

Laidlaw Berlin Biopower
Sec. Docket No. 2009-02

Dear Chairman Burack,

4/23/2010

As a citizen that is deeply interested in the future and well being of his community and his state, I feel compelled to submit the attached document that enumerates a rather lengthy history of potential falsehoods, puffery and poor management on the part of Laidlaw Energy Group and its CEO Mr. Michael B. Bartoszek. Given that Laidlaw seeks to become one of the, if not the, largest corporate entity in the City of Berlin, NH, I believe that it is important that the residents and leadership of both the city and the state are aware of the attached history.

My research indicates that Mr. Bartoszek has, in the last 13 years, formed 12 different corporations that apparently intertwined and have operated under 15 different names. Together these corporations have accumulated unpaid debt and bills totaling in the millions of dollars. His dealings with governmental organizations is perhaps best summed up by the Town of Ellicottville Planning Board, who in their Statement of Findings and Decision identified deliberate misstatements by Laidlaw and a failure to comply with requests when they stated:

"At the August 11, 2005 Planning Board meeting, Michael Bartoszek of Laidlaw compounded the deception by telling the Planning Board that an ASF permit was all that was required, failing to tell the Board about the errors in the DEIS."

Also noting that:

"Unfortunately, this mendacious attitude and reluctance to cooperate was the distinguishing feature of Laidlaw's performance in the application review procedure; even when under court order to turn over information, Laidlaw was late and incomplete in doing so."

I trust that you will find the attached document as compelling as I do and will take this information into account when evaluating Laidlaw's financial, technical and managerial capability to construct and operate the proposed facility.

Sincerely,



Jon Edwards

CC: Mayor Paul Grenier
The Honorable Charlie Bass

Laidlaw Energy and Environmental was incorporated in the State of New York July 23, 1999 as a domestic business corporation authorized to issue up to 1,000 shares of stock.

Laidlaw Energy Group was incorporated in the State of Delaware September 7, 2001, with a July 24, 2002 amendment allowing the corporation to issue up to 75,000,000 shares. Then, records show that on July 31, 2002 the company was the non-surviving party in a merger with Poly Eko Systems, Inc. (a New York corporation). Subsequently on August 14, 2002, Poly Eko Systems, Inc. changed their name to Laidlaw Energy Group, Inc., which is currently authorized to issue up to 3,010,000,000 shares of stock.

With that in mind, I think that it is important to note that Laidlaw Energy Group and Laidlaw Energy and Environmental are financially and managerially interconnected. During a public hearing before the Ellicottville, NY Planning Board on October 3, 2007, when asked about the relationship between the two, Laidlaw responded that;

"Yes, Laidlaw Energy is a is a shareholder, a majority shareholder of Laidlaw Energy and Environmental" and then went on to say that ". . . there is a commonality of ownership" In the record of that hearing it is clear that the two organizations were represented as being synonymous.

Laidlaw purchased Ellicottville Energy December 1, 1999, incurring a debt of \$7.5 million to do so, with State Street Bank and Trust Co. as the trustee for the bond holders. While they initially serviced the debt, Laidlaw failed to make any payments on one of the bonds after January, 2001 or on the second bond after June, 2001. Following 16 months without a payment, State Street Bank and Trust filed to place the business in receivership. After taking control and operating the facility for a period of time, the court appointed receiver, Lee Katz was quoted as saying that "From an operating standpoint, the company is operating fine" but that "Additional overhead from offices outside of Western New York brought about the company's current financial situation." It should be noted, that a published profile of Mr. Michael Bartoszek states that "Mr. Bartoszek has been responsible for the day-to-day operations of Laidlaw Energy's Ellicottville, NY cogeneration project since (1999)." As such, it can only be concluded that Mr. Bartoszek was directly responsible for the failure of the business.

In documents filed with the Town of Ellicottville, Laidlaw stated that they had sold the facility. The findings of the Ellicottville Planning Board were that; "In fact, Laidlaw never sold the plant; the statement in the DEIS is pure fabrication. In July 2002, State Street bank, the trustee for the project bondholders, citing numerous defaults, moved to take control of the facility. On August 29, 2002, a receiver was appointed to take control of the cogeneration and drying kilns facility. On January 7, 2003, the receiver shut down the facility because of the need to perform substantial repairs to the turbine and the rising cost of natural gas."

