

NEWS FROM THE BRECKENRIDGE POLICE DEPARTMENT

Fact Sheet

Media Conference:

Breckenridge Police Department
150 Valley Brook Street
May 9th, 2007 2:00 pm

Officials at Podium:

Chief Rick Holman, Breckenridge Police Department
Mark Hurlbert, District Attorney, 5th Judicial District
Mark Wilson, Agent in Charge (of Investigations) Colorado Bureau of Investigation

Probable Cause Arrest Warrant:

Attached

Suspect:

Royal Daniel III DOB 08-20-45 white male, 5'9", white hair, blue eyes
Signed by Summit County Court Judge Edward Casias May 8th, 5:30 pm

Charge:

Felony Theft Colorado Revised Statutes 18-4-401(1)a (2)d
Class 3 Felony

Bond:

\$150,000

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COUNTY COURT, SUMMIT COUNTY, STATE OF COLORADO
CASE NUMBER:

AFFIDAVIT FOR ARREST WARRANT

Comes now your affiant, Breckenridge Assistant Police Chief Greg Morrison, being duly sworn under oath, I do hereby depose and state that I am a sworn police officer for the Town of Breckenridge, Summit County, Colorado. Your affiant has probable cause to believe that Royal Daniel III DOB 08-20-45, has committed the crime of Theft, C.R.S. 18-4-401 (1)a(2)d a class 3 Felony, in Breckenridge, Summit County, Colorado. Your affiant obtained personal knowledge of the following facts of this case by interviewing Breckenridge, Summit County Sheriff's and Silverthorne police officers, CBI agents, interviewing witnesses, reading police reports and reviewing files seized pursuant to search warrants.

FACTS OF CASE

On April 27th, 2007 at 3:00 PM Sarah Bailey called the Breckenridge Police Department and filed a missing person report. Sara Bailey reported that her employer, Royal "Scoop" Daniel III, had been missing since 8:45 AM that morning. Sarah Bailey reported that she arrived at Royal Daniel's law office, 130 Ski Hill Rd #210, Breckenridge, CO at 8:45 AM. She found the office unlocked, the coffee machine brewing, and Royal Daniel's dog, hat, coat and keys in his office and an empty cereal bowl on his desk.

Sarah Bailey found Mr. Daniel's sunglasses on the floor of the office, broken into two pieces. Friday April 27th was a payday and Sarah Bailey found her paycheck from Royal Daniel on her desk in an envelope addressed to her, which was highly unusual. In over two and half years of employment, Daniel has never put her paycheck on her desk, he normally gives her her paycheck just minutes before 5:00 PM on paydays.

Mr. Daniel's car was parked in the east lot of the building, however, Ms. Bailey could not locate Mr. Daniel. Mr. Daniel had appointments throughout the day Friday April 27th that he missed and he has not been heard from since.

Breckenridge Officers interviewed Mr. Daniel's girlfriend, Jennifer Rathbun. Ms. Rathbun reported that she and Mr. Daniel attended a fundraiser at the Hearthstone Restaurant and then spent Thursday night, April 26th, at Daniel's home, 205A South High Street, Breckenridge, CO. On Friday morning, Daniel gave Rathbun his favorite running suit and his Sorrel boots and told her that he would not be needing them for a while. He also gave her a key to his residence which she thought was odd in that Daniel always left the door unlocked. Rathbun reported that Daniel dropped her off at her residence at 5:30 AM stating that he was going to his office to do some work.

On Friday afternoon April 27th Jennifer Rathbun took Breckenridge Patrol officers, investigating this case as a missing person case, to Daniel's house at 205A South High Street and let them in to check the residence for Royal Daniel. He was not there.

Sarah Bailey advised officers that Mr. Daniel has a cell phone, 970-390-9661. An emergency cell telephone records request was completed by Breckenridge officers with Sprint for telephone number 970-390-9661. Sprint advised that the last outgoing call from the cell phone was made at 7:48 AM on April 27th to "9-1-1". Officers checked with the Summit County Dispatch Center and a 9-1-1 call was

received from 970-390-9661 at that time, the call lasted 9 seconds in duration but nothing was said. The Dispatch Center called the cell phone number back but only received voicemail. Dispatch records show that the cell tower the cell phone call was received through was the tower nearest to Mr. Daniel's office.

