You need to align with an equity partner, whose success is tied to your own.

**TG: Experience, references, bilingual, local, knowledge of local culture and with skin in the game? That's another way of saying that Cobin and Eyzaguirre were a crucial part of the original deal and it went off the rails, in large part, due to their involuntary absence. One may then ask a rhetorical question: Of what use is investment capital applied to the recovery of this project if it is lacking such qualifications?**

Finally, there needs to be transparency and a system of checks and balances. Johnson kept this sham alive for so long because he was able to compartmentalize and separate so many parties; there was no transparency. He refused to introduce investors to each other. If he found out that clients were communicating, he denounced it as meddling. If employees talked to one another (Ostensibly, about the fact that they had not been paid in months), he reprimanded them for "gossiping." There was no oversight, no legitimate Board of Directors, no accountability. Secrecy begat tyranny.

Finally, you all need to become involved. This should not be a passive investment. Get your asses down to Chile. Live on the land. Oversee the construction. And, take it upon yourselves to build this community into your own vision. All is not lost. But, it will be, if you do nothing.

## Timeline & References

1. **Late Spring (May?), 2012:** Berwick meets Johnson at a conference in Palm Springs July 6th, 2012: Representing The Dollar Vigilante at Freedom Fest in Las Vegas, Ken Johnson says, "[Getting A Second Passport Has Never Been Easier](#)".



2. **July 11-14, 2012:** Johnson claims to have met John Cobin at Freedom Fest in Las Vegas. Cobin describes a property in Chile to Johnson “because he knows Jeff Berwick is interested”. As Cobin clarifies later with Berwick on his radio show, the meeting was by skype and Cobin’s interest was in obtaining investment capital to move his already formulated business plan for Galt’s Gulch Chile (Cobin’s Name, plan and location) forward. In other words, prior to Berwick or Johnson setting foot in Chile for the first time Cobin, who has been in Chile since 1996, is making calls to attract investment capital to his project.
3. **August, 2012:** After Freedom Fest and Before their trip to Chile Berwick has problems with Johnson running sales and business at TDV. Berwick decides it’s best for Johnson to focus on sales at TDV while limiting his contact with people(?). Johnson spends the month trashing well-known and good employees at TDV and physically assaults one of them.
4. **September, 2012:** Johnson goes to Chile to meet with Cobin and see Property #1, El Peñon, 17 Kilometers north of Curacaví Berwick flies to Chile for the first time in his life to join Cobin and Johnson and see the property.
5. **September 30th, 2012:** Berwick and Johnson meet with Cobin and partner in Santiago to discuss the land and Cobin’s detailed development plan for what Cobin refers to as Galt’s Gulch Chile. During the dinner meeting Johnson and Berwick almost get into a fist fight over strategy and ethics. Even so, shortly thereafter Berwick agrees to be 50/50 partner with Johnson on 80% of the deal with a \$250K finders and negotiation fee due to Cobin (Later

raised to \$285K) with 20% ownership in the holding company retained by Cobin and Eyzaguirre.

6. **October 14th, 2012:** Cobin forms Galt's Gulch Chile SA (GGCSA) and opens a bank account. This is a partnership of Cobin, Eyzaguirre, Berwick and Johnson formed to hold and develop all lands purchased for Galt's Gulch Chile.
7. **October, 2012:** Berwick departs Chile leaving Johnson to do the Real Estate work of their partnership to be funded by money brought in by Berwick's marketing efforts on TDV. Listen to Cobin and Berwick describe the details of their meeting and partnerships on Cobin's Red Hot Chile radio show on the 9/5 and 9/12/14 episodes.
8. **November 14th, 2012:** The four partners have a meeting and informally agree to dissolve the company GGCSA. However, Cobin is due \$250k for finding the location, negotiating the price of the land and creating the initial business plan. He most likely would not have to signed any dissolution documents until being paid for his services. Indeed, GGCSA is not formally dissolved until 8/30/13 when Berwick and Johnson realize they can dissolve the entity without Cobin's cooperation due to their majority share ownership.
9. **November 30th, 2012:** Johnson forms his own personal entity, Inmobiliaria Galt's Gulch S.A. (IGGSA). Johnson and Berwick have a verbal agreement they are 50/50 partners but Berwick is not listed as a principal in the corporation nor is he listed as a director or a shareholder.
10. **December 12th, 2012:** El Peñon is purchased by IGGSA from Sarrazin. IGGSA is an entity that is 100% personally owned by Kenneth Dale Johnson. As Johnson never informed the first four investors that he was the now the only one involved in the project. This is a material omission as the investors still think that all four of the original

partners are involved in GGC.

11. **January 3rd, 2013:** El Peñon is registered to IGGSA.
12. **January, 2013:** The investing “GGC Founding Fathers” are attracted to the project by Berwick’s marketing efforts and supply the money for property #1 to be purchased. Johnson breaks contact with Cobin and registers the property to an entity owned and controlled solely by himself. Johnson then bungles Cobin’s detailed instructions to consolidate and inscribe the water rights on property #1 within the 90 day period allowed. To cover-up his bungling, Johnson accuses Cobin of having recommended a property that doesn’t have sufficient water rights for the project. In fact, the property has more than enough access to water but Johnson, who doesn’t speak Spanish, is unable to navigate or comprehend the consolidation and inscription process to get them assigned to the property.
13. **April 26th, 2013:** Johnson’s lawyer, Jose Cordoba, officially gives all shares of IGGSA to Johnson and none to Berwick.
14. **April 30th, 2013:** Johnson tours El Lepe with its owner, Ramirez.
15. **May 13th, 2013:** El Lepe Deed of Sale by IGGSA, Closing on El Lepe doesn’t happen until 8/14/13.
16. **June, 2013:** First GGC “sale” after the first four investors.
17. **October, 2012 to November 2013 (Best guess):** “Since I had already brought in thousands of leads to GGC throughout 2012 and the start of 2013 and Ken had begun to market this new property that GGC didn’t even own I was very distressed.” Nevertheless, Berwick continues to market GGC on TDV. Those who trust Berwick think he’s intimately involved in GGC and many invest their money,

as a result, including Wendy McElroy.

18. **June 2013:** Berwick gets an alarming e-mail about a purchase Johnson has initiated and flies down to Chile with his financial advisor. Johnson assures Berwick that they remain 50/50 partners.
19. **July to October 2013:** Berwick continues to market GGC.
20. **August 14th, 2013:** El Lepe purchase from Ramirez by IGGSA closes.
21. **August 30th, 2013:** Berwick and Johnson realize they can dissolve the original partnership with Cobin and Eyzaguirre because, together, they have a 70% quorum of ownership of the entity. Therefore, they didn't need Cobin and Eyzaguirre to close the entity. However, they still owed Cobin and Eyzaguirre the money they promised and the value of the partnership shares they owned.
22. **November 2013:** GGC has its first event to which Berwick is not invited. However, someone hired by Johnson assumes Berwick is to receive an invitation and sends him one and he attends the event. Attending the event are Josh Tolley, Ben Swann, Angela Keaton, Luke Rudkowski, Jordan Page and Bob Murphy.
23. **November 15th, 2013:** [Jeff Berwick on Galt's Gulch Chile and Bitcoin on Bloomberg TV.](#)
24. **December 10th, 2013:** [Josh Tolley Interviews Ken Johnson](#) on the Josh Tolley podcast. Johnson talks about "Downtown GGC" which will include a fitness center, medical center and professional innovation center. A rough translation of almost everything Johnson says on the podcast is that they are "Lies, lies, partial truths, lies and more lies".



25. **May, 2014:** The founders conclude that Johnson was not only lying to them but had not even given them the shares of the company in which they had invested in more than a year and a half earlier and had begun treating them like enemies.”
26. **August, 2014:** [Wendy McElroy documents her experience explaining that she and her husband were defrauded](#) as were other sophisticated investors.
27. **August 27th, 2014:** [Berwick tells his story](#).
28. **August 29th, 2014:** Cobin describes what took place between himself, Berwick and Johnson in September, 2012. “Jeff Berwick is as guilty as Ken Johnson with respect to scamming us. He made the agreement as much as Ken did. He is not a righteous victim despite what Wendy wants to say about him. He has had plenty of time to come clean with Eyzaguirre y Cobin SA and has not done so. Those that trust in Jeff Berwick will be making the same mistake and throw their money away, once again. He made an agreement and has not stuck with it. He has paid us NOTHING. He would now like to distance himself from KJ. Good choice but that fact does not change what he agreed to with us. He scammed us. We set up a company with his team. He went around our backs and purchased the property with another company. Then he did not know how to deal with the local authorities or water rights and screwed it up. We would have handled all of those issues. That was our part of the business. They had no intention of including us. Jeff and Ken are scammers, plain and simple.”
29. **September 1st, 2014:** Ken Johnson [“weighs in” on Facebook](#).
30. **September 5th, 2014:** Berwick’s apology and full on-air acknowledgment to Cobin of their primary business deal, contract and power of attorney’s assigned to Cobin by both

Berwick and Johnson, on the Red Hot Chile Radio show of the same date.

31. **September 6th, 2014:** [Freedom Feens interview with Jeff Berwick](#).
32. **September 12th, 2014:** John Cobin and Jeff Berwick discuss how to move forward in Chile.
33. **September 28th, 2014:** The [latest from Wendy in a follow-up interview with The Daily Bell](#).
34. **October 23, 2014:** GGC Rescue team takes control over the property. This “Raid” is described, in detail, on page 42 of [the investor update document dated November, 6th, 2014](#).

## Web References

1. [Galt's Gulch Chile Website](#)
2. [Galt's Gulch Chile on Facebook](#)
3. Latest Update from the GGC Rescue Team
4. [Freedom Orchard's Website](#)
5. [Freedom Orchard on Facebook](#)
6. [Atlas Mugged: How a Libertarian Paradise in Chile Fell Apart - by Harry Cheadle](#)
7. [Berwick's Penance](#)
8. [The Promise of a Liberal Paradise that Resulted in a Fiasco](#)
9. [Gringo De Lepe Sale a Encarar a Su Compatriota John Cobin y Anuncia Acciones Legales](#)
10. [Galt's Gulch Chile Rehab and The Exposing of Ken Johnson is on Facebook](#)
11. [Gringo Cobin Califica De “Mentiroso” Y Sinvergüenza A Gringos De Galt's Gulch Chile](#)
12. [John Cobin, el gringo que quiere “colonizar” Curacaví: “No hay una persona más neoliberal que yo en este país”](#)

13. [Ken Johnson answers questions about Wind Turbines.](#)
14. [Jeff Berwick's "Penance" on August 30th, 2014](#)
15. [Jeff Berwick's "Redeeming Galt" Reports on the Efforts of the GGC Rescue Team.](#)

# 2

## The Creature from Galt's Gulch

*So speak and so act as those who are to be judged under the law of liberty. For judgment is without mercy to one who has shown no mercy. Mercy triumphs over judgment.*

— James 2:12-13

**CHILE IS ON** the short list of ex-pat locations for my family. We've been vetting countries for the past eight years and are far along in the process with second passports and visa's in hand. Such documents are probably a luxury but exploring that question is for another day. In this article (Part Two) I offer perspective and constructive criticism of the Galt's Gulch, Chile (GGC) land development fiasco. To come up to speed on the story, and for reference while reading this article, see Part 1: Galt's Gulch Chile — Story, Timeline & References.

### Root Cause

This fiasco has little to do with the Randian, libertarian, or anarcho capitalist ideals referred to in the marketing hype. The social, political and economic philosophies, purported to be at the heart of GGC's failure, are only now coming into play in the attempted rescue of the project. What killed the deal was what kills most

deals: [The psychopathic behavior](#) of a partner in a key role and the inability of the other partners to recognize and eject him in time. A contributing factor was Berwick's silence, yet continued marketing hype, despite direct knowledge of egregious mismanagement and theft. Another contributing factor was the support of Johnson by investors who, understandably, needed more time and evidence to be convinced of the extent of Johnson's misdeeds.

I'm being quite careful in my use of the word "[Psychopath](#)". I am not a mental health professional or qualified to make a clinical diagnosis. However, "psychopath" is the word Berwick uses, in public articles and radio interviews, to describe Johnson. After studying all public documents my layman's opinion is that, to Berwick's credit, he is correctly naming Johnson's pattern of behavior and that it is consistent with the testimony of multiple eyewitnesses.



## Not Guilty by Association

The world is full of successful “libertarian” projects. What distinguishes them from GGC is that the political-economic philosophies of the participants were not the primary marketing lure of the project. Because Galt’s Gulch dared to use a famous Randian catchphrase the fact that it was taken down by a psychopath, like most deals are, is becoming associated with the philosophies of those involved. In fact, the philosophies and aspirations of the

investors and participants in GGC had no bearing on its failure. They simply failed to spot Johnson's egregious behavior, in time. According to eyewitnesses (John Cobin, Jeff Berwick) Johnson had no grasp, whatsoever, of libertarian principles prior to his involvement in GGC. It remains unclear what principles, if any, might explain Johnson's predatory, aggressive and anti-social behavior.

## Natural Law Prevails, Naturally

Much has been made of the irony of anarcho capitalists having to rely on the state for justice when deals go awry. No such thing has yet to occur with respect to GGC. In fact, the state has done nothing to restore funds, order or justice to GGC participants. The only entity to make progress on those fronts has been the GGC participants, themselves. Specifically, the GGC rescue team, a band of investors and members who have a personal and financial interest in restoring order to the project.

On October 23, 2014, the GGC rescue team met with private attorneys and security at the Santiago airport and were able to garner local support of their restorative efforts. What garnered their support, and made the GGC rescue team's efforts successful, was their restorative intentions and the ground they held: The moral high ground. The locals were convinced the team had given an honest account of the situation and had the intention and means to oust squatters, clean the place up, meet payroll for the farm workers, restore utilities, and bring accounts current. Using private funds the rescue team proceeded to do all that they had promised.

## What Do I Care?

I care because I'm a libertarian interested in living in Chile. In public articles and extensive comments about GGC, thus far, I see



stories, facts, and the usual name-calling from the uninvolved, but little to no constructive criticism.

I care because this deal is being cited as “proof” that libertarians are unable to trade with one another in peace without resorting to state agencies.

I care because libertarians have long-term concerns about the negative exposure GGC might bring to perfectly great ideas such as not aggressing on one another and letting free markets reign:

*“That is why people like me are so pissed off. Berwick has not just defrauded people. He has discredited the anarchist movement, the start-up community movement, and discredited authors like Wendy. He played right into the Marxist stereotype of what a venture capitalist is: the Zeitgeist people and the socialists are going to have a f\*)#\$& field day.”*

— [Jack O'Brien](#) commenting on Berwick's first public Mea Culpa “communique”.

I care because the simplicity of flying to another country to live, for a while, is becoming associated with the tar pit of foreign land development. One has nothing to do with the other.

*“As long as there are nations, changing your nationality should be as easy as changing your cell phone plan.”*

— [Michael W. Dean](#), Freedom Feens Radio Show & Podcast.

I care because what every businessman, and especially libertarians, should be learning from this fiasco is that people can't do anything in peace with a psychopath running the show. Recognizing them in time and screening them out, in advance, is crucial for human liberty and success.

## Chile and Me

My first trip to Chile was for seven days in 2011. My wife and I liked it so much I went back in 2012 with a friend and spent 17 days scouting most of the country from Northern Patagonia to Santiago. My libertarian friend and I split the costs of rental cars and hotels and drove wherever we wanted for over three weeks. By the time it was over we'd vetted every place in Chile that would meet the needs of our families.

### **A Dryer Sonoma, CA — Ideal for GGC's Demographic**

The location for GGC is a dryer version of Sonoma, California. Those familiar with Sonoma know that it can be quite dry in the summer. The location for GGC is dryer than that. Chile is one of four places in the world with a perfect Mediterranean climate. The borders of the country enable the luxury of dialing into that perfection by going north (For hotter and dryer) and south (For colder and wetter). Since my subjective view of perfect climate is a little cooler and wetter than the GGC location (33° 16.287'S, 71° 7.284'W) my preferences are south of Santiago.

Though the location is dry for my taste it's ideal for the target demographic. Between the ocean and Santiago, and nestled in (Dry) wine country, it would meet the needs of jet-set ex-pats and self-sufficient" preppers, alike. The near perfection of the choice of location is no accident but that of long-time Chilean resident, John Cobin (Not Jeff Berwick, et. al.).



## Nothing to See in December of 2012

Much like today, there wouldn't have been much to see of "Galt's Gulch" on my last trip to Chile in December 2012. My wife and I had breakfast in Curacaví in 2011 on the way to Vina del Mar and enjoyed a wine tasting tour of the Curacaví area. In December of 2012, If my friend and I had known about GGC's marketing existence, we would've skipped it, anyway. We were both familiar enough with the road, vineyards and terrain between Santiago and Vina Del Mar. The only point in making such a drive would have been to meet John Cobin. My friend and I wanted to see the entire country, for ourselves, before doing that. Here's the view from a small plane flying in and out of Curacaví. GGC is 17 kilometers north of the city in the surrounding mountains.

Bush Landing in Curacaví Chile GoPro



## John Cobin is the Real Deal

[John Cobin](#) is the talent behind the discovery of GGC's ideal

location, the business plan to develop it, and more: Chile, itself, as one of the best alternatives for liberty in the southern hemisphere. He ranks those alternatives, in order, to be Chile, Panama (A distant second), Colombia (Could be the new Chile in 20 years) and then New Zealand though says one would have to distinguish between economic and social freedoms to make a personal choice.

Cobin moved his family and six children to Chile in 1996 and has written four books about living in Chile. I read his "Life in Chile - 2011 Edition" prior to the second trip and can vouch for its accuracy and expansive detail. Although Chile remains Cobin's #1 choice he pulls no punches about the difficulties of living there. It's hard to read, at times, as he dispels romantic notions that are hard to let go of when one is still wallowing in the excitement of the journey to such a magical place. In the end, however, Cobin's honesty makes Chile even more enchanting because he makes its magic accessible. Cobin has been to every city in Chile with at least 500 people. This volume of exploration, combined with his knowledge of economics and politics, gives him a remarkable grasp of the country and the pros and cons of each area and village.

Any libertarian who had done a half-hour's research into Chile would have discovered the wealth of information Cobin has made available online for free to those interested in living there. It should be no surprise to potential ex-pats or GGC investors that Cobin is at the heart of all the good parts of the original deal. What I find surprising is there are no public references to investors absorbing Cobin's material as the low-hanging fruit of their due diligence.



## **Cobin and GGC**

Cobin found the land, made an extensive business plan, was making calls to possible investors (This is how Berwick found out about the deal) and had partnered with Eyzaguirre to formulate a plan to unlock the all-important water rights and subdivide the land. Cobin referred to the project as “Galt’s Gulch, Chile”.

One of the keys to understanding Cobin’s rather perplexing involvement of Berwick and Johnson in his project is Cobin’s recognition of his limitations. He is an academic professional and author and inexperienced with raising the significant amount of capital required for his business plan. Cobin saw Berwick as a plausible means of raising such capital and made a straightforward agreement with Berwick and Johnson to do so. Cobin had them sign over power of attorney so he could act on their behalf to create a holding company and bank account. Cobin and Eyzaguirre were to receive a \$250K finders and negotiation fee (Later increased to \$285K) for property #1 (El Peñon) and 20% of the holding company. Shortly after agreeing to these terms Berwick left Chile leaving Johnson to do the “land development” work of their partnership. Cobin and Eyzaguirre were about to cut through the Chilean maze of unlocking and inscribing the water rights when Johnson went, inexplicably, incommunicado. Contrary to all agreements Johnson created an entity that only he controlled and used money that Berwick attracted as investment capital to take title to the land. Unable to speak Spanish, and with no local or administrative experience, Johnson, predictably, bungled the process for aggregating and inscribing the water rights. Although Johnson cut all ties with Cobin he blames Cobin for “finding a property with no water rights”. Johnson then proceeds to spin a bizarre web of land, stock and company swaps and, with no money to spend, commits to the purchase of a second property for \$6 million dollars. This is property #2, El Lepe. Fast forward to today, 12/17/14, and the GGC rescue team is still trying to unravel Johnson’s bazaar web.

## **The Talent Left the Building**

When Cobin was betrayed by Berwick and Johnson the talent to make the project happen, namely Cobin and Eyzaguirre, left the building. Cobin and his partner knew what had to be done to

unlock the water rights, subdivide the parcels and assign title to the lots to make them transferable for purchase. They were cordial and on honorable terms with the locals, spoke Chilean Spanish(!) and familiar with the quirks of accomplishing administrative tasks in Chile. Johnson, who Berwick left “in charge” of their purported partnership, had none of these advantages and was a poor candidate to accomplish anything in Chile (Or his native country judging by Berwick’s description of his awful behavior while working for TDV).

From what I can gather it appears the GGC Rescue team will, eventually, have to come to some kind of agreement with Cobin for the original GGC deal on property #1. They may as well accept what Berwick understood from the beginning: Cobin and Eyzaguirre’s insight and expertise are crucial to turning this dream into reality. All agree the project must be renamed as part of the restoration. However, merely throwing more money into the deal without also adding talent commensurate to Cobin and Eyzaguirre’s will not be the ingredients for progress. Even if the right balance of talent and money is struck one can only hope that Johnson hasn’t soured the local taste for gringos.

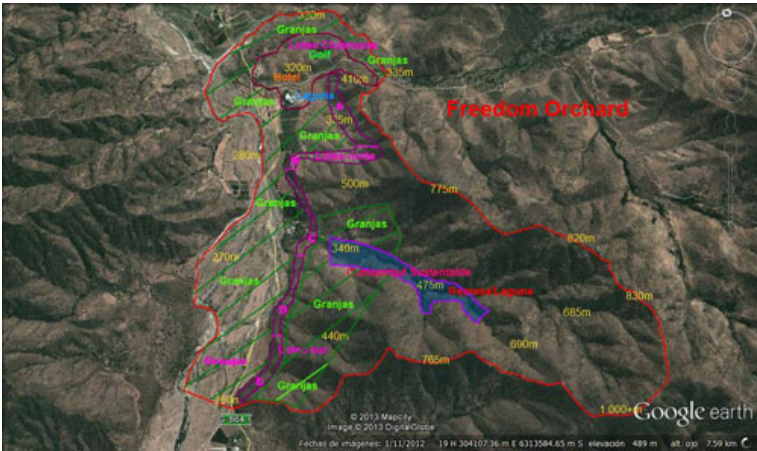


## **Freedom Orchard**

[Freedom Orchard](#) is what Cobin and Eyzaguirre had to re-name their separate land development project after Berwick and Johnson co-opted, and ruined, the GGC name. This is probably a blessing for Cobin as Chileans have a hard time saying “Galt’s Gulch” and Cobin’s original vision was not for the project to be exclusively libertarian but open to everyone. Adding to the confusion



is that some of the photos on the GGC website and Facebook page are photos of Freedom Orchard and neighboring farms. Freedom Orchard is a separate property, better located and more fertile, directly south of GGC property #2, El Lepe. Some confusion about the distance between GGC and Freedom Orchard has resulted from not distinguishing between El Peñon and El Lepe. Driving North from the freeway one must drive through Freedom Orchard to get to El Lepe, first, and then to El Peñon.



**RED HOT CHILE** Radio- Liberty and [Life in Chile with Dr. John Cobin](#)

**GGC AND FREEDOM** Orchard are discussed in the following episodes of “Red Hot Chile”:

**8/29/14 - 24:50** - 53:00, 45:45 - How it all started.

**9/5/14 - 41:00** - Quick interview of Berwick, 42:30 - Cobin and Berwick discuss the terms of the original deal.

**9/12/14 - COBIN** Interviews Berwick for most of the show.





## Psychopaths are a Primary Adversary

An important lesson to come out of the GGC fiasco is for libertarians to learn how to spot this human adversary and screen them out of all affairs. With no conscience, the inability to empathize, a parasitic nature, the pleasure they derive from causing pain, and their affinity for seeking power over others, the psychopath has aggression at the core of their being. They can be relied upon only to throw a monkey wrench into every situation with which they are involved. Until they are removed, or screened out in advance, it's an exercise in futility to attempt to accomplish anything.

Paul Rosenberg provides a great introduction to psychopaths and the importance of avoiding them in [They Walk Among Us](#):

“Here’s the bad news: Predators walk among us, and they are indistinguishable from normal people. These differently wired humans have a predatory advantage, and they use it. This is not a

plot from a scary movie; this is real. I am deadly serious about this, though by the end of this column, I will also explain why there is also good news. These predators are called sociopaths (psychopaths in the clinical literature). They rather seldom damage our bodies, but they make careers out of bleeding our souls.”

### When ...

Every request is ignored, every admonishment reflected back to you, every task left undone, every responsibility shirked and blamed on someone else, every agreement pretended to never have taken place, when you find yourself dragged into a world of complete inversion... consider the possibility that a psychopath is “walking among you”. [Learn how to spot a psychopath](#) and [the different types and terms for them](#).

### Psychopathy Checklist

I was impressed that Josh Kirley ran a background check on Johnson and that nothing came up that would alert investors. Perhaps such background checks should be supplemented with an informal check against [the psychopathy checklist put together by Canadian psychologist Robert D. Hare](#). Another useful trick is to think of the psychopath’s story as a 3D illusion (An autostereogram) that [can only be seen and believed by the victim when the mind muscle that controls focus is coaxed into relaxing](#).



### Signs, Signs, Everywhere a Sign

The most common word Berwick now uses to describe Johnson is “psychopath”. I don’t fault Berwick for not recognizing Johnson as a possible psychopath. In fact, it’s a sign of normalcy to be confused by psychopathic behavior upon first encountering it.

What I fault Berwick for is moving forward with Johnson, or with anyone, who had behaved as badly as Johnson had leading up to the critical decision of partnering with him. A clinical diagnosis,

or even a layman's understanding of psychopathy, was not necessary for Berwick to know to walk away from someone lying about, and assaulting, his employees. No expertise is required to part company with a partner insisting that business begin with the selling of a product they don't own. Berwick's inability to put a name to Johnson's behavior has nothing to do with his bad judgment in tolerating it.



Ken Johnson (Left), Josh Kirley (Right). Photo courtesy of Josh Kirley.

That Johnson had behaved so badly, from any perspective other than his own, was a luxury that most who are first encountering psychopathic behavior don't get. If Johnson is ever clinically diagnosed he will be seen, in retrospect, as an easy one to spot. Berwick, and libertarians in general, will need a more refined antennae to increase their batting average of avoidance. Berwick refers to the following warning signs prior to agreeing to the 50/50 GGC partnership with Johnson:

Johnson's claim that "he could sell anything to anyone" is an admission of being able to lie with no guilt or shame.

Johnson was at odds with everyone in Berwick's office and physically assaulted one of Berwick's employees. Berwick would

have been familiar with his own employees and, presumably, able to determine whether Johnson was lying or distorting facts about them.

Johnson wanted to begin their partnership by selling land neither owned or optioned. Even if they had an option on the land there were serious legal obstacles to overcome to make lots ready for resale. To Berwick's credit, this was a point of contention that almost lead to a fistfight with Johnson. Perhaps it would have been better for future investors, and Berwick's reputation, if some kind of gentlemanly fistfight had resolved the matter.

## 3

## Jeff Berwick and GGC: A Regrettable Summary

*“I did not invest in this fraud, but I listened to all Jeff’s blogs. It seemed clear to me listening it was HIS project and we were being asked to buy land based on Jeff’s brilliance and honesty which he portrays non-stop. He sure ain’t shy selling his brilliance. Jeff clearly wrote this new piece as an attempt to totally distance himself from the project from the get-go and any liability certain to come. I never heard any disclaimer on any of his posts/blogs about his being only distantly associated with this project. He portrayed himself as the owner and operator of it or at least that is how I heard it.”*

— “JJ” commenting on [Berwick’s first Mea Culpa Communique](#).

**I AGREE WITH JJ**’s assessment of Berwick’s writing and media appearances with regard to GGC. Berwick continued to market GGC until the problems Johnson started causing from the beginning made it impossible to refrain from making a public statement. If Berwick’s reputation is to survive this fiasco he’ll have to do more than write another article for his website describing what others are doing to recover the project and monies stolen.

Berwick may also consider rehab and detox from a clear case of “Next Deal-Itis”.