The original owner of Ellicottville Energy, Bill Northrup, provided Laidlaw with an additional \$1.2 million in owner financing as part of the transaction. With the project in receivership, he was persuaded to accept a payment of \$25,000 to clear the books, which then allowed Mr. Bartoszek to repurchase the mill.

Laidlaw then regained control of the facility in 2004, through purchase at bankruptcy auction. This led to an attempt to convert the Ellicottville facility from natural gas to biomass, where Laidlaw Energy represented to the town that the facility would be the latest state of the art. In fact, further research revealed that their plans called for installing a used 1981 boiler and also revealed that the "new" turbine would be a fifty year old unit that had been retired by a Pennsylvania municipality and purchased by Laidlaw through a second hand dealer. As a side note, I have communications from the turbine vendor stating that he is still owed \$120,000 for that used turbine.

During the public review process regarding the conversion to biomass, the Ellicottville Planning Board found that Laidlaw "deliberately understated the environmental impacts, particularly with

respect to air emissions". They further noted that "At the August 11, 2005 Planning Board meeting, Michael Bartoszek of Laidlaw compounded the deception by telling the Planning Board that an ASF permit was all that was required, failing to tell the Board about the errors in the DEIS."

In summation of their findings, the Ellicottville Planning Board stated that "Unfortunately, this mendacious attitude and reluctance to cooperate was the distinguishing feature of Laidlaw's performance in the application review procedure; even when under court order to turn over information, Laidlaw was late and incomplete in doing so."

Following the rejection of their application by the town, Laidlaw filed multiple law suits against the Town of Ellicottville, engaging the firm of Hiscock and Barclay, LLP to do so. In December, 2008 the firm filed a motion to withdraw as Laidlaw's counsel, citing failure to maintain the requisite retainer balance. In their court documents, Hiscock and Barclay state that; "Bartoszek has advised the undersigned that he lacks the cash and resources to pay the outstanding invoices and/or replenish the evergreen account, as required by the Retainer Agreement . . . "noting that "Laidlaw will not be able to pay its outstanding invoices for a substantial period of time and will be unable to pay any invoices that may accrue in the future."

In September, 2009, Hiscock and Barclay, LLP filed suit against Laidlaw Energy Group and Laidlaw Energy and Environmental for Breach of Contract, and other factors, totaling \$140,859.78, plus interest, attorney's fees, and cost of the action. Stating that, "Notwithstanding due demand, defendants have failed to cure the default under the agreements and are thereby in breach."

Similarly, Waldron Engineering and Construction, Inc. just this month filed a complaint and demand for jury trial against Laidlaw Berlin Biopower, LLC for its refusal to honor contractual obligations. While the document does not specify a dollar amount due them, it makes it clear that "despite having received the benefit of Waldron's services, Laidlaw refuses to pay Waldron amounts due and refuses to authorize Waldron to perform Project's Phase III engineering work." Now we learn that Laidlaw's corporate counsel has recently been indicted by the Federal Securities and Exchange Commission for participating in a multi-million-dollar pump-and-dump stock scheme. As legal counsel, Mr. Czarnik issued legal opinion letters stating that offerings were in compliance with the private placement exemption under Rule 504 of the SEC. The SEC reportedly stated that Czarnik served as a one man opinion mill for pink sheet stocks, authoring letters for at least 111 penny stock companies, involving the transfer of billions of shares of stock and 43 different issuers under the promise that such stocks were restricted, when, in fact, they were not. While Laidlaw is not directly named in the indictment, Mr. Czarnik was counsel of record for Laidlaw during this period.

In fact, in a December 15, 2008 posting, Mr. Bartoszek appears to reference just such a transaction involving Laidlaw stock.

"No, we have not issued any shares recently and the last shares we issued quite some time ago were restricted. The rules have changed for Rule 504 offerings making it very difficult to issue any share that are "free trading" . . . at least that is what our legal counsel has told us. I can't speak for what other companies may do and the compliance (or lack thereof) with state and Federal securities regs."

Then, on January 27, 2010, Mr. Bartoszek again referenced stock transactions similar to those that led to the indictment of Mr. Czarnik.

