



8. Plaintiffs' Exhibit 1 is the resolution that was presented to the members for voting on at the July 1, 1993 business meeting of Solid Rock Church, Inc.
9. Plaintiffs' Exhibit 1 is the only resolution that was presented to the members for voting on at the July 1, 1993 business meeting of Solid Rock Church, Inc. Notice of the meeting was presented to the members for the sole and exclusive purpose of considering the name change from the Elk River Assembly of God Church to the name of Solid Rock Church, Inc.
10. In 1993, I believed that William N. Matthews was an honest man of integrity that would engage only in truthful activities. I believed this to be factual because I attended several weeks of membership meetings that were presented by William N. Matthews during the months of April, May and June of 1993. During these meetings, I was indoctrinated on membership criteria and Matthews stressed honesty and integrity along with other attributes expected and associated with being a member of the organization. I attended the July 1, 1993 business meeting because I had completed the extensive membership training and was interested in formally joining the organization. I had already been attending the organization's meetings for about one year.
11. William N. Matthews continuously stressed honesty and integrity in the wake of the previous high profile sex abuse incident concerning a former Senior Pastor of the organization. Matthews made it clear that the organization was one of righteousness, honesty, truth, and integrity. That he himself possessed and prized all of these character traits.
12. The whereas' in Plaintiffs' Exhibit 1 start with the phrase "Whereas The name of Elk River Assembly of God is associated with negative events that transpired in the past ..." and ends with " Our church is founded on The Solid Rock . . . "

Since Mr. Matthews stressed righteousness, honesty, truth and integrity, I had no reason to believe that he would lie and make fraudulent Articles of Incorporation filings with the Minnesota Secretary of State's Office.

13. I have examined the Articles of Incorporation filed with the Secretary of State, which are dated July 22, 1993 and are suppose to represent the actions of the members from the July 1, 1993 business meeting. This filing with the Secretary of State contains changes to other Articles that the members of this non-profit corporation did not vote on. Further, it contains the addition of four new Articles that were not presented to the members for voting on at the July 1, 1993 meeting.
14. On or about July 18, 1993, I transferred 545,000 shares of stock to Solid Rock Church, Inc. based upon the beliefs that William N. Matthews stated to me as fact. The basis for my transfer of stock was founded in righteousness, honesty, truth and integrity.
15. By making false statements under oath to the Minnesota Secretary of State on July 22, 1993 in a filing that misrepresented the actions of the members on July 1, 1993, William N. Matthews worked a deception on everyone, including me. The false filing in essence negated the entire basis of my gift to this organization. The gift that I made was simply based on false information and the withholding of material facts. Matthews continued to withhold this material information and it was only on April 3, 1998 that I discovered the true nature of his fraud.
16. All efforts to resolve this matter with William N. Matthews out of court were met with a strong rebuff. I filed the civil lawsuit pursuant to Minnesota's Fraudulent Conveyance Act at Minn. Stat. §513. The fraud involved has a statute of limitations that runs six years from the date of discovery according to Minn. Stat.

§541.05, which would be six years from April 3, 1998. From the time of discovery, I worked diligently to resolve this matter with both Defendants.

17. Plaintiffs' Exhibit 4 is the written resolution that was presented to the members for voting on at the July 11, 1995 business meeting of Solid Rock Church, Inc.
18. Plaintiffs' Exhibit 4 is the only resolution that was presented to the members for voting on at the July 11, 1995 business meeting of Solid Rock Church, Inc. This was a quickly called meeting of the members by William N. Matthews who would not disclose the exact purpose of the meeting until after the meeting started.
19. By refusing to disclose to the members what the July 11, 1995 meeting was about, prior to the meeting, William N. Matthews violated the organization's Articles, By-Laws and law at Minn. §317A. He did not provide proper notice to the members.
20. The second order of business presented at the July 11, 1995 business meeting was a motion made and seconded to purchase Dennis Anderson's property, which was adjacent to Solid Rock Church, Inc.'s property. This was not a written resolution.
21. I have examined the Articles of Incorporation filed with the Secretary of State, which are dated October 5, 1995 and are suppose to represent the actions of the members from the July 11, 1995 business meeting. This filing with the Secretary of State does not represent the actions of the members on July 11, 1995.
22. The members of this non-profit corporation did not vote to give up their membership voting rights as represented by new Article IV filed on October 11, 1995. The rest of this filing contains equally false Articles, which the members never approved. Articles, By-Laws and law at Minn. Stat. §317A required a member vote to adopt article changes. Matthews' articles filing is fraudulent and was designed to simply seize control of all property of the organization.

