

Answers could be only days away

Court hearing set for Wednesday: Jones's staff to be questioned under oath

BY KATHERINE WILTON, THE GAZETTE JULY 23, 2009



Lawyer Neil Stein, above at a meeting for clients of Earl Jones, is representing 80 alleged victims. "I believed (Jones) was still in Montreal," he said yesterday. "It was a gut feeling."

Photograph by: MARIE-FRANCE COALLIER, THE GAZETTE, The Gazette

It might not be too much longer before Earl Jones's alleged victims find out what happened to their money.

On Wednesday, Jones's company, Earl Jones Consultant and Administration Corp., is expected to be declared bankrupt after a hearing in Quebec Superior Court.

Once that happens, a lawyer for the trustee, likely RMS Richter, will be able to subpoena Jones and his staff members, Debra Stewart, Nancy Wynands and Louise Voyer, and question them under oath about the company's assets and liabilities.

The Bankruptcy Act allows the trustee - the company designated to oversee the affairs of Jones's firm - "to examine whoever they think has knowledge of the affairs of the debtor," said Neil Stein, a lawyer

who represents 80 alleged victims.

"As principal of the company, Mr. Jones is under an obligation under the Bankruptcy Act to cooperate with the trustee and provide him the information that he needs with respect to the assets and liabilities," Stein said. "If he doesn't fulfill that obligation, he subjects himself to the criminal sanctions of the Bankruptcy Act."

Jones has no power to stop next week's bankruptcy hearing, Stein said.

Jones, a self-styled financial adviser, is suspected of running a multimillion-dollar Ponzi scheme that allegedly defrauded clients of between \$50 million and \$100 million. The goal of the bankruptcy proceeding is to seize assets from his company and distribute them among creditors.

Stewart and Wynands have jointly hired a lawyer, who has instructed them not to talk to the media.

If the company is declared bankrupt on July 29, a meeting of all the creditors must be held within 21 days, but Stein said the meeting will likely be held "as quickly as possible." The creditors will then select five people among the group to represent all the creditors. These five "inspectors" will give the trustee the mandate to question Jones and his staff and recoup any assets, Stein said.

There are three groups of creditors: beneficiaries of wills that were administered by Jones; those who entrusted Jones to take care of their money; and those who lent money to successors of wills, using assets listed on the will as collateral.

Stein said he wasn't surprised to learn on Tuesday that Jones is still in Canada.

"I believed he was still in Montreal - it was a gut feeling," he said. "In today's world, it is very hard to hide. In these type of situations, most of the time people don't run. They face the consequences sooner or later."

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