### Next deal-itis

In Berwick’s own words (9:40 - 10:17):

*“At that moment in time with my business I was so busy and I didn’t have the proper help I needed. And I really wanted someone to kind of help me manage all these businesses that I had started up which is a problem that I sometimes have. I’m sort of a serial entrepreneur and sometimes I start too many things and I don’t do a good enough job in taking care of some of them as is what happened with Galt’s Gulch, to an extent. I didn’t take the proper care I should have for a project of that size and I put too much faith into one person who turned out to be a horrible person, in my opinion, and completely incompetent at running a business like that.”*

After shaking hands with Cobin, Berwick hopped a flight and left “the details with his team”. Except there was no team except Johnson with whom Berwick had a long list of experiences that would have screamed “Danger!”, “Incompetence!” or “Psychopath!” had he been listening. The “details” he left in Johnson’s hands was a foreign land development project that would easily have overwhelmed the most disciplined, talented and honest of land developers.

Does anyone care if Berwick had too many irons in the fire, wanted to get on to the next deal having incompetently dealt with the current one, or that he was moving on to use his platform to bring money into a project into which the death-seed of Johnson had been firmly planted?



Berwick is a match for [Robert Ringer’s “Builder-owner” Arch-](#)

[type:](#)

*“Builder-owners, bless their hearts, are a unique species. Not only do they not necessarily mean what they say, most of the time they don’t even mean what they think they mean. They live in an entirely different world from the rest of us—one that revolves almost entirely around “the next deal”—and they speak a language all their own. By now, though, I had learned to translate “builderese” doublespeak into English pretty well. For example, “I’m always willing to listen” more often than not really meant, “I’m desperate. Make me an offer.”*

— Robert Ringer

Yet Berwick takes it to a whole new level. He doesn’t even mean what he thinks he means when he’s not saying anything at all!

“At the time I thought that my silence on anything related to GGC over the last year would give enough people hints as to my happiness/involvement in the project that many would get the point. Unfortunately many didn’t.”

Perhaps that was due to Berwick’s appearance on Bloomberg during his “Year of Silence”. Does Berwick expect investors to be mind-readers watching his every move for silent cues?

*“He’s a fantasy writer, nothing more. He writes about the fantasy of being a badass anarcho-capitalist. It took me a while to realize what big crooks they (Berwick and Johnson) were, but they rubbed elbows with so many people I trusted and respected. Hell, now, whenever anyone I listen to or respect interviews Berwick, I feel my gut drop.”*

— Former TDV consultant who “Narrowly escaped involvement with GGC”

Here’s a tip for those who suffer from “Next Deal-Itis”: The fastest way to move on to your next deal is to set up your current deal, properly.

## **Johnson Superman?**



To focus on Berwick I pose the following question about Johnson:

What would Johnson had to have been for Berwick's actions to have lead to a successful outcome for GGC? In other words, if Johnson had none of the deficiencies attributed to him, what attributes, skills, and experience would be necessary to develop GGC, alone?

Here's a conservative list:

- † Experienced Land Developer.
- † Fluent in Chilean Spanish.
- † A "People-Person" par excellence.
- † Able to make complex decisions quickly, and alone, in a foreign country.
- † Able to handle his personal and business affairs with complete integrity.
- † A work-a-holic (In a good way).
- † In constant communication with all partners and agencies he was working with.
- † Experienced with money management and Chilean bank and currency conversion quirks.
- † Knowledge of local business customs.
- † Knowledge of local contracting services.
- † An extraordinarily talented project manager with impeccable self-discipline.

When reporting on "Simon Black" ceasing activity on "Sovereign Valley Farms", Cobin speculates that "Black's" undoing was the inability to find a land developer in Chile with the rare combination of talents, listed above. The talent, experience and character to manage the GGC project Berwick left Johnson to manage is rare, by all accounts. Finding it is the linchpin of the success of such an undertaking. Berwick somehow concluded that he could fly away from such a complex land development project, to which his name was attached, and be a "silent" and detached marketer.

### **Marketing is King?**

At the very least, Berwick's behavior hints he values marketing over development rather than seeing both as crucial to the success

of such a project. Development work, if Johnson ever did it, is full-time, tedious, and demanding. If Johnson had actually proceeded he would soon resent Berwick's absence and detachment from the avalanche of real-world "details".

If this is the kind of "builder-owner" Berwick aspires to be he has a role model in Donald Trump who's been failing forward to his next project for the past 30 years. The bankruptcies are never personal, but corporate, so the association with failure is never clear.

### **A Regrettable Summary**

In summary, Berwick has revealed himself to be an unworthy steward of precisely the kinds of "deals" he wants to do. What little Berwick did right with GGC wasn't done in time to make a difference. Yet, Berwick doesn't appear to want to "Do" anything but make a few calls and write another article on his blog hyping the next big thing for his readers.

For Berwick's reference I admit that passive partner "unicorns", described below, do actually exist and appear from time to time. They tend to appear having done a remarkable amount of real-world due-diligence and with impeccable credentials.

### **Passive Partner Unicorns**

A valid passive partner is a unicorn that appears when:

1. One's reputation is so established that the reputation, itself, is a contribution to a business (A great example of this is Arnold and Sylvester's contribution to Planet Hollywood: All they had to do is show up and let their name be used. Was it worth it to Planet Hollywood? Yes, that's why they made the deal).
2. One has the ability to bring capital into a project (Berwick was apparently able to do this for GGC).
3. One can remove a major obstacle (Usually legal and artificial) from the path of the project (Payoffs, bribes, political manipulations, ad. nauseam).

For those doing the day-to-day work the important contributions of such unicorns may be frustrating. However, such contri-

butions are often the deciding factors of success. The only real-life example I can think of, possessing all three attributes, is [Doug Casey](#). That Mr. Casey is one of the few who've managed to create a ["foreign" bastion of liberty](#) is no accident.

Berwick will read this reference to Casey and retell his story about not heeding Casey's advice to "Think very carefully" about what he was doing with GGC. Perhaps it's best if Berwick cease all reference to his superiors. Consider referring to them only in private prayer during a sabbatical of priest-like transformation and the physical work required to provide restitution to those he's deceived.

Berwick was able to attract investment capital based on his supposed involvement and recommendation of GGC. If he doesn't keep his publicly made promises the days of anyone seeing Berwick's involvement in a project as a positive factor, are over.

## Berwick's Way Out

The way out of this mess for Berwick is to [keep the promise he made on Michael W. Dean's radio show, Freedom Feens, on September 6th, 2014 at 38 minutes into the broadcast:](#)

**MWD: "The really big question, and I hope this doesn't make you uncomfortable, but, apparently you encouraged people to invest in this. If you and them can't be made whole through private arbitration or through the courts, with this guy, are you willing to do anything to help make those people whole?"**

**JB: Yeah, absolutely .... yes, I'm going to work the rest of my life, if I have to, to make this right.**

**MWD: "That's excellent and very honorable."**

Berwick must also make good on his promise to John Cobin. Why? Because there's not a libertarian on the planet who will trust Berwick until they know he's made good with Cobin (And they'll be asking Cobin about that, not Berwick). The GGC investors and participants don't owe Cobin a dime. I'm referring to a personal promise Berwick made to Cobin. It was Berwick's responsibility to fulfill that promise. If what Berwick had in mind was to be built in to the sales structure of GGC then Berwick should have done so prior to the first peso being accepted into escrow on lot options. Of course, there was no escrow as Johnson was using investment capital like a personal bank account. Berwick is just as responsible for that as Johnson as it's something a normally functioning 50/50 partner would discover a few hours to a day after it started happening.

Cobin has been admirably forgiving to Berwick and will likely remain so. Those less forgiving than Cobin, however, will be watching his every move. If Cobin isn't satisfied then he'll remain the elephant in Berwick's "International" room, for a long time. Berwick either makes it right with Cobin or he's made the equivalent of a conscious choice to cut himself off of future capital to pay for his white linen suits, cigars and booze.

### **Berwick Isn't Working with the GGC Rescue Team**

In all references to the GGC rescue team Berwick is careful to point out he has no affiliation with them nor is he working with or assisting them, in any way. It seems odd for Berwick to be at arm's length to the GGC team but that's the way he puts it. I point this out because he's already using the word "we" when reporting on the team's success.

In fact, neither his promise to investors or to Cobin have anything to do with the work of the GGC rescue team. If Berwick thinks it does then he should be working with the team, full-time. Otherwise, he's fallen back into sales-speak and is, once again, leveraging the efforts of others and claiming they're his.

Berwick's promise to Cobin was made before the property that became GGC was purchased. It's not the GGC team's responsibility to fulfill Berwick's personal promises to Cobin. The same goes for his promise to work the rest of his life, if he has to, to make things right with the investors who invested in GGC because Ber-

wick encouraged them to.

Do people who lost money on GGC because of Berwick have to be working with the GGC team, directly, to be made whole? In other words, do all the people Berwick mislead now have to work together, themselves, to fulfill Berwick's promise to them? What about investors like Wendy and Brad who refuse to involve the state, in any way? They have every right to do so and yet are still covered by Berwick's unconditional promise.

The GGC Rescue team is already doing the arbitration and court work Berwick says he's got nothing to do with. What will Berwick be doing, personally, to fulfill his promises?

### **Did Berwick Lose Money on GGC?**

See if you can tell after reading what he wrote about that:

"They told me to just take my losses (my total losses of expenses, loans and money taken by Ken that I had given to him in exchange for a separate deal that he reneged on is approximately \$500,000)."

"A separate deal that he reneged on" isn't GGC money. So, what were Berwick's direct losses on GGC? Based on what Berwick has written I don't think it's possible to know.

### **Public Apologies are Not Restitution**

Public apologies are an excellent first step in [what Berwick refers to as "Penance"](#). Yet, Apology is the easy part of penance. What follows should be consistency and the work of restitution. The work of restitution comes when one stops talking and starts restituting.

Those who've lost money on GGC surely hope the "work" Berwick is referring to doesn't begin and end with another apology or article about what the GGC team is doing. The direct relationship between words and deeds may be too much for Salesman Berwick to comprehend. If so, the tragedy for Berwick has only just begun with the publicity of his regrettable behavior with regard to GGC.

Berwick refers to at least one investor with a family now living in his car having invested his life savings in GGC. Why wouldn't such an investor be living in Berwick's "house on the hill" in Acapulco?

Berwick is a young man and I'd prefer to err on the side of optimism for a future that is completely dependent on his own thoughts and actions. This period of that life requires a priest-like transformation and fulfillment of his personal promises. The apropos demeanor and perspective is that of Paul Newman in "The Verdict" where Newman's character knows his entire life depends on the outcome of the case he's working on. In desperation, Newman repeats to himself the prayer-like mantra of: "There are no other cases. This is the case!"



Hey, Jeff! There are no other cases. This is the case!

Fielding softball "International Man" questions on Bloomberg on behalf of the libertarian crowd is a walk in the park compared to keeping real-life, publicly made promises.

## Johnson's Way Out

The way out for Johnson is his next deal. Just like he did with the last one, before meeting Berwick, Johnson will disappear from Chile and reappear somewhere else on the globe with a new story and a rapidly moving mouth. Here's Johnson in 2009 talking to a child about wind turbines:





Enviro-Energies Holdings Inc.  
9595 Six Pines Drive, Suite 8210  
The Woodlands, TX 77380  
United States of America

TO WHOM IT MAY CONCERN

Ken Johnson had been working with our company, Enviro-Energies, as a month-to-month paid consultant at a rate of \$5000 per month, starting in November 2008. Our company is small and is experiencing tough financial times, so we have been forced to lay off employees and consultants. Regrettably this includes Mr. Johnson.

Enviro-Energies' last payment to him was in early June, 2009. The company does not at this time have the ability to pay him for work going forward.

With our economy as it is there is no predicting when the company might be in an improved financial situation anytime in the near future. It is very likely that we will be unable to retain consultants for the remainder of 2009.

Should you have questions or need further information regarding Mr. Johnson's previous work with our company, please do not hesitate to contact me.

Regards,

A handwritten signature in black ink, appearing to read 'James A. Rowan', written over the typed name and title.

James A. Rowan  
Chief Executive Officer  
Enviro-Energies  
Tel: 289-339-4309

[jrowan@enviro-energies.com](mailto:jrowan@enviro-energies.com)

Copy:  
K. Johnson  
File

Johnson's whereabouts are unknown (As of 1/8/14). My guess is he's in Paraguay holed up in a hostel with a backpack of booty stolen from GGC.

From Johnson's point of view GGC was a resounding success. After all, where did all the money go that no one can find? Whatever Johnson got is money he didn't have or earn. His living expenses were paid for the three years he was tying GGC capital in knots. How many three-year cons does Johnson have to pull for the string of victims to pay his expenses for the next 20 years? GGC was a big score for him. One or two more and Johnson can live off the booty for the rest of his life . . . if he can stop his mouth from moving.

What, no talk of justice for Johnson?

Most probably, not. Or, perhaps you're empathizing with Johnson and tempted to cite his anguish and fear. And, what about the persecution of being on the run and being hounded by state officials or the GGC team trying to bring him to justice?

Nah, Johnson doesn't feel any of that. To the extent you believe he does you're ripe for being fooled by the next "Johnson". If you want to understand a psychopath you don't get there by empathy. You get there by studying them like a spider in a jar. What you'll learn is that the only way to win is to not play with them. If you have them in a jar, don't let them out.

## Postscript

As light-hearted as Ayn Rand tried to make the fictional "Galt's Gulch" it felt stiff to me. The biggest thing it had going for it was the reflective shield that made it invisible from the air. If one has withdrawn into the right country the best camouflage is to blend in and be the gentleman, or lady, you are. Beautiful manners and graceful comportment make life wonderful and increase the liberty of those who rise to every occasion to show them. Excellent company doesn't grow on trees but, the odds of finding it increase when you become the excellent company you seek.

[Manage your engaged withdrawal](#), well, and you won't be alone for long.

## Berwick's Feedback on This Chapter (From his comment on McGillespie.com)

Wow, that was a quite insightful summary in many ways! Of course, I disagree with quite a few things and would be happy to comment on many of them. You seem to only have half the information on many of the things you are talking about. I am happy to



respond to many of the allegations to make things clearer about what I did, when and why I did them.

I agree, now in hindsight, for sure, that I did not give GGC the proper weight I should have when it first began. There are two main reasons for that.

1. The first is that the original plan was very small (it was a small piece of property) and I told Ken that as soon as we had gotten the investors and purchase the property that we had to immediately find someone with excellent qualifications to manage it. It turns out that was the last time I actually had legal ownership or control of anything (although it took years to figure out how and why)... and Ken had convinced the founding investors that I was the reason for all the problems Ken was causing so I was effectively shut out of anything to do with it just after I did that Bloomberg interview.
2. The second main reason I didn't give it the proper weight is that I had no idea how quickly this thing would grow. When we first started I didn't know if anyone would even care about a development like this. Before I knew it, it was massive AND, without my realizing, the founding investors and myself had no control of anything.

At that point the stress started to build as KJ kept making major mistake after major mistake but he somehow kept telling the investors that I was the problem and when I talked to them they would say, to paraphrase, "KJ has a ton of problems but he is doing a good job. Don't try to upset the apple cart". It wasn't until around this time last year that finally the investors realized almost everything KJ told them was a lie and they were also, like me, unable to do anything about it as they didn't even have shares.

And, yes, I agree with you that my skills lie in starting a business (entrepreneur) and marketing of the business and not managing a business. Although I have managed a very large business in the past, it is not something I enjoy doing nor am especially good at.

I also agree I do way too many things at once... it is something I try to tame but I get so excited about various businesses and do

too much at once. It's not a problem if they are smaller businesses and no investors involved but when it is big (like GGC turned into) and has investors then I need to be much more critical and focus on the business to make sure it is all properly run and looked after until it can be placed into the hands of a typical CEO type to manage, properly, on behalf of the investors.

In any case, there are numerous things I could answer from the above to tell you why it happened or why I did what at what time and I have and always have admitted my mistakes. My biggest mistake, by far, was partnering with KJ and not keeping my eyes on him and the business actively enough to make sure he couldn't do what he ended up doing.

Oh, just a small comment on me being involved with the Rescue Team... it has been very confusing. At times I thought I was involved with them and then there are times when they totally cut me off from any information. Currently, I appear to be "involved" in the sense that I receive their emails again. I've worked with them to provide as much information as possible for them to rectify things but I make no decisions and am not a part of what I would call 'the core' who appear to make decisions. Since I have provided everything I can to them in the past there is not much more I can do unless asked by them to do something, which I haven't been.

I'll try to check back here again if you want to discuss further. I didn't know about your blog today and so far I've found it very interesting.

The one thing I would totally disagree with you on is that I don't "mean what I say". I always mean what I say... I meant it when I said that Chile is an amazing place for libertarian minded expats. I meant it when I said the land is unbelievably beautiful. And I meant it when I said that people should consider looking at it. Of course, that was all before I realized what was going on. Once I fully (well, not fully, I still don't know half the things he has done there) understood that KJ was making a million promises he not only couldn't keep, but likely didn't even intend to keep, and I had enough information from other buyers/investors telling me horror stories I then said, "OK, we need to shut this down asap before it goes any further"... and that's when I wrote about what I knew about GGC around July of last year and said that people should stay away from this project until all these major issues are rectified.

And I meant that.

Sorry, I keep writing here as I keep thinking of things that you had said in the blog. I'm going to cut it off here and await a response if you'd like to talk further.

### **Terence's Response to Jeff's Comment**

That was quite gracefully said, Jeff. Thank you for adding that perspective. You're obviously a talented guy with many strengths. People with half your ability to find and market the right idea at the right time have done great things in the world.

I've no doubt you'll be optimizing that path even further as you bring in others to take over when you think it's time. If all of us were born knowing our strengths and weaknesses a little earlier in life we could start creating abundance even sooner.

I now see GGC as somewhat of a perfect storm surrounding you not least of which was a certain pesky human spider. I have many questions to ask but thought it best to write this particular article in a kind of intense reading vacuum where an objective view might be achieved. It's still subjective, of course, and I'll add to it things that may come out of your answers, as well. Here's one to start: What advice would you give to others on how to know when you might be dealing with a Johnson and how to start extracting your affairs away from them? Thanks again, Terence.

### **Cathy Cuthbert's Response to Berwick's Comment**

Jeff, For the record, I would appreciate it if you would please not say "we cut you off" from information. We started an investor email newsletter. Since you're not exactly in the same situation as the rest of us, you weren't included. It was NOT a conscious decision to "cut you off" in any way. After the newsletter began, several ex-employees and other interested parties asked to be included on our email list and we added them. When it came to our attention that you wanted to receive the newsletter, I added you to it, too.

I hope this clarifies the situation.

We are about to change the distribution list again to include only those who are active in some way. The Recovery Team is working full time and has been for seven months. In addition, we have paid in 3/4 of the money for our operation. The people who

are free riding are becoming a drag on us, so we've decided to go forward with communication directed at the active investors only. We hope this will free our time for the litigation that's about to begin.

Regards, Cathy Cuthbert  
GGC Recovery Team

# 4

## Feedback from the GGC Recovery Team

**LAST WEEK, A** GGC investor working with the Recovery Team sent me an e-mail with feedback on the four articles I'd written about the Galt's Gulch Chile land development deal. Though I'd sent the first two articles to John Cobin and Wendy McElroy, this was the first correspondence I'd had with someone directly involved with the deal. The first four articles were written from what could be gleaned from all public documents, radio shows, forums, facebook, articles and their comment sections. Part 5 brings the series current with new information and feedback from those involved. My hope is that such provides a bridge to future articles that may be of more direct assistance to real-time recovery efforts. To that end, this will be the last article that refers to Cobin/Ezya-guirre, in any significant way, as their initiating role has already been addressed and they were cut out of the deal early in the development.

As you read the exchange (And any article in the series) keep in mind that the actions of those involved are either good, fine, questionable, wrong, or illegal. Much of the last three categories can only be decided, in retrospect. The legalities depend on "the law" of one's vantage point: Natural, Chilean or US. My opinion is that most all of Johnson's actions were wrong from the standpoint of natural law as I see nothing indicating he ever intended to keep his promises to those involved. The Recovery Team would prefer to remain diligent and prudent in refraining from making legal judgments without supporting evidence.

**Recovery Team:** Part I: It is not clear that the project had enough

water for the development as Cobin advertised. As you know, it's a dry climate, and scope of the project was large. However, another huge problem was that it is all environmentally protected. I have been told that the gov't will allow only 12 parcels to be carved out of it.

**Terence:** Yes, Cobin's water estimates could only be realized if all the wells were cleared, consolidated and inscribed to the property. Cobin said he and Eyzaguirre could do it (Restated by Cobin on his radio show during Berwick's apology episode) and such was to be a crucial part of their contribution to the deal. Everything I've read indicates Johnson and Berwick cut ties with Cobin before the property was purchased. Johnson's accusations against Cobin, or anyone else, for that matter, hold no weight because of Johnson's clear pattern of accusing others of his own failures.

I hadn't read that environmental concerns were tied in with the inability to zone the land, properly. If so, overcoming this obstacle would be as crucial to the project as consolidating the water rights.

**Recovery Team:** Also, I think you said--or maybe implied--that Cobin/Eyzaguirre somehow put money into the project. Other than pocket money, maybe, you are mistaken.

**Terence:** I see Cobin's contribution as significant but non-monetary. He had the vision, chose the location and got the project rolling by involving Berwick to attract capital. This is what enabled Berwick and Johnson, neither of whom had stepped foot in Chile prior to flying down to meet Cobin, to connect with a large development deal within hours of their arrival.

**Recovery Team:** I doubt that Del Real and Johnson lived together. At one point early in their business (if you could call it that) relationship, Del Real bought office furniture, put it at the farm office and he and his daughter were working there. I'll double check on that.

**Terence:** Berwick made this comment when talking with Cobin on his radio show. Since Johnson's "sale" of GGC stock to M. Del Real

and his daughter, Pamela, is important to the recovery, perhaps their living and working arrangements are worth knowing about.

**Recovery Team:** You imply throughout that Cobin/Eyzaguirre were necessary to the success of the project, but I doubt it. I have not met either person, but I have heard Cobin on the internet and have seen his astronomical consulting fees. Why Berwick/Johnson would agree to the equivalent of a finders fee of 25% for that property that can't be developed is beyond me. Further, see attached the ridiculous marketing material that Cobin spearheaded. This wreaks of scam--\$1M revenue per year for fish? Selling electricity? Selling water??? Too bad they didn't continue on this vein, I would have been spared my losses since I wouldn't touch the project with a ten foot pole with Cobin and his spin involved.

I am sure that had Johnson not been Johnson, he would have been able to find someone in Chile to develop the project. Cobin/Eyzaguirre were never necessary.

**Terence:** It appears Johnson did only enough "work" to muddy the waters for his cons and overpriced Chilean side-deals. Cobin/Berwick say the finders fee and GGC sales percentage was based on Cobin finding the land, creating the deal, negotiating the price of the first property, El Peñon, to be \$270/acre, and consolidating and inscribing the water rights. However, what Berwick and Cobin promised each other is between them. Nothing I've seen ties Berwick's promise to Cobin to the GGC investors who probably never set eyes on Cobin's business plan. Aside from his optimistic estimates the significant part of the document, for me, is that it shows that Cobin was fooled by Johnson's persona, as well. It also shows that he had no idea that Berwick and Johnson would shortly cut him completely out of the deal.

**Recovery Team:** Part IV: Johnson lived off us for 2 years, not 3-- from sept 2012 to sept 2014.

**Terence:** Very glad to hear that! I'll update the article.

**Recovery Team:** The biggest hole in your articles is that you don't

even touch on the real story. This is NOT a purely gringo on gringo scam. Johnson could not have done what he did were it not for willing accomplices in Chile. There is a string of crooked notaries and lawyers enabling his illegal activities. Further, the Chileans, being good scammers themselves, sniffed Johnson out and then scammed him. Our problems now are that the overt scam artist, Mario Del Real, took control of the company and will not give it back, and that the seller, Guillermo Ramirez, appears to have 1. Gouged Johnson on the price of the property, 2. Misrepresented the water situation, and 3. May have been in partnership with Johnson in running up huge late fees. Johnson was never able to pay any but the first payment on the land on time. One document I have says that \$1.14M in late fees were paid.

**Terence:** Wow! I stayed out of all the swaps (Sales?) and side-deals referred to in the “Kerfuffle” document to focus on the overall story and the gringos, first. I certainly understand that, from the GGC investors point of view, these are the most important aspects of the current recovery.

**Recovery Team:** Further, the whole time that one would think that Johnson would be very busy with obtaining the proper permits, managing the development and farm, as well as overseeing marketing and sales, he was looking for other “great deals” in Chile. That’s how he was scammed with the Rio Colorado deal. He also pursued buying water in Patagonia (?), and various bitcoin projects--he stole \$100k from one of our investors with a bitcoin deal. He even put bids on a neighboring property and tried to negotiate a sort of lease-option arrangement with other neighbors. To the bitter end, he was sending emails telling us about how he was going to build a large solar greenhouse. Yet during all that time, the permits to subdivide the property were getting nowhere, the farm was deteriorating, and employees and vendors were being stiffed.

No vat tax was ever paid by Johnson for the sale of the lemons harvested and sold on the property. Last week, we finally had a visit from SII. Why couldn’t they have shown up when Johnson was stiffing them?

**Terence:** Whew! What a tangled mess. How intriguing that John-



son, himself, might have been scammed while he was using GGC investor money to protect himself from GGC investors. Unfortunately, lying to the bitter end is another characteristic of psychopathic behavior. For those who haven't yet watched the documentary, "I, Psychopath" it's worth the time:



I noticed Mario Del Real is described as having previously worked for the Chilean IRS (SII). Perhaps there's a connection between his expertise and the timing of SII's visit? Either way, bad timing all around.

**Recovery Team:** I have a descriptive timeline I've been working on. It definitely needs more work, but I'm supplying documents with nearly every entry. I'm also working on a financial timeline with documentation. I'm waiting for more accounting information to finish these.

**Terence:** I can't think of anything more important to recovery efforts than such a timeline and the documents that go along with it. I'll update the timeline in Part one with anything you can pass along.

**Recovery Team:** BTW, Jerry Foltas posts on the GGC webpage are not correct. I've caught him several times in contradictions. His only response to me is that I'm not reliable. Yeah, right. I provide documents for everything I say, and I am trying to be especially careful to make no accusations. I try simply to present the documents and let them speak for themselves.

**Terence:** As an outside reader I can barely get through Foltas's "Newsletters". I thought him a Johnson created sock-puppet prior to reading that the team had met with an actual person of the same name outside the GGC office. While reading Jerry's "Newsletters" my theory was that he had taken advantage of the absence

of a shareholders agreement (Which would have given a Right of First Refusal of IGSA shares to all investors) and coaxed GGC shares out of Johnson in order to gain control of GGC. This would be “playing both sides against the middle”. A more tragic reality for Folta would be if, having lost his initial investment, Johnson scammed him again and Folta lost more money in return for GGC shares that were not Johnson’s to sell.

## Where’s the Libertarian Media?

What’s with the absence of Libertarian commentary on Galt’s Gulch Chile? Even the Libertarians that spoke at the GGC Fall or Spring event held on GGC grounds in Chile seem to have little to nothing to say. The Recovery Team knows that the attendance of these libertarians was never an endorsement and that they had no access to information that would enable them to vett or endorse the project. It would be nice, however, to hear more from Ben Swann, John Tolley, Bob Murphy, Luke Rudkowski, and others that actually set foot on the grounds.



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## Regarding Investors

I didn’t say much about the Founders or the investors in my first four articles because I didn’t know anything about them. As of today I do know this: The Founders had no idea what Johnson was doing. It’s beginning to appear that Johnson used Founder

money to hire lawyers to protect himself against the Founders, themselves. They were confused with Berwick's incompetence, and Johnson's series of thefts and counter accusations, until mid-2014. They probably thought disagreements between Berwick and Johnson were that of typical partners, each with 50% ownership but neither with majority control. In fact, even today, it's a tough forensic task to piece together the timeline and documents Johnson withheld from investors to the end.

Prior to his investment, Josh Kirley (One of the first investors) hired a Chilean law firm and offered them an additional bonus, above and beyond their hourly rate, if they could come up with any reason to not move forward with his investment into GGC. When they came up with nothing Kirley followed up with a background check of Johnson and still, no red flags appeared. Onlookers may protest that any number of items on some personal due diligence list were not covered but Kirley's first two efforts at protecting his investment were quite bold. Contrary to popular understanding, lawyers are trained to find fault with, not enable, contracts and deals. And yet, they came up with nothing.