23. No information was presented to the members concerning giving up their voting rights and the members did not vote on any Articles changes at the July 11, 1995 business meeting of Solid Rock Church, Inc.
24. The filing made with the Secretary of State dated October 11, 1995 is a complete fraud evidenced "on its face" by the fact that the filing was made pursuant to obsolete Minnesota law at Minn. Stat. §317.27 Subd. 3, 4 and §317.22 Subd. 2, 9. These non-profit corporation laws were made obsolete in 1989 and there are no sections in Minn. §317A with similar numbers (I.E. there is no law at Minn. Stat. §317A.27 or §317A.22). Therefore, this particular filing was made pursuant to obsolete laws and clearly appears to be the work of an amateur performing a white-collar crime! The filing is also inconsistent with the prior three corporate article filings with the Minnesota Secretary of State which are properly reference to sections of Minn. Stat. §317A.
25. On Monday, October 11, 1999 at about three o'clock in the afternoon, I met with Roger Lemier and Lorin Stephenson for about one half hour in a conference room at my business office. I called the meeting with Lorin Stephenson to ask him why his signature was on the false articles filing dated October 11, 1995 concerning the meeting of July 11, 1995 which cited him as the Secretary (officer) of the corporation Solid Rock Church, Inc. Roger Lemier showed up with Lorin to discuss the issues. Both Roger and Lorin were members of the board of trustees at Solid Rock Church Inc. and both attended the meetings on July 1, 1993 and July 11, 1995.
26. Roger Lemier and Lorin Stephenson told me that William N. Matthews presented very little financial or other operational information to the board of trustees at Solid Rock Church, Inc.

27. Roger Lemier and Lorin Stephenson told me that it was their understanding that Mary Beth Matthews, wife of William N. Matthews, was the corporate Officer holding the position of Secretary for Solid Rock Church, Inc.
28. Some of the filings with the Minnesota Secretary of State list Lorin Stephenson as the Secretary of Solid Rock Church, Inc. Roger Lemier and Lorin Stephenson told me that this was not true. They said that Lorin did keep notes at certain director meetings. However, they said, he was never elected as the Secretary of Solid Rock Church, Inc. during any period of time.
29. I asked Lorin why his signature as "Secretary" was on a state filing with the Secretary of State dated October 11, 1995 that he knew was false. Lorin stated that he had no idea since he was never the Secretary of the corporation. Lorin expressed concern about the Notary stamp, which referenced a notary in "Stearns County" saying he does not remember going to this Notary [outside Sherburne].
30. Roger Lemier and Lorin Stephenson told me that they have no explanation for why Lorin is listed as the Secretary on the Article filings other than the fact that neither of them were allowed the privilege of viewing or studying the actual completed documents that William N. Matthews asked them to sign.
31. Roger Lemier and Lorin Stephenson stated that when William N. Matthews would ask them for their signature that he typically just gave them a signature page to sign. In the instance where Matthews supplied multiple pages, they stated that the signature page was always on top and they were never allowed time to read and study the documents.
32. Roger and Lorin stated that when someone on the board of trustees would ask for rest of the document that Matthews would quip in a non-concerned manner [jokingly] with something like "Kyle [Smith] hasn't completed it yet."

