

THEOSIS?



IAN SMITH/VANCOUVER SUN

month in Ottawa. ■ Profile, A2

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# Financial fugitive in U.S. sting

## Promise of a two-for-one lunch special lures Fred Gilliland to Point Roberts and into police hands

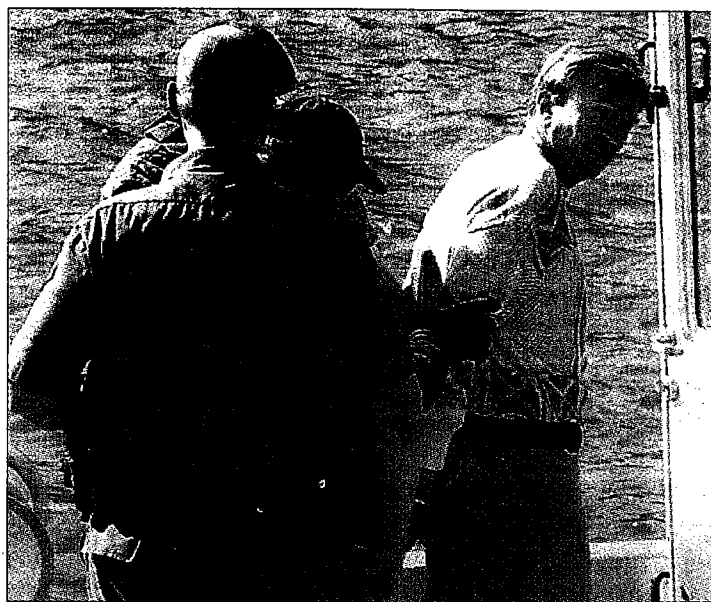
**A VANCOUVER SUN EXCLUSIVE**

BY DAVID BAINES  
VANCOUVER SUN

Financial fugitive Fred Gilliland was arrested at gunpoint Saturday by U.S. immigration agents after a Vancouver private investigator lured the alleged fraudster over the international border at Point Roberts. Gilliland, who fled to Vancouver after he was indicted by a grand jury in Florida in October 2001 for allegedly perpetrating a \$29-million offshore investment scam, was free on \$750,000 bail in Vancouver pending extradition to the United States.

Although he was prohibited by the terms of his bail from leaving the country, a Vancouver private investigator who was stung by Gilliland in a stock deal persuaded the 53-year-old fugitive that he could safely usher him across the border to Point Roberts, where they could enjoy a two-for-one lunch special at Brewsters restaurant.

He never got his lunch. Unknown to Gilliland, the private investigator had arranged for U.S. Immigration and Customs Enforcement agents from Blaine, Wash., and Whatcom county sheriff deputies to be waiting on the other side, ready



STUART DAVIS/VANCOUVER SUN

Fred Gilliland, a fugitive from the U.S., is arrested in Point Roberts.

**"I said, 'Now you have 3,650 free lunches coming to you.'"**

Bilked private investigator who set up sting across U.S. border recounts his comments to fugitive Fred Gilliland as the authorities closed in

to pounce on Gilliland when he touched on U.S. soil.

A Vancouver Sun reporter and photographer, who were alerted to the sting, watched on the U.S. side as the private investigator and the 53-year-old fugitive crossed the border in a Dodge

Dakota truck about 1 p.m.

U.S. agents followed the vehicle in an unmarked sports utility vehicle for about 800 metres down Tye Drive, the main road into Point Roberts.

See FUGITIVE PUT A5

# Automatic citizenship

# Paralympics

get to add

# OFF THE FRONT

THE VANCOUVER SUN, MONDAY, MARC



U.S. law enforcement agents escort Fred Gilliland, a fugitive from U.S. justice, onto a Department of Homeland Security boat in Point Roberts after his arrest on Saturday for the ride to

STUART D

# Fugitive put on police boat for ride to Blaine

From A1

The story of Gilliland's accusation scams in th

U.S. law enforcement agents escort Fred Gilliland, a fugitive from U.S. justice, onto a Department of Homeland Security boat in Point Roberts after his arrest on Saturday for the ride to

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From A1

When it reached the intersection at Gulf Road, a few hundred metres from Brewsters, one of the agents brandished a 9-mm handgun while another pulled Gilliland out of the truck.

"He said, 'What's going on? What's going on?' and then they threw him down," said the private investigator whom *The Vancouver Sun* is identifying by his first name, Brian, for reasons of safety.

"I said, 'Now you have 3,650 free lunches coming to you,'" Brian said, referring to the number of lunches that the U.S. government will be providing Gilliland if he is convicted and jailed for 10 years for his alleged crimes.

The U.S. agents immediately hustled Gilliland into their SUV and drove to the Port Roberts Marina, where they escorted him down a gangplank and onto a U.S. Department of Homeland Security police boat.

