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**IN THE SECOND JUDICIAL DISTRICT COURT  
IN AND FOR WEBER COUNTY, STATE OF UTAH**

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RBT VICTIM RECOVERY TRUST,

Plaintiff,

vs.

RONALD B. TALMAGE, an individual;  
ANNETTE C. TALMAGE, an individual; LIU  
HSIU CHEN, an individual; NEW CENTURY  
PROPERTIES LIMITED, a foreign  
corporation; RIVERCLIFF FARM, INC., an  
Oregon corporation; HENG CHEONG  
PACIFIC LIMITED, a foreign corporation;  
WORLD-WIDE INVESTMENT SERVICES  
LIMITED, a foreign corporation; WWIS  
LIMITED, a foreign corporation; and JOHN  
DOES I though X,

Defendants.

**COMPLAINT**

(Tier 3)

Case No.: \_\_\_\_\_

Judge: \_\_\_\_\_

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Plaintiff RBT VICTIM RECOVERY TRUST (the “Victim Trust” or “Plaintiff”), by and through its undersigned counsel Strong & Hanni law firm, hereby complains of RONALD B. TALMAGE (“Mr. Talmage”), ANNETTE C. TALMAGE (“Mrs. Talmage”), LIU HSIU CHEN

(“Mrs. Chen”), NEW CENTURY PROPERTIES LIMITED (“NCPL”), RIVERCLIFF FARM, INC. (“RiverCliff”), HENG CHEONG PACIFIC LIMITED (“HCPL”), WORLD-WIDE INVESTMENT SERVICES LIMITED (“World-Wide”), and WWIS LIMITED (“WWIS”) (collectively “Defendants”) and John Does I through X (collectively “Doe Defendants”) as follows:

### **PARTIES**

1. Plaintiff RBT Victim Recovery Trust is an entity formed under the laws of the state of Nevada. The beneficiaries of the Victim Trust are individuals and related entities, including John Wadsworth. Mr. Wadsworth, a United States citizen, is the trustee of the Victims Trust. One of the other beneficiaries is a Japanese citizen who currently resides in the United States. Two others are dual citizens of the United States and Japan who reside in Japan. The remaining beneficiaries are citizens and residents of Japan.

2. Upon information and belief, defendant Ronald B. Talmage is an individual residing in Weber County, State of Utah.

3. Upon information and belief, Annette C. Talmage is an individual residing in Weber County, State of Utah.

4. Upon information and belief, Liu Hsiu Chen is a citizen and resident of Taiwan.

5. Upon information and belief, Defendant New Century Properties, Limited is a foreign corporation with its principal place of business in Hong Kong.

6. Defendant Heng Cheong Pacific Limited is a foreign corporation with its principal place of business in Hong Kong.

7. Defendant World-Wide Investment Services Limited is a foreign corporation with its principal place of business in Hong Kong.

8. Defendant WWIS Limited is a foreign corporation with its principal place of business in Hong Kong.

9. Defendant RiverCliff Farm, Inc. is an Oregon corporation with its principal place of business in Multnomah County, Oregon.

10. Upon information and belief, the Doe Defendants are unknown persons and entities who have received monies that are the subject of this complaint. Plaintiff reserves the right to amend this complaint and name additional Defendants as their identities are discovered through further investigation.

### **JURISDICTION AND VENUE**

11. The Court has subject matter jurisdiction over this matter pursuant to Utah Code Ann. § 78A-5-102.

12. Personal jurisdiction over Defendants comports with due process and Utah's long-arm statute, Utah Code Ann. § 78B-3-205, because Mr. and Mrs. Talmage are Utah residents and since 2010 have directed the affairs of the "Identified Entities" (defined *infra*) and Rivercliff, and embezzled clients' monies with the assistance of Mrs. Chen from the state of Utah.

13. Venue is proper in this Court pursuant to Utah Code Ann. § 78B-3-307(1)(b).

### **GENERAL ALLEGATIONS**

#### **Background of Mr. Talmage and the Identified Entities**

14. Upon information and belief, Defendant Mr. Talmage began working in real estate development and investment advisory services in Japan in or about 1979.

15. Upon information and belief, during this time, Mr. Talmage served as a Director of the investment bank N.M. Rothschild & Sons and as a Director of Rothschild Properties Limited in Tokyo.

16. Upon information and belief, while working at the Rothschild Bank in Tokyo, Japan, Mr. Talmage acted as a trustee of client funds.

17. After leaving the employment of Rothschild Bank, Mr. Talmage continued to offer his trustee and investment management services to clients through several entities, which he created and controlled.

18. Mr. Talmage set up various British Virgin Island companies using a Hong Kong-based secretarial company called Commence Company, Inc.