I'd also point out that the sophistication level of those who were fooled by Johnson's psychopathic behavior is rising with every stone of this story unturned. Cobin's business plan even documented Johnson's many possible contributions to GGC as if they were additional selling points of GGC. It would be a mistake, therefore, for readers to believe that such behavior will be obvious should it be encountered, personally.

## What's Next?

The money and ownership trail of GGC has been greatly muddled and confused by Johnson's complex maze of stock swaps (Sales?), director appointments, multiple bank accounts, additional overpriced purchases, missed payments, secondary entities, bitcoin theft, and suspicious penalty clauses, etc. These are the sorts of things Johnson was "working on" while claiming to investors that he was busy developing GGC. Even today, the investors

are attempting to piece together the basic financial statements and reports that Johnson had been denying them for so long. The documents they're discovering reveal a maze of deceit rather than land development.

Money invested into GGC was always about purchasing land. There are still many reasons to hope that, if investors can't recover money, they might recover land. It wouldn't be a total restoration but it would restore control of what was always at the heart of the deal.

It took four articles to tell the story of what happened, why and what others may do to avoid problems like this in the future. I didn't follow the maze of Johnson's deals (Likely made possible by Chilean collusion) as it wasn't relevant to those purposes. However, it most certainly is relevant to efforts to recover money or control over the land. If I can make a contribution in that area, I will. The focus now is on substantiating Johnson's activities and the gaggle of Chilean swindlers that may have followed in his wake.

Message to Jeff Berwick: I've run across the name of the investor Berwick referred to as left homeless having lost everything on his investment into GGC. This investor is, indeed, in dire straits. If Berwick is ready to [keep the promise he made on the Freedom Feens Radio Show](#) then now (1/28/15) would be an ideal time for him to help this investor. I'm sure someone on the Recovery Team would be happy to pass along his current location. Contact them at [ggc.pressrelease@gmail.com](mailto:ggc.pressrelease@gmail.com).

# 5

## Contracts are Good for Libertarians, Too

**IS IT NEWS** to anyone that conflict can arise even among those with similar political and economic philosophies? Agreement in these areas doesn't guarantee the same on strategy, tactics, management, work habits, personality, style, etc. Contracts —and the time it takes to iron them out— can provide insight into these unique aspects of potential partners. You are “working together” the instant you begin to capture thoughts on a scratch pad. While clarifying business goals it's wise to reflect on an important question: “Can I work with this person, this team?”

Partners worth having know that contracts don't resolve conflicts or solve problems, people do. And yet, those same partners would welcome the clarity that a contract can bring. The offer to put one in place won't chase quality partners away. It will attract them to those who take their time and vision seriously enough to write things down.

Even the best contracts are for clarity at the beginning and clarity at the end. Clarity at the beginning is the shared vision of the partners and what each is expected to contribute and receive while working towards that vision. Clarity at the end is the shared vision for when and how to end or sell what's been created. In between, it's the talent, work, and enlightened self-interest of the people involved that creates, works, produces and resolves all things. Even a hint of invoking some penalty clause in a contract destroys the creative atmosphere.

### **Slow is Fast**

The GGC deal soured due to the psychopathic behavior of a

partner in a key role. Would a contract have prevented that? No, but slowing down and taking the time to document the supposedly shared vision of Cobin, Eyzaguirre, Berwick, and Johnson might have revealed that they didn't share the same vision. Or, it might have flushed out Johnson revealing him to have no credible experience. Even an experienced land developer would face a steep learning curve to work his craft in Chile. That learning curve would be over and above speaking Chilean Spanish, fluently.

Berwick was able to attract investment capital only to fund Johnson's incompetence and theft. Slowing down to draft a contract may have revealed Cobin to be the best candidate to do the accounting and disburse funds for the project. It might have also enabled the partners to learn from the best practices of other land developers. Money for such projects is typically disbursed in increments upon reaching milestones. Even upon reaching such milestones funds are only released by signature of all partners. These standard practices are in sharp contrast to the way money appears to have been "controlled" at GGC: Johnson using investment capital as his own personal bank account.



## The Contract and Natural Law as Rules for Self-Government

Most deals are conducted successfully with no escalation to

any party other than those involved in the original contract. The public learns only about projects that attract the attention of the media. The public does not learn about the billions of successful deals conducted with only the original parties because those deals involve no conflict. Stories with no conflict are stories that don't get written.

Detractors accuse anarchists of not being able to deal with one another in the absence of government. What such detractors don't realize is that anarchists welcome the presence of government in its superior and necessary form: Self-government. It is the absence of self-government usually at the heart of conflict.

### **Rules Without a Ruler**

Unless the physical laws of the universe are suspended there will be rules governing any deal. The rules are those of natural law and those in the contract. Anarchy is the absence of rulers, not rules.

Ideally, the contract contains only pertinent rules for the agreement that aren't already covered by natural law. These rules, combined with the looming presence of the self-government of the parties, are ample ingredients for resolving all conflicts without involving the state. If natural law, the contract, and the self-governance of the partners and participants is not enough then the penalty will be as expensive as involving the state in the affairs of the project. That expense begins with the cost of making the contract state-compliant.

## Mediation First, State Courts as an Avoidable Alternative

*"...unity in what is necessary, liberty in what is not necessary, in all things charity."*

—Archbishop of Split (Spalato) Marco Antonio de Domi-

nis in his anti-Papal De Repubblica Ecclesiastica in 1617.

Many libertarians, and all anarchists, believe the state to be unnecessary. Unfortunately, a project in which all partners are united in this belief is rare. A practical alternative is to make the contract bind the parties to arbitration first and state agencies only as a last, and penalized, resort. Even a partner insisting on “state protection” would prefer the more efficient alternative of arbitration to resolve contractual issues rather than “escalate” to the state, immediately. An added bonus to this approach is the screening of partners, in advance, who probably wouldn’t abide by arbitration no matter how fair or cost-effective its track record. A drawback is the contract has to be drafted in compliance with the [national legal system](#). The most common types are:

- † Civil - Chile and most of South America
- † Common - Most of North America
- † Plural - Civil and common - Puerto Rico, Scotland, Louisiana
- † Sharia - Egypt
- † Civil and sharia - Morocco, Jordan
- † Common and Sharia - Malaysia, Pakistan

COMMON LAW	CIVIL LAW
<p>3. Interpretation of Contracts</p> <ul style="list-style-type: none"> <li>• Respects <b>freedom of Contract</b></li> <li>• Primary focus on the written words in the contract.</li> <li>• <b>Parol evidence</b></li> </ul> <p>“prevents a party to a written contract from presenting extrinsic evidence that contradicts or adds to the written terms of the contract that appears to be whole”.</p>	<ul style="list-style-type: none"> <li>• Interest of fairness (as against freedom of contract)</li> <li>• Primary focus on the wider context and intentions of the parties</li> <li>• Not limited to literal meaning of the terms. <b>Evidence of negotiation is admissible</b></li> <li>• Mandatory provisions can’t be excluded</li> <li>• Tribunals have power to rewrite the parties’ agreement</li> </ul>



## **Bitcoin & Alternative Currencies**

Johnson and Berwick made a big deal out of GGC being the first real estate deal to accept bitcoin as payment. While most libertarians welcome the use of alternative currencies they present a problem in maintaining state “valid” contracts: Most jurisdictions require “consideration” be provided in state currency. Therefore, it may be necessary to stipulate an exchange rate for all non-state currencies.. A payment of X-bitcoin, for example, would be deemed as equivalent to having given Y-amount of state currency for the sake of consideration.

## **Privacy is Not Partner Leverage**

Libertarians place a high value on privacy and need not be left out of business opportunities, as a result.

Privacy is a means to protect oneself against unscrupulous characters, usually the state or litigious opportunists (Or do I repeat myself?). It's not “license” to misbehave or a weakness to be exploited by partners. If you're so private that your desire to remain so could be used against you as leverage then either use a nominee or represent yourself on behalf of an entity you've created to hold the proceeds of the partnership. If you can afford it, do both and make the nominee your lawyer. If not, then represent yourself as the executive of the entity. That's enough hiding, the partners your dealing with can't use it against you and you can transfer or sell your interest in the partnership, as needed.

On Berwick's second trip to Chile he made a point of asking Johnson to confirm their partnership in the presence of a “financial advisor”. That's the kind of thing someone with a partner agreement wouldn't need to do. Therefore, I infer that Berwick and Johnson had no partner agreement to document their verbal agreement. Such would also explain the ease with which Berwick describes himself as slipping in and out his affiliation with GGC. I suspect Berwick was attempting a kind of lazy man's privacy and flexibility by conducting business with nothing written down. Johnson would have seen this as a moth sees a flame.

Documented agreements facilitate recognition by third parties. If either partner would balk when asked to write things down it's a sure sign of problems down the line. Ideally, recognition would only be made to a private mediator empowered by the agreement. Having such an agreement should in no way be seen as involving the state in disputes. Quite the contrary, the agreement outlines the relationship and clarifies expected behaviors between the parties to keep things running smoothly. It also specifies the resolution of any problems accomplished by a private third-party. Such agreements are an important means of keeping the state out of one's business. If all else fails, the clarity with which you've outlined the agreement might help state agencies exceed their usual incompetence in handling complex matters.

## Libertarian Version of 1 Corinthians 6

Contrary to popular belief, the state has no stable of magicians able to create unity or to judge complex matters, fairly. To the contrary, state agencies are inferior to a random sample of unbiased mediators. As the disciplined and fair actions of the GGC rescue team have demonstrated, the state is even likely to be inferior to a biased sample of those directly involved in the conflict!

In refusing to involve the state to resolve their part of the GGC dispute, [John Cobin](#), [Wendy McElroy](#) and her husband, Brad, have shown remarkable integrity. They've demonstrated, at great personal cost, the high-caliber of behavior, the meticulous self-governance, required to resolve the most complex and intractable disputes without involving state agencies.

Johnson used investor capital in a maze of land and state entity swaps so it will be impossible to rectify the situation with no state involvement, whatsoever. The best course of action for GGC participants is probably to give their proxy to the GGC rescue team who, in turn, may attempt to overturn the various entity swaps of Johnson's theft.

### **Perfection?**

I find John, Wendy and Brad's behavior admirable because it is the kind of excellent behavior necessary to keep the state forever out of private affairs. More such behaviors are described in 1 Corinthians 6. In quoting the passage, below, I've made five replacements to make it accessible to a larger audience. The original words are next to the replacements for reference. The spiritual beliefs of the reader are of no importance in making the point.

### **1 Corinthians 6: 1 - 8**

**“When one of you has a grievance against another, does he dare go to law before the unrighteous (The state) instead of the saints (Those who love liberty)? Or do you not know that the saints (Those who love liberty) will judge the world? And if the world is to be judged by you, are you incompetent to try trivial cases? Do you not know that we are to judge angels? How much more, then, matters pertaining to this life! So if you have such cases, why do you lay them before those who have no standing in the church (In liberty)? I say this to your shame. Can it be that there is no one among you wise enough to settle a dispute between the brothers, but brother goes to law against brother, and that before unbelievers (Statists)? To have lawsuits at all with one another is already a defeat for you. Why not rather suffer wrong? Why not rather be defrauded? But you yourselves wrong and defraud — even your own brothers!”**

Libertarians or anarchists working towards a world where people may conduct all the transactions of life without the involvement of the state might consider this passage. I find it hopeful and instructive. Hopeful, because it hints that such a world is possible. Instructive, because it describes some of the excellent behaviors necessary to make it so. At the very least we should understand that when we escalate matters to the state, we are escalating to our inferiors!

## 6

## The Rio Colorado/ GGC Share Swap

The following is an Investor Update emailed by the GGC Recovery Team on February 2 2015. To understand it, a little background is in order.

Mario Del Real is a Chilean businessman brought into GGC by Johnson as a “fixer.” When their relationship began, Johnson’s bank account had been closed due to non-compliance with the know-your-customer regulations. He needed a way for GGC to receive funds from investors and Mario Del Real agreed to let him use his daughter’s account for that purpose. Del Real convinced Johnson that he had gotten poor advice from his lawyers and that Del Real could help him with various legal documents and with obtaining subdivision permits. He further advised Johnson to put himself and his children on the board of directors and to give the position of General Manager to Del Real’s daughter, Pamela. Johnson then sold 30% of GGC shares to the Del Reals for peanuts, and later increased their ownership to 50%.

Ironically, the equity investors had been agitating for months for Johnson to fill the board of directors with investor representatives and to give them the equity in the project that he was contractually obligated to give them. What was denied his investors, Johnson gave to this Chilean con man.

The big con came when Del Real sucked Johnson into a trap with his own company, Rio Colorado. This company owns a property called Los Andes, supposedly valued at \$16 million and rich with glacial waters for which nearby mining concerns would gladly pay millions of dollars per month. At first, Johnson agreed to buy 51% of Rio Colorado for \$8 million dollars; \$8 million of which he

did not have. The money was to come from Rio Colorado water revenue. When that looked like it wasn't going to happen, Johnson claims he cleverly proposed a stock swap between himself and Del Real—51% Rio Colorado for 50% GGC.

Of course, Johnson should never have had 100% ownership of GGC. He had a partner in Jeff Berwick and four equity investors who together should have had probably 62% of the project, but didn't. No matter, Johnson signed the swap agreement that he didn't understand because he apparently didn't have competent legal advice and cannot read Spanish. In addition, he convinced three GGC investors to pony up \$100,000 each for their share of this sure thing.

When the deal went bad, the Del Real family owned 99% of GGC, Del Real was the Chairman of the Board with his children as fellow Board members, his daughter, Pamela, was General Manager and Johnson was shit out of luck, as were all the GGC investors.

The Mr. Folta referred to, below, is a substantial investor in GGC, the only one to break ranks and side with Johnson. He believed that by giving Johnson support, including financial, or so he claims, he would be able to recoup his investment.

**WE HAVE BEEN** reviewing past updates and emails in an effort to fit all the pieces of this truly bizarre puzzle together, when we had the misfortune of rereading some comments made by Mr. Folta about former developer Johnson's scheme known as the Rio Colorado/GGC Share Swap. That was the brilliant stroke where Johnson gave Del Real 50% of GGC in exchange for 51% of Rio Colorado, an endless fountain of pure Andean water for which fantastically profitable gold mining companies would pay up. We would like to clarify our position on that deal by responding to this snippet:

*My attorney [Mr. Folta] looked at this and came to the same conclusion I did, i.e. that the "stock swap agreement" was not illegal. The "third parties" funds Ken used were, in part, from GGC Clients (!?) but they were new funds sent by the "third parties" (GGC Clients) for the other project, not GGC, as Cathy claims. Cathy's statement, "that money that belonged*

*to third parties—that was yours.” is false. I happen to agree it was a bad idea to deal with the two companies to cross-purposes but Ken actually had good intent. He was impressed with Mario, felt he could help GGC in important ways, and therefore decided to move forward in this way. In hindsight it was a bad idea, however, my understanding and my attorney’s understanding is it was not illegal.*

—Mr. Folta, November 6 2014.

There is so much to say about the above, not the least of which is we never said that the swap was illegal. This is what’s known as a straw man argument. Mr. Folta put out a false argument, or in this case a possibly false argument--the swap was illegal--attributed it to the Recovery Team, then knocked it down to claim victory. It’s kind of a funny victory, trying to convince us that hundreds of thousands of dollars were legally stolen, particularly when the victor is standing to lose more than that from the malfeasance of the very same brilliant businessman. Well, it takes all kinds...

What we have said is that this swap deal is at the heart of the struggle for control of GGC in which we are currently engaged. Was it illegal? We don’t know. Was it ill-advised? Hell yeah, that’s what we’ve been screaming about all along. Was it immoral and dishonest? To be sure. Former developer Johnson never should have had complete control over the GGC entities. He obtained control by cutting out partners and not assigning shares according to agreements he made. Without total control, Johnson would not have been able to swap 50% of GGC, to say nothing of putting the Del Reals in charge of the corporation.

Having learned to ply his trade on Wall Street, one can safely assume that Mr. Folta is not familiar with the term “fiduciary responsibility,” but we are. For former developer Johnson to turn over a 50% interest in GGC to anyone without the knowledge or consent of shareholders and creditors was an unconscionable violation of that duty. To pack the board of directors with these swindlers was even worse. The stock swap appears to have had little to do with gaining Del Real’s expertise for GGC and everything to do with the pot at the end of the Rio Colorado rainbow that Johnson stupidly believed would be his, i.e. \$1M per month in water revenue.

We were told by two Chileans that at the signing of the swap agreement on April 15, a backpack of \$350,000 cash was delivered, and that a second delivery of \$250,000 in cash was made shortly thereafter. Those GGC investors bamboozled by former developer Johnson to “invest” in scam artist Del Real’s pipe dream contributed \$300,000. So where did the other \$300,000 in cash come from? If that cash changed hands, we’re back to our November contention, “that money that belonged to third parties—that was yours.”

While at the farm we found a bank document showing that an additional \$120,000 was diverted from two GGC investors through Pamela Del Real’s checking account to Rio Colorado, authorized by PDR’s signature. “Pago de acciones de sociedad de Rio Colorado” was the stated purpose of those funds, which means payment for shares of Rio Colorado. These investors were not among the three who agreed to buy shares.

We know from our wire receipts that approximately \$1,000,000 went into Pamela Del Real’s bank account but where it went after that, we don’t know. We’ve been told that former developer Johnson was heard on several occasion saying the Del Reals stole it, or some portion.

To add to the miasma of deceit, we were told yesterday by a reliable source that Mario Del Real claims he received only \$140K from former developer Johnson for Rio Colorado. But wait, in the GGC office, the Recovery Team found a piece of paper that appears to be Del Real’s accounting of former developer Johnson’s cash payments to him for those very valuable Rio Colorado shares. There were six payments totaling nearly US\$280,000 en efectivo—that’s español for cold, hard cash. Now, where did that money come from? We’re still leaning toward it being your money.

Further, on June 29 2014, Johnson told an investor that he gave Del Real \$500,000 for Rio Colorado shares, and owed him another \$1,000,000.

Del Real also claims he has documentation showing that he loaned CLP\$35,000,000 (US\$65,000) back to GGC.

What’s the truth? It’s impossible to say. Our documentation from Pamela’s bank account shows that the Del Reals accepted \$120,000 for Rio Colorado, but those funds were clearly misappropriated as likely was the majority of the \$1,000,000 in investor funds that found their way into Pamela’s account.

And the \$600,000 in cash? We've seen no proof that it ever existed, forget about delivered. That's what paying with large quantities of cash without receipts gets you. Don't think that Del Real isn't fully aware of this. What we do know is that three investors paid \$100,000 each, two others had \$120,000 diverted and none of them has anything to show for it. Where is the money? With Del Real? With Johnson? Quien sabe?

So the swap wasn't illegal according to Mr. Folta and his Cracker Jack attorney. That may be so, if one analyzes only pieces of paper in an effort to distract from the real issue: potentially US\$720k was delivered to a Chilean-Estadounidense con team for which nothing was returned.

We will say one thing for Mr. Folta's commentary above: we agree that former developer Johnson probably was impressed with Mario Del Real — impressed with his willingness to money launder. How else would Johnson keep the cash flowing from hapless libertarians than by using someone else's bank account, his own having been shut down for suspicious activity? It's a shame that Del Real out-conned the con man.

We are the first to admit that there is no proof of the cash payments and therefore we could be wrong about some details above. We welcome all documents and other sources of proof. The lack of evidence does not change anything, though. GGC "investors" do not have control of the property, and the Rio Colorado "investors" do not have shares in a genuine, ongoing concern—or any shares at all—yet well over US\$10M was paid. If all that isn't illegal, it should be.

Cathy Cuthbert comments on the Rio Colorado / IGGSA stock-swap



## 7

## Johnson Re-Occupies Galt's Gulch

**I'VE SPENT THE** last two days responding on the comment section of [an article written by Rebeca Morla at the Panama Post](#). Though I find the article represents mostly Johnson's point of view I sympathize with any journalist under deadline having to come up to speed on the Galt's Gulch Chile project. I was informed by a comment on Doug Casey's International Man forum that Rebeca used this series to prepare her article. I look forward to more articles from her and the post in the future. Also, [James Guzman followed up with a brief article on GGC](#), as well. The only thing I might change about Guzman's article is his reference to the rescue team's entrance to the property, last October, as an "armed capture". That probably comes from Berwick's article referring to it as a "SWAT Raid". My understanding is that there were no guns and no violence involved in the recovery team's entrance to the property. I make that distinction because it's important to libertarians and because Johnson's recent reoccupation did, in fact, involve the use of a firearm. As I've pointed out in previous articles, Johnson is no libertarian and should not be confused, in any way, with the principles of Ayn Rand's "Atlas Shrugged" from which the name Galt's Gulch is derived.

With Mario Del Real already in control of "El Peñon" (GGC Parcel #1 of 2) farm workers working on "El Lepe" (The second and largest parcel of land that comprises Galt's Gulch Chile and it's offices, hacienda and lemon trees) reported, last week, that, under threat of violence by three hired thugs (One concealing a gun), Ken Johnson has taken back occupation of "El Lepe". Below is the narrative from farm managers Renzo and Ken Carpenter as sent

out to investors on Wednesday, April 22nd.



**Friday, April 17th at the farm:**

- † Farm worker, Jaime Olivares, while cutting espino trees saw Manuel Hermosilla walking inside the property. When confronted Hermosilla said that he would kill Farm Manager Diego.
- † The Farm Managers made a complaint with the Curacaví police against Hermosilla for entering the property and making his death threat.

**Monday, April 20th, at the farm:**

- † At 8:30 pm, Ian Thornton and three thugs with a pistol, arrived at the gate and said to Diego and Coto, “Open the gate. We are coming in, one way or another.” Diego let them in.
- † Ian confiscated their telephones.
- † Coto, from a hiding place, was able to communicate with

Renzo who was in town on farm business. He alerted Renzo as to what was happening.

- † Renzo phoned the police. By the time the cops arrived, Ian had put new chains on the gate so Renzo and the cops could not enter the property.
- † Renzo called Ian from the gate. Thornton said to him, “You have two options, cooperate or go to jail for the things you sold.”
- † Former developer Johnson arrived around 11 pm, inspected the house, and left with the IMac Desktop computer.
- † Thornton offered Renzo work if he would cooperate.
- † Thornton said that no employee would be paid this week, but would be paid starting next week.

### **Tuesday, April 21st, Morning, Santiago:**

- † Former developer Johnson arrived with two police officers at Kenny’s apartment in Santiago.
- † Police showed proof of GGC ownership of the Jeep to Kenny.
- † Kenny explained to the police that the jeep was voluntarily loaned out and the keys handed over to him. He gave the cops the keys.
- † The police ask for a GPS and computer, but Kenny told them that he didn’t have any registered company property. Johnson called his lawyer who advised him to tell the cops to take only the jeep.
- † Johnson said that Del Real is about to go to prison and anyone aligned with him is in trouble.

Both the farm and the jeep are in improved condition from when The Recovery Team took possession of them. We have photographic evidence of that. The employees were paid up to date, and we were current on all bills.

### **Thursday, April 23rd:**

The GGC Recovery Team received a report from Curacavi this evening that Johnson presented one of the farm managers with a criminal complaint for selling various “antiques” and old equip-

ment around the premises to raise money for salaries and operating expenses. The farm managers were interrogated by Johnson's lawyers and the PDI (Chilean FBI equivalent) for hours.

NOTE: As of May 3rd, 2015 there are no criminal charges on the court website. Johnson may have had a lawyer write up charges but it's doubtful he would spend the money to file them.

## Recovery Team Reaction

These are bullying and intimidation tactics. Former developer Johnson knows full well that the money was used to pay workers wages and operating expenses of an unprofitable farm. What does this say about him, that this swindler who defrauded a group of international investors of \$10 million would use the cops to intimidate his former employees, the very men he, just a few hours before, terrorized with Santiago mafiosi? What does it say about Jerry Folta who bankrolled Johnson? And what does it say about Chile?

Regarding Johnson's reoccupation, Cathy Cuthbert writes:

"The second Johnson Reign of Terror begins, \*yawn\*. At least we don't have to worry any more about Diego and Renzo being knifed in the middle of the night."

"We were well aware that something like this might transpire since for about four weeks, we've had evidence of Johnson's goons casing the farm, and noted several amateurish attempts to gain inside information and stir up dissent among the Recovery Team."

"While Johnson and Thornton celebrate their Pyrrhic victory, Uriah Heep-like as is their habit, we are reminded of that priceless scene from Tin Men linked here.



The facts are these:

1. The expenses of the unprofitable farm are off our backs. All the legal fund money will go to legal fees at this very important juncture.
2. The harvest season is essentially over so there's no income now, anyway. This is the least profitable time of year and excellent timing for us.
3. Johnson's prodigious liabilities are intact and increasing.
4. The Recovery Team is relieved of management responsibilities, giving us more time to concentrate on the upcoming litigation.
5. Former developer Johnson now has a golden opportunity to prove he can keep his commitments.

We achieved our goals during our tenure at the farm. We blocked former developer Johnson from misappropriating this year's harvest income. We paid the farm workers their back pay, pension and health contributions that Johnson owed. We acquired valuable information for our criminal discovery. We've made friends and contacts in Curacaví. We demonstrated to the community that we are willing to pay debts. We improved the condition of the farm after years of neglect.

The most important news is that Diego, Coto and Renzo are safe. Whether they continue to work on the farm or find other positions, we thank them for their service to us and wish them well.

The most important take away from this update is that our litigation plans are not affected by this violent act. In fact, we're better off."

## Let Johnson Meet His Obligations, for a Change

Johnson used investor money to purchase the property and received title to it in his own personal entity (Inmobiliaria Galt's Gulch SA) and not the entity created by the originating partners to receive title (Galt's Gulch Chile SA). He's been responsible for paying all bills, taxes, salaries and maintenance costs of the prop-

erty from the date of the sale and up to the present day. When the recovery team visited the property, last October, the place was in shambles and the recovery team took it upon themselves to bring all bills, taxes and salaries up to date and clean the place up. From the standpoint of the fraudulent legal title under which the property is currently being held, the recovery team was under no obligation to make such payments. Such remains the case, today.

Of course, Johnson's MO is to have his cake, eat it, charge others for it, demand someone pay for a new cake and the cost to refrigerate it, refuse to acknowledge that there ever was a cake, accuse anyone within sight of having stolen five cakes, and assaulting the bakers wife! Will this translate into Johnson claiming that Mario Del Real is responsible for all GGC obligations because thief #2 (Real) stole the booty from thief #1 (Johnson)? Johnson's recent history shows that, if one can imagine it, Johnson can do it, claim it's the truth or accuse someone else of doing it. The least likely of all things to occur is that Johnson will keep his word to anyone or anything he's talked about.

## No Honor Among Thieves

Johnson appears to have been out-swindled by Mario Del Real who somehow ended up with a significant portion of the shares of Johnson's personal entity and, therefore, ownership of GGC. Johnson is suing Mario Del Real regarding this transfer/sale. Though he claims to be active in the suit, records show there has been no activity on it since November of 2014.

The investors have been requesting, then demanding, that Johnson share accounting and legal documents with them for 205 days, now. Johnson has been putting them off by returning their requests with either accusations or document fragments that are available to the public. Using Jerry Folta as an intermediary, Johnson recently tried to get the recovery team to pay his accounting bill of \$8000 to get access to the records the team paid for, long ago. Here's an example of the kinds of "deals" Johnson tries to make behind the scenes with his investors: The GGC team was to

pay the accountant, in full, and in return would receive an income statement and balance sheet. The full accounting detail of all transactions would then be sent to Johnson and denied to the recovery team!

Well, the GGC team did not take the “deal” as they had already gathered the documents and conducted their own painstaking forensic accounting of what has transpired. As outrageous as the “deal” offered to the team was, an important thing to note is that Johnson doesn’t even have a copy of his own books!

## Johnson’s Law

The cost of filing a completed criminal complaint in Chile is ~\$50,000 US., but Johnson has not filed anything with the Chilean courts, recently. The complaint he showed up with at the GGC gates on April 20th, with two policemen in tow, was likely a prop drawn up by a lawyer (Johnson doesn’t speak Spanish).

Johnson’s “complaint” was that the farm workers were selling off his property to pay farm worker salaries and pensions. One must understand that Johnson’s priorities leave the payment of expenses such as farm worker salaries downstream of just about everything.

Cobin made a comment on a podcast in early 2014 wondering when Johnson would run out of lawyers willing to work for him as Johnson seems to have trouble paying his legal and accounting bills. That could mean his current lawyer either won’t be around for long or is expecting a form of compensation other than money.