As he walked down the gangplank, Gilliland made a vain attempt to turn his face from the *Sun* photographer, but otherwise did or said nothing as he was led onto the boat.

He was searched one more time and then ferried to Bellingham for processing. The seaside exit eliminated the need to bring him back onto Canadian soil.

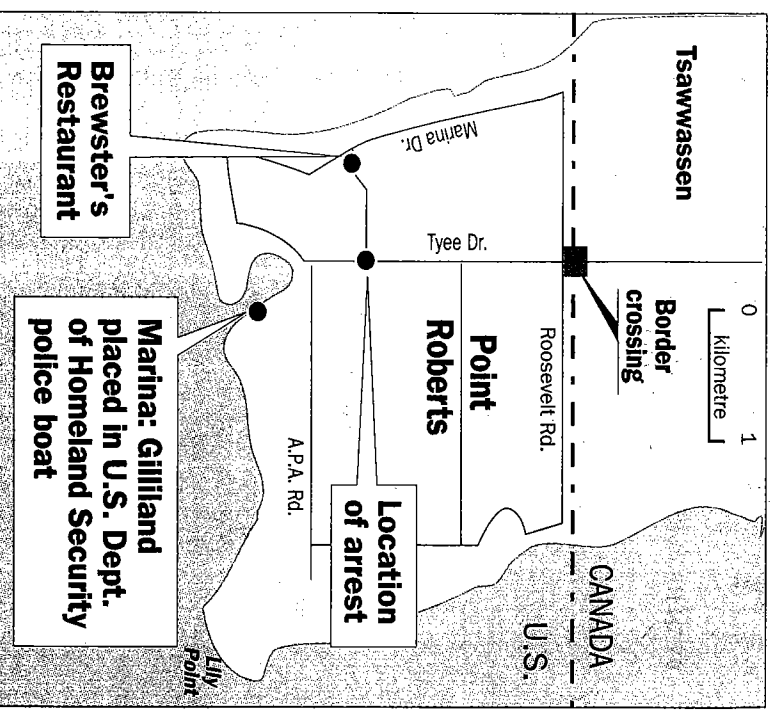
Gilliland's arrest is good news for Barry Sharpe, 66, a retired Vancouver broadcast journalist, and one of 200 residents of Canada, the United States and the United Kingdom who invested and lost money in Gilliland's investment scheme.

"I'm just so pleased for the U.S. authorities, who have been trying so hard to get him into court. And I'm also pleased for the



PHOTOS BY STUART DAVIS/VANCOUVER SUN

**A United States Immigration and Customs officer closes the door on a SUV in Point Roberts, Wash. Inside is Fred Gilliland, fugitive on U.S. charges of an alleged financial scam, who was arrested moments earlier after being lured into the U.S. from Canada, where he had been fighting extradition and living in a West Vancouver luxury home. A Canadian private investigator, who lost money on a stock recommended by Gilliland, drove him to Point Roberts for lunch as part of a long-planned sting. Waiting law enforcement officials nabbed him a few hundred metres from the border and took him by boat to Bellingham.**



**The story of Gilliland's accusation scams in 1**

**1997-98:** Fred Gilliland, a former prime bank debt program advertiser returns. He raises from investors in the U.S. and the U.S. 1999: The promise materialize, the scam and Gilliland move.

**July 2000:** Angry suit in Florida accuses Gilliland of fraud, conspiracy Gilliland fails to attend and the court judgment against U.S.

**October 2001:** A indictment against Gilliland or Once again, Gilliland the charges and the Department asks permission to start earnings.

**April 2002:** The U.S. Exchange Commission action in North Carolina Gilliland of security fails to answer the court enters a against him for million U.S.

**July 10, 2003:** The publishes a story of an affluent life cover and duping into buying virtual stocks.

**Aug. 1, 2003:** RCI January 2004: Gilliland on \$750,000 bail leave the country case is decided.

**May 2004:** Gilliland, a 48-year-old

and one of 200 residents of Canada, the United States and the United Kingdom who invested and lost money in Gilliland's investment scheme.

"I'm just so pleased for the U.S. authorities, who have been trying so hard to get him into court. And I'm also pleased for the investors. This will put them at ease knowing they are one step closer to closure," he said.

Gilliland was scheduled to appear in B.C. Supreme Court on May 2 for the start of a hearing into his extradition. The proceedings were started by the Canadian justice department at the request of U.S. authorities.

