

Written Statement of Ruth Mitchell

INVESTIGATE BEFORE YOU INVEST is the slogan that the Pennsylvania Securities and Exchange Commission stamps on the outside of all the envelopes that they mail out. How appropriate! I wish someone would have stamped that on our foreheads a long time ago. I will tell you in this written statement exactly how my husband, Len and I lost \$100,000. We were informed on Ash Wednesday 2005 that Barry Korcan CPA had stolen \$100,000 from us. Barry Korcan was our investment person. However, he was more than that. He owned a large CPA firm in Beaver, PA, and he had done my husband's corporate taxes and payroll for over 20 years. He also had done our personal taxes for 18 years. He lived two doors from us in Evergreen Hills in Chippewa Township in PA. Barry Korcan started stealing from us in 1994 and he started to steal through the years from 39 other victims. Barry Korcan started Evergreen Hills Development in 1990 and we bought our lot from him in 1996. It is now apparent that he was stealing from us for two years when we paid him another \$30,000 for our lot. He sat at our dinner table and socialized with the entire neighborhood. He and his wife, Heidi, attended Len's surprise 75th Birthday Celebration that I had for him at a local restaurant.

Barry Korcan stole eleven and one half million dollars from his victims. He and his wife, Heidi, lived an extravagant lifestyle. New Cadillacs, boats, sports cars, vacations, homes, etc. Barry and Heidi hobnobbed with all the Pittsburgh pro hockey and pro football players, even to the point where Mike Webster from the Steelers lived with them for a time when he got into such financial difficulty before he passed away. Barry gave him money, victim's money, but in the end Barry possessed all four of Mike Webster's Super Bowl rings. Barry showed them off at a swim party across the street where we lived, at Dr. Tim Jackson's house. My husband even tried one of the rings on!

I was a lifelong figure skating instructor and power skating coach for hockey, and Barry and Heidi were in my adult night classes at the Beaver County Ice Arena near Beaver, PA in the early '80's. I did not care much for Barry Korcan's personality at that time. There was something about him. Arrogance, I guess. I never thought he was a thief in the making, but he did not treat women particularly well. Len felt, even though I did not like Barry, he ran a big business and he would do well with our money. HE DID WELL WITH OUR MONEY ALL RIGHT!

When we were made aware of the theft, which was finally uncovered, we understand, by an IRS audit, I was so mad and so upset that I nearly had a nervous breakdown over the entire thing. I was under my doctor's care for about 7 months for depression and nervousness.

Also, our house was besieged with television stations, postal authorities and newspapers. Also, the S&E people from the Pittsburgh office were here. We could not go anywhere and still cannot, without someone asking about this theft and how it is coming along and how are we doing. So much for a happy and relaxed retirement!

After I got over being so angry, I began to pray a lot about what had happened. We did have a great support system from friends, fellow parishioners at St. Jude in Columbiana and our neighbors, and that made it difficult to stay mad forever. Plus, we have a beloved little Bichon Frise dog named L.G. and he tried his best to keep us happy. I could not keep feeling bad with his little black eyes looking at me with so much love in them. Thank Heaven for L.G.!

In the fall of 2005 we were contacted by the US Attorney's office and advised that Barry Korcan's indictment and sentencing would be coming in the months ahead. The government seized everything that Barry and Heidi Korcan owned and we were told there will be some retribution, but nothing like what we lost.

We have several friends, all business owners and my husband's former cardiologist who lost money due to Barry Korcan.

Barry Korcan used; I believe the word is call affinity, to get close to his victims. In our case, he did our taxes and he knew exactly what we had. However, in 1991 I was involved in an automobile crash that was caused by another driver not being careful. I had to have eight orthopedic surgeries on my hands, arms and shoulders. I had to quit teaching and lost all of my students to other teachers in the Pittsburgh area. I received a settlement three years later for \$108,000. Barry was aware of this, and he talked to Len about investing our settlement in his really good investment plan with Guardian Investments. Barry knew exactly what he was doing, I realize now. I now do not have a full time teaching career, I do not have good hands or arms, plus I do not have the money he stole from us.

Len and I were the only people to step out and tell our story, and some of the other victims called us. A woman from Virginia, who used to live in Beaver Falls, PA, called us several times. Barry Korcan's sister Andrea Buzza and this woman were in college together at Geneva in Beaver Falls, PA. They were really good friends, even being in each other's weddings. Well, at a relatively young age the woman from Virginia lost her husband from a heart attack. Andrea suggested to her that she invest all of the life insurance money with Barry. Barry Korcan stole every cent of the life insurance money from her husband's death. There was also another inheritance she had, which she lost to Barry. She never took any "interest" from her investments, so she lost everything.

One of Len's good friends, the owner of a home building company in Chippewa, lost about \$400,000. He trusted Barry because Barry had always been his accountant and tax person. He is 74 years old and in terrible condition. We talk to him every so often.