## Johnson is Probably Furious and Broke

If Johnson is the psychopath he’s widely speculated to be such predators are infuriated by exposure of their crimes and schemes. They become physically ill upon losing control to their “Inferiors” (Everyone other than themselves). One theory is that Johnson was

so infuriated when the recovery team took over physical control of the property, last October, that he couldn't stand himself until he took it back. As trivial and adolescent as this may seem to an outside observer such motivations are quite real and possible to a psychopath.

Johnson presents as positive for most items of Dr. Robert Hare's psychopathy checklist. As such, it's not irresponsible to use the metaphor that we are all mere projections in the twisted video game Johnson sees through his eyes that he calls his life. There's a certain threshold of destruction and pain that can only be inflicted by those incapable of feeling empathy for their fellow man and many of those directly involved with GGC believe Johnson is there.

Ironically, Johnson's occupation of the land is of minor importance to the recovery team. It may even give the team the ability to retain the moral high ground while letting Johnson pay "his own" bills, for a change. Any money that Johnson uses to pay a bill would have come from the investors, anyway. In that sense, any bills he pays might be viewed as a form of recovery.

Johnson, like socialism, may also be running short of other people's money, about now, and need a place to stay. Since he used investor money to pay for the property they should send him an invoice for the rent he's now accruing by occupying the property and blocking such income to investors. His rental rate could be set at the same rates he quoted for a per-night stay at the hacienda in the sales brochures (\$150 per night). Every month Johnson occupies GGC would incur rent due of \$4,500 US.

## Water Rights?

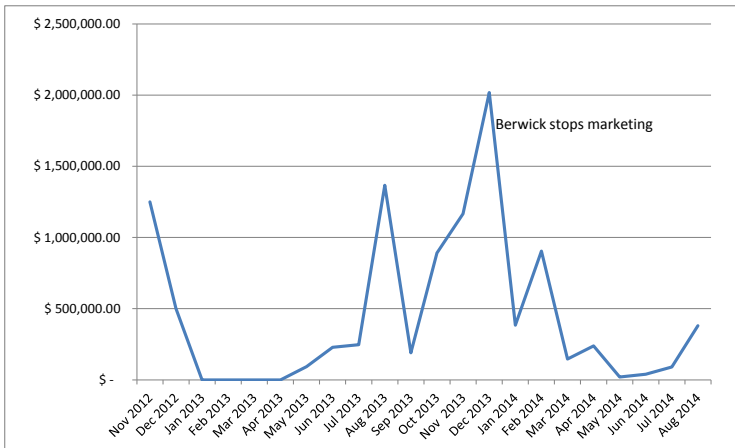
Johnson may have something up his sleeve in attempting to sell-off (Again) the most valuable asset of the GGC land: Water rights. Although the injunction, which blocks any sale until all legal actions against the property are resolved, is still in place, Johnson's current lawyer has experience in the area of water rights. It's not outside of the realm of possibility that Johnson has worked



a deal with the lawyer to do this. The criminal complaint Johnson filed, that enabled him to show up at the gates with two policeman, can cost as much as \$50k US to perfect. Johnson may have worked some back-room deal with the lawyer to work, Pro-bono, with the promise of a share of future water rights. This is mere speculation on my part, but possible, considering what is of remaining value of El Lepe outside of free rent for Johnson.

### Johnson Surfaces to Contact Wendy McElroy

Johnson “surfaced” in March to contact libertarian writer, Wendy McElroy, who purchased an option on a GGC parcel with her husband, Brad. Though Wendy is no fan of Johnson she thought perhaps talking with Johnson would facilitate some progress in negotiations without further involvement of State entities. For Johnson’s part, he’s received nothing but the bad press he deserves since Wendy’s exposé, last year. Perhaps Johnson thought he might turn that around if he could be seen as reasonable to a talented writer and GGC option owner. McElroy broached the possibility of further exchanges with Johnson to investors and I have no information about how it might have been received or if any progress was made.



No doubt Wendy’s exposé saved some number of potential new investors from losing money in GGC. She was not, however, responsible for the drop-off in GGC sales, as previously speculated. A forensic accounting of sales receipts shows a precipitous drop-

off of investment money in January 2014 after Berwick stopped marketing GGC in October of 2013. So, after deals already in the pipeline were closed ... sales slowed to a trickle. As described in Part 4 of this series, Berwick's marketing efforts were the prime mover in bringing investor money into GGC. When Berwick stopped marketing, people stopped investing. Wendy's articles exposed the reasons why Berwick stopped marketing but she did not cause him to stop. Berwick followed up the next day with an article of his own confirming Wendy's information and adding his own take on the state of GGC and why he stopped marketing efforts.

GGC CASHFLOW SUMMARY--INVESTOR FUNDS AND REAL ESTATE PAYMENTS ONLY

Month	Investor US\$ Inflow	RE Payments	Monthly Flow	Cumulative	Notes
Nov 2012	\$ 1,250,200.00		\$1,250,200.00	\$1,250,200.00	
Dec 2012	\$ 500,000.00	\$ 1,169,155.00	(\$669,155.00)	\$581,045.00	El Peñon
Jan 2013	\$ -				
Feb 2013	\$ -				
Mar 2013	\$ -				
Apr 2013	\$ -				
May 2013	\$ 92,932.00	\$ 98,039.22	(\$5,107.22)	\$575,937.78	Lepe earnest payment
Jun 2013	\$ 228,800.00		\$228,800.00	\$804,737.78	
Jul 2013	\$ 247,000.00		\$247,000.00	\$1,051,737.78	
Aug 2013	\$ 1,367,138.63	\$ 1,470,588.24	(\$103,449.61)	\$948,288.17	payment w/ Lepe p&s
Sep 2013	\$ 189,725.00	\$ 198,019.80	(\$8,294.80)	\$939,993.37	late fine
Oct 2013	\$ 891,189.66	\$ 198,019.80	\$693,169.86	\$1,633,163.23	late fine
Nov 2013	\$ 1,166,300.00	\$ 198,019.80	\$968,280.20	\$2,601,443.43	late fine
Dec 2013	\$ 2,017,874.00	\$ 1,985,627.84	\$32,246.16	\$2,633,689.59	incl. late fine
Jan 2014	\$ 383,455.00	\$ 1,591,698.11	(\$1,208,243.11)	\$1,425,446.48	incl. late fine
Feb 2014	\$ 804,843.93		\$804,843.93	\$2,230,290.41	Banco de Chile
Mar 2014	\$ 146,686.07		\$146,686.07	\$2,376,976.48	Banco de Chile
Apr 2014	\$ 238,208.00		\$238,208.00	\$2,615,184.48	Banco de Chile
May 2014	\$ 19,970.00		\$19,970.00	\$2,635,154.48	Banco de Chile
Jun 2014	\$ 39,970.00		\$39,970.00	\$2,675,124.48	Banco de Chile
Jul 2014	\$ 89,940.00		\$89,940.00	\$2,765,064.48	BCI
Aug 2014	\$ 380,342.00		\$380,342.00	\$3,145,406.48	BCI
	\$ 10,054,574.29	\$ 6,909,167.81			
Funds received after last Lepe payment made:			\$ 1,719,960.00		

NOTES

- \* GGC Investor flow into Banco de Chile: \$993,044.07. Vast majority of this was not forwarded to GGC.
- \* We believe that the flow into BCI was paid to Johnson, less Monica's contract payment of \$100,000.
- \* Investor flows for Rio Colorado not included in this table: \$253,386.07
- \* From March 2014 onward, Johnson didn't pay all the expenses of the farm.

Kenneth Dale Johnson ran through \$3.145M of investor funds in a mere 22 months to develop a project that was not developed.

## Farm Status

The lemon trees need 50 Liters per second (LPS) to thrive and are now only receiving 1.5 LPS. Receiving so little water will greatly stress the trees and is a bad indicator for next years harvest.

The office and Hacienda were in great shape prior to Johnson's reoccupation with pictures to prove it. In fact, it might have been about time to start renting it out for supplemental income to support the farm. Now that Johnson's on site and blocking access to the investors, again, Johnson will most likely let the property fall back into decay. For all of Johnson's lies the place was approaching biohazard status as the recovery team came on site, in October. We can only hope that Johnson's hyped "Animal sanctuary" has also lost its credibility and more dogs won't be dropped off to starve to death while Johnson feeds salmon filets to his own dog.

## Litigation Pending

There are two civil suits pending from investors:

1. Josh Kirley's suit which questions the procedures with which "El Lepe" was purchased from Ramirez, by Johnson. The Chileans are meticulous in their paperwork and Johnson showed the wrong ID for the deed of purchase. However, he did show the correct ID (Passport) in the closing. This civil case has already been heard and is awaiting a decision.
2. Jerry Folta's civil suit, filed on 4/2/15, on behalf of Jerry's entity (Jumpin' G SpA) against Johnson's entity, Inmobiliaria Galt's Gulch S.A., for \$450,000. Folta paid \$450,000 US for the purchase of a 25 acre lemon orchard lot. It appears to me that Folta's suit is positioned to become an uncontested judgment that will be turned into a lien against Johnson's entity. Such a lien would put Folta in line before other investors should the company that holds the property be sold. Should Kirley's suit start fraudulent sales to unravel Folta's at the front of the line to block the sale or be paid off first.

I should mention that Johnson's suit filed against Mario Del Real is about the theft of already stolen property. The first theft was performed by Johnson as he took investor money and used

it to take ownership of the land in the name of his own personal entity and not the entity formed by Cobin, Eyzaguirre and Berwick with which receipt was to be taken. Therefore, Johnson's suit against Real involves the dispute between thieves of previously stolen property.

Civil lawsuits are not issued a date to be heard in Chile. This is Chilean style justice and cases are heard as the judge gets to them or sees fit. The general public does not know when a case "is about to be heard", despite Johnson's public warnings.

## Folta's Follies

Jerry Folta has been playing both sides against the middle since GGC started unraveling. He pretends to support Johnson while filing civil suits against him. When questioned, he says the other investors don't understand what's going on and that he's not suing Johnson. Technically, it's Jerry's entity (Jumpin' G SpA) filing against Johnson's entity (Inmobiliaria Galt's Gulch SA). Is that what investors don't understand? That the civil suit is filed between entities and not people? If so, Folta's playing word games with the investors. Folta's contracts are convoluted, as well, with all sorts of meandering language and terms.

If Folta still supports Johnson and yet files such lawsuits against him, then they're both playing games such as what I've described as a lien disguised as a civil suit. What normal business relationship involves sending invoices to each other in the form of civil lawsuits? Perhaps a relationship in cahoots to use any form of fiat they want to make things go their way: Fiat loans, invoices, liens, mortgages, and even civil lawsuits, in whatever manner they agree to use them to protect their interests. It will take more digging to unravel such alleged constructive filings, completely, and I have not done so.

## Short-term Predictions

My predictions are that the same sorts of things that happened before, when Johnson was “in charge” and blocking farm access to the investors who paid for it, will happen again:

- † Johnson will make no improvements, whatsoever, to the property.
- † Johnson will conduct no maintenance, whatsoever, to the property.
- † Johnson will string along, exploit and burn any employees or creditors who didn't learn the folly of trusting him the last time around.
- † The place will be slowly returned to biohazard status as a result of Johnson's squatting and “living” habits.
- † No bills will be paid so the electricity, and any other utilities, will be shutoff per the policies of the local Chilean energy provider.
- † Johnson will spend his days trying to figure out how to sell-off anything of value he possibly can: Water rights being the crown jewel and trickling downwards from there.
- † Any money Johnson receives as a result of one of his sell-off schemes will go directly into his pocket and to no one else.
- † And, last but not least: Even Jerry Folta will get further burned by Johnson.

When Johnson sends public updates about GGC I've found the best way to glean any actual truth they may contain is to invert every assertion and work from there.

# 8

## Jerry Folta's Legal Action against IGGSA

### E-mail Sent to Jerry Folta

From: Terence

To: jerry@foltas.com

Date: Mon, 04 May 2015 21:14:41 -0700

Jerry,

My name is Terence Gillespie, the author of the GGC  
Series Parts 1 - 6, starting here:

<http://mcgillespie.com/galts-gulch-chile-story-timeline-references/>

I'm writing to request a comment from you on an apparent snippet of an e-mail exchange between yourself and Wendy McElroy that Kenneth Johnson cut/pasted into the comments section of a recent Panama Post article.

---

On May 1, 2015, at 5:04 PM, Wendy McElroy wrote:

Are you suing Ken J?

On Fri, May 1, 2015 at 5:08 PM, Jerry Folta wrote:

Absolutely not. Cathy, as is her way, got it wrong."

---

Here are my questions for you, Jerry:

1) When you wrote, "Cathy . . . got it wrong" did you mean that it was actually lawyer, Héctor Hernán Herrera Flores, who filed on

behalf of entity “Jumpin’ G’s SpA” against Inmobiliaria Galt’s Gulch S.A. per this public document?

CORTED DE APELACIONES DE SANTIAGO

Sec: Civil Folio: 00240284

Procedimiento:

Jdo: 18 CIV Rol : C-007863

Fecha: 02--04-2015 Hora : 12: 42

Materia : C01

2) Is “Jumpin’ G’s SpA” your entity or one in which you have an interest?

3) Why did you use that entity in the “Promesa de Compraventa y Prestamo” with IGGSA for a 25 acre lemon orchard lot?

4) Who is required to respond to the action, Pamela Del Real or Kenneth Dale Johnson?

5) Why not use arbitration, which your contract allows, instead of a much more expensive civil action?

I’m writing an article about this filing as I think it’s applicable to the series, and more importantly, justice and restoration to investors such as yourself. Please respond within three days so that I may include your view on the matter.

I’m sorry for any losses you’ve had with respect to GGC. All private correspondence between me and you will be kept private, if you prefer. However, the questions I am sending you will be in my article. Please mark clearly any information in your reply that you would prefer to be kept private.

Thank you,

Terence Gillespie

[McGillespie.com](http://McGillespie.com)

## Jerry’s Response

Hi Terence:

Jumpin’G’s SpA is owned by a Trust that I set up for the benefit of myself and my heirs. The current General Manager of IGG-SA according to public record is Pamela Del Real. Arbitration is inappropriate because she became General Manager as a result



of fraudulent actions. The approach I'm taking hopefully provides flexibility going forward in clarifying the legal ownership of GGC.

Once ownership is legally clear it is hoped all buyers/investors, including members of the Rescue Team, will take title to their properties (as well as GGC equity for First Round Founders) and GGC can be completed.

Jerry

## Inference & Analysis

Prior to sending the e-mail, above, to Jerry, I published a detailed inference about it's meaning with respect to GGC investors and Folta. Having now received Folta's response to my questions I'll supplement that public inference by adding comments to the original under the heading "To Which I Add/Clarify". Here's what I originally wrote:

Defendant: Galt's Gulch S.A. . . . Don KENNETH DALE JOHNSON,

El Promitente comparador (Jumpin' G's SpA)  
\$450,000 US.

Here's how it works GGC Investors: Jerry's entity filed a civil suit against Inmobiliaria Galt's Gulch S.A. on 4/2/15. Johnson lets the suit go through without protesting and Jumping' G (Jerry Folta) "wins" the suit, by default.

Now, if Josh Kirley's suit goes in favor of the GGC Investors then Jerry Folta is first in line to get paid. How? Because Folta takes the judgment and turns it into a lien against Inmobiliaria Galt's Gulch S.A. Now, guess who has to get paid first when the entity (Land) is sold? Correct: Folta.

If Josh's suit goes the other way then Johnson "pays off" Jerry's suit for \$1 or whatever.

Folta and Johnson have been playing both sides against the middle the whole time. This is just more of the same. I highly doubt \$450,000 was ever given to Johnson by Folta. This is just a way for Jerry to recoup his losses with Johnson before the other 75 investors.

Now, do you see why Folta is technically telling the truth when claiming he's not "suing" Ken Johnson? No, it's his entity that has filed the suit. And if you question Folta about that then he'll still deny it and even that is true. No money changed hands and he's already agreed in advance on the sham with Johnson.

It's a LIEN disguised as a CIVIL SUIT!

Welcome to the world of fiat money, invoices, bills, and yes, civil suits. Just because there's a number on a suit between two supposedly "warring" parties does not mean any money has changed hands or that anything is really owed.

## To Which I Add/Clarify

Folta's action is filed against "Inmobiliaria Galt's Gulch S.A.," referred to as IGGSA. The original entity created by Cobin, et. al., was "Galt's Gulch Chile S.A.. Therefore, Folta's action is against Johnson's personal entity into which he fraudulently conveyed receipt of GGC properties purchased with investor money. This fraudulent conveyance is the primary and largest fraud, performed by Johnson, that caused all the "controversy" about GGC.

Even if Johnson shows up to contest the action it could still go in Folta's favor.

This is a legal, not a moral, inference that I'm making about Folta becoming first lien holder in line. Morally, all investors are equally entitled to restitution. Legally, it may not make Folta first in line but it would make him among the few investors with a state judgment in their hands, unless others decide to file such actions. Also, the lien would be against an entity holding stolen property. Whether or not the Chilean courts would recognize or consider this fact is anyone's guess. That probably depends on the decision regarding Josh Kirley's separate action currently awaiting a judgment

My hope is that neither Jerry Folta, nor any investor, would be foolish enough to go along with such a scheme with Johnson. Also, as written in my e-mail to Folta, the last thing I want to see is any investor losing more money to Johnson.

As described in Part 6 under the heading of “Litigation Pending”, I have since learned that Folta did purchase a Promesa (Option) for a 25-acre lemon orchard lot. I have no reason or evidence to believe that Jerry did not pay real money for this lot (Or an option for such a lot, anyway). My inference that Jerry is “Playing both sides against the middle” is based on his continued support of Johnson amidst an avalanche of evidence and eye-witness testimony that Johnson’s a crook. It’s also based on Jerry’s strange and veiled responses to specific questions from the recovery team and a rather misleading response to an e-mail from Wendy McElroy (A private e-mail made public by Johnson, I might add).

When you have people, entities, and representatives of entities, involved in legal filings things get murky and one can play lots of legalistic and semantic word games with the truth. There are so many combinations of possibilities for casually, but inaccurately, describing Folta’s action that anyone who doesn’t get the language exactly correct can be easily (And maliciously) accused of “not knowing what’s going on” or, in Cathy Cuthbert’s case, “... as is her way, got it wrong”. My e-mail to Folta was more specifically worded. As you can see by Folta’s response, Cuthbert was closer to the truth than one might gather from Folta’s dismissive, and unforthcoming, e-mail response to a straightforward question by Wendy McElroy with the same general intent. So, why didn’t Folta just explain the details?

And, what about Folta’s legal action might “clarify legal ownership of GGC?” If the judgment is turned into a lien against IGSA then it most certainly is a lien disguised as a civil suit.

## The Big Picture in Simple Words

Can the booty of a theft be liened?

Someone steals money from my partner and I. The thief uses the money to buy a car and puts his corporation on the title. Then the thief meets another thief who transfers the shares of the corporation into his name. Upon finding out about the car my partner panics and files a lien against the shares of the corporation. Now,

what happens when the car is found and I try to get my money back? I can sell the car and split the money with my parter, right? Or, if we want the car we can keep it in our partnership, right?

Key: The GGC investors and Folta are the partners. The first thief is Johnson. Sarrazin and Ramirez sold the car. The second thief is Mario Del Real. Jerry Folta is the lien-holder. The GGC investors and Jerry are the rightful owners of the car.

The moral and legal answer should be that nothing downstream of the original theft matters. And, in the case of Jerry Folta's legal action, a lien on the shares of the corporation formed by a thief with money he stole is merely a stopgap measure in case the original owners of the money gets shafted because everyone is so confused about the theft and the shares of the car.

It's a little more complicated than that but I'll expand on the metaphor in future updates.

Folta is hedging his bets in case the money won't or can't be returned to the original owners but the shares of the corporation may be returned to thief number one, Johnson. Actually, the second thief could keep the "car" and Folta's legal action would still hedge his bets if his legal action prevails.

Anyway, That's GGC in a nutshell, folks.

## **Jerry Folta's Legal Filing against IGGSA**

CORTE DE APELACIONES DE SANTIAGO  
Sec: CIVIL Follo: 00240284  
Jdo: 18 CIU Rol : C-007863  
Fecha: 02-04-2015 Hora : 12:42  
Materia : CC1 Distit : MBR

Procedimiento: Gestión preparatoria.-  
Materia: Citación a reconocer firma.-  
Demandante: Héctor Hernán Herrera Flores.-  
Rut: 6.694.031-4.-  
Domicilio: Paseo Bulnes 79 oficina 77, Santiago.-  
Abogado: Héctor Hernán Herrera Flores.-  
Rut: 6.694.031-4.-  
Domicilio: Paseo Bulnes 79 oficina 77, Santiago.-  
Demandado: Kenneth Dale Johnson.-  
Rut: 24.604.159-8.-  
Domicilio: María Teresa N° 6220, of. N° 505 Las Condes.-

EN LO PRINCIPAL: Citación a reconocer firma.- EN EL PRIMER OTROSÍ: Acompaña documento y custodia.- EN EL SEGUNDO OTROSÍ: Acredita personería.- EN EL TERCER OTROSÍ: Patrocinio y poder.-

1

### S. J. L. CIVIL DE SANTIAGO

**Héctor Hernán Herrera Flores**, abogado, con domicilio en Paseo Bulnes N° 79 oficina N° 77, Comuna de Santiago, en representación según se acreditará de la sociedad Jumpin' G's SpA, RUT 76380902-1, con domicilio en calle La Concepción N° 56, oficina N° 602, Comuna de Providencia, a US. respetuosamente, digo:

Don **KENNETH DALE JOHNSON**, factor de comercio, cédula de identidad para extranjeros N° 24.604.159-8 y pasaporte de ESTADOS UNIDOS DE NORTEAMERICA N° 457264203, con domicilio laboral en calle María Teresa N° 6220, of. N° 505, Comuna de Las Condes y domicilio residencial en calle San Manuel N° 131 Condominio mirador de Curacavi, Comuna de Curacavi.

En su calidad de representante legal de Inmobiliaria Galt's Gulch S.A. RUT 76.234.579-K a la época de su firma el día 17 de diciembre de 2013, suscribió un contrato de promesa y mutuo, en el que en la cláusula Décimo Primero mi representado otorgó en calidad de mutuo la suma de CUATROCIENTOS MIL DÓLARES, los que a la época de la entrega del dinero equivalían a **\$211.308.000 (DOSCIENTOS ONCE MILLONES TRESCIENTOS OCHO MIL PESOS)**, según da cuenta el impuesto que se pagó el mismo día de la firma.-

El contrato en referencia, cuyo reconocimiento de firma se solicita, se firmó ante el notario suplente de la 48° notaría de Santiago, don Gustavo Montero Martí.-

A fin de preparar la vía ejecutiva en contra de la sociedad Inmobiliaria Galt's Gulch S.A. RUT 76.234.579-K, vengo en solicitar se cite a don **KENNETH DALE JOHNSON** a la presencia judicial a fin que, bajo juramento, reconozca como suya la firma puesta en el instrumento que se acompaña en un otrosí, en su calidad de representante legal de la sociedad Inmobiliaria Galt's Gulch S.A. RUT 76.234.579-K a la época de la firma, cuya exhibición solicito en la audiencia respectiva.-

Tenga presente US. que si bien las partes pactaron una cláusula compromisoria. En la cláusula Décimo Primero en que se consigna el mutuo, exceptuaron de arbitraje las obligaciones derivadas del mutuo, estableciendo expresamente en el inciso final de la citada cláusula:


*"Las partes acuerdan que el Promitente comprador (Jumpin' G's SpA) respecto a esta cláusula podrá elegir sin restricción alguna someter el cobro del préstamo a la cláusula arbitral que se establece en la cláusula Décimo Cuarto o recurrir a los tribunales ordinarios de justicia, por lo tanto las partes acuerdan que la presente cláusula prevalece a lo acordado en la cláusula Décimo Cuarto sobre arbitraje del presente instrumento".*

**POR TANTO**, a fin de preparar la vía ejecutiva en contra de la sociedad Inmobiliaria Galt's Gulch S.A. RUT 76.234.579-K, y de acuerdo con lo dispuesto en el artículo 435, 436 y 434 N° 4 del Código de Procedimiento Civil, **RUEGO A US.** ordenar que se cite a don **KENNETH DALE JOHNSON**, ya individualizado, a la presencia judicial, a fin que bajo juramento, reconozca como suya la firma puesta en el instrumento que se acompaña en un otrosí, en su calidad de representante legal de la sociedad Inmobiliaria Galt's Gulch S.A. RUT 76.234.579-K a la época de la firma, cuya exhibición solicito en la audiencia respectiva, bajo el apercibimiento que disponen los artículos 435 y 436 del Código de Procedimiento Civil.-

**EN EL PRIMER OTROSI:** Ruego a Us. tener por acompañado documento notarial de promesa y mutuo, firmado por don **KENNETH DALE JOHNSON** ante el notario suplente de la 48° notaría de Santiago, don Gustavo Montero Martí, con fecha 17 de diciembre de 2013, disponiendo su custodia en la Secretaría del tribunal hasta el día de la audiencia respectiva.-

**SEGUNDO OTROSI: RUEGO A US.** tener presente que la personería que invisto se acredita suficientemente con copia de mandato judicial otorgado por el representante legal de Jumpin' G's SpA y la protocolización de constitución de la sociedad, que se acompañan con citación.-

**TERCER OTROSI: RUEGO A US.** tener presente que en mi calidad de abogado habilitado para el ejercicio de la profesión, asumo el patrocinio y poder en esta causa, con domicilio a estos efectos en calle Paseo Bulnes N°79, oficina N° 77, Comuna de Santiago.-

  
C.I. 6624031-4

## 9

## Investors File Criminal Charges, FBI and IRS Notified

**AS PROMISED BY** investor Lt. Col. Thomas Baker, the forensic reconstruction of Galt's Gulch Chile has been completed and was hand-delivered to the FBI and the IRS on June 8th, 2015. Informed by the reconstruction, investor David McLeod filed criminal charges against Kenneth Johnson and Pamela Del Real in Chile (Docket number RUC 4710-2015) on May 20th. More US civil suits against Johnson are likely to follow.

On a phone call with Cathy Cuthbert, she described the forensic reconstruction as a wellspring of previously unknown facts and details about what actually transpired around GGC. Timelines, Contracts, Accounting, Wire Transfers, Corporate reports, Recorded conversations between Johnson and investors, Videos, Credit reports, etc. showing Johnson to be at the heart of the problems surrounding GGC he has blamed on others. In other words, despite Johnson's claims of working for the investors as a developer the reconstruction shows that the "service" Johnson has been providing them is similar to that which the bull provides the cow.

Readers of this GGC series will find it no surprise that Johnson used investor funds to spin a complex web of deceit involving multiple entities, off-shore trusts, multiple bank accounts, share swaps with Mario Del Real and others, inflated prices, ridiculous late fees, absurdly negotiated prices, etc. all while using corporate bank accounts like a personal checking account.

It's tempting to leave Jeff Berwick out of discussions about GGC now that he's so publicly apologized. Unfortunately, his involvement in cutting Cobin and Germán out, starting a different entity into which to take title (IGGSA) and trying to get the New Zealand



trust and offshore structures in place is quite evident in the reconstruction documents. There's little doubt Ken Johnson was the instigator of the most serious problems with GGC, and continues to make all things worse with his presence and current behavior. However, to say Berwick wasn't a key enabler and help to Johnson with highly questionable activities, at the beginning of GGC, is to miss the significance of Berwick's apologies. As mentioned in chapter 3, my hope is that Berwick will externalize his contrite heart into some modest assistance to ongoing recovery efforts or investors in extreme need. With the introduction of these new charges, with more to follow, the publicity surrounding the aftermath of GGC is not going away, anytime soon.

Note: The criminal charges filed by David McLeod, and some documents of the forensic reconstruction I was able to coax from the recovery team, have been added to the free E-book, "The Creature from Galt's Gulch". I will continue to add such elements to the book as I receive them and within the boundaries of preserving the privacy of the investors.

## Justice Provided by the People Involved

As described by Cathy Cuthbert and Thomas Baker, the breadth and depth of the forensic reconstruction they've put together is quite impressive. It's not only a meticulous investigation and gathering of documents but they've formatted the whole thing into a package that makes it accessible to outside parties.