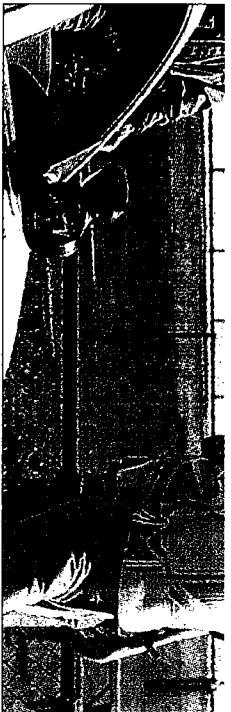
It is a date that he will not be able to keep. Instead, he will be transported to Florida, where he will have to deal with U.S. government prosecutors.

If convicted, he can expect harsh treatment. Another man, David Gilliland (no relation), pleaded guilty to fraud charges in 2000 and was handed an 11-year jail term for his part in the investment scheme.

Gilliland was born in Sarnia, Ont., and worked as a real estate agent in Ontario until 1987 when he moved to St. Petersburg, Fla.

By 1997, he was running a "prime bank debenture program" through companies based in the Turks & Caicos, a popular tax and secrecy haven. He told investors that the debentures would provide returns of up to 80 per cent within 15 days and be fully secured by U.S. Treasury Bills. Sharpe invested \$25,000 US, but when the 15 days expired, he didn't get any money back.

In July 2000, a group of investors filed a lawsuit in Florida accusing Gilliland of fraud, conspiracy and racketeering. The FBI launched a criminal probe and in October 2001, a Florida grand jury indicted Gilliland. And in April 2002, the U.S. Securities and Exchange Commission filed a civil action in North Carolina accusing him of securities fraud.



**Brewster's Restaurant**

**Marina: Gilliland placed in U.S. Dept. of Homeland Security police boat**

Lilly Point

# Fugitive lives high, safe in West Van

## Hair-raising tale leaves investors \$30 million poorer

**SCENARIOS** The man is being hunted and Fred Gilliland has just finished a workout when his personal trainer, a woman with her hair pulled up in a bun, says, "You need to do what the doctor says, man. You need to lose weight." But there are more than 300 people in Canada, the United States and the United Kingdom who would beg to differ. They invested nearly \$30 million US in

BY DAVID BAILES  
A VANCOUVER TIMES

his offshore investment scheme during 1997 and 1998, and have yet to receive a cent.

In July 2001, a group of these investors filed a lawsuit in Florida accusing him of fraud, con-

spiracy and racketeering. Rather than answer the allegations, Gilliland, a Canadian citizen, simply moved to B.C. Last October, the presiding judge issued a default judgment against him for more than \$7 million US.

Concurrently, the FBI launched a criminal investigation and in October 2001, Florida grand jury indicted Gilliland for allegedly perpetrating a massive fraud. Once again, he failed to answer the charges and the FBI now considers him a fugitive from U.S. justice.

Then U.S. securities regulators moved in. In April 2002, the U.S. Securities and Exchange Com-

Rather than answer the allegations, Gilliland simply moved to West Vancouver, where he bought a \$1.7-million home, leased a \$115,000 gunmetal-blue BMW 745i and worked out with a personal fitness trainer.

In 2001, U.S. authorities asked the Canadian Justice Department to commence extradition proceedings, but nothing was done until July 2003, when a Sun reporter caught up with Gilliland and reported that he was living an affluent lifestyle in West Vancouver.

The Sun also reported he was duping local residents by inducing them to invest in virtually worthless stocks listed on the notorious OTC Bulletin Board and "pink sheets" in the United States.

Within days, a posse of RCMP officers surrounded his house and found him hiding in bushes in the backyard. He was arrested

and jailed for six months before three unidentified persons posted sureties of \$250,000 each. His passport was seized and he was prohibited from leaving the country.

In May 2004, Brian, 48, who owns and operates Pursuit International Investigations, said he was introduced to Gilliland, who was at that time using the alias "Fred Lane." He said Gilliland suspected his phone had been bugged and wanted the line swept for listening devices.

He said the two struck up a friendship, and Gilliland convinced him to make a substantial investment in three penny stocks listed on the pink sheets: American IDC Corp., American Stellar Energy and VoIP MDU.com.

He said he subsequently researched "Lane's" background and discovered he was Gilliland. Meanwhile, the value of his stocks plunged to about one third

his purchase price.

He said that two months ago, he confronted Gilliland about his failing investments: "He laughed and said, 'I'm just a messenger. I'm only relaying what I've been told.' At that point, I just wanted to take him down. I had to plan a way to do it."

He said he decided to be as friendly and helpful as possible, and Gilliland came to regard him as "one of his best friends." So when he suggested they have lunch in Point Roberts, and assured him that he could safely usher him across the border, Gilliland agreed.

At noon Saturday, he picked Gilliland up at his rented Coal Harbour condo and drove to Tsawwassen where they looked at a house at a development just a stone's throw from the border.

"On the way, he said he had seven victims for a deal he was working on and needed 15 vic-

tims total to make the deal work. That's what he calls people — victims," Brian recounted.