19. One such company formed by Mr. Talmage was NCPL, which was incorporated in 1991.

20. Upon information and belief, at all relevant times Mr. Talmage and/or Mrs. Talmage was/were the sole shareholder(s) of NCPL.

21. Alternatively, upon information and belief, at all relevant times Mrs. Chen was the Chairman, CEO and sole owner of NCPL.

22. Mr. Talmage solicited client funds, to be held and managed in trust, from Japanese and U.S. clients.

23. Mr. Talmage represented that the clients' funds would be held in an express trust, with himself and the entities he controlled acting as trustees and fiduciaries.

24. Trust funds were funneled through NCPL and its various subsidiaries, including World-Wide, HCPL, and WWIS (the "Identified Entities").

25. Upon information and belief, Mrs. Chen is a director of World-Wide, which is a wholly-owned subsidiary of NCPL.

26. Upon information and belief, Mrs. Chen is a director of HCPL, which is a subsidiary of NCPL.

27. Upon information and belief, Mrs. Chen is a director of WWIS, which is a subsidiary of NCPL.

28. Rather than performing his obligations as trustee and fiduciary, Mr. Talmage embezzled clients' funds and ran a pure Ponzi scheme.

29. Mr. Talmage used clients' funds to pay for his personal expenses and to make payments to earlier clients/investors.

#### Victims of Mr. Talmage's Embezzlement and Ponzi Scheme

30. Beginning prior to 2002 and continuing through 2016, Mr. Talmage told clients, including beneficiaries of the Victim Trust, that he had established a long-term track record as a successful financial advisor since leaving his role at Rothschild Bank.

31. Mr. Talmage also represented to clients, including beneficiaries of the Victim Trust, that he was a Regent on the Board of a Foundation established by the Jinnai family (founders of Promise Co. Ltd. in Japan).

32. Mr. Talmage claimed that the Foundation had a fund that was managed by a large British conglomerate, Jardine Matheson, and that the fund had a principal guarantee provided by the fund manager.

33. Mr. Talmage further represented that the fund had a credit enhancement or “credit wrap” provided by AXA, a French multinational insurance firm, making the fund “doubly insured.”

34. Mr. Talmage also said that the fund was very private and inaccessible to the public, but that since he was on the Board he had special access to a series of investment funds based in Hong Kong.

35. Mr. Talmage further represented that because of his service on the Board, the Foundation guaranteed him a return of 5% to 10% annually, which he could pass on to clients through a co-investment with the Foundation in the fund.

36. In promotional materials, Mr. Talmage told clients that World-Wide was managing this investment fund with \$2.5 billion, which was widely diversified across multiple asset classes and backed by Jardine Matheson.

37. Mr. Talmage told clients, including beneficiaries of the Victim Trust, that World-Wide had previously done \$720 million in merger and acquisition transactions and \$4.1 billion in structured finance transactions.

38. Mr. Talmage also told clients, including beneficiaries of the Victim Trust, that his investment funds were affiliated with wealthy individuals in Asia and that he also acted as trustee over their funds.

39. In particular, Mr. Talmage represented that he was the trustee of over \$400 million in funds for a wealthy Taiwanese individual, namely Mrs. Chen, and that Mrs. Chen provided additional financial backing for, and made investments through, the Identified Entities.

40. Mr. Talmage told clients, including beneficiaries of the Victim Trust, that the minimum investment size was U.S. \$1 million.

41. Mr. Talmage also represented that the amounts entrusted to him to be invested were subject to lockup periods of varying lengths due to the third-party principal guarantees.

42. Mr. Talmage gave clients a “Trust Agreement” and represented that he and the entities he controlled, including the Identified Entities, would act as trustees to hold and manage client assets in trust, the same way that Rothschild Bank acted as Trustee for client assets.

43. Mr. Talmage instructed clients to wire transfer funds to various bank accounts in Hong Kong.

44. All of Mr. Talmage’s representations described above were false.

45. Mr. Talmage also made numerous other false representations to the beneficiaries of the Victim Trust related to the solicitation and return of their investments.

46. All of Mr. Talmage’s representations and actions were made with the specific intent and purpose to fraudulently induce clients, including beneficiaries of the Victim Trust, to entrust their money to him.

47. The beneficiaries of the Victim Trust reasonably relied upon Mr. Talmage’s false representations in entrusting their money to him.

48. As a direct result of his fraudulent representations, clients/investors, including beneficiaries of the Victim Trust, delivered over \$50 million to Mr. Talmage, either directly or through one of the Identified Entities.

49. All sums delivered by beneficiaries of the Victim Trust to Mr. Talmage were procured fraudulently.

50. The beneficiaries of the Victim Trust delivered funds to Mr. Talmage with the belief that those funds would be handled by Mr. Talmage, acting as trustee and fiduciary, as investments on their respective behalves.