I'm not sure what may have transpired between Tom and Ken but the USMC motto of "No better friend, no worse enemy" might echo in Johnson's mind for some time to come. That is, if Johnson is able to comprehend what has just happened to him. The agencies he's just been reported to will hound him for the next decade. Half of that decade will be spent defending himself against the criminal charges that were filed against him in Chile on May 20th, by David McLeod. And, there's more to come. A rather obvious tip to Johnson would be: The next time Tom makes an offer of either "Friend" or "Enemy" . . . go with the former choice. Who knows?

Maybe the recovery team would still let Johnson wiggle out of his fraud if he'd just hand over the land the investors paid for.

The FBI white collar crime fraud division will find that most of the investigative, forensic accounting, and reconstructive work has been done and hand-delivered to them by the recovery team. With so much work already complete perhaps the agency will bump the case to the top of their case-load so they may stand in front of their logo at a news conference and receive some good publicity.

## The Del Real Factor

Johnson is solely responsible for inviting a local Chilean, Mario Del Real, into GGC affairs. And yet, investors have been made to suffer Johnson's endless complaining about problems he's had with Mario and his daughter, Pamela. That's because Johnson performed a bizarre GGC stock swap with Mario hoping to make big money on the value of water in an Andes Water company called Rio Colorado. By the time the smoke had cleared Mario owned most of IGGSA and his daughter was the general manager of the company! In other words, Johnson was no longer the dominant share holder of GGC and had lost all control over the entity that holds the land. What great "Development" work, Ken!

(To understand more about this failed deal see Chapter 7, "The Rio Colorado/GGC Share Swap", in the GGC E-book.)

If you've read my "Stolen Car Metaphor" at the end of Part 7 you know my take that Johnson's epic fail with the Del Real share swap is merely the lamentations of a thief who bungled and lost the proceeds of a previous theft. The fact that Johnson's audience for these lamentations are the victims of the first theft is exactly the kind of behavior I find consistent with Dr. Robert Hare's psychopathy checklist.

Any deal Johnson made with stolen shares of stock can, and should be, overturned. Therefore, whether the Del Reals colluded with Johnson, or are merely his victims, is a matter for a judge to decide (Yes, there is no longer any way to resolve GGC disputes without involving state agencies, unfortunately). Pamela Del Real's

resume (She's now the general manager for IGGSA) shows substantial accounting expertise. Such expertise will make it impossible for her to plead ignorance if there was any foul-play on the Del Reals part.

## Johnson's Latest Ploy, Revealed

Johnson has now revealed his latest ploy and what's behind his re-occupation of the GGC hacienda and grounds. And, surprise, it's a variation on his usual ... lies mixed with just enough truth to confuse and divide his listeners against themselves while holding out a carrot and stick for those who either cooperate or resist.

More specifically, Johnson is trying to confuse and divide investors against lead investor Josh Kirley hoping they'll put pressure on Josh to relent in his legal actions which have locked up Johnson's sale and pillage of IGGSA assets. He also wants the investors to help him get rid of his "Del Real" problem. The carrot Johnson offers is the same old title to land he's been promising investors, and not delivering, for the past two years. The stick is his continued presence and purported counter-attacks on investors who "continue to attack him". For those not familiar with Johnson-speak, the word "attack" describes the actions of anyone who points out to Johnson another of his own broken promises.

If only the investors will help him convince Kirley to relent, and help him get rid of the Del Reals, then Johnson can deliver, at long last, the coveted Titles to actual land the investors have been pestering him about, all this time.

## E-mail Between Host and Parasite

A recent e-mail exchange between Josh Kirley (The host) and Ken Johnson (The parasite) is an excellent illustration of what actually went wrong with GGC. It's also an excellent example of what

happens when “The creature” is confronted with truth.

My thanks to Josh Kirley for making this e-mail exchange available:

On Thu, May 28, 2015 at 12:27 PM, Josh Kirley <joshkirley@gmail.com> wrote:

“Ken,

For two years, you keep sending out the same emails. Always full of juicy drama, promising the release of more information in the future. This behavior is unprofessional. It inspires no confidence. Why can't you just do your job? Try building something. Try living up to your responsibilities. Produce something. Be accountable. If you are GGC's Minister of Propaganda, who is the Project Manager? Your accusations are baseless and defy all logic.

Tell me if you can refute the accuracy of the following facts. I swear to their order and authenticity.

1) You are wholly responsible for bringing the del Reals into this nightmare.

2) You pleaded with me to give 1 to 2.5 million dollars to Mario del Real for his Rio Colorado Project. You personally vouched for Mario, insisting the Rio Colorado deal was a “No Brainer” and a “Homerun”

3) I told you that I had my suspicions about del Real and would get back to you after performing some due diligence.

4) Once I told you that I was not willing to put money into a second Chilean investment, you totally reversed course.

5) You refused to provide me with del Real's Ruta number, or even his full name, intentionally stonewalling my attempts to research his background.

6) You told an entire room full of defrauded investors at the second festival that your deal with del Real was a “totally separate” matter between you and him.

7) You told all of us that your alliance with del Real was “none of our business” and would have no impact on our contracts.

8) When I offered to pay, out of my own pocket, to have del Real looked into for you, you refused my help, saying that you feared if I looked into del Real, he might “get spooked” and walk away from your deal.

9) Weeks later, you came back to me, begging for a million dollars. You said that you were double crossed by del Real and you needed me to buy back the shares that you gave to him.

10) When I would not bail you out, you predictably changed your characterization of my relationship to the project from savior to saboteur.

I’m sorry if I cannot respond to each of your lying emails. But, I have to give priority to my day job. I suggest you do the same. Maybe start by paying employees, repaying loans, and living up to the contracts you signed.

Josh Kirley”

## **The Parasite Responds**

“Josh,

As you know, you are lying about most all that you discuss. There are communications between you, Monica Wehrhahn, Ken Carpenter, Alison Sherman, the Del Reals and more. Do you think that those just disappear because you are now pitching your false storyline to yet another news outlet? This has always seemed to be a publicity stunt for you, just as GGC always have been for Jeff Berwick.”

Johnson then goes on a bizarre rant about Jeff Berwick and Bit-

coinATM, Wire Transfers, Cafayate, Argentina (If you can believe it) and ends with:

“We are working on completing what Mr. Aguirre was unable to complete, or was unwilling to complete. We are working to fix the \$1m+ damages that those labeling themselves “rescuers” of GGC have inflicted upon the farm, buildings and property. We don’t spend our time pitching a false story line for our own publicity, as Mr. Berwick and yourself seem to focus on quite a lot.

Ken”

Notice that Johnson does not dispute, nor even address, any of Kirley’s questions or statements. This is the way e-mail “Exchanges” and “Dialogues” go with Johnson. For readers who may have wondered . . . “Why don’t they just ask Johnson if [Insert simple question here] the above exchange with Josh Kirley is your example. Josh speaks the pure truth and asks sincere questions and, in response, Johnson doesn’t respond, at all.

The last paragraph is classic Johnson-speak. For readers who don’t understand the dialect his e-mails usually end with a payoff like this if you know how to read Johnson-speak. That is, you take all accusations as a literal description of what Johnson, himself, has done or is doing. In his last paragraph, therefore, we learn that Johnson has caused more than a million dollars of damage and is pitching false story lines for his own publicity.

## Johnson’s Assaults

I’ve spoken with two people who were physically assaulted by Ken Johnson. The first was a young man Johnson tried to push around (Mentally and physically) during Johnson’s employment with The Dollar Vigilante. This young man would not tolerate Johnson’s nonsense and was the first person to speak up to Berwick about his suspicions about Johnson poisonous behavior. If Berwick had listened it’s anyone’s guess how Galt’s Gulch Chile might have played out without the involvement of Ken Johnson.

The second assault was that of a 70-year-old Salesman that worked for GGC who didn't fare so well in the "Encounter". Sandy "Clarence" Sandfort was grabbed by the lapels and thrown over a couch by Johnson when he learned that Sandy was about to leave Chile after all of Johnson's promises had remained unfulfilled. Sandy was severely bruised and Johnson had almost managed to break a few of Sandy's ribs. He was so shaken up by Johnson's assault that Berwick had to fly in the next day and negotiate an NDA and pay-off to keep Sandy quiet about the assault. Johnson later broke the terms of that NDA by talking about the assault with a third-party. Hence, Sandy's retelling of the assault to me.

### and Taunting . . .

[Tatiana Moroz](#), who worked for Ken Johnson and wrote [the GGC theme song](#), shares [her experiences with GGC](#) and with sociopaths in the "Liberty Movement". Most of what involves GGC is in the first 25 minutes of the video, but, the ladies (With Julia Tourianski, BraveTheWorld.com, and Gigi Bowman, [gigibowman.com](#)) go on to tell other fascinating stories around the theme.



Contrast the story Tatiana tells in the above video with [the excitement she started out with](#) and you'll get a feeling for the roller coaster ride that was GGC. Tatiana perfectly captures the cognitive dissonance felt by most who've followed the promise, and then the reality, of GGC in the hands of Ken Johnson.

### Favorite excerpts:

"This nonsense [Sociopaths in the Liberty Movement] is disgusting and ridiculous ... and what's gonna happen, here, is that people are going to leave and they're not going to want anything to do with it (True Liberty) and all we're going to be left with is the dirtbags who think this kind of behavior is ok.

"...And I'm sick and tired of the people that are trying to call attention to the sociopathic behavior within our own movement

getting trashed. We say that we're going to go against Obama, we're going to beat the NWO, we're a bunch of pussies because nobody is f\*\*\*\*\*g calling out the people in our own ranks that are abusing everybody."

Tatiana's right, of course. Her words are that of a true artist, to which I say, "Hear, Hear"! Ockham's razor, the laws of physics, and natural law do not evaporate around people who wish to retain and use their liberties. If anything, we must be more mindful of universal human truths because we are the people exploring the boundaries of liberty. A tolerance for lies, manipulation, sexual assault, and broken contracts is not "What's up!" in Liberty. Anyone claiming that such tolerance is "Cool" is not a libertarian. They're just an asshole in disguise.

## John Cobin Interview

I had the pleasure of interviewing John Cobin about GGC for 1.5 hours, last week. The interview was mostly for my E-book about GGC. However, of interest, here, is the remarkable consistency of Dr. Cobin's story with everything he's said from the very beginning. Cobin is abundantly forthcoming about every meeting, document, e-mail and conversation he's had with respect to GGC. My reaction to the interview was to tell him that it was a pleasure to speak with someone involved in GGC that looks better and better with each discovered and documented fact about the project.

Cobin said the impression he got from Jeff Berwick and Ken Johnson was that, they alone, might be able to supply the funding for GGC. He had no idea that they would, almost immediately, take his extensive research and information about Chile and GGC and cut him out of the deal. Although he concurs with the possible psychopathy of Johnson he puts Berwick in the same category in terms of the way they defrauded him. And yet, I had the impression that, even now, he would be forgiving of Berwick if approached in some meaningful way to make restitution.

Cobin said Johnson came after him, very aggressively, in a libel suit in Chile. Guess what happened when the court date arrived?



Johnson was a no-show! I won't compare a libel suit with a podcast debate, but, I'm becoming quite familiar with Johnson's cowardice in the face of someone determined to tell the truth. So far, Johnson's been a no-show on two podcasts about GGC that he, himself, dared me to participate in.

For those interested in Chile I highly recommend [the interview James and Johnathan conducted with Dr. Cobin](#) on Monday over at Borderless. Cobin proves himself to be THE reliable source for all of Chile and much of the rest of the "Expat" world, as well. Cobin's book, "Life in Chile" greatly increased the effectiveness of my 21-day country-vetting trip to Chile in 2012. I look forward to reading [his latest book, "Living in Chile"](#) when I can come up for air over the summer.

## GGC Theatre

Johnson has been roaming around the property making absurd videos in an attempt to document the damage done by the recovery team. Perhaps the investors share my hope that Johnson continue making these videos as they are helpful in documenting what Johnson, himself, has done.

One of the things Johnson harps on in the videos are the "Damages" done by the recovery team causing a poor yield from the wells. In fact, such poor yields were caused by Johnson's complete ignorance and inept handling of the well work around the property. Despite the pleadings of the local workers Johnson put Manuel Hermosillo in charge of the wells and the work was terribly bungled. And yet, somehow, the investors end up blamed, yet again, for Johnson's incompetence. Such GGC Theatre might be a useful prop to help Johnson influence the Chilean locals who have no idea what's going on with GGC. To those who've read the first thing about GGC, however, they are just that much more documentation of Johnson's failings.

### **Message to local Chileans:**

Johnson's accusations of others are a reliable confession of his

own failings. There is truth in many of the disasters he documents but your messenger is the culprit, not the victim. Johnson's "Investment" into GGC remains at zero while 76 investors and buyers have given \$10.45 million dollars for the purchase of everything you see associated with GGC. 72 of the investors have been begging Johnson to leave for over a year.

## What happens next?

First, most of the predictions made in Part 6 seem to be coming true. That includes Johnson hinting that he wants to sell water rights, again. Happily, he's unable to do so with the current injunctions in place.

Johnson has some time while the ocean water recedes foreboding a tsunami of new legal problems.

Some think Johnson will stick it out to the end because his claim to be "Working for" the investors is his only defense against the legal actions that have been filed against him. But, Johnson also claims he controls or owns everything (Vacillating between claims of control or ownership) depending on his audience and the phases of GGC. How could someone who owns everything be an employee? How could a trustee (Controls everything, owns nothing) remain a trustee of beneficiaries who've been begging him to leave for the past year?

Perhaps Chile, and the local populace of Curacaví, will no longer tolerate Johnson as the criminal charges pile on. If he's made to flee then we may see more pictures of backpacks of stolen money while he's on the run. I think he still has a Paraguayan passport from the passport scandal he was conducting at TDV. Still, all these charges filed with state agencies will haunt him wherever he goes. As of today, Johnson has a digital data noose around his neck that will follow him around the globe.



# 10

## The Galt's Gulch Chile Fraud

### Executive Summary

Galt's Gulch Chile (GGC) is the name of a proposed residential community that was to be built near Curacaví Chile, approximately one hour west of Santiago. The original principals were John Cobin, Germán Ezyguirre, Jeff Berwick and Kenneth Dale Johnson. Through a series of broken promises, broken contracts and fraudulent maneuvers, Johnson was able to gain 100% ownership and control of the project. He proceeded to develop, not a community as advertised, but an affinity scam aimed at Western libertarians. Johnson employed deceptive selling practices, violations of Chilean law, multiple bank accounts and multiple jurisdictions to defraud his investors of US\$10.45 million (\$10.15M with GGC and \$400,000 with tangential scams). He enriched himself by using investor money to fund his lifestyle.

In April 2014, Johnson was himself defrauded of his ownership and control of the operating companies for Galt's Gulch Chile. Due to his mismanagement and fraudulent dealings, the flow of investor funds into the project collapsed making it impossible for him to pay the final installment for the parcel which was to be the main building site.

At this time, March 2015, the investors do not have title to the residential lots, orchards or shares of Agrícola GGC, the farm operation company for the project, for which they paid and Johnson agreed to deliver. Loan payments to GGC investors have not been

paid. In addition, title to the operating companies and the two parcels that were to become Galt's Gulch Chile is clouded. The project is essentially insolvent.

## History and supporting documentation

### **1. Property purchases.**

Galt's Gulch Chile [1] began as a partnership between John Cobin, Germán Ezyguirre, Jeff Berwick and Kenneth Dale Johnson. In August 2012, Cobin and Ezyguirre identified a property for development, El Peñon. After verbal agreements to form a partnership with Berwick and Johnson, Cobin and Ezyguirre incorporated Galt's Gulch Chile SA [2] as the Chilean entity that would own the property, and then negotiated the purchase for US\$1,200,000.

Cobin and Ezyguirre's role was to obtain the necessary permits for developing El Peñon, and securing the water rights.

Berwick, the owner of a newsletter and blog called *The Dollar Vigilante*, is a self-identified anarchocapitalist whose audience is mainly Western libertarians. *The Dollar Vigilante* was to be the principal marketing arm for the GGC project.

Johnson was presumed to have experience in real estate development.

In November 2012, just days before the closing for the purchase of El Peñon, Johnson incorporated his own entity, Inmobiliaria Galt's Gulch SA, [3] and convinced the El Peñon seller to transfer the purchase and sale agreement to Inmobiliaria. Johnson used US\$1,750,000 from four investors who were promised a minority ownership interest despite the size of their investment. He was able to achieve this by withholding information about how many investors were involved and how much money he had accepted. Johnson contributed no funding to the purchase. Inmobiliaria shares were temporarily held by Johnson's lawyers, Martin Vila and Jorge Cordoba, who transferred 100% ownership/control of the shares to Johnson at a later date. The Inmobiliaria bylaws mention only Johnson as having corporate duties. In this way, Johnson

renege on his commitments to his partners and seized management control as well as ownership.

Soon after the property was purchased, it became clear that El Peñon did not have the water resources to support a large development. In addition, the property is classified as environmentally protected and has building restriction.

Rather than wind up GGC, Johnson withheld this critical information from the investors and proceeded to double down by finding another property nearby. In May 2013, he signed a purchase and sale agreement with Guillermo Ramirez of Guipaca SA for the property called El Lepe-Las Casas (Lepe) for CLP \$3,426,500,000, approximately US\$6,853,000. [4] The purchase was to be completed through an aggressive payment schedule with hefty penalties for missed deadlines.

The high price paid for Lepe and the hefty penalties are an indication of a kickback scheme between Johnson and Ramirez, although direct evidence of this has not yet been found.

Johnson did not have the funds to pay the prodigious purchase price. With the marketing reach of *The Dollar Vigilante*, he embarked on a scheme to entice libertarians with contract terms that many have described as too good to be true. He fell behind on the scheduled payments, racking up penalties of \$1.14M according to his accountant. [5] He was able to catch up on the payments through repeated amendments to the deed and by deceiving a significant investor as to the financial condition of the project.

In Oct 2013, Berwick realized that his ownership stake in GGC had been usurped and he stopped marketing the project in *The Dollar Vigilante*. As a result, by April 16 2014, the date of the final payment for Lepe, the sales pipeline had all but dried up. Due to mismanagement (late penalties, etc.) and the fraud of his new partner, Mario Del Real, Johnson was unable to pay the final installment. Ramirez extended the deadline, but by late August 2014 word had gotten out about the mismanagement and financial condition of GGC. Johnson missed the extended final payment deadline of December 1 2014. On January 10 2015, Ramirez, on behalf of Guipaca SA, sued Inmobiliaria GG for payment in arbitration.

During the 21 months of Johnson's control of GGC, only a partial subdivision of the orchards was achieved. Residential lots were never approved. The following obligations were not met:

1. Transfer of real estate titles,
2. GGC company stock transfer to equity investors,
3. Payments on the loans to the second round founders,
4. Transfer of title of the Inmobiliaria owned orchard to the Agricola Galt's Gulch which were to
5. be the basis of dividends for Agricola GG shareholders, and
6. Dividend payments to Agricola GG shareholders and orchard owners.

## **2. Deceptive selling practices**

### **Foreign jurisdictions, complex entity structure.**

Johnson first marketed the project as a Founders Club. Four equity investors transferred \$1,750,000 to Inmobiliaria and signed Heads of Agreement documents [6] with the stated jurisdiction in London, UK. The structure of GGC entities included a New Zealand trust, a New Zealand limited corporation as well as Chilean entities. [7] This multiple jurisdiction arrangement created confusion and added to the potential costs of filing legal action against Inmobiliaria. Johnson agreed to transfer a percentage ownership of shares in one or another of the GGC entities to the equity investors, but never did, despite repeated requests.

Johnson used a spreadsheet projection while selling the Founders Club to the equity investors. [8] This document by itself is evidence of fraud.

Johnson also launched a Second Round to the Founders Club. [9] These founders made loans [10] to the New Zealand trust with a three year term and payments to begin on the first anniversary. These loans were to be fully paid back at the end of the third year. In addition, title to a Founders Lot would be transferred to the creditors. As with the first round founders' agreements, these loan agreements stated foreign jurisdiction, this time New Zealand.

The complex entity structure that Johnson constructed over GGC was confusing, obscured ownership rights and, according to the lawyers who designed it, was incomplete. (See the Chirgwin report on the entity structure.)

### **Contracts not valid in Chile.**

The above GGC contracts are in English. They were completed and delivered electronically, without notarization or authentication in Chile, or by any government authority. In an attempt to appear to be in compliance with Chilean regulations, Johnson gathered many of the Second Round Founders loan and residential lot option agreements months after signing and paid a notary to stamp them as “true copies,” giving the appearance of being in compliance to the untrained eye. [11] This notary stamp is not the type required to legalize documents in Chile.

### **False representation of GGC Lepe ownership.**

Johnson and Berwick sold these Second Round Founder and lot pre-sale investments from May 27 2013 to August 14 2013 representing that Inmobiliaria owned Lepe, when only a purchase and sale agreement had been signed on May 13 2013. Johnson represented that Inmobiliaria owned water rights, when according to the deed title to the water rights would not transfer to Inmobiliaria until the final payment due April 16 2014. [12]

### **Fraudulent inducement.**

On Dec 17 2013, after three missed real estate payments and over US\$600,000 in fines, Johnson and Ramirez renegotiated a revised payment schedule that called for CLP \$1,050,000,000 (approx. US \$2,000,000) to be paid on Dec 17 2013 and for CLP \$843,000,000 (approx. US \$1,600,000) to be paid on Dec 27 2013. Johnson paid the Dec 17 payment but missed the Dec 27 one. [13]

Around this time, investor Josh Kirley had agreed to pay a total of \$780,000 if he could be assured that Johnson had sufficient funds including Kirley's investment to pay the final Lepe payment, CLP \$1,050,000,000 due April 16 2014.

To receive the funds from Kirley, Johnson and Ramirez colluded to convince him that Johnson was up to date. Despite Johnson missing the Dec 27 payment, Ramirez wrote a letter [14] to Kirley stating that all payments were completed and that only the final one remained.

In fact, Kirley's funds, received by Johnson on Dec 31 2013 and Jan 2 2014, were used to pay the missed Dec 27 installment with late penalties on Jan 3 and 18 2015.



The final payment of approximately US \$2,000,000 was never made. Please note that according to his accountant, Johnson paid US \$1,144,000 in late penalties. Further, according to the GGC Recovery Team documents, Del Real misappropriated nearly US \$1,000,000. [15]

### **3. Lots could not be sold.**

Johnson would have to subdivide the Lepe property to sell residential lots. While waiting for subdivision, he sold options to buy lots upon receiving approval. This is legal, however, the Chilean Urbanism Act requires that as protection for investors, the developer must have insurance or a bond in case approval is not forthcoming. [16] Johnson did not obtain insurance or bond. Violation of this statute constitutes a felony.

Johnson began selling fractional acre lot options, probably to achieve a lower price point. It is not clear that these fractional lots can be subdivided. Johnson himself expressed doubts about the legality of these lots and discontinued selling options on them. He, however, did not alert the fractional lot investors nor return their funds.

### **4. Multiple bank accounts—pattern of using nominees.**

Johnson first accepted investor funds through lawyer Greg Stewart in New Zealand using his Bank of New Zealand account. [16] Money was then wired to a GGC account at Itaú in Chile. [18] The Itaú account was opened against regulations as a favor to the seller of the Peñon property. Both the Bank of New Zealand and Itaú questioned Johnson about complying with the know your customer regulations. Stewart ended his business relationship with Johnson and Itaú closed the GGC account. By mid-January 2014, Johnson didn't have a bank account with which to conduct GGC business. He turned to Mario Del Real, a Chilean loan shark and scam artist, as a "fixer" who he thought would help him with banking and with subdividing Lepe. From January thru April 2014, until he himself was swindled by Del Real and lost approximately US \$1,000,000 of investor money, Johnson used the Banco de Chile account of Del Real's daughter, Pamela, to receive GGC investor funds. [19] After his falling out with the crooked Del Real, Johnson

turned to another “fixer” named Mónica Wehrhahn. Johnson used her BCI bank to accept GGC investor wire transfers. [20]

### **5. Corporate Funds for personal use.**

Employees and investors both report that Johnson frequently said, “I haven’t taken a salary,” yet he lived in a company paid apartment in tony Las Condes, drove a company owned car and maintained a beach house in Reñanca. Stories abound about how he carried thousands in cash in a backpack where ever he went. There is evidence of at least one trip to Paraguay paid for with GGC funds. [21] Multiple employees reported witnessing Johnson gamble at the casino in Viña del Mar with GGC money.

### **Investor actions to recover their funds.**

Investors began requesting refunds in numbers when information about the fraudulent dealings of Johnson were made public. To date, US\$4.9 million in refunds have been forwarded to Johnson that have not been honored. [22] Investor Josh Kirley hired several law firms both in the United States and Chile to negotiate and then litigate a resolution to the GGC fraud.

- † Chirgwin Larreta Peñafiel, Chile
- † Lebbé Ovelle, Mena, Guglielmetti & Lackington, Chile
- † Jose Tomas, Chile
- † Ken Nelson, USA
- † Beth Moffett, USA

A group of investors has spent countless hours since April 2014 to today, trying to negotiate an exit strategy for Johnson to give control of the GGC entities to them, all to no avail. One investor wrote several articles about the fraud with the hope of preventing Johnson from preying on other unsuspecting investors.[23]

On October 16 2014, Chilean attorney Francis Lackington began a civil action against Ramirez’s Guipaca to nullify the Lepe sale on a technicality. That litigation is pending. [24] Lackington also successfully lodged an injunction against Johnson selling GGC land or water rights while the civil case is in progress, blocking Johnson from stripping the project to the detriment of the investors. The investors as represented by the GGC Recovery Team

took over control of the Lepe farm operations in late October 2014. This served to cut off Johnson's last source of GGC funds and provided the opportunity for extensive discovery to pursue criminal charges.

In mid-November 2014, the investors established a legal fund to pursue various avenues for recovery. [25] The legal fund has taken over paying for the Kirley civil action and is involved with two GGC arbitrations.

Since October 2014, the GGC Recovery Team has produced an email newsletter to keep the investors informed. They have held two investor conference calls, as well.

To date, GGC investors have spent over \$200,000 and hundreds of man hours trying to recover their investment. Of the US \$10.15 million invested in GGC, \$6.9 million was used to buy real estate at unfavorable prices. The GGC Recovery Team estimates that the current value of the real estate is between US \$3.8 to \$4.5 million, creating a loss of over \$2 million. [25] [26] There is no cash left in the GGC accounts and approximately \$200,000 owed to vendors and previous employees. The residual value of GGC is between US \$3.6 to \$4.3 million, therefore, approximately 60% was lost.

## Footnote References

1. Cobin discusses GGC on his podcast: <http://www.stitcher.com/podcast/corey-coates/red-hot-chileliberty-and-life-in-chile-with-dr-john-cobin/e/current-events-in-chile-new-chile-book-detailsearthquakes-35359875>
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# 11

## GGC Contracts Fiasco

**THERE WERE FIVE** types of contracts Kenneth Dale Johnson used to accept funds for GGC:

1. Heads of Agreement (HOA) for equity positions and residential lots. These were offered to the first four investors referred to as “The Founders”.
2. Promise to Purchase a residential lot. These were coupled with a loan for investors called “The Second Round Founders.”
3. Promise to Purchase a pre-sale lot. The term “pre-sale” was used to imply special pricing because subdivision approvals had not yet been obtained.
4. Farm Share Subscriptions. The sale of shares of Agricola y Comerical GG SpA and loans to Agricola for land purchase and improvements. Some also include options on residential lots. Fifty hectares were to be transferred from Inmobiliaria to Agricola after subdivision of the orchards. These investors would own this 50 hectare farm through owning the shares and would be paid the profits of the farm through dividends.
5. Promise to Purchase an Orchard. Five 10-hectare lots that were also to be created out of the agricultural zone by subdivision.

The “promise to purchase,” in Spanish “promesa,” is a preparatory contract by which two or more parties agree to enter into a future contract on a specified date and/or subject to the occurrence of an event. In this case, the future event that conditioned the execution of the promised contracts—a sales contract for a lot—was the subdivision approval of the land, the farm named

Lepe/Las Casas.

There are problems with most of the contracts, either in the provisions, or with how they were executed, or more precisely, not executed. Out of 73 investors, maybe 62 have these problems. Our attorney in Chile said that most of the ones he has seen are flawed.

## Jurisdiction—Just Try to Come and Get Me

Possibly the most significant problem is the jurisdiction issue with all contracts signed before October 2013. The HOAs claim the jurisdiction of London, UK. The remaining contracts claim the jurisdiction of New Zealand.