"We issued a small number of shares last week. I doubt those share have anything to do with any price decline b/c they were restricted, so under Rule 144 the buyer has to hold them at least 6 months."

On January 29, 2010, Mr. Bartoszek followed up with the statement that

"We have done 4 small capital raises over the last few months . . . with three of those transactions I noticed no selling whatsoever and I believe that those investor either continue to hold or to the extent they sold any shares did so in a way that did not impact the market price based on my observation. In the 4th situation, which was approx 30 million shares, I think we are seeing selling pressure from those shares. This is a lesson learned and we would be very cautious about doing business with that firm again based on this experience. I don't like to see the stock price decline any more than you do. The good news is it is not a lot of shares. I have

spoken to this investor and asked him to back off, but ultimately that is not within my control.” As a follow on point to make relative to the 3 above quotes, it should be clear that these statements made over a 6 week period are each mutually exclusive. Only 1 might be truthful, so which are we to believe, if any?

Finally, as noted above the issue comes down to just that truthfulness, honesty and integrity. A cursory review of statements made by Mr. Bartoszek and Laidlaw reveals a litany of examples from which we might draw conclusions regarding just those three factors – Truthfulness, Honesty and Integrity:

In light of Laidlaw’s claim that biomass for their Berlin facility can be transported 100 miles or more, it is interesting to note Mr. Bartoszek’s statement in a public hearing in Ellicottville that wood chips must be purchased from the local region because . . . “It is generally not economically feasible to haul wood chips over significant distances.” In this case he was referring to going as far as the greater Buffalo area for wood chips, a distance of approximately 50 miles.

Mr. Bartoszek, in his testimony submitted with the application to the NH Site Evaluation Committee states that “From 1999-2002 I owned and operated a natural gas fired power plant in Western, New York. After selling my holdings in that business I founded Laidlaw Energy Group, Inc. (“LEG”) and took it public in 2002”

First of all, as noted by the Town of Ellicottville, “In fact, Laidlaw never sold the plant; the statement in the DEIS is pure fabrication. In July 2002, State Street bank, the trustee for the project bondholders, citing numerous defaults, moved to take control of the facility. On August 29, 2002, a receiver was appointed to take control of the cogeneration and drying kilns facility.”

Secondly, Laidlaw Energy Group was founded in the State of Delaware September 7, 2001 as a public stock company.

Finally, he regained control of the facility in August, 2004 and still owns it, yet he makes no mention of that, or his \$10 million suit against the town.

Mr. Bartoszek goes on in his testimony to state that “Since that time, LEG, through its holdings in various affiliates, has built a portfolio of biomass-energy power projects in the Northeastern United States.” In fact, while Laidlaw has proposed many projects and announced an array of joint ventures and subsidiary endeavors, none of them have come to fruition.

In page 2 of his testimony, Mr. Bartoszek states that Laidlaw Berlin Biopower “. . . is a special purpose entity that was formed in 2006.” In fact, Laidlaw Berlin Biopower was formed as a Delaware LLC on February 22, 2008 and registered with the State of NH on December 2, 2008 as the third iteration of an LLC that was originally formed as Laidlaw Co-Gen, and later became Laidlaw EcoPower, before transitioning to Laidlaw Berlin Biopower.

Beyond his statements, Mr. Bartoszek has been the subject of at least 15 separate civil actions for failure to pay debt, taxes, and other obligations that have been brought against him by businesses, private citizens, 2 states and the federal government.

The question of fuel supply and biomass availability has been identified as an issue by numerous parties and Laidlaw’s inconsistency in dealing with the subject has contributed to the confusion.

In both 2007 and 2008 Laidlaw announced that the plant would have an output of 60 MW and consume 750,000 tons of wood chips annually. Now in the application for site and facility, the project is portrayed as having a 70 MW output and still consuming only 750,000 tons annually, indicating that they are projecting a 15% increase in output with no increase in fuel.

Beyond that, there appear to be a host of inconsistencies in the fuel calculations submitted with their application to the Site Evaluation Committee:

Page 16 of the application states that the plant will receive 100-120 trucks per day 6 days per week for the delivery of wood fuel for the biomass boiler. Page 45 shows that each truck is anticipated to carry 30 tons of wood fuel. Following those calculations, Laidlaw is anticipating receiving between 936,000 and 1,123,200 tons of wood chips annually as fuel.