Sarah Bailey advised the officers that Mr. Daniel banks at US Bank in the same building as Mr. Daniel's office, 130 Ski Hill Road, in Breckenridge. On Friday night April 27th Police Chief Rick Holman contacted the Branch Manager who checked Mr. Daniel's accounts. The bank computer records indicated that multiple on-line banking transactions were made at 7:10 and 7:11 AM on April 27th, moving approximately \$3,500 among several of Mr. Daniel's accounts. The bank manager would not provide any additional information to the police on Mr. Daniel's accounts without a court order. Sarah Bailey also advised officers that Royal Daniel has both a business credit card and a personal credit card with Capitol One. Your affiant has obtained a search warrant for Daniel's personal and business credit cards.

On April 27th Chief Holman received a call from Sandy Willis from the Backstage Theater in Breckenridge. Willis told Homan that on Thursday night, April 26th, there had been a fundraising dinner at the Hearthstone Restaurant in Breckenridge. Royal Daniel had purchased \$510.00 of auction items at the dinner. Sandy Willis received a telephone message from Royal Daniel at 6:30 am on Friday morning April 27th advising her to charge his \$510.00 to his Visa debit card, account number 4472 8321 5474 8914. Willis attempted to charge the \$510.00 to Daniel's debit card later that morning, however, the charges were rejected. A Breckenridge police officer contacted Visa Security to inquire about the debit card, however, he was told that the debit card was issued by Alpine Bank in Frisco, Summit County, Colorado and that the police would have to obtain the account information from Alpine bank. Your affiant obtained a search warrant for the Alpine bank debit card.

At midnight on Friday April 27th Jennifer Rathbun returned with your affiant to 205 A South High Street, still investigating this case as a missing person case, to again look for Royal Daniel and to look for any prescription medicines that might indicate any medical conditions that he may have. Jennifer Rathbun gave her key to 205 A South High Street to Breckenridge Police Sgt. Rich Watson with her consent that if officers needed to return to the residence they could do so without her.

On Saturday April 28th, Agents from the Colorado Bureau of Investigation responded to Breckenridge to assist with the missing person investigation. CBI agents processed Royal Daniel's office, home and car and took a number of items to be processed for fingerprints at a later time. Sgt. Watson took Royal Daniel's Gateway 500SE computer, serial number 0026722298 from his office, and a Dell Dimension 3000, serial number J59C061 from his home, to be examined by the CBI to determine if they contained information that would pertain to his disappearance. Sarah Bailey and Ann Halpin told investigators that Royal Daniel also had a laptop computer which he usually carried to and from work. The laptop computer has not been located.

On Monday April 30th, 2007, Jennifer Rathbun, Royal Daniel's girlfriend, was re-interviewed by Sheriff's Detective Jamie FitzSimons. Rathbun stated that she and Daniel have been dating for 5 months, that they had not told anyone at US Bank that they were having a relationship and that she is designated as his personal banker. Rathbun told FitzSimons that Daniel is in extreme credit card debt and that she assisted him trying to get a line of credit at the bank, however, he was rejected due to his high debt and current tax liens. She told FitzSimons that Daniel had made "questionable web transfers" of funds.

Jennifer Rathbun told Detective FitzSimons that Royal Daniel rents several storage units on Airport Road in Breckenridge where he stores personal property and at least one motorcycle. Colorado State Motor Vehicle records list Royal Daniel owning a 1994 Harley Davidson motorcycle, bearing Colorado license plate 425AWD, VIN # 1HD1BJL4XRY035676 and a 1979 Kawasaki motorcycle, bearing Colorado

expired license plate Z815N, VIN # KZ650C023219. Sgt. Susan Quesada spoke with the owner of the storage facility, Ed Downs, who advised her that Royal Daniel rents units 24, 41 and 78. Subsequent search warrants have been executed on the storage units, the Harley Davidson has been located but the Kawasaki has not been found.