The HOA investors bound by London jurisdiction paid their funds to the Bank of New Zealand account of attorney Greg Stewart, who forwarded those funds to Banco Itaú in Chile. There are no assets in London. The claimed connection to London is unclear.

Most of the other investors bound by New Zealand jurisdiction paid their funds to Banco Itaú. There are no assets in New Zealand, nor were there any during the time that the majority of these contracts were written, although it appears that two residential lot option buyer sent their funds to New Zealand, similar to the equity investors.

The ostensible reason for the New Zealand connection—a corporate structure of a limited partnership that would act as trustee of a trust that would own the Chilean entities—was tax efficiency. However, the documents for this structure were not completed. The New Zealand lawyer who began the process of structuring these entities has repeatedly written to Johnson to warn him that double taxation may apply because the documentation is not complete.

If tax efficiency weren't that important to Johnson, could the confusion of multiple jurisdictions have been his aim? Say one of the equity investors sues and receives some kind of judgment against GGC in London, there are no assets in London to attach. Or should he go after the Bank of New Zealand account for satisfaction? But it's owned by someone else and has no GGC

funds. If he tries to sue in Chile, the judgment could be enforced provided that exequatur requirements found in both international legislation (New York Convention on the Enforcement of Arbitral Awards) and local rules are met, and provided that the defendant entity is the same entity that took part in the foreign arbitral proceedings. In some of the cases, this is legally impossible; in others, the costs involved in the different stages of the process are prohibitive.

Johnson wrote to an investor regarding refund requests:

*“The contracts are private offshore agreements, so there is no tie to Inmobiliaria GGSA on most of them. It says they can ask for a refund after map approvals if they don’t find a lot they like.”*

— Ken Johnson, June 16 2014

This quotation shows that Johnson purposely structured the contracts to severely limit the potential for refunds or lawsuits.

Our attorney has informed us that despite the declared jurisdiction, since the GGC real estate is located in Chile, the contracts for options on lots must follow Chilean law. With only one exception, none of the option contracts do.

## Requirements for Valid Contracts in Chile

To be valid in Chile, the contracts can be in any language. Those that ultimately convey property titles under the urbanism law, such as the residential lots, require the signatures to be notarized. If the signatures are notarized outside of Chile, further legalization by a Chilean Consulate is required. (Chile is not a signatory to the Apostille treaty.) Only the original documents can pass through this process, not electronic scans. The documents must be filed in the register of public records of a Chilean Notary.

Further, because GGC was selling lots before subdivision approval, a bond or insurance was required to protect the buyers.

Johnson did not post bond, nor did he buy insurance.

The Agricola Share purchase agreements need not be notarized, but any associated lot residential promise agreements are different matter. They must follow the same rules as the other residential promise agreements.

There are many contracts that bear a notary stamp dated the same day— June 16 2014— and as “a true copy,” even though these contracts were signed during the eleven and a half month period from June 16 2013 to May 30 2014. This stamp does not make real estate promesas legal in Chile.

You might wonder why this notarization happened. Why would contracts signed on all different dates, from June 19 2013 to May 30 2014, be brought to a notary on the same day, June 16 2014, copied and stamped when this is a meaningless exercise in terms of the legal requirement?

We speculate that Johnson finally realized that virtually none of the contracts were properly executed. Indeed, in a recorded conversation he had with one of the investors, Johnson admitted that all the contracts that weren’t notarized were invalid.

*“I have copies of all of them [the contracts] that I got notarized, you know legalized, just so there’s some merit to them, you know, for the people who haven’t, that we haven’t met me [sic] at a notary or sent a power of attorney and that kind of stuff, right?” [Emphasis added.]*

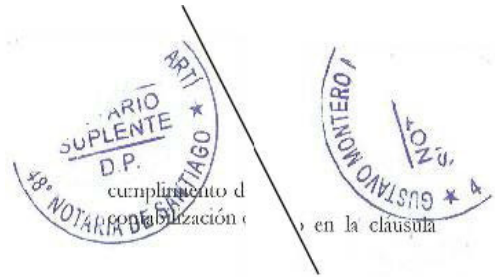
— Ken Johnson on a phone call with a GGC investor

Despite what Johnson said, it’s doubtful that the purposed of this exercise was not to help the hapless investors who didn’t have legal contracts. We speculate that as a CYA maneuver, he gathered the contracts—including some share subscription agreements that didn’t need to be notarized—went to his friendly, neighborhood, crooked notary and asked what to do. The guy said he’d stamp them as true copies. The stupid gringos will think it looks official, and they don’t speak Spanish anyway, so they’ll be none the wiser. If that’s what he said, then he was correct.

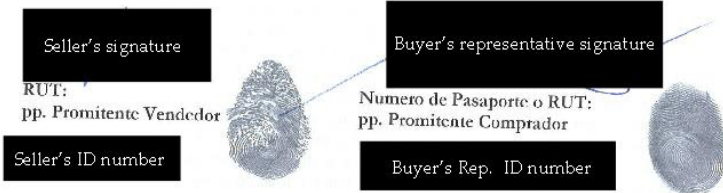




This is the crooked notary's stamp. The round stamp was put towards the bottom of each page and the rectangular one was put on the last page. It says, "I certify that this resulting photocopy consisting of four pages conforms to the original."



This is a legitimate notary stamp, placed on two sheets across the staple to prevent the pages from being separated and possibly substituted. Below is the stamp this notary used for the signatures.



Autorizo las firmas de don CRISTIAN EUGENIO LABORDA MORA CNI 13.456.328-1, en representación de JUMPIN'G'S SPA, como el mutuario y don KENNETH DALE JOHNSON PASAPORTE DE ESTADOS UNIDOS DE NORTEAMERICA NUMERO 457264203, en representación de INMOBILIARIA GALT'S GULCH S.A., como el mutuario. El Impuesto que grava el Manto se enteró en el Banco CORPBANCA, caja 15-07, fecha 23 de diciembre de 2013, folio 798206, valor \$845.232.- Santiago, 23 de diciembre de 2013, aut. SUPLENTE



Note the ID numbers and finger prints. In this case, a lawyer with a power of attorney signed for the buyer.

## Ponzi Contracts

Perusing the “Second Round Founders” contracts, you’ll find unusual features. The investment is a non-interest bearing loan that is to be paid back 100% in three years, with title to a residential lot also to be transferred to the investor by the end of year three. Zero interest loans can be found when a developer is trying to push sales, but usually the situation is the other way around, that is, the developer offers zero percent financing to the buyer. It may be possible that the residential lot represents interest paid on the loan to the investor, although the contract does not say that.

Be that as it may, this is an aggressive loan schedule, especially considering that Johnson committed to delivering developed lots, yet did not have subdivision approval, had no real estate development experience and knew virtually nothing about Chile, not even the language.

The second founders round loans, including the orchards, totaled \$4.6 million and were ostensibly for subdivision approvals and infrastructure, yet those funds were used to make the payments on the prodigiously priced land that Johnson represented GGC already owned free and clear. How was he to begin repaying the loans, as required by the end of year one, other than by bringing in new investors?

Another little twist to the second founders round “investment” is that even though the contract says that the loan is being made to a New Zealand entity, the payment was made to the Asesorias y Servicios Galt’s Gulch SA bank account in Chile.

As an interesting aside, Johnson insists that the second founders round investors are neither investors nor creditors. He refers to them as “clients.” We can think of a couple of reasons why. If they are investors, the SEC would probably love to be sniffing around for a prospectus, of which there is none. Or maybe Johnson wants to make very sure that these “clients” don’t get the uppity idea that they have any claim on GGC’s entities.

## Shares of a Whole Lot of Nothin’

The shares of *Agricola y Comercial* were supposed to give an ownership stake in an organic farm operation, both a piece of the action on existing lemon and avocado orchards and the profits from a long list other fruit and row crops. The real estate holding company, *Inmobiliaria Galt’s Gulch SA*, has an area of 100 hectares much of which is a lemon orchard. Johnson planned to subdivide this area into five 10 hectare lots and one 50 hectare lot. The five smaller lots would be sold to individual investors to be managed by GGC. The 50 hectare lot would be sold to *Agricola* and be owned by the shareholders.

It seems that Johnson never got around to subdividing the orchard, even though he some how did get around to selling the orchard lots that didn’t exist. Maybe he was too busy trading for Andean water scams or stealing money for wildly profitable bitcoin investments. It could have been that his architects and engineers

were exactly as he describes them—crooked and/or incompetent. That has yet to be determined.

What we do know is that subdividing the orchard is a rather straight forward process. Since the purpose of the land would be the same, the subdivision was granted as a matter of right. Once Johnson finally applied for the subdivision in September 2014, it cost approximately \$5,000 and took a couple of weeks. Johnson should have had subdivision approval before selling share subscriptions and orchard lots. He was able to sell only 30% of Agricola shares. Many investors who wanted to buy shares were advised against doing so by their attorneys who rightly cautioned against buying shares of nothing. As it was, he finally got around to subdividing the orchard as a public relations gesture after the investors disclosed his malfeasance in various internet articles.

The brochure for the Agricola farm share program is a true marketing tour de force. We hesitate to call it a prospectus, although Johnson called it that, since is it nothing like any prospectus we've ever seen. No cautionary boiler plate, no warnings about how you could lose everything are included with the blue sky. We are assured that the farm is organic, even though in the next sentence we are told that it's not, and that there's a fantastic amount of water, even though most of the avocado trees are dead and the survivors are not producing due to water stress. We're left with the impression that farming is really very easy in the can't miss Mediterranean climate of central Chile. And hoo-wee! Look at all dem profits:

<b>Year</b>	<b>Net Profit</b>
2014	\$582,888
2015	\$1,243,181
2016	\$1,262,923
2017	\$2,660,387
2018	\$3,091,672
2019	\$3,523,871
2020	\$4,016,738

The reality is quite different. One of the first things the employees told the investors when they took over the farm is that it is not profitable. The harvest for 2013 was less than 3 tons per hectare.

There were sections of the orchard that hadn't been pruned in five years by the previous owner. There are mineral deficiencies in the soil. The projections above are simply impossible. It will take time and money for the orchard to recover, even with million dollar improvements. However, there was no money for improvements. The \$2.779 million taken in as loans for the farm were used to buy the Lepe-Las Casas property, or stolen by the Del Real family.

## Five Star Guest Accommodations

Never fear, lucky Agricola shareholders. Even if the farm can't make money, steady passive income could still be yours. Johnson planned to rent rooms in the main residence, the hacienda he referred to as the club house, and in the guest cabaña he referred to as a hacienda. From the marketing materials

*"The rooms in the Inn at Galt's Gulch and the freestanding Guest Hacienda are projected to rent for \$150-200 USD per night, with occupancy levels at 50% in 2014, increasing to an average of 75% occupancy thereafter. These units are projected to be in very high demand. They will have road access, 220 volt power, hot and cold running water, Internet access, television, full maid service, room service and amenities typical for upscale hotels, while allowing those staying there to experience all of the beauty of living at GGC."*

— Ken Johnson, Marketing materials for GGC

This guest stay operation was to net \$180,000 in 2014 and with profits climbing to \$297,674 and no pennies in 2015. You might ask what profit Johnson achieved in the first 10 months of 2014. Or, having read this far, you might not need to ask.

To round out this sure thing, passive income operation, GGC would launch its own brand of organic produce that would become renowned the world over. Johnson filled pages 13 to 28 of the brochure with tables of fruits and vegetables projecting the

many millions in profits that would fuel investor dividends.

Johnson's first foray into row crops was initiated just in time for the April 2014 celebration—a marketing event at the farm—when he had a field of about three acres planted. The Potemkin Village plot impressed some of the investors, as did the half-completed renovations for the Inn at Galt's Gulch. Alas, the field was left to be eaten by the birds and no first harvest for Galt's Gulch Organics was produced.

As expected, the Inn's renovations weren't completed, either.

## No-Contracts-ville

In summary, the investors in GGC either hold unenforceable contracts because they were not properly legalized according to Chilean law, or they hold legal contracts that give them the rights to nothing.

One might say that the lesson of GGC is that investors should always hire local attorneys to be advised on how to enter into sound, legal contracts, and that's certainly true. Yet some GGC investors did just that, and still have nothing to show for their trouble.

The most important lesson of GGC is that contracts are not self-enforcing, particularly not invalid ones. Because of this, the level of due diligence required to enter into an investment with an unknown developer in a foreign land is orders of magnitude greater than what GGC investors did.

As individuals and as a group, the investors have been struggling for two years to reach some kind of understanding with Johnson to find their way out of this no man's land one might call No-contracts-ville to no avail. They have a stark choice before them: they can call themselves victims and recede into a corner to suck a sore paw, or they can turn to the only avenue left to them in a statist world, the criminal courts. The sum total of these unenforceable contracts with their crazy provisions, the withholding of material information, as well as the total lack of progress to meet obligations, smacks of fraud. The investors would much prefer to

enforce the spirit of their contracts themselves through honest negotiation, but the psychopath they unwittingly enabled won't let them.

This chapter was written by Cathy Cuthbert.

# 12

## Lessons Learned from GGC

**HERE’S WHAT LESSONS** might be gleaned from the experiences of GGC.

This chapter will be expanded in the future as lessons are discovered. It also must be updated to contain points from the chapter in this book, “Contracts are Good for Libertarians, Too”.

### Two Paragraph Expat Guide to Chile





## Rent and K.I.S.S.

All the land development talk in my Galt's Gulch Chile series may seem pretentious to the average westerner. Then again, merely telling the average person you're flying to Chile has a good chance of causing eyes to glaze over as if one is doing something exotic. Flying to Chile is not exotic; it's merely possible the instant one decides it is.

If there's a storm headed your way it's time to cut the crap-talk about some castle you own and get to a motel room anywhere the storm isn't. Why be grandiose about the simple and elegant act of leaving to let the storm pass? In fact, why say anything at all except to make a few calls to shutoff utilities and keep any promises you've made to others before leaving town? With mouth firmly closed, just hop a flight and get a room.



### **Engaged Withdrawal is Not Passive**

The point of all this ex-pat business is to contribute to the solution through engaged withdrawal. Having gone through much of the advanced work of ex-patting my family I can vouch for the

truth that engaged withdrawal is not a passive undertaking (Hat tip to Wendy McElroy for this link).

## **Two Paragraph Expat Guide to Chile**

Forget about all this talk of land development and ownership. Motels, Hotels, Apartments, houses and cabana's dot the entire country, have already been developed, and are yours for the renting. Your best second home is a rental anywhere you want to be. Keep it that simple and you won't even be limited to Chile.

Nine out of ten Chilean ex-pats end up in NE Santiago (Las Condes) so just rent there for a few months and make scouting trips on the weekends. When the 90 days is up on your visa fly to Argentina for the weekend and reset it. That'll get you out of the US for six months with your "measly" first passport. You have one, right?

## **It's Your World, Boss**

The world is yours the instant you recognize it is. The nagging urge to "own" things, perhaps stronger in the American psyche, is best kept at bay when conducting one's life across multiple nation-states.

I recall streaming the movie "Inglourious Basterds" [sic, indeed] from netflix to the ipad and realizing the adjoining cabana could be rented for my kids, along with the one we were in, for less than our US mortgage. With that thought, the fear of being trapped in proximity to the endless artificial problems of the state's creation started to melt away. My second thought was that all this was achieved for the price of a plane ticket, rental car and a hotel room.

As Billy Joel sang in "NY State of Mind" . . ."Hop a flight to Miami Beach, or to Hollywood". Perhaps the lyrics should be expanded to include. . . "Or to Panama, New Zealand or to Chile."



# 13

## Johnson and the Psychopathy Checklist

**HERE'S A LIST** of eyewitness accounts of Johnson and their correspondence to the attributes and behaviors on Dr. Robert Hare's PCL-R checklist for psychopathy.

### Preserving the term, "Psychopathy"

Words are thrown around, badly, nowadays. They're used in propaganda and strung together in phrases. The phrases become memes and end up in sitcoms and movies. Some of them are funny, I'll admit. But, there's usually a casualty in the form of a word that may never recover its original, and most powerful, meaning.

We're all familiar with the trivial use of the word "Fascist" hurled at anyone, and anything, the accuser may not like or that presents a maddening obstacle to their whims. Only when fascism describes the merger of corporate with state powers does meaning reappear. Another word that must be recovered to understand Galt's Gulch Chile is "Psychopath".

If your understanding of the word "Psychopath" is anyone acting in a way you don't understand or agree with, then maybe the word "Psychotic" or "Psychosis" is a better fit. At the heart of the GGC story there sits a man exhibiting behaviors I believe (As a layman) to be consistent with the medical use of the term "Psychopath". I refer to him as the "Creature" or Kenneth Dale Johnson. I have been careful to refrain from throwing the word "Psychopath"

around in the irresponsible manner in which the word has become a cultural meme since 2010. That was when the Showtime series, “Dexter”, portrayed one as an ersatz hero. The word “Psychopath” is a medical term used to describe someone who lacks all empathy with their fellow man, someone who has no conscience, someone who could lie about millions of dollars of stolen money as if they were handing you an ice cream cone. It gets worse, but, let’s just leave it at that, for now.

As a layman, with no psychiatric medical training, I’ll stick with the PCL-R standard the professionals use to diagnose psychopathy. Dr. Robert Hare’s revised checklist for psychopathy is something I recommend all people become familiar with as a tool to assist in spotting, and then avoiding, the psychopaths that cross their path.

If there should be some kind of future “therapy” to shift the behavior of psychopaths towards that which, at least, acknowledges empathy with their fellow man (And not their pets or animals as is characteristic of the psychopath) then I welcome it. As of today, there is no such therapy that I’m aware of. The best course of action is to understand the behavior, recognize when they are being exhibited by someone, gauge the extent to which the person under consideration may be a psychopath, and avoid them in equal measure.

I believe that, unless Johnson ends up in jail, he’ll move on to live somewhere else in the world. May what’s been written here about the damage he’s done to so many people be added to his resume.

As of June, 2015 Johnson is making the mistake of recording himself on dozens of video updates he calls “Farm updates”. As with the rare movie, “I, Psychopath” where Sam Vaknin allows a filmmaker to create a documentary about him, this is a rare opportunity to study the behavior of a likely psychopath, in real time, and on video.

*“Each of the 20 items in the PCL-R is scored on a three-point scale, with a rating of 0 if it does not apply at all, 1 if there is a partial match or mixed information, and 2 if there is a reasonably good match to the offender. This is said[2] to be ideally done through a face-to-face interview together with supporting*

*information on lifetime behavior (e.g. from case files), but is also done based only on file information. It can take up to three hours to collect and review the information.[10] Out of a maximum score of 40, the cut-off for the label of psychopathy is 30 in the United States and 25 in the United Kingdom.[10] [11] A cut-off score of 25 is also sometimes used for research purposes.[10] High PCL-R scores are positively associated with measures of impulsivity and aggression, Machiavellianism, persistent criminal behavior, and negatively associated with measures of empathy and affiliation.”*

— Wikipedia entry for “Psychopathy Checklist”



**Kenneth Dale Johnson — Psychopathy (PCL-R)**

**Factor 1**

Facet 1: Interpersonal	Score — Examples
Glibness / superficial charm	2 — Witnessed by 8 or more investors and employees.
Grandiose sense of self-worth	2 — No one but Johnson has any value or competence, at all (Per Johnson, that is).

## Kenneth Dale Johnson — Psychopathy (PCL-R)

Pathological lying	2 — Dozens of contradictory e-mails and videos.
Cunning / manipulative	2 — Witnessed by 8 or more investors and employees.
<b>Facet 2: Affective</b>	<b>Score — Examples</b>
Lack of remorse or guilt	2 — Projects guilt on others for his own misdeeds; Opposite of remorse or guilt.
Emotionally shallow	2 — Anger and rage; enjoys taunting others and pushing them to their limits with broken promises and lies.
Callous / lack of empathy	2 — Tatiana Moroz Taunting, Farm workers unpaid while Johnson gambling online, dogs dropped off at GGC's "Animal sanctuary" are starved to death.
Failure to accept responsibility for own actions	2 — Total failure with GGC "Development" is blamed on all parties except himself
<b>Factor 2</b>	
<b>Facet 3: Lifestyle</b>	<b>Score — Examples</b>
Need for stimulation / proneness to boredom	1 — Online gambling; long rambling e-mails, dozens of video recordings accusing others of problems that Johnson actually caused.
Parasitic lifestyle	2 — Two-year parasite on GGC Investors and buyers from 2013 - 2015. No ostensible income other than proceeds of theft or cons.
Lack of realistic, long-term goals	2 — Few long term plans came to fruition at GGC over Johnson's two-year "Tenure" as developer. Only enough work on Facade of GGC to lure buyers and investors and have parties.
Impulsivity	2 — All decisions urgent, everyone told they "Must act now!"
Irresponsibility	2 — No connection between promises and actions, no due-diligence on property purchases, overpaid by \$3.8m on a \$3m property.

<b>Kenneth Dale Johnson — Psychopathy (PCL-R)</b>	
<b>Facet 4: Antisocial</b>	<b>Score — Examples</b>
Poor behavioral controls	2 — Multiple physical assaults (Sandy Sandfort paid off after being assaulted, etc.)
Early behavioral problems	? — Unknown
Juvenile delinquency	? — Unknown
Revocation of conditional release	? — Unknown
Criminal versatility	2 — TDV Passports “Backdating” scandal in Paraguay, GGC “Development”, Wind Turbines?
<b>Other Items</b>	
Many short-term marital relationships	0 — Never Married
Promiscuous sexual behavior	?

With five categories unknown Kenneth Johnson already rates a score of 29, if one agrees with the assessments of the categories, above. That would make him a psychopath in the UK and 1 point shy in the US. What do you think are the chances of him scoring a 0 in the unknown categories?



# A

## Podcasts

### PODCAST INTERVIEWS ABOUT GGC:

#### The Jetsetter Show with Jason Hartman

Jason Hartman and Terence Gillespie discuss Galt's Gulch Chile and many ways to optimize the path for expatriates in Chile and Colombia. Jason has a wonderful transcription posted just below the link for the podcast:

[JS 101: What Happened with Galt's Gulch, Chile?](#)

#### Borderless Network Podcast

In this episode we have [Terence Gillespie on the show to discuss what happened with Galt's Gulch Chile](#) and some of the lessons that can be learned from what happened there.

#### Show notes:

The background on Galt's Gulch Chile (0:50)

Who is Terence Gillespie (4:13)

Why does he care (5:18)

Was Galt's Gulch a libertarian project? (6:36)

At what point in time did this deal fall apart? (9:40)

How was this theft possible? (11:42)

How much of the blame should go on the investors? (13:15)

What caused the change in perception in August 2014? (17:15)

What was Jeff Berwick's role in this fiasco (22:30)

What is going to have to happen in order for this to turn into a successful project? (27:35)

Will the \$10.5 million be recovered? (32:09)

Affinity Scam

Was GGC a fraud from the beginning? (34:54)

Lessons learned from GGC (36:36)

# B

## People Involved or Referenced

**HERE ARE THE** people involved, or referred to, in the story of GGC. I've sorted the list of names by first-name or the name most frequency used to reference the person. Many of those listed here can be seen in the youtube video entitled, "[Meet the Team of Galt's Gulch Chile](#)"

**Adolfo Aguirre.** Master Planner, experience in USA as well as Chile. He tried to get the recovery team to pay him saying that Johnson owed him. His claim turned out to be false.

**Alison Sherman.** Administrative coordinator. From Missouri. Been in Chile for five years before GGC. See next.

**Ben Swann.** Libertarian. Former TV journalist now covering freedom issues online at [Truth in Media](#).

**Cathy Cuthbert.** GGC Investor and lead administrator of GGC Recovery Team. Co-author of "The Ballad of The Creature from Galt's Gulch".

**Chris Serin.** Friend and mentor to Berwick.

**David McLeod.** Attorney who drafted the criminal charges against Kenneth Dale Johnson and Pamela Del Real resulting from the forensic reconstruction of GGC activities from inception through May of 2015.

**Diego Loja.** One of the farm managers, specializes in certifying farms as organic and helping farms transition to organic.

**EJ Lashley.** One of the recovery team members attempting to sort things out by going to Chile in October of 2014.

**Erin Gallagly.** Sales Director from Chicago where she was practicing law.

**Eyzaguirre, Germán.** John Cobin's partner in Chile. A Chilean native with local contacts and knowledge of the Curacaví area. Would have been crucial to inscribing and consolidating water rights, among many other such requirements for GGC, had he not been cut out of the deal within 30 days of the start of the project, along with John Cobin.

**Francis Lackington.** Investors' attorney in Chile.

**Ian Thornton.** Paint, carpentry, Johnson's translator and supposed manager of Agricola.

**James Guzman.** Former TDV Employee and proprietor of [The Borderless Network website and podcast](#).

**Jeff Berwick.** One of the first four principals of GGCSA, the company intended to purchase and administer Galt's Gulch Chile. Berwick was the chief fund raiser and marketer of GGC through articles on his website, TDV. See Chapter X for his role in GGC.

**Jeff Chittock.** Johnson's lawyer, Jose Tomas partner.

**Jerry Folta.** Investor, the only one actively supporting Johnson. See Chapter X regarding Jerry's legal action against IGGSA.

**John Cobin.** The originator of the concept, country, specific location, name, and initial business plan of Galt's Galt's Chile. Cobin and his partner, Germán Eyzaguirre, were cut out of the project by Johnson 30 days after Cobin created the entity, GGCSA, that was supposed to hold and administer the entire project.

**John Detoy.** Construction manager, general contractor from

Colorado. Been in Chile for seven years. He worked on the renovations of the hacienda and the cabañas. To Detoy's credit he refused to "just paint over the problems" when Johnson told him to.

**Jonathan Lockwood.** Potential GGC buyer who decided against purchase after spending time on the property with Johnson. Working with James Guzman on "[The Borderless Network podcast](#)". Experienced radio host.

**Josh Kirley.** Investor. Owns The Kirley Group, a commodity trader.

**Josh Tolley.** Libertarian radio personality. <http://www.joshtolley.com/josh-tolley-show.html>

**Ken Carpenter.** Account Manager, most successful salesman and longest tenure at GGC. Previously a chef—traveled all over the world. Johnson always refers to him as a bus boy.

**Kenneth "Ken" Dale Johnson.** Also referred to as "The Creature from Galt's Gulch". A confidence man, thief, and most likely psychopath (In the medical sense of the word) masquerading as the "Developer" of GGC. Johnson has received \$10.45 Million dollars US from 76 investors and lot option buyers of GGC. To date, he's returned nothing of value nor has he performed any "Development" of the property. He now accuses anyone attempting to obtain a refund as having "interfered" with the project.

**Manuel Hermosilla.** Environmental engineer. Brother of one of the neighbors. Manuel was prowling around the grounds of GGC, prior to Johnson re-occupying the property, and told Diego he was going to kill him. Tried for weeks to get the recovery team to send him money saying that Johnson owed him. Surprisingly, this was found to be a false claim.

**Mario Del Real.** Swindler who wormed his way into GGC affairs by offering his "Services" to Johnson. M. Del Real is the owner of Rio Colorado, a corporation that owns land in the Andes with

large water rights. The ownership of the land supposedly owned by Rio Colorado has been disputed for many years. Del Real told Johnson that the corporate establishment and structure were improper and he would correct the errors. He convinced Johnson that Rio Colorado would make them all rich and engineered a swap of stock between the two, 51% Rio Colorado for 50% of GGC. He convinced Johnson that, to use his daughter's bank account to receive investor funds, she had to be made the general manager of IGGSA. Registered legal documents in Chile confirm that Del Real and his family are the majority shareholders and the management of IGGSA.

**Martin Vila and Jorge Cordova.** Johnson's first attorneys in Chile. They established IGG and Asesorias. They turned over all the shares of IGGSA to Johnson rather than holding shares for Berwick. They are, currently, not on good terms with Johnson.

**Monica Wehrhahn.** Johnson considered Monica to be "Politically connected" and contracted her "Consult" for Agricola y Comercial GG in exchange for \$100,000 US. She allowed Johnson to use her bank account to receive investor funds.

**Nathalie Beros.** Rene Sarrazin's (Former owner of El Peñon) granddaughter. Nathalie was the first administrative assistant to Johnson for GGC. She's among the only people working for Johnson to be consistently paid, in full. This was probably due to Johnson's fear of what Sarrazin might do (With Sarrazin's powerful banking connections, in Chile) if his granddaughter wasn't paid.

