

THE HONORABLE JOHN C. COUGHENOUR

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

ERWIN SINGH BRAICH,)	
)	NO. CV7-0177C
Plaintiff,)	
v.)	DECLARATION OF WILLIAM
)	STORKERSEN RUSSELL
STEVE MITTELSTAEDT, ET AL.,)	IN SUPPORT OF PLAINTIFF'S RESPONSE
)	TO THE KPMG DEFENDANTS' MOTION
Defendants.)	TO DISMISS

I William Storkersen Russell declare as follows:

1. My date of birth is June 17, 1940.
2. I am a practicing dentist, currently working in Madeira Park, B.C. I have been in practice since 1975, when I graduated with honours. I worked as an associate until 1979. I then operated my own successful dental practice from 1979 to 2000 in Abbotsford, B.C. I make this declaration upon personal knowledge and, if called to testify, could and would testify to the facts set forth herein.
3. I am a creditor of Erwin Singh Braich, in the Canadian bankruptcy action case number 193466VA99. In about 1998, I was introduced by Erwin to the Chimco fertilizer plant in Bulgaria. At the time I belonged to a group of dentists who became interested in the investment opportunities relating to the Chimco plant. Based on my knowledge of Erwin's reputation as an astute businessman and as one who made significant philanthropic returns to the community, I felt at the time, and still feel, that Erwin would be a good business associate.
4. I have reviewed the declaration of Mr. Robert Rusko executed on the 19th day of April

1 2007, in support of the KPMG defendants' motion to dismiss.

2 5. I cannot comment on paragraph 2.

3 6. With respect to paragraph 3, Mr. Rusko does not mention that Mr. Bidulka and Mr.
4 Boales were first responsible for Erwin Braich's bankruptcy file prior to Mr. David Wood.
5 I have read many letters where Mr. Bidulka has misstated facts in the administration of
6 Erwin Braich's bankruptcy. I have had many discussions with other creditors, and clearly
7 know that comments made by representatives of KPMG regarding Erwin Braich were
8 inflammatory and misleading.
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10 7. Also in respect to paragraph 3 it is ironic that Mr. Wood left KPMG's employment in
11 July 2004, soon after the seizure of the documents from a room at the Travel House Inn,
12 and Erwin Braich's indication that he believed the seizure and detention of his property to
13 have been illegal, and orchestrated by Mr. McLean and others at KPMG, including Mr.
14 Wood.
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16 8. I clearly remember faxing dozens and dozens of pages of financial documents for Ms.
17 Katherine Wellburn (Mr. Braich's Canadian bankruptcy attorney at the time) on or about
18 June 30, 2004, on behalf of Erwin Braich to be submitted to KPMG. This material was
19 part of the documentation used to prepare a very comprehensive Statement of Affairs.
20 This was also sent by courier to KPMG during the same week.
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22 9. In paragraph 4 it is quite misleading for Mr. Rusko to say that Erwin Braich provided
23 inadequate financial information, in that I am aware of the significant amount of
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1 information he did provide. I am advised that no further requests were made for more
2 information by KPMG.

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4 10. Quite conveniently in paragraph 4, Mr. Rusko glosses over the whole of the Sept. 12,
5 2000 B.C. Supreme Court hearing. To merely attach a copy of the order and describe in
6 one line the events of that date before Master Patterson is in my opinion self-serving, and
7 inaccurate as to that court proceeding.

8
9 11. I have personal knowledge of the hearing on September 12, 2000, as Dr. Derek Okamura
10 and I both attended this hearing. As I recall, Erwin Braich represented himself and
11 Master Patterson was insistent that the original first meeting of the creditors on Nov. 12,
12 1999, was improperly convened, and another meeting of creditors needed to be held. To
13 my knowledge I have never been notified, as a creditor, by the trustee KPMG of a
14 scheduling of a new first meeting of the creditors as ordered by Master Patterson.

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16 12. To the best of my recollection, the court clearly ordered that this meeting should be
17 properly held. I distinctly remember Master Patterson chiding one of the lawyers that the
18 cost to be incurred by KPMG would be minimal. He suggested maybe only a few cups of
19 coffee.