After viewing the house, they headed for the border. "I said, 'Okay, let's go for lunch. We're getting one for free.'"

At the border, Brian flashed his wallet and, as previously arranged, border guards waved him through, no questions asked. "I was real excited, man," he recalled.

Gilliland asked whether they were on American soil. Brian told him they were.

They drove a minute more under blue skies and a warm spring sun until they reached the intersection where the agents shut the trap.

Brian said Gilliland struggled to undo his seatbelt as the agents tried to pull him from the car.

"He said, 'What's going on?'" "I said, 'Goodbye Fred.'"



Fred Gilliland ran an offshore investment scheme out of Florida. Fred became the focus of local charges.

His attorney says he fled because the focus of local charges.

STOCKS.  
**Aug. 1, 2003:** RC  
**January 2004:** Gilliland, Brian or to get Gilliland or March 12, 2005  
spring sky, Brian across the border ostensibly to take two-for-one special. Gilliland is led by U.S. Immigration Enforcement agents onto a police boat.

**Brian, the Inv**  
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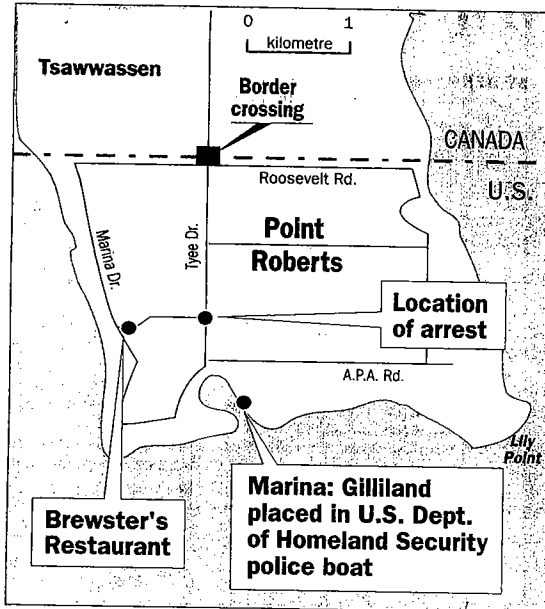
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## The story of Fred Gilliland's flight from accusations he pulled scams in the U.S.



PHOTOS BY STUART DAVIS/VANCOUVER SUN

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**1997-98:** Fred Gilliland moves to St. Petersburg, Fla., where he starts a "prime bank debenture" investment program advertising triple-digit returns. He raises \$29 million US from investors in Canada, the United States and the United Kingdom.

**1999:** The promised returns do not materialize, the scheme collapses and Gilliland moves to West Vancouver.

**July 2000:** Angry investors file a lawsuit in Florida accusing Gilliland of fraud, conspiracy and racketeering. Gilliland fails to answer the allegations and the court enters default judgment against him for \$17 million US.

**October 2001:** A Florida grand jury indicts Gilliland on fraud charges. Once again, Gilliland fails to answer the charges and the U.S. Justice Department asks the Canadian government to start extradition proceedings.

**April 2002:** The U.S. Securities and Exchange Commission files a civil action in North Carolina accusing Gilliland of securities fraud. Gilliland fails to answer the allegations and the court enters a default judgment against him for more than \$10 million US.

**July 10, 2003:** The Vancouver Sun publishes a story about Gilliland living an affluent lifestyle in West Vancouver and duping local residents into buying virtually worthless penny stocks.

**Aug. 1, 2003:** RCMP arrest Gilliland.

**January 2004:** Gilliland is released on \$750,000 bail but ordered not to leave the country until his extradition case is decided.

**May 2004:** Gilliland befriends "Brian," a 48-year-old private investigator, and persuades him to invest in three virtually worthless penny stocks.

**January 2005:** Suffering heavy losses on his stocks and scorned by Gilliland, Brian concocts a scheme to get Gilliland onto U.S. soil.

**March 12, 2005:** Under a bright spring sky, Brian ushers Gilliland across the border to Point Roberts, ostensibly to take advantage of a two-for-one special at a local restaurant. Gilliland is immediately arrested by U.S. Immigration and Customs Enforcement agents and hustled onto a police boat to Bellingham.

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fugitive, have applied for default  
judgment.

But Gilliland looks like he  
could care less. "I'll give you a  
call," he says, in response to a  
barrage of questions. Then he  
connects into Delany's Coffee  
House on Marine Drive accom-  
panied by two male fitness buff-  
s. "I'll give you a call," he repeats.

Later, he returns to his five-  
bedroom, 5 1/2 bathroom, \$1,150-  
for \$1,200,000.



Fred Gilliland ran an offshore investment scheme out of Florida that became the focus of fraud charges.

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