33. Roger Lemier and Lorin Stephenson, former members of the board of trustees at Solid Rock Church, Inc., told me that they had no reason to doubt the honesty and integrity of William N. Matthews when he asked them to sign documents.
34. Roger Lemier and Lorin Stephenson told me that some of the filings William N. Matthews has made with the Secretary of State are dishonest and false. That they "could not believe that he [a man of God] could be so dishonest."
35. William N. Matthews stated in his affidavit at ¶18 that I "loudly accused him of heresy." This is another lie and mischaracterization. I did approach him while he was talking with Wes King. I asked him in a quiet voice why he had just taught the people something opposite of what he had been teaching for over two years. He asked me to meet with him at a later date. It took over a month before I was able to meet with him because he refused to make himself available to discuss my concern. When we did meet on December 23, 1993, I asked Kyle Smith to join us as a witness. Matthews began accusing me of a variety of falsehoods and I decided to leave because it was obvious to me at that time that he was not whom he pretended to be and that I could not trust him. The details of this meeting are described in Plaintiffs' Exhibit 30. Matthews' mischaracterization is yet another attempt to paint this case as an issue of religious beliefs. It simply isn't true.
36. This civil suit is about a \$6 Million white-collar crime in the form of the theft of the Elk River Assembly of God Church and how my personal property in the form of stock and cash was caught up in the conversion at the onset of this white-collar crime. No religious, theological or doctrinal issues are in dispute.
37. The report that I wrote titled "Godly Wisdom, Spiritual Abuse or Cult" shown in its entirety at Plaintiff Exhibit 30 was an attempt to understand the issues involved prior to my obtaining the documents Matthews filed with the Secretary

of State's Office. There are discussions of a theological nature. However, this document is totally irrelevant to this civil lawsuit with the exception of the facts shown which further document this fraud and who might have been involved in it. Defendants' attorney has selectively eliminated certain pages that discuss this fraud in Exhibit 2 as supplied by William Stute of Lindquist & Vennum. By deleting the relevant fraud discussion from Stute's Exhibit 2, Lindquist & Vennum also seek to mischaracterize this lawsuit as primarily religious in nature. In fact, the report I wrote actually seeks to understand the fraud of these defendants. Therefore, Defendants have presented this report to the Court out of context.

38. I maintain a religious web site called "james417.org" which contains many discussions of a theological nature. Plaintiffs' Exhibit 28 is the contact page which carries the disclaimer that the contents of this site are representative of my sole opinion. Defendants have conveniently selected certain pages off of this site for purposes of enhancing their religious argument. However, there are over 100 pages of relevant documents such as the Defendants' Articles filings and analysis and other information related to this fraud that they have not bothered to present. Therefore, Defendants have presented this web site to the Court out of context.
39. My discussions of the Bible and certain doctrine in both the report and the web site are wholly irrelevant to the nature of this fraud and the Defendants seek only to mask the true nature of their fraudulent state filings by "selectively" presenting only certain "portions" of these documents available. Again, my web site and report on "Godly Wisdom ..." have been taken out of context and presented to the Court in a weak attempt to recast Defendants' fraud and confuse the issues.
40. Both the report and the web site contain only "truthful" information. Much of this information has been publicly available for over two full years. If Matthews



- felt he was somehow "defamed", certainly there are remedies available under the law. However, it's a fact; one cannot be "defamed" by someone telling the truth.
41. Matthews states in his affidavit at ¶21 that I "placed defamatory notices on all the cars in the parking lot on a number of occasions." It is a simple fact that I have never placed a single piece of paper on any car in the parking lot of Solid Rock Church. This is simply another lie in many that seek to mischaracterize events.
  42. Matthews states in his affidavit at ¶21 that it is "his belief that Palmer contacted them [IRS] and provided them with false information." It is a simple fact that the IRS summoned me after Matthews was being investigated by them. I had never contacted the IRS. The IRS summons is shown as Plaintiff Exhibit 27. Matthews desires to cast this lawsuit as some kind of vendetta. It is simply not true.
  43. Matthews could have ended this civil suit prior to discovery by simply returning the stock he swindled me out of. He had no less than four opportunities to do so.
  44. I believe that William N. Matthews is a pathological liar that suffers from some sort of messianic complex where he thinks he can routinely violate Minnesota laws, corporate articles, and corporate by-laws in his efforts to swindle people out of their property. I believe he has had enough success at his fraudulent behavior to now think that he can also lie to the Minnesota Court and get away with it.
  45. Defendants' attorney claims that William N. Matthews has fully responded under Minnesota law to discovery requests and sites the "now" signed signature page. Minnesota law says that this signature "under oath" was required "by all parties" within 30 days. A one-week extension was given for filing and that made the deadline September 10, 1999. Defendant Solid Rock Church has signed and dated the Interrogatory signature page October 5, 1999. They have not signed the signature page for the Request for Admissions.