There is a couple from Florida, the Gumpfs, who knew Len a long time ago. They called us a couple of times. They lost about \$30,000. I do not know what connection they had with Barry Korcan. We also had an orthopedic surgeon who used to live in our neighborhood in Evergreen Hills call us. He saw our story on timesonline.com. His name is Lawrence Bell. He lost money to Barry, but not in this bond scam, and about \$25,000. I do not remember where he moved his practice but it is still in PA but in

another part of the state. He lived next door to Barry so that is how he got sucked into the system. Barry never even gave him any type of paper work, he said. I have not heard from Dr. Bell since last year.

Barry Korcan even got to the point in our neighborhood, Evergreen Hills, which he developed, that he did not want to purchase mulch every year for the entryway beds. So, we had a neighborhood meeting and formed a landscaping committee and most of the families contributed \$100 towards the upkeep and I did all the work. No one else would help. Now, I realize Barry was stealing our money and I was doing all the mulching, weeding, pruning, etc. There were some of our neighbors that really hated him, but they never thought he would steal money. I felt that way, also, of course. Barry Korcan's wife, Heidi, always looked down her nose at me and some of the other people who would go out and get their hands dirty. Heidi was always perfect. She went to work with Barry everyday in gorgeous clothes, her hair and nails perfect. Barry even had a tanning room put into their new office building in Beaver, PA so she could keep up her tan. I feel Heidi Korcan knew everything that was going on. Her name was on all of the income tax records. Barry and Heidi owe the IRS 1.2 million dollars. Her name is also on some of the other documents of things they owned, such as Daugherty Development.

I will tell you know how he masterminded this Guardian Investment scam. He got people to give him large sums of money and he was supposedly going to purchase real estate bonds. He never purchased any real estate bonds for anyone. There was never a Guardian Investment Company. Everything we received, such as the statements were phony and the "interest" checks were not interest at all. This entire thing existed only in his computer. The next whammy was that we paid income tax on this "interest" all of these years. We were only allowed to file amended taxes for three years. So, it boiled down to all of us gave Barry Korcan our money at no interest to him to use for a lavish lifestyle and fund his CPA business, etc. When you think about it, it makes you so angry. Here was a man who had a large business and had a really good life, but he was not happy with that. I said to a detective "Why couldn't he have been happy with what he had?" The detective said "Hitler wasn't happy with just Germany, either."

Because we stepped out and told our story and made ourselves available for interviews, the US Attorney handling the case has asked us to appear in Federal Court when he is sentenced to read victim's statements. Barry Korcan will be sentenced on April 14th, 2006. Oh, by the way, that day is Good Friday?

We saw television footage of him coming out of the Federal Court House in Pittsburgh at his first hearing on January 5, 2006. He is 49 years old and looked like he was 75. His hair is completely grey and his skin was hanging off his bones, he had gotten so thin. I guess he wrote his own story. I know money is not what makes your life, but it is awful to save and save your money and get your home paid for and not owe anyone anything, and think you can retire comfortably and then have so much money stolen from you. We do not live lavishly at all. However, if we wanted to go out to dinner or have company to our home for dinner we could. We have had to completely cut out all of things we enjoyed doing. I recently accepted a position with an ice arena. The IceZone in

Boardman, Ohio as an instructor to try to build us a little cushion. I will be 65 years old this year, so I hope I can keep skating for a few more years. Len, however, did not retire until age 80 in 2004. He is now 82. He is in really good condition, but working in his profession as an architect is probably not a possibility. He was a partner with WMB Architects in Beaver Falls, PA and they just did commercial work. Those kinds of jobs take so much time and so much energy to produce.

Some of the things we have learned are NEVER give money to a person that works alone as a "broker". If the person who sends you an interest check signs it personally, be wary. Also, watch the lifestyle of your investment person. Lavish usually spells thief.

Make sure the person is licensed with the Securities and Exchange Commission. Each state has an office at the Capitol. Ask questions and do not be afraid to hurt anyone's feelings by asking about their track record or integrity.

I recently became aware of the fact that there are three states that do not require investment people to register. My state Ohio is one of them. Pennsylvania requires registration but if someone is a thief they will not call S&E to talk to them, certainly.

I based this written testimony on our experiences. I have already used our experiences to give a talk to the Columbiana, Ohio AARP group at a luncheon a couple of weeks ago. My goal is to be able to reach out to people who have been wounded or primarily to talk to groups of people to let them know how easily this can happen. I want to speak as a "Been There, Done That" person. Hopefully, I can turn this lemon into lemonade.

I think Len and I will survive this ordeal. The only way I can heal is to help others. I hope I have that opportunity in the future to help people before it is too late for them. I wish we had heard from someone like my husband and I before we lost our money.