Page 44 of the application shows that the plant will have a heat input of 932 mmbtu/hr with wood chips at 37.6% moisture content. If my math is accurate, that calculates out to 760,000 tons of wood chips annually and if the moisture content is actually 45% the number is 917,300 tons, which further climbs to 1,023,600 tons annually if the moisture content is 50%.

The air permit in the application shows that emissions are based on a fuel flow of 124.9 tons per hour. If the plant were to operate 24X7X365 that would equate to 1,094,124 tons of fuel

annually. Conversely to only burn 750,000 tons of fuel annually, the plant could operate no more than 6,005 hours or 68.5% of the year.

The issue being, what are we to believe?

Beyond that, the history of press releases issued by Laidlaw is a litany of unfulfilled pledges.

July 23, 2004 – LLEG announces a joint venture with Cousineau Forest Products to provide clean wood fuel for sale to area biomass facilities.

December 10, 2004 – LLEG announces that it will restart the Ellicottville plant in the summer of 2005

September 6, 2005 – LLEG announces that it will restart the Ellicottville plant in the summer of 2006

January 30 2006 – LLEG announces a joint venture with EcoPower to work on developing two 20 MW projects in the New England market. Subsequently identified as a 20 MW C&D project in Massachusetts and the refurbishment and expansion of the Alexandria New Hampshire plant.

June 1, 2006 – LLEG announces acquiring \$5 million in funding to restart the Ellicottville plant as a 7 MW project.

September 27 2006 – LLEG announces that the New Hampshire project should be on line by the 3rd quarter of 2007 and that they are now working on moving a shut down plant to a new location for restart.

January 23, 2007 – LLEG announces forming a vertically integrated renewable energy company with the core being renewable power plants and two divisions. One focusing on investing in technology for emissions controls and an agricultural division aimed at growing renewable feed stock for biomass plants. The statement went on to say that “The agricultural division will focus on initially obtaining 1,000 acres of land in Western New York to grow hybrid willow to provide a “closed loop” source of fuel for the Company’s biomass energy project in the area”

And yet – when appearing before the Ellicottville Planning Board on January 29th, Laidlaw explained that “Growing willows for fuel is an experimental and speculative endeavor that could take many years to properly develop. If it takes place with any success (and that is IF), it will do so several years from now”

March 7, 2007 – LLEG announced that they are pursuing development of a wind project, among other opportunities.

April 2, 2007 – LLEG announced the effort to acquire the Berlin mill site. Financing will be provided by Basic Energy

June 19, 2007 – LLEG announced a partnership with Triangle Equities for their financial resources and expertise in developing major capital projects.

August 6, 2007 – LLEG announced execution of an engagement letter with Greystone for financing for the Berlin project

December 10, 2007 – LLEG announced that they had obtained financing from a major Wall Street investment bank that would provide all necessary funds to develop the Berlin project

April 1, 2008 – LLEG announced that financing for the Berlin project would be through a sale/lease arrangement with HH Capital

June 5, 2008 – LLEG announced construction of a greenfield project in Henniker, NH

June 11, 2008 – LLEG announced development of a CHP project in Lexington, MA

June 16, 2008 – LLEG announced that they had arranged financing for the Berlin project

January 9, 2009 – LLEG announced the start of developing a CHP project at a manufacturing facility in Massachusetts

September 21, 2009 – LLEG announced a signed letter of intent to acquire a 10 MW biomass energy plant located in Massachusetts

October 19, 2009 – LLEG announced an executed Memorandum of Understanding to initially lease and subsequently acquire an operating oil and gas fired power plant in southeastern Massachusetts. The announcement went on to say that they expected to execute the lease and assume control within the next 120 days.

November 16, 2009 – LLEG announced that they were exploring a number of opportunities for new projects, including a former pulp mill site in the Midwest.

December 8, 2009 – In a climate change press release, Laidlaw Energy presented that they were

"currently developing major independent renewable energy projects in New York, New Hampshire and Massachusetts."

Jonathan Edwards
Respectfully Submitted,
Jonathan Edwards