**Pablo Segovia.** Construction foreman, born in Argentina.

**Pamela Del Real.** Daughter of Mario Del Real. Legally, the General manager of IGGSA. Might be an accountant.

**Ramirez, Guillermo.** Seller of Lepe-Las Casas or "El Lepe". Made his money as part owner of a chain of electronics stores in Chile. Possibly colluding with Johnson and Del Real behind the scenes with regard to GGC.

**Renzo Rezzio.** Agronomist, farm manager and all around great guy.

**Ricardo Oyarzun.** Website Admin., husband of Alison Sherman.

**Rodrigo Guerrero.** GGC accountant. Firm's name is Spasa. He's owed \$8k for "The accounting" Johnson's been withholding (That Johnson claims was stolen by the recovery team) for so long.

**Rodriguez, Jose Tomas.** Former Johnson Lawyer currently representing some investors and ex-employees.

**Ronald Monroe.** Account Executive, from Chicago.

**Sandy (Clarence) Sandfort.** Writer and GGC Salesman who made a six-month attempt to sell for GGC. Having received little to no payment for his efforts Sandy was physically assaulted by Johnson when he attempted to leave Chile. Berwick flew in from Mexico to negotiate a payoff to Sandy and get him sign an NDA for the assault. Johnson has since broken a condition of this NDA which enabled Sandy to make the story public in an interview with Terence Gillespie.

**Sarrazin, Rene.** Seller, El Peñon. Powerful banking connections in Chile.

**Tatiana Moroz.** Marketing Manager, wrote the theme song in the GGC videos on youtube. Works with Josh Tolley.

**Terence Gillespie.** Author of "The Outliers Handbook" and "The Creature from Galt's Gulch" as well as the GGC series on McGillispie.com.

**Thomas Baker.** GGC Lot Option purchaser and deep forensic researcher for the recovery of GGC. Lt. Col. Marine Military Police officer.

**Victor Lopez.** Account Manager from Houston Texas. Real Estate

background.

**Wendy McElroy.** GGC Lot Option purchaser, libertarian writer and author of the Daily Bell article that first exposed the problems with GGC.



# C

## Galt's Gulch Chile Founder's Club

**HERE'S ONE OF** the documents that started it all. The original document was drafted by John Cobin but Ken Johnson modified it before sending it out to all investors who expressed interest in the first rounds of investing.

## **Galt's Gulch Chile**

### **Founder's Club**

#### **Introduction**

John Galt is the protagonist in Ayn Rand's famous novel *Atlas Shrugged*. He determined that he would not use his talents to support the welfare/warfare/high-taxed/overly-regulated state and built a high-tech colony called "Galt's Gulch," where productive scientists, entrepreneurs and other talented people could escape from the confines of their daily lives and be free to create value and thrive. Instead of fighting the "system" such people would simply leave and form their own colony of talented people without ties to such an overbearing state. Freedom is the best solution for achieving economic success. Libertarians, anarcho-capitalists, constitutionalists and some conservatives are drawn to living in such a place. In today's world, Galt's Gulch can best be attained in a relatively free country by means of establishing a sustainable community. For various reasons, Chile is perhaps the best place on earth to realize this goal.

#### **Mission**

The mission of the Partners, with input by the Founders, is to create the absolute best option in the world for a self-sustaining, safe, private, convenient and luxurious community for freedom-minded people of varying income levels and backgrounds, whom all share the desire to live in a truly cohesive and unique community, just as John Galt would have done in our world today, while also to create sizable and steady returns on investment to the Founders of Galt's Gulch Chile in as efficient a manner as possible.

Galt's Gulch Chile is an optimal location for establishing a fully sustainable community that will attract freedom-minded people from the United States, Canada and other areas of the world. Many of the residents of Galt's Gulch will more than likely be clients and/or subscribers to one of TDV Media & Services product lines (The Dollar Vigilante, TDV Passports, TDV Offshore, etc.), readers of hundreds of websites such as LewRockwell.com and The Daily Bell which regularly pick up TDV's content or colleagues, friends and family members of those in the freedom industry whom also will comprise a portion of the Founder's Club of Galt's Gulch.

Living in Galt's Gulch allows for very easy access to one of the most cosmopolitan and modern cities in the Western hemisphere, Santiago, Chile. Santiago is less than an hour drive from Galt's Gulch. As well, Galt's Gulch is also less than an hour to Vina del Mar, a world class beach resort located on the scenic Pacific Coast of Chile. Some of the best skiing and mountain activities anywhere in the world are also nearby, approximately 90 minutes away, yet at the same time being ample distance from the hustle and bustle of large population centers. Santiago International Airport, with direct flights from Asia, North America, South America and Europe is located within an hour from Galt's Gulch and there is a small private airport within 20 minutes of the community allowing for very easy travel options for all residents of Galt's Gulch. There has been consideration given to acquiring land near Galt's Gulch to create a private airport for the residents of Galt's Gulch as well, but this will be a project discussed and possibly pursued in the coming years.

Both being in the country of Chile and so close to the major city of Santiago are clear, obvious choices. Chile is, by far, the most libertarian country in South America. The average total amount of taxes paid by a person making between \$60,000-\$120,000 USD/year is 17%. This includes all the main taxes affecting upper middle class workers including consumption taxes (value added tax, gasoline or diesel tax and import duties), income taxes, real property taxes, and car registration fees.

Also, the Chilean central bank is not Keynesian. They operate under the monetarist principles of Milton Friedman, meaning that inflation is low. This plus a low regulation environment has meant that Chile's economy is booming. In 2011, Chile's GDP growth was over 6%. Making Chile one of the best choices for location of Galt's Gulch. As the crow flies, Galt's Gulch is about 20 minutes from Santiago, but the property sits on the western side of the mountains, which surround the community and separates it from the Santiago metropolitan area. Galt's Gulch is ideal for escaping from the stresses of modern day society and mingling with like-minded individuals, yet also having daily access, if so desired, to all of the modern amenities, shopping, entertainment and the like that Santiago has to offer, as well as the incredible beauty and activities that are available in the ocean communities of the Pacific and the mountain areas of the Andes.

Galt's Gulch will have its own private water supply fed from natural springs which produce approximately 66,000 gallons of water per hour, plus mountain runoff in the spring from winter snowfall in the surrounding mountains. The community will have three sizable manmade lakes of 5-10 hectares in size, with hydroelectric power designed into the base of each lake, creating enough power (3 Megawatts) to supply the entire community, as well as excess power to sell locally or to the power grid. One of the manmade lakes will also be stocked with wild salmon, trout, etc. as a food source for the community, as well as for resale to the Santiago market and elsewhere.

Being located very near the heart of Chilean wine country, with numerous wineries just minutes away, Galt's Gulch has ideal year round weather, as well as proper soil conditions, for organic farming, vineyards and the like, which will allow for the community to grow its own private supply of a very wide array of organic food crops, both for consumption within the community and for resale to the open market.

One of the Founders of Galt's Gulch, Ken Johnson, has years of experience in the alternative energy, alternative health and clean tech sectors. Mr. Johnson has access to very unique water and soil technologies that will allow Galt's Gulch to create and maintain incredibly healthy soil conditions and produce fruits, vegetables, trees and vegetation that are much more abundant and vibrant than what is available elsewhere. This will allow for all of the grounds of the community, the golf course, etc. to be maintained in way that won't require pesticides, herbicides or toxic fertilizers. All of the community buildings in Galt's Gulch will be engineered and built with cutting edge and proven technologies for energy efficiency, harmony with nature and protection of the safety, health and well being of the residents of the community. Some Founders and those interested in becoming residents have extensive experience in the construction, engineering, alternative energy, agriculture and horticulture industries, as well as other industries and professions, which will allow all of the community residents and Founders to tap into a vast resource of experience, ideas, designs and technologies with the common goal of building a truly unique and one-of-a-kind community. All of the Founders will have the option of providing and receiving input regarding design and operation of the community.

The community has not yet been mapped, but preliminary engineering estimates call for a conservative estimate of 2,000 residential lots to be mapped and sold, ranging in size from 1.25 acres to over 10 acres, as well as a championship caliber golf course, several community clubhouses, fitness and spa facilities, organic farming, horse facilities, vineyards, hiking trails, biking trails, underground private vault facilities, community open space, Galt's Gulch professional, innovation and commercial center, fully walled and gated perimeters, 24-hour security patrols, and other unique community amenities, making Galt's Gulch a completely self-contained and self-sufficient, yet still connected, place to live. The price range of the lots will vary considerably, as the goal of the community is not only to return sizable profits to the Founders, but to also provide a truly safe and cohesive freedom-minded community to as many highly talented and like-minded residents as possible, without the sole determinant of their ability to reside in Galt's Gulch being their financial position in life. Within Galt's Gulch, there will be several internal subdivisions, with the more affordable lots and homes being in certain subdivisions and the more upscale lots and homes being in others. The community clubhouses, golf course and all facilities will be open to all residents, with some amenities, such as golf, requiring the purchase and maintenance of a membership. The internal subdivisions are being incorporated to insure future values for all residents and to provide a wide range of choices for those who purchase a lot in Galt's Gulch. With the wide range of lot pricing, this also allows for a quicker return on investment to all Founders, as well as protection of their financial investment into the community, with Galt's Gulch being marketed to a wide range of income levels, insulating it to a great extent from market fluctuations, as many price-specific real estate communities are not. It is anticipated that all of the residential lots will be sold within a 24-month period, if not sooner, with the golf course, clubhouses and community amenities being constructed throughout this window as well. A golf community about 30 minutes outside of Santiago sold 80% of their 1.25 acre lots at prices of approximately \$285,000 in less than two years. This particular golf course, clubhouse and community are not anywhere near the quality that is planned for Galt's Gulch. The Founders will not participate in the actual building of the homes in Galt's Gulch, but will rather benefit financially from the handful of homebuilders that will be allowed to build homes in the community, based on their experience, reputation and commitment to quality. Residents of Galt's Gulch will be allowed to design and build their own custom homes and the community will have CC&Rs outlining minimum square footages, design guidelines for homes, landscaping guidelines, etc., in order to protect the property values and quality of the community for all. We are freedom-minded individuals and we don't seek to constrict the freedoms of the residents of the community, but as we are sure most would agree, the quality and integrity of the community must be maintained for our generation and generations to come.

The golf course will be of a top-notch caliber, as will the tennis facilities, pools, gym and spa facilities, community areas, restaurants, stores and clubhouses. In the Santiago area, golf is an extremely popular recreation. Based on past golf course communities built in the Santiago area, the sale of golf memberships in Galt's Gulch is projected to create large revenues for the Founders. In the future, the Founders may elect to discontinue sales of memberships to nonresidents, if so desired and/or as needed.

From the influx of inquiries received from a brief mention of Galt's Gulch in The Dollar Vigilante newsletter, it has become quite apparent that there is significant and sincere interest in Galt's Gulch Founder's Club from a large number of people who have decades of experience in many professions, including alternative health, traditional medicine, dentistry, engineering, computer technology and innovation. After speaking with many of those interested in becoming Founders and residents of the community, it has generally been a shared idea that a community center for such professionals to offer their services to all Galt's Gulch residents is an amenity that will be created to offer the residents very convenient, top quality services. This will allow the residents to have access to the best services available and also allow the professionals who seek to do so, to continue their existing profession in the community. It will also allow for those who seek to innovate and inspire a place to do just that, in collaboration with others in the community. Beyond the opportunity to work with, share ideas with and assist other residents, the professionals of Galt's Gulch also have a plethora of opportunities to create a thriving business for themselves, with Santiago being only a short commute away.

The Founders of Galt's Gulch also have first option on becoming Founders of land, other communities that are under consideration at the present time, which include pristine ocean front plots of land, vast agricultural plots of land and the like. Information on these opportunities will be released to the Founders in the near future.

Galt's Gulch Chile truly is a self-sustaining and safe reality for all freedom-loving people and it is truly an exciting and rewarding time to be involved with the creation of such a life changing community.

### **Principals**

- A. Jeff Berwick and Ken Johnson are principals of TDV Media & Services LLC (TDV) and have a majority ownership in Galt's Gulch Chile S.A., which is the entity that will own and operate the community, including development, lot sales, home sales, golf course membership sales, golf course and community membership programs, organic produce sales, water sales, energy sales and all other income generating programs with the community. TDV shall market the property worldwide via a vast network of associates, affiliates and colleagues throughout the freedom-minded community, which TDV currently has in place for its current business operations. Mr. Berwick and Mr. Johnson will also guide the design and development of the project.

Mr. Berwick is the CEO of TDV, overseeing The Dollar Vigilante newsletters, special reports and business ventures in the financial industry. He is also the founder of Stockhouse.com, which is Canada's largest financial website which had a peak capitalization of \$240 million in 1999. Mr. Johnson is the managing partner of many of TDV's business ventures, including Galt's Gulch, and has been a licensed real estate agent in California since the late 90s, with extensive experience with golf course communities and high-end communities from his years of work in sales and development in the Coachella Valley, which is widely known as one of the golf capitals of the world. Mr. Johnson also has over five years of experience managing and investing in companies in the alternative energy, alternative health and clean tech sectors. Mr. Johnson and Mr. Berwick intend to reside and participate in the community for many years to come.

- B. Germán Eyzaguirre and John Cobin are equal principals of Eyzaguirre y Cobin S.A., which has a minority ownership share in Galt's Gulch Chile S.A. Their duties are to assist with the development of the project on a full-time basis via a plethora of relationships which they have nurtured over the years in and around Santiago, as well as throughout Chile, with land owners, engineers, contractors and the like, allowing the Founders to obtain most of the necessary improvements to the land, such as roadways, utilities, lot clearing and landscaping, construction, etc. at costs much below market. John Cobin is the President and CEO of Eyzaguirre y Cobin S.A. and will be in charge of administration of operations for the project. Germán Eyzaguirre has many years of land development and construction experience in the immediate vicinity of the land, as well as throughout Chile, and is the general manager of engineering, construction and development of Galt's Gulch Chile S.A., but at the same time answers to the Founders, Mr. Berwick and Mr. Johnson for final approvals of all design and implementation plans. A list of the Chilean real estate projects in which Mr. Eyzaguirre has managed, participated in and/or developed is available upon request. Galt's Gulch is very fortunate to have the services and partnership of Mr. Eyzaguirre and Mr. Cobin as part of the Founders Club. Mr. Eyzaguirre and Mr. Cobin intend to reside and participate in the community as well.

**Land acquisitions and key characteristics**

- (1) Central property: 4,894 hectares
- (2) Total land area is approximately 19.9 square miles.
- (3) Elevations of the valley range from 300m to 800m, with the surrounding mountains with elevations of 1,800m to 2,000m, which envelop the valley.

Seven (7) natural springs located at approximately 800 meters and one (1) at 1,800 meters, with water rights belonging to the Founders. The natural springs produce 22 liters per second or 20,922 gallons per hour in the drier months of the summertime. Engineers have provided output estimates of approximately 66,000 gallons of water per hour, with proper piping system installed. Abundant water runoff from the surrounding mountains in the winter months is not included in this total, as this can vary considerably from year to year, based on annual snowfall totals during the winter months.

**Phases**

- A. Initial phase: October 2012 to December 2012 to acquire or have under contract all the properties of the development.
- B. Ramp up phase: November 2012 to March 31, 2013 to complete the initial studies and enter into development of the property, including roads, clubhouse and golf course startup, plus manmade lakes and hydroelectric power, organic farming, irrigation, etc. Initial staff will be hired in November 2012, with sales and operations managers in January 2013 to commence residential lot sales, along with the initial sales staff in the United States, Mexico (TDV main office), Chile and select areas where needed. Workers for clearing, planting, road building, remodeling or construction, etc. will be hired as contractors and/or short term laborers, as needed.
- C. Operational phase: April 1, 2013 and onward, complete projects and continue the sale of residential properties on a retail level. Explore the acquisition and development of other properties, via the relationships and extensive research of the partners, which shall be offered to the Founders of Galt's Gulch prior to any public release of information.

**Sales Forecast 2013 and 2014 (24 months) in terms of average prices**

- A. Galt's Gulch - 4,894 hectares
  - (1) 500 lots at \$30,000 (1.25 acres), totaling \$15,000,000.
  - (2) 1,000 lots at \$50,000 (1.25 acres), totaling \$50,000,000.
  - (3) 300 lots at \$80,000 (2.5 acres), totaling \$24,000,000.
  - (4) 200 lots at \$150,000 (2.5-5 acres or on golf course), totaling \$30,000,000
  - (5) 20 Founder's Club lots at \$200,000 (premiere estate lots), totaling \$4,000,000.
  - (6) Annual electricity sales revenues. To Galt's Gulch residents at estimate of \$80 per month. \$987,600.
  - (7) Annual water sales revenues. To Galt's Gulch residents at \$20 per month. \$246,900. Excess water sold to local farmers at a rate of \$55 per two hours of use is not included in this total, so revenues should be considerably higher than projected. The cost of the irrigation canal(s) construction to the edge of Galt's Gulch being the responsibility of the farmers.
  - (8) Annual organic farming revenues \$750,000
  - (9) Fishery (one manmade lake). \$1,080,000.

**Founder's Club Offering**

Founder's Club shares are being offered at \$500,000 per share. Each share entitles a Founder to one Founder's Club lot (\$200,000 value), a 2% lifetime share of all annual income from the sale of electricity, water, organic food and fish produced in Galt's Gulch to the residents of the community and also to the open market, with projected annual net profits of over \$3,000,000, equating to over \$60,000 projected annually per Founder's Club share, as well as \$1,000,000 returned to each Founder from the net profits of the development of the project, which is to be paid to the Founders for shares on a quarterly basis equating to 15% of the net quarterly profit of the development.

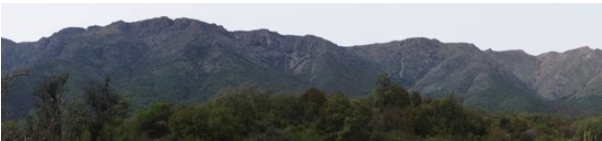
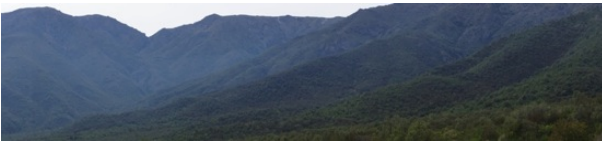
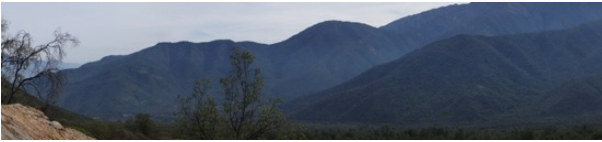
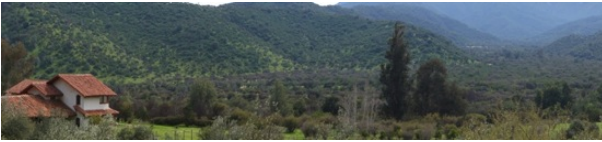
Founder's Club half shares are being offered at \$250,000 per share. Each half share entitles a Founder to one Founder's Club lot (\$200,000 value), a 1% lifetime share of all annual income from the sale of electricity, water, organic food and fish produced in Galt's Gulch to the residents of the community and also to the open market, with projected annual net profits of over \$3,000,000, equating to over \$30,000 projected annually per Founder's Club half share, as well as \$500,000 returned to each Founder from the net profits of the development of the project, which is to be paid to the Founders for half shares on a quarterly basis equating to 7.5% of the net quarterly profit of the development.

The Founder's Club lots are chosen by the Founders as per the following conditions:

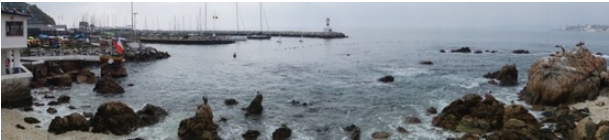
All Founders who purchase a full Founders share will have choice of lots prior to Founders who purchase a half Founders share. All lots, within the full share Founders group of Founders, will have choice of their lot based on a first come first served basis...or, in other words, those who become Founders first have first choice of lots, then the remaining Founders lots are chosen based on the date in which each Founder funded their Founder share purchase. The same holds true for the half share Founders group.

Upon the closing of the Founder's Club, full details will be announced for the first Founder's Club event where all Founders will be able to meet one another and spend time together down in Chile visiting the site of Galt's Gulch, as well as various areas of the ocean communities, mountain communities and also Santiago.

**Photos of Galt's Gulch Chile.**



**Photos of Pacific Ocean – Vina Del Mar – One Hour Driving Distance**





**World Class Skiing in the Andes Mountain Range**



**Santiago, Chile – One Hour Driving Distance**





**Location of Galt's Gulch Chile**



Please note: Highlighted area shows 1714 hectares of the property. 4894 is the total amount of hectares.

# D

## Criminal Charges Filed

**INFORMED BY THE** reconstruction, investor David McLeod filed criminal charges against Kenneth Johnson and Pamela Del Real in Chile (Docket number RUC 4710-2015) on May 20th, 2015. More US civil suits against Johnson are likely to follow.

COPIA

**EN LO PRINCIPAL:** Querrela criminal por delito que indica. **PRIMER OTROSI:** Se tenga presente competencia del Tribunal. **SEGUNDO OTROSI:** Propone diligencias. **TERCER OTROSI:** Reserva de acciones civiles. **CUARTO OTROSI:** Se tenga presente documentos que se acompañarán al Ministerio Público. **QUINTO OTROSI:** Solicita notificación por correo electrónico. **SEXTO OTROSI:** Acredita personería y acompaña documento. **SÉPTIMO OTROSI:** Patrocinio y poder.

S. J. DE GARANTÍA DE SANTIAGO (8°)



**ALFREDO CALVO CARVAJAL**, abogado, cédula de identidad n° 15.829.522-9, en representación convencional de **DAVID DOUGLAS MCLEOD**, estadounidense, empresario, pasaporte de los Estados Unidos de Norteamérica N° 462327404, según se acreditará, ambos domiciliados para estos efectos en Aurelio González 3390, piso 2, comuna de Vitacura, Santiago, a US. con respeto digo:

Que, en la representación que invisto y de conformidad a lo establecido en los artículos 111 y 113 del Código Procesal Penal, vengo en deducir querrela criminal por el **delito de apropiación indebida**, ilícito penal previsto en el artículo 470 N° 1 del Código Penal, y sancionado en el artículo 467 del mismo Código, en contra de **PAMELA DEL CARMEN DEL REAL VERGARA**, soltera, contador auditor, cédula de identidad número 16.127.085-7, domiciliada en calle Carlos Wilson 1342, comuna de Providencia, Santiago, y de **KENNETH DALE JOHNSON**, soltero, empresario, cédula de identidad para extranjeros número 24.604.159-8, pasaporte de EEUU número 457264203, domiciliado en Ruta 68, kilómetro 36, comuna de Curacaví, Provincia de Melipilla; calle San Manuel N° 131, Condominio El Mirador de Curacaví, comuna de Curacaví, Provincia de Melipilla; y calle María Teresa 6220, departamento 505, comuna de Las Condes; y de todos aquellos que resulten responsables como autores, cómplices o encubridores, en su caso, con el objeto que sean condenados al máximo de las penas corporales y accesorias que establece la ley por la comisión en grado de consumado del delito antes indicado.

Fundo la presente querrela criminal, en los antecedentes de hecho y de derecho que paso a exponer:

**I.- LOS HECHOS.**

**1.- El Proyecto "Galt's Gulch Chile".**

1.1.- Por escritura pública de fecha 26 de noviembre de 2012, otorgada en la Notaría de Santiago de don Alberto Rojas López, se constituyó la sociedad anónima Inmobiliaria Galt's Gulch S.A., en adelante "**la Inmobiliaria**" o "**IGG**", indistintamente, cuyo objeto social consiste en la compra, venta, comercialización, usufructo, arrendamiento, subarrendamiento u otra forma de explotación, loteo o subdivisión, construcción y urbanización de bienes raíces, urbanos o rurales, o derechos reales constituidos sobre los mismos, por cuenta propia o ajena. Un extracto de dicha compañía se inscribió a fojas 80.889 número 60.900 del Registro de Comercio del Conservador de Bienes Raíces de Santiago del año 2012, siendo publicado en el Diario Oficial con fecha 12 de diciembre del mismo año.

1.2.- Esta sociedad se constituyó como parte de la implementación, ejecución y desarrollo del proyecto inmobiliario conocido como **Galt's Gulch Chile**, emplazado en la zona de Curacaví, Provincia de Melipilla, Región Metropolitana, en adelante "**el Proyecto**" o "**GGC**", indistintamente.

1.3.- En la ejecución del Proyecto, también participaban otras sociedades, llamadas Asesorías y Servicios Galt's Gulch Chile S.A., en adelante "**Asesorías y Servicios**", y Agrícola y Comercial Galt's Gulch SpA, en adelante "**Agrícola y Comercial**". La primera de ellas tiene por objeto la prestación de servicios profesionales y técnicos en las áreas inmobiliarias, de construcción, urbanísticas, comerciales y económicas; mientras que la otra compañía tiene por objeto social la producción, compra, venta, distribución, comercialización por cuenta propia o a través de terceros, de toda clase de productos agrícolas o muebles, que acuerden los socios y, en general, todo aquello que se relacione directa o indirectamente, en la actualidad o en el futuro, con estas actividades, y cualquier negocio que acordaren los socios.

1.4.- El Proyecto consistía, fundamentalmente, en la creación de una comunidad inmobiliaria independiente, autónoma y autosustentable formada principalmente por extranjeros, contando al efecto con suministro de agua y producción de cosechas propias para sus residentes. IGG se encargaría de adquirir ciertos bienes raíces y derechos de



aprovechamiento de aguas, con el propósito de fusionarlos y subdividirlos en un número determinado de lotes que serían entregados posteriormente a aquellas personas interesadas en el Proyecto. Para este propósito, varios extranjeros interesados decidieron invertir grandes cantidades de dinero en GGC, haciendo transferencias desde sus cuentas bancarias en el extranjero hacia la cuenta corriente que Asesorías y Servicios mantenía en el Banco ITAÚ. Posteriormente, producto del cierre de esa cuenta, los inversionistas comenzaron a hacer traspasos desde sus cuentas bancarias a la cuenta corriente personal de doña Pamela Del Carmen Del Real Vergara, todo ello en conformidad a las instrucciones otorgadas por Kenneth Dale Johnson.

1.5.- De esta forma, para materializar los aportes en dinero y formalizar el interés de los inversionistas en el Proyecto, algunos suscribieron en distintas fechas contratos de mutuos con Agrícola y Comercial, contratos de suscripción y pago de acciones con la misma sociedad, contratos de compraventa de acciones, o incluso contratos de promesa de compraventas con IGG con el objeto de adquirir a futuro los eventuales lotes que se generaran producto de la fusión y subdivisión de sus inmuebles.

1.6.- Con los dineros proporcionados por los distintos inversionistas, IGG adquirió los siguientes bienes raíces, en adelante "**los Inmuebles**":

- a) Predio denominado HIJUELA TRES LEPE NORTE, de la que se dividió el Fundo Lepe ubicado en la Comuna de Curacaví, Provincia de Melipilla, Región Metropolitana, de una superficie aproximada de 1.137 hectáreas, siendo secano o rulo.
- b) Predio denominado HIJUELA DOS LAS CASAS, de las que se dividió el Fundo Lepe ubicado en la Comuna de Curacaví, Provincia de Melipilla, Región Metropolitana, de una superficie aproximada de 1.636 hectáreas, de las cuales 18 hectáreas y media son regadas.
- c) Lote número UNO, del plano agregado al final del Registro de Propiedad del año 1987 bajo el número 264, en que se dividió la Higuera número cuatro denominada "El Durazno" de la división de la Hacienda Carén, ubicada en la comuna



de Curacaví, Provincia de Melipilla, Región Metropolitana, conocido como "El Peñón", comprada en virtud de escritura pública de 19 de diciembre de 2012, otorgada en la Notaría de Santiago de don Alberto Rojas López, y adquirida por tradición mediante la inscripción del título a fojas 36 número 58 del Registro de Propiedad del año 2013 del Conservador de Bienes Raíces de Casablanca. De acuerdo a la cláusula tercera de la mencionada escritura, el precio pagado fue de UF 24.314,69 (veinticuatro mil trescientos catorce coma sesenta Unidades de Fomento), equivalentes a la fecha del contrato a \$555.126.742 (quinientos cincuenta y cinco millones ciento veintiséis mil setecientos cuarenta y dos pesos), pese a que de acuerdo la información obtenida desde el portal del Servicio de Impuestos Internos, el avalúo fiscal de la propiedad para el primer semestre del año 2015, asciende a **\$34.382.542 (treinta y cuatro millones trescientos ochenta y dos mil quinientos cuarenta y dos pesos)**.