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21 13. With respect to paragraph 5, Mr. Rusko in my opinion has a very selective memory. Mr.
22 Rusko fails to mention that the same Justice Morrison scolded both Mr. Rusko and Mr.
23 McLean and directed them to not appear before her ever again without providing the
24 Court with a full and clear picture of all of the facts.

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26 14. I was present in the court room when Justice Morrison stated that both KPMG and Mr.
27 Brian Maclean's law firm should give letters of undertaking to not participate in certain

1 future statutory events with respect to Erwin Braich's bankruptcy file, based on their
2 conduct up to that point in time.

3 15. In fact Mr. Rusko admits in paragraph 7 that the warrant mentioned in paragraph 5 was
4 vacated.

5 16. In paragraph 6 Mr. Rusko fails to mention that the 2nd warrant issued for Erwin Braich's
6 arrest was duplicitious in nature and both were sought by the trustee while Erwin Braich
7 was not present in Canada and unable to defend against the allegations underpinning the
8 issuance of those warrants.

9 17. In so far as paragraph 8, it is my opinion that it is absurd to think that Erwin Braich has
10 not meaningfully participated in all of the bankruptcy proceedings. To my knowledge he
11 has provided myself and other creditors with many copies of type written single spaced
12 letters (some of them up to 7 or 8 pages long meticulously detailing items which needed
13 the attention of the trustee), which he sent to KPMG throughout the bankruptcy
14 proceedings. These were done so that KPMG would preserve the assets of his holdings in
15 order to pay in full all lawful creditors.

16 18. For a man with allegedly 7 years hands on knowledge (Mr. Rusko) it is amazing that he
17 does not say in plain English what he and his staff and underlings have written and stated
18 from time to time as the reason for not being able to handle this bankruptcy file in a way
19 that they wish would have been possible. In other words, that no one was funding them
20 and that they had no money. This has been stated numerous times to my close friend and
21 colleague Dr. Alex Penner.

22 19. Dr. Penner is the deputy registrar of the College of Dental Surgeons of B.C. In December
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1 of 2006, Dr. Penner related a telephone discussion he had with Mr. Rusko to me. Mr.
2 Rusko shockingly stated to Alex that to the best of his knowledge Erwin Braich still had
3 outstanding and existing one of the two arrest warrants that the trustee had caused to be
4 issued. I know both of these warrants were vacated by the various courts upon revisiting
5 the matter with all of the proper facts. It is extremely difficult to believe that Mr. Rusko
6 would be ignorant of this situation. Of course I do not know if Mr. Rusko purposely
7 made this mistatement to Dr. Penner.
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10 20. I have personal knowledge that Dr. Alex Penner, as one of the creditors, and as the then
11 spokesperson for the group of dentists that had lent Erwin Braich significant funds, had
12 traveled and stayed for some period of time in Bulgaria with various members of Erwin
13 Braich's staff, including former President and CEO of Diamond Shamrock (one of the
14 largest oil refiners and gas station operators in the United States) Mr. Bill Bricker from
15 Dallas, Texas.
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17 21. I specifically remember receiving copies of correspondences from Erwin Braich written
18 to various individuals (Wood, Boale, etc.) at KPMG from Amsterdam, Singapore and
19 Madrid, for whatever reason. Although they all should have received these
20 correspondences Mr. Rusko ignores this detail and suggests that Erwin Braich did not
21 inform the trustee of his whereabouts.
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23 22. It is unbelievable to me that Mr. Rusko and his team of so called licensed trustees would,
24 in my view, hurt the general body of creditors repeatedly by their malicious actions. For
25 instance, I am aware that two of Erwin Braich's fully paid up life insurance policies were
26 liquidated, in order that KPMG could garner the significant cash surrender value of some
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1 30 or 35 thousand dollars and leave Erwin Braich without this insurance.

2 23. Furthermore, I am aware of the fact that the trustee did not borrow against the cash
3 surrender value of the life insurance policy, in order to leave the full effect of Erwin
4 Braich's life insurance (in excess of 2 million dollars) intact, and believe that action to be
5 truly larcenous. To my knowledge none of these liquidated funds were preserved for the
6 benefit of the creditors but rather went to pay KPMG.