On Monday April 30th Detective FitzSimons interviewed Daniel's Secretary Sarah Bailey. Bailey told FitzSimons that since Friday April 27th she had been reviewing Daniel's bank account records in the office. She believes that Daniel has illegally moved money into and out of his Colorado Lawyer Trust Account Foundation (COLTAF) client trust accounts, and 10.31 escrow accounts, and into and out of his business operational and personal accounts to pay office operating expenses and to pay personal debt. Sarah Bailey told FitzSimons that she reviewed the paper copies of bank account records from 2002 through 2005 however she could not find any paper copies of bank records from 2006 or 2007 in the office. Your affiant obtained and executed search warrants for Royal Daniel's personal bank accounts and The Daniel Law Firm LLC business accounts at US Bank, FirstBank, Alpine Bank, Millennium Bank, Wells Fargo Bank, Bank of the West and several mortgage companies.

Sarah Bailey told Detective FitzSimons that on the very top of the paper recycling bin in the office she found one recent notice to Royal Daniel that he was behind in his child support payments and a 2005 letter from the Colorado Supreme Court advising Daniel that he was not being disciplined related to a complaint that had been filed against him. Sarah Bailey stated that she did not place the letters in the recycling bin and she believes that Daniel must have been cleaning out files in the early morning hours of April 27th. Sarah Bailey said the trash and recycling bins have not been emptied in over one week and Detective FitzSimons asked her not to empty them. The trash and recycling bins were searched pursuant to a search warrant obtained by your affiant.

Sarah Bailey told Detective FitzSimons that Royal Daniel has a U.S. Passport that he usually keeps in the office or at his home. CBI agents checked the status of Royal Daniel's passport and found that Royal Daniel does possess a valid U.S. Passport which was issued in December 2006. Daniel noted on his passport renewal application his reason for a new passport was "travel in late April 2007". Breckenridge officers and CBI agents have searched Daniel's office, car and home but have not found his passport.

On May 1st, 2007, Mark Burke, proprietor of the Liquid Lounge Bar in Breckenridge, brought into the Breckenridge Police Station a Capital One Visa credit card, account # 4121 7415 0578 8211, bearing the name Royal Daniel. Mark Burke said he found the credit card in his cash register on May 1st. He believes that the card must have been turned in to one of his bartenders as either a found card or it was confiscated when charges were denied. He said he did not know the circumstances of how or why the card was placed in the cash register.

On May 1st, 2007 Gene Gregory of Franktown, Colorado called the Breckenridge Police and spoke with Officer Darin Icardi. Gene Gregory stated that one year ago Royal Daniel assisted him with a 10.31 Real Estate Exchange and that Daniel held over \$250,000 in trust as part of the transaction. When Gregory was ready for the money, Royal Daniel could not produce the money, gave Gregory "the run around" and finally told Gregory that he had used Gregory's money to repay other people's 10.31 monies that he had used. Gregory stated that Daniel eventually paid him most of his \$250,000. Gregory stated that Royal Daniel told him he was \$300,000 in debt.

On May 2nd, 2007 your affiant obtained a search warrant from Summit County Court Judge Edward Casias for Royal Daniel's Law Office at 130 Ski Hill Road, Suite #210, Breckenridge, Summit County, Colorado. In a search of The Daniel Law Office pursuant to that search warrant, your affiant found a print out of an email from Eugene Gregory to Royal Daniel's paralegal, Ann Halpin, dated May 1st, 2007. In

the email, Gene Gregory explained the same information to the paralegal that he provided to Officer Icardi, stating that he still had not received \$8,500 due to him from Royal Daniel as a result of the 10.31 exchange. Eugene Gregory's email stated "Scoop admitted a year ago he was in debt and was using one person's 1031 money to close the last 1031 that the funds were no longer there...look at how he repaid me and how long it took. We had deposited over \$250,000 and when we needed our money it was not in his trust account".

While executing that warrant on May 2nd, your affiant also located a file with the file name "Admin-Community First Bank Home Equity Loan". The file contains a loan application from Community First Bank, 106 North Street, Breckenridge, Summit County, Colorado for a \$20,000 Home Equity Loan. The application lists "50 Club House Road, Breckenridge, Colorado" as collateral property. The application lists Indymac Bank, PO Box 4045 Kalamazoo, MI, account number 1000727295, as the mortgage lien holder on the collateral property. The application also lists Advanta Mortgage, 10790 Rancho Bernardo Road, San Diego, CA as a credit reference for a \$124,573 loan noting "date paid 3/15/00".