1.7.- Los Inmuebles singularizados en las letras a) y b) del párrafo anterior fueron adquiridos por tradición que le hizo la sociedad Agrícola Guipaca Limitada, en adelante "AGL", mediante inscripción a fojas 3.137 número 3.915 del Registro de Propiedad del año 2013 del Conservador de Bienes Raíces de Casablanca, de escritura pública de compraventa otorgada ante el Notario Público de Viña del Mar don Raúl Farren Paredes, de fecha 14 de agosto de 2013, repertorio 2525-2013, por el precio de \$3.426.500.000 (tres mil cuatrocientos veintiséis millones quinientos mil pesos). Según la cláusula cuarta del contrato, a la fecha, IGG habría abonado al precio la suma de \$2.376.500.000 (dos mil trescientos setenta y seis millones quinientos mil pesos), restando por pagar la cuota correspondiente al 16 de abril de 2014 ascendiente a \$1.050.000.000 (mil cincuenta millones de pesos) más \$100.000.000 (cien millones de pesos) por concepto de multa.<sup>1</sup>

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<sup>1</sup> Mediante escritura pública de 18 de agosto de 2014, otorgada en la Notaría de Santiago de don Patricio Cathallaud Moroso, IGG reconoció adeudar a AGL, a esa fecha, la cantidad de \$1.200.000.000 (mil doscientos millones de pesos), según lo pactado en la última modificación del pago del precio y multas, según instrumento extendido el día 3 de enero de 2014. En atención a la cláusula segunda de dicha escritura, IGG aceptó

1.8.- De acuerdo a la cláusula tercera del contrato mencionado en el párrafo anterior, AGL también vendió, cedió y transfirió a IGG, además de las Hijuelas Tres Lepe Norte y Dos Las Casas, ciertos derechos de aguas subterráneas y superficiales. Sin perjuicio de ello, en la cláusula quinta del contrato, las partes estipularon que estos derechos de agua se mantendrían a nombre de la vendedora, hasta la fecha en que se pague íntegramente el precio convenido, obligándose la vendedora a no venderlos ni transferirlos.<sup>2</sup>

1.9.- Los Inmuebles correspondientes al Fundo Lepe estarían supuestamente en proceso de fusión y posterior subdivisión en siete parcelas agrícolas de menor tamaño, según el plano de subdivisión presentado con fecha 04 de octubre de 2013 para aprobación de la Dirección de Obras Municipales de la Municipalidad de Curacaví, en adelante la "DOM", número de ingresos 253 y 254<sup>3</sup>. Hasta la fecha, no existe ninguna resolución administrativa que haya aprobado el trámite y según información recopilada por los inversionistas, éste trámite no podría realizarse, atendido que los Inmuebles estarían situados en un zona de preservación ecológica.

## **2.- Las Irregularidades del Proyecto.**

2.1.- Durante el año 2014, salieron a la luz pública ciertas situaciones irregulares en torno al Proyecto que encabeza la Inmobiliaria. En efecto, el miércoles 15 de octubre de 2014, la revista "Qué Pasa" publicó un artículo

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adeudar un monto total de 1.300.000.000 (mil trescientos millones de pesos), saldo que incluye una multa de \$100.000.000 (cien millones de pesos), debiendo ser pagada a más tardar el día 13 de octubre de 2014. Según información que hemos recopilado, las partes contratantes nuevamente habrían modificado la fecha de pago del saldo del precio, extendiendo el plazo hasta el día 1 de diciembre de 2014. En este caso, el saldo total del precio fue fijado en \$1.400.000.000 (mil cuatrocientos millones de pesos), el que incluye una nueva multa de \$100.000.000 (cien millones de pesos). **Este monto de \$1.500.000.000 (mil quinientos millones de pesos) no fue pagado por IGG dentro del plazo estipulado**, por lo que AGL, en virtud de la cláusula décima de la escritura de compraventa de 14 de agosto de 2013, inició un juicio arbitral ante el Centro de Arbitraje de la Cámara de Comercio de Santiago, con el objeto de exigir el cumplimiento del contrato. Este proceso se tramita actualmente ante el juez árbitro don Emilio Pfeffer Urquiaga, Rol CAM N° 2.220-2014.

<sup>2</sup> Aun cuando dicha estipulación no produce efecto alguno, conforme con lo dispuesto en el artículo 1874 del Código Civil, hasta la fecha, IGG no ha requerido al Conservador de Bienes Raíces de Casablanca la inscripción a su nombre de los derechos de aguas superficiales y subterráneas que se le vendieron en virtud del contrato.

<sup>3</sup> Dada la naturaleza agrícola de las Hijuelas compradas por IGG y, en consecuencia, la de los lotes que resultarían de su subdivisión, resultaba esencial que los lotes contaran con derechos de aguas superficiales y subterráneas para su explotación y/o urbanización.

titulado "Esos extraños vecinos", en el que informa sobre las diferencias irreconciliables entre los fundadores del proyecto, las acusaciones de estafa por la no entrega de los terrenos a los propietarios y las pérdidas que registraba el Proyecto ya a fines del año 2013. Además, hay otras publicaciones que dan cuenta de acciones legales por estafa, evasión de impuestos, malversación y colusión presentadas por parte de los inversionistas del proyecto, todos documentos que se individualizan en un otrofó de este escrito.

2.2.- Muestra de ello es que el Juzgado de Letras de Casablanca ha decretado en distintos procedimientos dos medidas prejudiciales precautorias de prohibición de celebrar actos o contratos sobre los Inmuebles de propiedad de IGG, una en razón de una acción ejercida por un inversionista extranjero para obtener la nulidad absoluta de la escritura pública de compraventa celebrada entre IGG y AGL el 14 de agosto de 2013 (Rol N° 1193-2014), y otra respecto de una acción de resolución de contratos de promesa de compraventa, contrato de explotación agrícola y cobro de dineros entregados por contratos de mutuos que será ejercida oportunamente ante el juez árbitro don Tomás Walker Prieto, designado por el Centro de Arbitraje de la Cámara de Comercio de Santiago (Rol N° 362-2015).<sup>4</sup>

2.3.- Todas estas situaciones podrían tener su explicación en que don Kenneth Dale Johnson -ciudadano norteamericano que viajó a Chile con el objeto de implementar y administrar el Proyecto, y que se desempeñaba como Gerente General de todas las compañías asociadas a GGC- comenzó a realizar operaciones sin el consentimiento de los inversionistas, involucrándose con personas ajenas al Proyecto que finalmente lograron hacerse de la administración del negocio.

<sup>4</sup> Por si todo lo indicado fuera poco, en febrero de 2015, la Dirección de Vialidad de la Región Metropolitana informó a IGG que para la ejecución de la obra denominada "Construcción Puentes Lepe 1, Lepe 2 y El Toro, comuna de Curacaví, Puente Lepe Dos, comuna de Curacaví, Provincia de Melipilla, Región Metropolitana de Santiago", el Ministerio de Obras Públicas se encontraba llevando a cabo los procesos expropiatorios necesarios, de conformidad con lo establecido en el D.L. 2.186 de 1978, Ley Orgánica de Procedimiento de Expropiaciones. De esta manera, mediante los Ordinarios números 411, 412, 413 y 414 de 12 de febrero de 2015, se comunicó que los lotes números 1 y 2 (rol de avalúo fiscal número 109-2), y los lotes números 3 y 4 (rol de avalúo fiscal número 109-5), todos de la comuna de Curacaví, se encontraban afectos a expropiación en 481 m<sup>2</sup>, 5.280 m<sup>2</sup>, 9.539 m<sup>2</sup> y 168 m<sup>2</sup> de terreno, respectivamente.

2.4.- Así las cosas, a partir del año 2014, la familia Del Real, integrada por **don Mario Alexis Del Real Castro, doña Pamela Del Carmen Del Real Vergara y don Alexander Michael Felipe Del Real Vergara** comenzaron a tener participación en las distintas sociedades de GGC, ya sea en su administración (como presidente de los directorios, miembros de los mismos o como gerentes) y/o en su propiedad mediante la supuesta adquisición de acciones.<sup>5</sup>

2.5.- A través de documentos oficiales emitidos por el grupo de sociedades del Proyecto, se daban instrucciones a los inversionistas o interesados para la transferencia de los dineros, dentro de las cuales se exigía el envío de una copia escaneada de su pasaporte y una carta explicando el origen de los fondos que se transferían, el tipo de cuenta desde donde se enviaban los fondos y la razón de la transferencia, misiva que debía estar dirigida a don Kenneth Johnson, en su supuesta calidad de Gerente General de Asesorías y Servicios e IGG.

2.6.- Sin embargo, curiosamente, **en dichas instrucciones se señalaba que las transferencias internacionales debían ser efectuadas a la cuenta corriente número 181 0429 901 del Banco de Chile, perteneciente a doña Pamela Del Carmen Del Real Vergara, y no a una cuenta bancaria de alguna de las empresas pertenecientes al proyecto.** La razón de esto -lo que era desconocido por los inversionistas en ese minuto- es que el Banco Itaú ordenó el cierre de la cuenta que Asesorías y Servicios Galt's Gulch S.A. mantenía en Chile, principalmente por temor que los dineros existentes en esas cuentas provinieran de actividades ilegales. Pese a ello, inversionistas confiados en el trabajo que supuestamente realizaba el señor Johnson, decidieron efectuar traspasos de dineros en la cuenta personal de Patricia Del Real Vergara.

### **3.- Contrato de suscripción y pago de acciones celebrado entre Agrícola y Comercial Galt's Gulch SpA y David McLeod.**

3.1.- El 18 de agosto de 2014, mi representado celebró un contrato de suscripción y pago de acciones con Agrícola y Comercial, en virtud del cual suscribió 260 acciones de dicha Sociedad por un precio total de USD

<sup>5</sup> Según información recopilada por esta parte, existirían actualmente querrelas criminales cruzadas por estafa y otros delitos entre don Mario Del Real Castro y don Kenneth Dale Johnson. Por razones obvias, esta parte desconoce los RIT y los tribunales que estarían conociendo de dichas acciones.

50.000 (cincuenta mil dólares de los Estados Unidos de Norteamérica), monto que fue pagado con anterioridad al acto, al contado y en dinero efectivo, según lo establecido en la cláusula cuarta del respectivo contrato.

3.2.- En efecto, con la finalidad de pagar el precio de las acciones suscritas, por instrucciones de Kenneth Dale Johnson, el 25 de abril de 2014, don David McLeod realizó una transferencia bancaria internacional por el monto de USD 50.000 (cincuenta mil dólares de los Estados Unidos de Norteamérica) desde su cuenta PER 4966 del Bank of America a la cuenta corriente número 181 0429 901 del Banco de Chile, correspondiente a Pamela Del Carmen Del Real Vergara, según solicitud de autorización de transferencia de fondos o "Funds Transfer Request Authorization" (FTRA) efectuada por el señor McLeod.

3.3.- El 29 de abril del mismo año, la querellada Pamela Del Real Vergara suscribió una solicitud de cancelación de orden de pago del exterior ante el Banco de Chile, en virtud del cual pide expresamente la liquidación y cancelación de una orden de pago por la suma de USD 49.930 (cuarenta y nueve mil novecientos treinta dólares de los Estados Unidos de Norteamérica), concerniente al inversionista don David McLeod, autorizando a la institución financiera para cargar esa cantidad en su cuenta corriente personal.

3.4.- En el recuadro en donde la solicitante debía explicar el motivo que origina el ingreso de las divisas, la querellada declaró con su puño y letra que los fondos recibidos corresponden al "Pago de acciones sociedad Río Colorado S.A.", lo que constituye una finalidad absolutamente distinta de aquella para la cual mi representado transfirió esos fondos.

3.5.- A la fecha de celebración del contrato de suscripción de acciones, época posterior a la transferencia del dinero, el señor McLeod desconocía todas las irregularidades del Proyecto, pues quien concurrió en representación de Agrícola y Comercial Galt's Gulch S.A. fue precisamente Kenneth Johnson.

3.6.- Cabe señalar que fueron muchos los inversionistas que transfirieron dineros desde el exterior a la cuenta corriente número 181 0429 901 del Banco de Chile, correspondiente a Pamela Del Carmen Del Real

Vergara. Dado el irregular uso que mostró la cuenta, inexplicable por su titular, el Banco de Chile procedió posteriormente a cerrar unilateralmente la señalada cuenta corriente por actividades irregulares y presunto fraude, lo cual impidió que la querellada continuara apropiándose de dinero ajeno.

## II.- EL DERECHO.

4.- Los hechos antes descritos son constitutivos del **delito de apropiación indebida, previsto en el artículo 470 N° 1 inciso primero del Código Penal**, disposición legal que señala que "*Las penas del artículo 467 se aplicarán también: 1°. A los que en perjuicio de otro se apropiaren o distrajeren dinero, efectos o cualquiera otra cosa mueble que hubieren recibido en depósito, comisión o administración, o por otro título que produzca obligación de entregarla o devolverla*".

5.- El señalado precepto, consagra dos verbos rectores del tipo penal, esto es, **apropiar** y **distraer**. El primero, alude a actos en que existe una negación del sujeto activo de restituir la cosa que se le ha traspasado, o también cuando dispone de ella. El segundo, consiste en darle a los objetos proporcionados un uso no autorizado por el dueño, causándole un perjuicio. En consecuencia, el bien jurídico tutelado por el delito de apropiación indebida está constituido por el derecho subjetivo personal a la restitución o al uso determinado (derecho a que se entregue), correlativo de la obligación del agente de restituir o entregar, bien jurídico que es lesionado por el agente al apropiarse o distraer la cosa que debía devolver o entregar (usar determinadamente).

6.- Como SS. bien sabe, la doctrina y la jurisprudencia se han encargado de establecer los requisitos de este tipo penal, los cuales son: a) la recepción por parte del sujeto activo, en virtud de un título de mera tenencia, de dineros, efectos o cualquier otra cosa mueble, respecto de los cuales el sujeto pasivo ha efectuado voluntariamente un acto de disposición patrimonial; b) obligación del receptor de entregar o devolver los efectos recibidos; c) realización por parte del agente actos representativos de apropiación o distracción que el título no autoriza, infringiendo de este modo las obligaciones de devolver lo recibido o destinarlo a los fines específicos convenidos; y d) perjuicio patrimonial del sujeto.

7.- En el presente caso *sub lite*, doña Pamela Del Real Vergara recepcionó USD 50.000 (cincuenta mil dólares de los Estados Unidos de Norteamérica) transferidos voluntariamente por parte del señor McLeod en su cuenta corriente personal. Mi representado, confiando en las instrucciones otorgadas por Kenneth Dale Johnson de GGC, traspasó su dinero a una persona que supuestamente era parte del Proyecto, quien asumió la obligación de entregar el dinero a Agrícola y Comercial.

8.- La querellada, al momento de recibir el dinero por concepto de precio del contrato de suscripción de acciones celebrado entre la Sociedad y mi representado, tenía la obligación de entregarlo o enterarlo de forma inmediata a las arcas sociales de Agrícola y Comercial Galt's Gulch SpA, es decir, debía destinarlo a los fines específicos para los cuales se le transfirió y no apropiarlo o destinarlo al pago de acciones de otra sociedad que no eran parte del contrato o a cualquier otro objetivo diverso.

9.- Todo lo anterior, ha provocado lógicamente un perjuicio patrimonial a mí representado de USD 50.000 (cincuenta mil dólares de los Estados Unidos de Norteamérica), el que se materializó en el momento que Pamela Del Real Vergara liquidó y canceló la orden pago a su cuenta corriente, señalando que los fondos recibidos serían derivados para un fin distinto y ajeno al originalmente acordado. Hasta la fecha, el señor McLeod no ha obtenido los títulos que acreditan la propiedad de las acciones adquiridas ni tampoco la devolución de su dinero por parte de quien lo recibió en nombre de Agrícola y Comercial Galt's Gulch S.A. o del Proyecto.

10.- El artículo 467 del Código Penal establece penas que van desde el presidio menor en su grado mínimo a máximo dependiendo de la cuantía de lo defraudado, la que en este caso concreto supera las 40 Unidades Tributarias Mensuales por tratarse precisamente de dinero que supera por mucho dicho estándar.

11.- Finalmente, la investigación que desarrollará el Ministerio Público será la encargada de individualizar a otros sujetos que hayan tenido participación susceptible de reproche penal en los hechos denunciados, como asimismo la existencia de delitos distintos a los denunciados.

**POR TANTO**, de acuerdo a lo expuesto y a lo dispuesto por las normas legales citadas y pertinentes;

**SÍRVASE US.:** Tener por deducida querrela criminal en contra de **PAMELA DEL CARMEN DEL REAL VERGARA** y de **KENNETH DALE JOHNSON**, ambos ya individualizados, en las calidades antes indicadas; y de todos aquellos que resulten responsables, por el **delito de apropiación indebida**; declararla admisible, ponerla en conocimiento del Ministerio Público para la investigación de los hechos en que se funda, y así recabar los antecedentes que permitan la formalización de personas determinadas, posterior acusación y finalmente su condena, al máximo de las penas y accesorias que la ley establece, y a la indemnización civil que en la oportunidad procesal pertinente se demandará, con costas.

**PRIMER OTROSÍ:** Ruego a S.S. tener presente que el delito denunciado tiene su principio de ejecución en las oficinas del Banco de Chile, ubicadas en Pedro de Valdivia 1833, comuna de Providencia, por lo que el Tribunal de S.S. es el competente para conocer los hechos denunciados.

**SEGUNDO OTROSÍ:** Que, por este acto, de conformidad a lo dispuesto en el artículo 113 letra e) del Código Procesal Penal, vengo en solicitar al Ministerio Público que se practiquen las siguientes diligencias:

- a) Se despache una orden de investigar los hechos materia de esta presentación, a la Unidad de Delitos Económicos del Departamento OS 9 de Carabineros de Chile.
- b) Se cite a declarar a los imputados Pamela del Carmen Del Real Vergara y Kenneth Dale Johnson, para que expliquen su participación en los hechos denunciados.
- c) Se oficie al Banco de Chile, domiciliado en Ahumada 251, Santiago, a fin de que remita copia de todas las cartolas correspondientes a la cuenta corriente número 181 0429 901, cuyo titular era Pamela Del Carmen Del Real Vergara, e informe la fecha de apertura y cierre de dicha cuenta, indicando las causas que motivaron su cierre.
- d) Se decrete una orden de entrada y registro al domicilio de la imputada Pamela del Carmen Del Real Vergara, ubicado en



Carlos Wilson 1342, Providencia, para los efectos de recabar la posible existencia de efectos del delito denunciado, como también la existencia de evidencias o medios de prueba de la defraudación investigada.

- e) Se cite a declarar como testigos a don Mario Alexis Del Real Castro y don Alexander Michael Felipe Del Real Vergara, ambos domiciliados en Carlos Wilson 1342, comuna de Providencia, Santiago.

**POR TANTO;**

**SÍRVASE US.:** Tener por formuladas las diligencias cuya práctica se solicita.

**TERCER OTROSÍ:** Ruego a US. tener presente que esta parte se reserva las acciones civiles que pudiesen derivar de los hechos que se solicitan investigar, en atención a los artículos 59 y 60 del Código Procesal Penal.

**CUARTO OTROSÍ:** Hago presente a US. que acompañaré al Ministerio Público, los siguientes documentos que dan cuenta de los hechos denunciados:

- 1) Copia simple de documento en inglés titulado "Wiring Instructions", emitido por personal del Proyecto, en el que se indica la cuenta corriente personal de Pamela Del Real Vergara para realizar las transferencias de dinero.
- 2) Copia simple de documento en inglés denominado "Funds Transfer Request Authorization (FTRA)", emitido por el Bank of America, en que el querellante autoriza a dicha institución para transferir USD 50.000 (cincuenta mil dólares de los Estados Unidos de Norteamérica) a la cuenta corriente personal de Pamela Del Real Vergara.
- 3) Copia simple de formulario de solicitud de cancelación orden de pago del exterior, de fecha 29 de abril de 2014, emitida por el Banco de Chile, relleno y firmado por doña Pamela Del Real Vergara, en que pide la liquidación y cancelación de los fondos transferidos por mi representado, autorizando al Banco para cargar el dinero a su cuenta personal.

- 4) Copia simple de contrato de suscripción y pago de acciones suscrito entre Agrícola y Comercial Galt's Gulch S.A. y mi representado, con fecha 18 de agosto de 2014.
- 5) Copia simple de escritura pública de compraventa celebrada entre IGG y AGL, con fecha 14 de febrero de 2013, en la Notaría de Viña del Mar de don Raúl Farren Paredes, repertorio 2.525.
- 6) Copia simple de escritura pública de modificación del pago del precio y multas en relación a la compraventa individualizada en el número precedente, otorgada entre AGL e IGG, con fecha 18 de agosto de 2014, en la Notaría de Santiago de don Patricio Cathalifaud Moroso.
- 7) Copia simple de escritura pública de compraventa celebrada entre René Julio Sarrazín Arellano e Inmobiliaria Galt's Gulch S.A., con fecha 19 de diciembre de 2012, ante el Notario Público don Alberto Rojas López, respecto del inmueble de El Peñón.
- 8) Copia de solicitud de medida prejudicial precautoria de prohibición de celebrar actos o contrato sobre los bienes raíces del Fundo Lepe, presentada el 14 de octubre de 2014 por el inversionista Joshua Kirley ante el Juzgado de Letras de Casablanca.
- 9) Copia de resolución de fecha 16 de octubre de 2014, dictada por el Juzgado de Letras de Casablanca en la causa caratulada "Kirley con Inmobiliaria Galt's Gulch S.A. y otra", Rol N° C-1193-2014, en la que se concede la medida prejudicial precautoria de prohibición de celebrar actos y contratos sobre los bienes raíces del Fundo Lepe de propiedad de IGG y los derechos de aguas de propiedad de AGL.
- 10) Copia de estampado del receptor judicial don Luis Astorga Ibarra, de fecha 23 de octubre de 2014, en donde certifica haber requerido al CBR de Casablanca la inscripción de la medida prejudicial precautoria respecto de los inmuebles del Fundo Lepe.
- 11) Copia de estampado del receptor judicial don Luis Astorga Ibarra, de fecha 20 de octubre de 2014, en donde certifica haber requerido al CBR de Casablanca la inscripción de la medida prejudicial precautoria respecto de los derechos de agua de AGL.
- 12) Copia de demanda de nulidad absoluta presentada por don Joshua Kirley el 11 de noviembre de 2014 ante el Juzgado de Letras de

- Casablanca en la causa caratulada "Kirley con Inmobiliaria Galt's Gulch S.A. y otra", Rol N° C-1193-2014.
- 13) Copia de solicitud de medida prejudicial precautoria de prohibición de celebrar actos o contrato sobre el inmueble de El Peñón de propiedad de IGG, presentada el 20 de marzo de 2015 ante el Juzgado de Letras de Casablanca por don Joshua Kirley.
  - 14) Copia de resolución de fecha 26 de marzo de 2015, dictada por el Juzgado de Letras de Casablanca en la causa caratulada "Kirley con Inmobiliaria Galt's Gulch S.A.", Rol N° C-362-2015, en la que se decreta la medida prejudicial precautoria de prohibición de celebrar actos y contratos respecto del lote número 1, del plano agregado al final del Registro de Propiedad del año 1987, bajo el número 264 de los que se dividió la Hijuela número cuatro denominada "El Durazno" de la división de la Hacienda Carén, ubicada en la comuna de Curacaví, Provincia de Melipilla, Región Metropolitana.
  - 15) Copia de estampado del receptor judicial don Luis Astorga Ibarra, de fecha 30 de marzo de 2015, en donde certifica haber requerido al CBR de Casablanca la inscripción de la medida prejudicial precautoria sobre El Peñón.
  - 16) Artículo titulado "*La Quebrada de Galt en Chile: la promesa de paraíso liberal que resultó ser un fiasco*", publicado el 29 de agosto de 2014 en el sitio web <http://es.panampost.com/adriana-peralta/2014/08/29/la-quebrada-de-galt-en-chile-la-promesa-de-paraíso-liberal-que-resultó-ser-estafa/>.
  - 17) Artículo titulado "*Esos extraños vecinos*", publicado el 15 de octubre de 2014 en la Revista "Qué Pasa".<sup>6</sup>
  - 18) Artículo titulado "*Proyecto de gringos de Lepe: de tierra prometida a infierno de querellas por estafa*", publicado el 31 de octubre de 2014 en el Semanario El Mauco, obtenido desde el sitio Web <http://www.elmauco.cl/policial/item/480-proyecto-de-gringos-de-lepe-de-tierra-prometida-a-infierno-de-querellas-por-estafa.html>.

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<sup>6</sup> Obtenido desde el Sitio Web <http://www.quepasa.cl/articulo/actualidad/2014/10/1-15440-9-esos-extranos-vecinos.shtml>.

**SÍRVASE US.:** Tenerlo presente.

**QUINTO OTROSÍ:** De conformidad a lo dispuesto en el artículo 31 del Código Procesal Penal, solicito a SS. que las notificaciones que deban efectuarse a este interviniente, se realicen a los correos electrónicos [acalvo@lomag.cl](mailto:acalvo@lomag.cl), [flackington@lomag.cl](mailto:flackington@lomag.cl) y [ccornejo@lomag.cl](mailto:ccornejo@lomag.cl), indistintamente.

**SEXTO OTROSÍ:** Solicito a US. tener por acompañado mandato especial de fecha 31 de marzo de 2015, otorgado ante la Notario Público del Condado de San Mateo, California, Estados Unidos de Norteamérica, doña Lisa Rattay, certificado por el Asesor del Condado y Secretario de Registro don Mark Church, el 1 de abril de 2015, debidamente protocolizado en la Notaría de Santiago de don Patricio Raby Benavente, con fecha 17 de abril de 2015, en la que consta mi calidad de mandatario judicial para actuar en representación de don David McLeod.

**POR TANTO:**

**RUEGO A US.:** Tenerlo presente y por acompañado el documento antes indicado.

**SÉPTIMO OTROSÍ:** Que, por este acto, en mi calidad de mandatario judicial y de abogado habilitado para el ejercicio de la profesión, vengo en asumir el patrocinio y poder en esta causa, con todas las facultades de ambos incisos del artículo 7 del Código de Procedimiento Civil, junto con el abogado Francis Lackington Gómez, pudiendo actuar ambos conjunta o separadamente, en forma indistinta, fijando ambos como domicilio el ubicado en Aurelio González 3390, piso 2, comuna de Vitacura, Santiago, y firmando ambos en señal de aceptación.

**POR TANTO:**

**SÍRVASE US.:** Tenerlo presente.

# E

## The Ballad of the Creature from Galt's Gulch

A STORY BEFITTING a Ballad.



Lepe, we begged a crop o' thee,  
Yet bitter fruit, psychopathy,  
Made mock of purse and constant fuss.  
'Tis all that Johnson offered us.

From town to shore he built infame  
Through methods harsh, too cruel to name:  
Assault, canard, mendacity,  
And great offense olfactory.

Unfit as master, Johnson made  
Chileans work as slaves unpaid.

To pampered pup, the salmon steak  
'Twas barred from man, did famine make.

Please, no strychnine in his cup,  
For should we see him drink it up,  
The dogs will eat but victims mourn,  
No will or trust did he adorn.

With tales of woe and lust and scorn,  
Will Johnson die and leave forlorn,  
All his just superiors,  
For all was his and his was yours.

Since time began that fateful day,  
When God and man together played  
'Til Eve did eat that bright, red fruit  
And from that garden got the boot,

Work and toil came from that fruit,  
No arguing, the case is moot,  
And to each other we must cling  
To cease or bear our suffering.

Shared years of toil we dedicate  
To apprehend this reprobate.  
Our goal's fruition is to slam  
The cell door shut and stop the spam.

The vision held in image clear  
In court, prisoner with shackle gear,  
He captured, tried and guilty found  
Yet no remorse, though he be bound.

All witnessed his defiant call,  
"Not one investor. Clients all!"

—Terence Gillespie and Cathy Cuthbert



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**AUTHOR OF "THE OUTLIERS HANDBOOK"**

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