46. William N. Matthews is listed as co-defendant. He is not even represented in any of the discovery responses since the only signature provided for and supplied on the Interrogatories and Admissions Requests is for the corporation of Solid Rock Church "BY" Pastor William Matthews. See Plaintiff Exhibit 29, 15 and 16.
47. The fact is plain to observe that William N. Matthews is not represented on the signature pages of any discovery responses. Pointing this fact out as a legal cause for summary judgment is hardly a frivolous filing with the Court.
48. Plaintiff Exhibits 1 to 31 are documents supplied by Edward G. Palmer. These Exhibits are further described or clarified within the following itemized list:
  - No. 1 is the Name Change Resolution of July 1, 1993, which came from my diary.
  - No. 2 is the September 24, 1994 meeting notice, which came from my diary.
  - No. 3 is the July 7, 1995 meeting notice, which came from my diary.
  - No. 4 is the Disaffiliation Resolution of July 11, 1995, which came from my diary.
  - No. 5 is the Disaffiliation Resolution of Nov 7, 1996, which came from my diary.
  - No. 6 is the Apr-Jun 1993 Membership documents, which came from my diary.
  - No. 7 is my membership application, which came from my diary.
  - No. 8 is Article IV of Oct 11, 1995, which came from the Secretary of State filing.
  - No. 9 is a timeline of the William N. Matthews' swindle.
  - No. 10 is page 64 of SolarAttic's 1/31/98 Prospectus describing stock fraud issue.
  - No. 11 is Matthews' 9/15/99 "Party in the park" ad from the Elk River Star News.
  - No. 12 is Matthews' First Class Vacation in Israel letter dated July 1999.
  - No. 13 is page 59 of SolarAttic's 8/16/99 Prospectus describing my zero income.
  - No. 14 is the letter from Lindquist & Vennum of 9/3/99 showing my cooperation.
  - No. 15 is the Interrogatory signature page as supplied by Lindquist & Vennum.
  - No. 16 is the Admissions signature page as supplied by Lindquist & Vennum.

- No. 17 are Articles filings as supplied by the Secretary of State [up to April 1998].
- No. 18 is my analysis of the July 1, 1993 meeting-filing Defendants made.
- No. 19 is my analysis of the June 6, 1994 meeting-filing Defendants made.
- No. 20 is my analysis of the September 29, 1994 meeting-filing Defendants made.
- No. 21 is my analysis of the July 11, 1995 meeting-filing Defendants made.
- No. 22 is the Affidavit of Jacqueline Mattila dated July 30, 1998.
- No. 23 is the Affidavit of Dean Mattila dated July 30, 1998.
- No. 24 is my transcription of the Original set of Articles for ease of reading.
- No. 25 is the U.S. Supreme Court ruling 494 U.S. 892 obtained from the Internet.
- No. 26 is the cover page of the Oct 11, 1995 filing "pursuant to obsolete law."
- No. 27 is a summons I received from the IRS concerning Solid Rock Church.
- No. 28 is the contact information and disclaimer page from my religious web site.
- No. 29 is the now signed Interrogatory signature page dated October 5, 1999.
- No. 30 is the full copy of the report "Godly Wisdom, Spiritual Abuse or Cult?"
- No. 31 is a complete copy of SolarAttic's Prospectus dated August 16, 1999.
49. I supplied Exhibits 1-25 previously to the Court and Defendants. Exhibits 26-31 are attached to this affidavit. This Affidavit along with Plaintiffs' Exhibits 1-31 as referenced herein and in the pleadings of this case form my initial testimony to the Court concerning the facts of this swindle.
50. The above documents are exhibits in support of the fraud case that I have filed. I have spent considerable energy in this matter for the sole and single purpose of documenting this fraud. I have no problems with Mr. William N. Matthews or Solid Rock Church. I simply want the stock that they stole from me returned. I believe that this is my right under Minnesota's Uniform Fraudulent Conveyances Act at Chapter 513, which has a six-year statute of limitations from discovery.