Your affiant has learned that Community First Bank was acquired by Bank of the West in December 2005 and now operates as Bank of the West. The file obtained pursuant to the search warrant contains a copy of a November 28, 2000 letter on The Daniel Law Firm letterhead from Royal Daniel III to Howard Harris, Senior Vice President of Community First Bank. The letter states "From 1990 through 1997, the main client of the firm was Transbrasil Airlines, with which you have some indirect familiarity. The company took a serious downturn in 1997 and suspended all international operations, except for one flight per day to Miami. As a result, our income from that client, which was about 60% of a \$250,000 per year practice, dropped to nothing. This has caused us to 're-tool' the practice over the last two years". The letter continues "The purpose of the loan is to provide a line of credit that I can use, as the need arises, in my business, The Daniel Law Firm, L.L.C."

On May 3rd at 12:40 Agent Collin Reese of the Colorado Bureau of Investigation interviewed Eugene "Gene" Gregory. Gregory advised Agent Reese that approximately one year ago, Daniel handled a 10.31 exchange for Gregory's company, RG Land. Gregory gave Royal Daniel approximately \$254,000 to place into a 10.31 trust account. Gregory subsequently closed a real estate purchase on another property more quickly than he originally anticipated and Gregory needed the 10.31 escrow money back from Daniel. Gregory called Daniel and asked to have the money transferred for the purchase of the new property. Daniel told Gregory he had moved the money to a 90 day Certificate of Deposit without Gregory's permission and that the money was being held at Community First Bank. Gregory checked with the bank and found the money was not on account there. Gregory checked again with Daniel, Daniel told him the money was on account at Westar Bank and that Ken Trausman was handling the investment. Gregory checked with Ken Trausman and Trausman told him he knew nothing about the money.

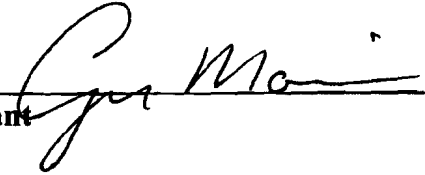
Gene Gregory then confronted Daniel about the missing money. Royal Daniel told Gregory he was in \$300,000 of debt, and he had been using 10.31 money from client trust accounts to pay off his debt. Daniel told Gregory that he had used Gregory's money to pay money back to another person's 10.31 account from which he had taken money. Gregory asked Daniel if his money was gone. Daniel replied, "Yes, until I can collect some more 10.31 money." Over the next 3 month period, Daniel wired money into Gregory's business account to repay the money. Gregory said he received periodic payments of \$30,000, \$50,000 and \$100,000 to repay the money. Gregory told Reese that one week before Daniel disappeared, he sent out emails requesting new 10.31 exchange business.

Since the missing person case was initiated on Friday April 27th, 2007, seven clients of Royal Daniel have contacted the Breckenridge Police Department advising officers that Royal Daniel should be holding 10.31 real estate exchange money in trust for them. Four of those callers have presented information

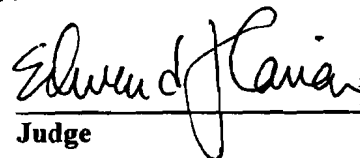
indicating that Royal Daniel should be holding at least \$561,571.25 of 10.31 exchange money in trust accounts. Royal Daniel currently has 10 accounts in either his name or the name The Daniel Law Firm LLC, or both, at US Bank with a sum total of \$3,971.51 on account. Royal Daniel's currently has three accounts at Alpine Bank in either his name or The Daniel Law Firm name for a total of \$229,820.67.

In view of the foregoing, I respectfully request the issuance of an arrest warrant for the crime of Theft C.R.S. 18-4-401(1)a(2)d a class 3 Felony, for Royal Daniel III, DOB 08-20-45.

Dated this 8th day of May, 2007.

Affiant 

Subscribed and sworn to before me this 8th day of May, 2007.

Judge 



Breckenridge Police Case # 07-5717