51. None of the sums delivered by beneficiaries of the Victim Trust to Mr. Talmage were intended to be, or were, conveyances, transfers, deliveries, or gifts of money or property to Mr. Talmage with the intent that they would become his property.

52. To the contrary, Mr. Talmage specifically told clients, including beneficiaries of the Victim Trust, that he was accepting their funds “in trust” in his capacity as a trustee and fiduciary, to be invested for their benefit.

53. Forensic accounting reveals that Mr. Talmage conducted little or no legitimate business activity at all.

54. Mr. Talmage did not use funds entrusted to him by his clients, including beneficiaries of the Victim Trust, for investment purposes.

55. Rather, Mr. Talmage embezzled millions of dollars and devoted the monies to his personal uses.

56. In particular, of the more than \$50 million placed with him by the beneficiaries of the Victim Trust, Mr. Talmage embezzled over \$30 million and used the remainder of funds to pay earlier clients/investors.

57. By distributing funds to earlier investors from the receipt of monies from later investors, Mr. Talmage conducted a classic Ponzi scheme.

#### Monies Embezzled Through Defendants

58. Through their ownership of and/or control of the Identified Entities, Mr. Talmage,

Mrs. Talmage, and Mrs. Chen conspired together to defraud the beneficiaries of the Victim Trust by diverting the beneficiaries' funds through the Identified Entities and Rivercliff.

59. Defendants embezzled the beneficiaries' funds through several bank accounts with Citic Ka Wa Bank in Hong Kong.

60. Of the approximately \$30 million embezzled, Defendants misappropriated at least the following amounts:

- a. Over \$14.5 million to RiverCliff to purchase, develop, and maintain real property in Oregon;
- b. More than \$900,000 to Commence Company Limited, a Hong Kong entity, for purported nominee and secretarial services;
- c. More than \$1 million to Mrs. Chen;
- d. More than \$1.7 million to Mr. and Mrs. Talmage's personal dog trainer;
- e. Approximately \$1 million into Mr. and Mrs. Talmage's personal bank accounts;
- f. More than \$9 million to pay Mr. and Mrs. Talmage's personal expenses; and

61. Since 2010, Mr. Talmage, Mrs. Talmage, and Mrs. Chen all rented properties in Utah at material times herein, including in Weber County.

62. Since at least 2010, the embezzlement and Ponzi scheme described herein was orchestrated by Defendants from Utah.

63. Upon information and belief, title to certain property that Mr. Talmage purchased using funds embezzled from clients, including beneficiaries of the Victim Trust, is still held by RiverCliff and other unknown entities.

64. Upon information and belief, Mrs. Chen is also the CEO and/or director of RiverCliff, which is a wholly owned subsidiary of NCPL.

**FIRST CLAIM FOR RELIEF**  
**(Fraud against Mr. Talmage)**

65. Plaintiff incorporates all of the preceding paragraphs by reference as though fully set forth herein.

66. Mr. Talmage's representations to the beneficiaries of the Victim Trust as described herein were false and fraudulent.

67. Mr. Talmage made the representations described herein for the purpose of convincing the beneficiaries of the Victim Trust to entrust funds with him, which he embezzled, used to pay earlier clients, and used for his own personal expenses.

68. Mr. Talmage's investment scheme was a Ponzi scheme that served to defraud the beneficiaries of the Victim Trust, who relied on Mr. Talmage's representations to their detriment.

69. The beneficiaries of the Victim Trust have been damaged in an amount to be proven at trial, but no less than \$30 million, by Mr. Talmage's false and fraudulent representations, and as such are entitled to a money judgment against him.

**SECOND CLAIM FOR RELIEF**  
**(Conspiracy to Defraud against all Defendants)**

70. Plaintiff incorporates all of the preceding paragraphs by reference as though fully set forth herein.

71. Defendants knowingly and intentionally combined together to defraud the beneficiaries of the Victim Trust in the ways described herein.

72. The beneficiaries of the Victim Trust have been damaged in an amount to be determined at trial, but no less than \$30 million, by the conspiracy of Defendants to defraud them, and as such are entitled to a money judgment against them.

**THIRD CLAIM FOR RELIEF**  
**(Breach of Fiduciary Duty against Mr. Talmage)**

73. Plaintiff incorporates all of the preceding paragraphs by reference as though fully set forth herein.

74. Mr. Talmage breached his fiduciary duties to the beneficiaries of the Victim Trust in the ways described herein.

75. As a result of Mr. Talmage's breaches of his fiduciary duties, the beneficiaries of the Victim Trust have been damaged in an amount to be proven at trial, but no less than \$30 million, and as such are entitled to a money judgment against him.