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8 24. I am aware of the fact that Erwin Braich's personal residence was burglarized three times,
9 while Erwin was overseas, and resulted in the loss of paintings, jewelry, art, appliances,
10 furniture and virtually everything from his home in Mission, B.C. It is in my opinion a
11 sin that the trustee in bankruptcy did not conserve and preserve the asset value of some
12 \$350,000 or more by continuing the insurance coverage even subsequent to the written
13 requests of Erwin Braich to them to maintain the coverage.

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15 25. I personally recall Erwin Braich's frustration at the trustees inability to answer questions
16 which he had asked of them in writing repeatedly. They were the accountants and auditors
17 and so called experts but either could not or would not answer basic questions let alone
18 the complex questions that he needed to comply with on a timely basis to the material and
19 relevant sections of the Bankruptcy and Insolvency Act.

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21 26. I have personal knowledge of the pain inflicted by wedging Erwin Braich apart from his
22 children. They were unhappy that their father could not do the things that other fathers do
23 with their children. I also know that Erwin Braich has suffered indignities by not being
24 able to return to Canada during the periods of the outstanding arrest warrants.

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26 27. Clearly by not returning to Canada and by the complete lack of control and investigation
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1 as to the affairs in his late father's estate by KPMG and their attorney Mr. McLean, Erwin
2 Braich has suffered millions of dollars in damages.

3 28. I am additionally perplexed as to the doggedness of David Wood and others to continue
4 the ludicrous belief that Mr. Glenn Walsh's Proof of Claim, which is at the root of the
5 whole sordid mess, is a valid assertion, properly documented, when there is clear
6 evidence to the contrary.

7 29. It is my opinion as a creditor that it is simply beyond belief that Mr. McLean has been
8 allowed by KPMG, and perhaps encouraged by KPMG, to maliciously harm the general
9 body of creditors and greatly impair Erwin Braich's valiant attempts to repay all lawful
10 creditors.

11 30. For instance I have personal knowledge of Brian McLean's pathetic letter
12 correspondence, which was written with the express purpose to frustrate any attempt to
13 make all of the creditors whole, and was addressed to solicitors acting for companies who
14 were willing to purchase all outstanding debts including compounded interest and half of
15 any legal fees incurred by lawful creditors.

16 31. Squarely as Justice Madame Morrison pointed out we have been correct in assuming that
17 Mr. Brian McLean has been severely conflicted as he has been acting in the best interest
18 firstly and wrongfully for his client: the Petitioner (Tercon/Glen Walsh).

19 32. It is my opinion as a creditor in this matter that it is appalling that KPMG would allow
20 Mr. McLean to disseminate sensitive information to the defense attorneys defending
21 against the lawsuit instituted by Erwin Braich on behalf of his children's trust in the
22 Kingsgate litigation in Calgary, apparently in an attempt to derail and delay the trust's
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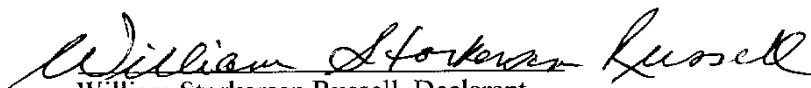
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attempt through litigation to recover the hundreds of millions of dollars lost by the heist of assets in Vietnam and Ghana.

33. Attached hereto as EXHIBIT A is an impact statement that I had previously prepared detailing the impact on my life as, in my opinion, is the result of Mr. McLean, Mr. Rusko, Mr. Woods, and other members of the KPMG "team's" actions regarding Erwin Singh Braich's involuntary bankruptcy. This statement is presented as a direct contradiction to the KPMG Defendants' Motion to Dismiss page 4, line 9-12 wherein it is stated "At all times since KPMG Inc.'s appointment as trustee in bankruptcy, the KPMG Defendants have acted in furtherance of KPMG Inc.'s duties as an officer of the court in Braich's Canadian bankruptcy proceedings."

I declare under penalty of perjury under the applicable laws of Canada, the United States of America, and the State of Washington that I have read the foregoing and that all statements made are true and correct to the best of my knowledge.

Executed at Seckell, British Columbia, Canada, this 6 day of May, 2007.


William Storkersen Russell, Declarant