

Target of SEC Probe Is Hoping To Write His Own Happy Ending

By JONATHAN WEIL

Staff Reporter of THE WALL STREET JOURNAL

How's this for life imitating art?

Just before Thanksgiving, the U.S. Securities and Exchange Commission seized Fort Worth-based Cornerstone Prodigy Group Inc., contending the investment company was in fact a Ponzi scheme that raised \$16.5 million this year from about 625 investors before it was shut down. Among Cornerstone's "investments" was a low-budget movie, called "Ten Mile Road," that was set to begin filming a few days after the SEC moved in.

Investigators say the film's main character, Jamie Aaronson, bears a striking resemblance to Cornerstone's founder, Gary Reeder, a 53-year-old convicted felon, who wrote the script in October before the SEC began its probe. The SEC's regional administrator in Fort Worth, Hal Degenhardt, says investigators will be studying the script for "some insight and possibly even some leads" in preparation for the government's civil-fraud litigation against Mr. Reeder and his wife, Sandra Reeder.



Gary Reeder

In the script, Jamie Aaronson is a God-fearing, truth-seeking owner of a global conglomerate who, like Mr. Reeder, has a taste for customized Corvettes. The character is described as a powerful man with extravagant tastes and lots of admirers, and he espouses an altruistic approach to business that "will bring wealth and prosperity to all of you!" (In real life, Mr. Reeder calls it "value-added economics.")

He's railroaded by a politically connected prospective business partner whose own illegal activities Mr. Aaronson threat-

ens to expose. Mr. Aaronson goes to trial on fraud charges, but he is vindicated after demonstrating to a court that his ventures are backed "with gold. Real gold!" according to the script. (When he's accused of fraud, Mr. Aaronson hastily tries to stage a play about his travails, hoping the public will rally around him.)

"It was the most awful thing I've ever read in my life," says Michael Quilling, a Dallas attorney appointed to liquidate the company's remaining \$6 million in assets. Still, he says he considered other options before deciding not to spend the \$500,000 needed to complete production, which already had cost \$150,000. "We were going to change the ending so that ... he was convicted and went to jail," Mr. Quilling says.

When Mr. Reeder's assets were seized, regulators found a safe in his office filled with several hundred thousand dollars worth of gold. In August, Cornerstone had staged a play in Fort Worth written by Mr. Reeder called "Shakespeare 2000," video portions of which were to have been interspersed into the film.

Mr. Reeder, who according to court records has served time for theft, burglary and forgery, confirms the film is supposed to be a self-portrait. "I kind of sensed that this was going to happen before it happened," Mr. Reeder says in an interview.

Mr. Reeder calls the SEC's allegations "ludicrous" and says he'll ultimately be vindicated. He hopes the recent publicity ultimately helps him sell the script. "It occurred to me that good publicity, bad publicity, it makes no difference," he says. "It's all publicity."

TEXAS JOURNAL welcomes your comments—by mail, phone or fax. Letters should be addressed to Michael Totty, Editor, Texas Journal, 1005 Congress Ave. Suite 800, Austin, Texas, 78701. The phone number is 512-457-0164; the fax number is 512-474-2709; the e-mail address is texas.journal@wsj.com