**FOURTH CLAIM FOR RELIEF**  
**(Conversion against all Defendants)**

76. Plaintiff incorporates all of the preceding paragraphs by reference as though fully set forth herein.

77. Defendants have intentionally and unlawfully exercised dominion and control over the Victim Trust beneficiaries' funds such that the beneficiaries have been deprived of the use or possession of those funds.

78. As a result of Defendants' intentional and unlawful conduct, the beneficiaries of the Victim Trust have been damaged in an amount to be proven at trial, but no less than \$30 million, and as such are entitled to a money judgment against them.

**FIFTH CLAIM FOR RELIEF**  
**(Money Had and Received against all Defendants)**

79. Plaintiff incorporates all of the preceding paragraphs by reference as though fully set forth herein.

80. Defendants are indebted to the beneficiaries of the Victim Trust in the amount of more than \$30 million, which amount they received from the beneficiaries and which amounts were used for the benefit of Defendants rather than using for investment purposes.

81. As a result, beneficiaries of the Victim Trust have been damaged in an amount to be proven at trial, and are entitled to a money judgment against Defendants.

**SIXTH CLAIM FOR RELIEF**  
**(Unjust Enrichment against all Defendants)**

82. Plaintiff incorporates all of the preceding paragraphs by reference as though fully set forth herein.

83. Defendants will be unjustly enriched if they are allowed to keep the benefits of, and profit from, the more than \$30 million entrusted to Mr. Talmage by the beneficiaries of the Victim Trust.

84. The beneficiaries of the Victim Trust have been damaged in an amount to be proven at trial, but no less than \$30 million, and as such are entitled to a money judgment against Defendants.

**SEVENTH CLAIM FOR RELIEF**  
**(Violation of Utah Securities Act, Utah Code Ann. § 61-1-1 *et seq.*, against all Defendants)**

85. Plaintiff incorporates all of the preceding paragraphs by reference as though fully set forth herein.

86. The investment fund and other investment opportunities marketed to the beneficiaries of the Victim Trust by Defendants constitute securities under the Utah Securities Act (*see* Utah Code Ann. § 61-1-13).

87. In connection with the offer, purchase, and sale of these investment opportunities to the beneficiaries of the Victim Trust, Defendants employed an ongoing scheme to defraud the beneficiaries of the Victim Trust.

88. In connection with the offer, purchase, and sale of these investment opportunities to the beneficiaries of the Victim Trust, Defendants made untrue statements of material facts and/or omitted to state material facts necessary in order to make the statements made not misleading.

89. In connection with the offer, purchase, and sale of these investment opportunities to the beneficiaries of the Victim Trust, Defendants engaged in acts, practices, and a course of business that operated as a fraud upon the beneficiaries of the Victim Trust.

90. Defendants' conduct violated the Utah Securities Act, Utah Code Ann. § 61-1-1 *et seq.*

91. Defendants' violations of Utah Code Ann. § 61-1-1 were reckless or intentional.

92. In accordance with Utah Code Ann. § 61-1-22, the beneficiaries of the Victim Trust are entitled to damages in an amount equal to three times the consideration they paid for the securities, together with interest, costs, and attorney fees.

**EIGHTH CLAIM FOR RELIEF**  
**(Securities Fraud, 15 U.S.C. § 78j(b) and 17 C.F.R. 240.10b-5, against all Defendants)**

93. Plaintiff incorporates all of the preceding paragraphs by reference as though fully

set forth herein.

94. Defendants made affirmative misrepresentations or omissions of material facts in connection with the purchase of securities by the beneficiaries of the Victim Trust.

95. The beneficiaries of the Victim Trust reasonably relied on the affirmative misrepresentations made by Defendants.

96. Defendants made their statements and omissions of material fact with scienter, intending to mislead the beneficiaries of the Victim Trust or acting recklessly without regard for the truth of their statements or disclosures.

97. The beneficiaries of the Victim Trust have suffered damages as a result of their reliance on Defendants' misrepresentations and omissions, in an amount to be determined at trial.

WHEREFORE, the Victim Trust beneficiaries pray for the following relief:

1. A money judgment against Defendants in an amount to be proven at trial, but in no event less than \$30 million;
2. A money judgment against Defendants in an amount equal to three times the amount paid for the securities described herein, along with pre- and post-judgment interest at the applicable rate(s);
3. For punitive damages;
4. A judgment for the costs and attorney's fees incurred by Plaintiff herein, as provided by statute and common law; and
5. Such other and further relief as the Court deems appropriate in the premises.

DATED this 13th day of December, 2016.

STRONG & HANNI, P.C.

*/s/ William B. Ingram*

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William B. Ingram  
Alan R. Houston  
*Attorneys for Plaintiff*