51. I also believe that I have the right to freedom of religious beliefs. However, I do not believe these rights can be extended to rationalize stealing from people. Mr. Matthews' primary problem is that his fraudulent state filings show the complete context of the fraud and swindle that my personal property got caught up in. It's a fact that the state filings are fraudulent in nature. Had Matthews simply given the stock back after I caught him in this swindle of my property, none of this legal debate in the Courts would have been necessitated. Therefore, I believe it is Mr. William N. Matthews who bears the complete responsibility for all of the added costs that both of us has had to incur.
52. Despite the difficulties that the Defendants have in understanding this lawsuit, the fraud and conversion presented in this civil lawsuit are simple enough to understand. It can be summarized as follows:
- (1) William N. Matthews made many representations as to his righteousness, honesty, truth and integrity. He did this throughout the period of time from September 1992 through November 1996. It is best exemplified in his resolution of July 1, 1993, which makes reference to "past" negatives associated with the Elk River Assembly of God Church. And again in the transcript of the July 11, 1995 meeting where he points out that "integrity" is a primary concern of his.
  - (2) There can be no doubt that William N. Matthews representations to his righteousness, honesty, truth and integrity are false. It is exemplified by his notice of a name change vote and his filing with the state of wholesale changes to all articles of the corporation. It is further illustrated by his quickly called meeting of July 11, 1995 and the preposterous notion that members gave him the right to disenfranchise them of their voting rights when he did not even give them a clue as to his intentions. Simply put, William N. Matthews engaged in a concerted and

steady pattern of lies to all the members, including me, as to the exact and true nature of his Officer and Director activities.

(3) I owned stock and based upon Matthews' pattern of lies concerning the character of the organization, I was led to donate this stock. Matthews made several references to a "super natural" provision for the church and led me to believe that it would come from a gift of my stock. This did not come from pointedly asking for my stock. It came from the conditioning of my mind from literally "months of mind programming" efforts as he asked repeatedly for over an hour at every meeting for members of the organization to give [everything they had] to his organization.

(4) I believed that Matthews was the honest, truthful and person of integrity whom he represented himself to be. In the process, I was simply misled and "duped" into giving stock and cash to the organization. Matthews knew that what he was presenting to the organization were lies to the members as his Minnesota filings with the Secretary of State reveals a clear "linear pattern" of fraudulent behavior and deception that leads only to his complete ownership of all of the organization's property. Matthews' fraud included other property that belonged to members like myself. This is simply an incredible white-collar crime. The false filings are "material" facts that were intentionally withheld from other members and myself. Had I known these facts, I would have taken different actions. At the very time I was giving stock relying upon the honesty of Matthews and his organization, they were both engaged in dishonest behavior.

(5) My gift was based on the above characteristics and had I known what Matthews was up to, I would not have given the stock or anything else to this organization. I would have been very offended by the dishonest behavior and

would have left the organization. Matthews knew that this was true for myself and many others who attended and he took advantage of our "faith" in him to deceive us. Matthews' knowledge of his dishonest state filings was a critical factor and it was contemporaneous with my gift of stock both having occurred within a short time of each other. Matthews withheld this knowledge from me and the lack of this information worked to induce a different behavior from me than what would have occurred had I known the truth and all the material facts.

(6) Matthews knew that the "act" he was presenting to the members was a fraud and it was designed to simply gain complete control over the organization's property. In the early stages of his planned swindle, my stock simply got caught up in it as I was led with others to believe facts that Matthews knew were false.

(7) That Matthews knew his behavior would induce people to act is obvious because he withheld the material facts about his illegal filings. Had people known this information, they would have left the organization in droves because it would have meant that "yet another" pastor was dishonest. His actions were designed to elicit specific responses to his giving requests. Matthews asked more than once for some members to give their retirement savings to the organization. In many respects, the members of this organization were the perfect choice for this white-collar crime. Having recently suffered through a highly public sex incident from a prior Senior Pastor, all members were readily willing to believe in what Matthews told them about his righteousness, honesty, truth and integrity. It was exactly what they wanted to hear and Matthews knew that very few people would dare question a Senior Pastor. Matthews used his knowledge of this type of human behavior as an advantage to pull off his elaborate swindle [fraud].

(8) Based on belief in what I was told by Matthews concerning the character of him and his organization, I took action and transferred 545,000 shares of common stock. I also gave other gifts of cash.

(9) My gifts were based entirely on the nature of what this organization stood for as was presented to me. That was righteousness, honesty, truth and integrity. However, these were simply lies now documented by fraudulent article filings.

(10) I suffered the loss of my personal property in the form stock and cash. My property wound up in an organization that I did not intend it for. Indeed, if I had not been programmed into believing Matthews' lies, I would not have even given the stock to Solid Rock Church, Inc.

(11) Matthews indoctrinated me into the organization's beliefs prior to the meeting of July 1, 1993. I relied upon his representations and joined the church. Immediately thereafter I gave the stock. Everything occurred at the same time including his fraud, which was set in motion prior to my joining, and prior to my gift of stock. Had Matthews disclosed the material fact that he was in the process of filing false information under oath with the Secretary of State, I would not have joined the church and I would not have given the stock. It's simply because such a filing was inconsistent with the picture of righteousness, honesty, truth and integrity that William N. Matthews programmed me into believing.

53. I owned the stock and it was swindled from me by Matthews who gained my trust and confidence. He then presented a fraudulent picture and led me to believe in it. Matthews succeeded in depriving me of my ownership in my stock by presenting false facts and leading me to believe that the organization was based on righteousness, honesty, truth and integrity. These things were not true.

- In criminal law, Matthews' actions are called fraud. In civil law, there are called conversion. William N. Matthews converted my stock and other property.
54. I never gave stock to any other Church. I did give stock to the school called the "Alliance Christian Academy." However, this is not a church.
55. While SolarAttic is trying to raise capital at \$5.00 per share, the Company's net tangible book value as shown on page 15 of Exhibit 31 is \$.0002 per share. Therefore, the stock in question has a current net tangible book value of 545,000 times .0002 or \$109.00. In addition, this stock has a basis of less than \$1.00 and is highly illiquid. See Risk Factors on page 7-11 of Exhibit 31. Therefore, the stock, like many other issues, is presented to the Court out of context by the Defendants in regards to William Stute's Exhibit No. 3.
56. While I spoke in favor of several changes that I felt were positive for the organization to make, William N. Matthews withheld "material facts" underlying those changes which only he knew.
57. If others and I had known the "material facts" that were underlying Matthews' voting actions we would have spoke against Matthews' proposed changes. For example, Matthews never told the members that a vote to affiliate with the AFCM was a vote to give Matthews and his board all of the voting power in the organization. If he had told the truth to the members, I believe they would have "ran him out of town." If not, at least they would have been informed and had the benefit of that material fact, which would have altered the voting outcome.
58. Matthews argues that this lack of providing "material facts" is a legal basis to disenfranchise the members of the non-profit corporation of their voting rights. It is simply incredible that anyone could argue such a position.



59. Matthews never provided notice to the members of the contents of the July 11, 1995 meeting in which he claims to legally have disenfranchised his members.
60. The incremental changes Matthews made deceptively denied context to the members and were simply part of a larger picture. When viewed in the context of Matthews end result, the true nature of these changes is clear. It is Matthews and his family owning all property. It is an elaborate fraud by swindle.
61. How could one make a proper decision on any vote when Matthews withheld critical material facts about the underlying true nature of those votes? Therefore, while I did speak in favor of many changes, I was simply duped along with others and my speech was colored by Matthews' tactics, which used "misinformation" and the "lack of material facts." Matthews knew this would be the case and was simply manipulating the members of the organization.
62. The theft of my stock was only a tiny portion of a much larger picture of fraud. My civil case seeks the return of my stock, which under the doctrine of "replevin" and Minnesota law at the "fraudulent conveyances act" I feel that I am entitled to. This civil suit is not a personal vendetta.

Further your affiant sayeth not.

Dated: \_\_\_\_\_

Signed: \_\_\_\_\_

Edward G. Palmer  
 15548 95th Circle NE  
 Otsego, Minnesota 55330  
 (612) 441-3440

Subscribed and sworn to before me  
 This \_\_\_\_\_ day of October 1999.

\_\_\_\_\_  
 Notary Public

Seal