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## MILE HIGH MUTINY

### Bloodied But Unbowed -- Indian Motorcycle Lives On

The Incredibly True, Often-times Unbelievable Yet All-around Inspiring Tale of an American  
Dream That Simply Would Not Die

by

Mark Petterson

The letter was dated April 27, 1995 and started out "Dear Easyriders". It was written by Robert Penrod and went on to state how he had paid a refundable deposit of \$3525 to Albuquerque-based Indian Motorcycle Manufacturing, Inc. for a soon-to-be produced motorcycle. When he didn't get a motorcycle after a reasonable time he wrote IMMI and requested the previously promised-refund of his deposit. When he didn't get his money back he wrote them again. And then again, with a similar result. Finally he wrote to us.

"I'm not asking for legal or financial advice," he stated. "But if you could find out anything at all about what's going on, I'd sure appreciate it."

Well, Robert, on behalf of you and all the other depositors who ponied up almost \$800,000 for your promised IMMI motorcycle, on behalf of all the mom-and-pop investors who gambled their life-savings buying IMMI dealerships, and on behalf of anyone and everyone who's ever straddled or dreamed of straddling an American legend -- we did a little digging (hell, it was more like two years' worth of in-depth investigating) -- and uncovered what may very well be the story of the century.

It's taken us awhile to get back to everyone, but hang on to your hats 'cause this is your personal invitation to the modern-day equivalent of a bare knuckles brawl; no holds barred; eye-gouging encouraged. This is the frank, brutal, behind-the-scenes story of the rise and fall and incredible rise yet again of Indian Motorcycle.

Tonight's card includes bullies, brigands, blowhards and yes, even a contender or two with more heart than guile. So throw the rule book out the window, park your weapons at the door and step on down for a ring-side view. But be forewarned, sitting this close to the fray gets messy.

When last we checked into this story the body bags were rapidly filling with the mangled corpses of bilked investors, ripped-off bike depositors, back-stabbed would-be empire builders and sundry bludgeoned simpletons.

The stakes stretched beyond the stratosphere and involved just who would eventually control rights to the fabled script Indian marque -- a marque many assert boasts more recognition around the world than a certain other Milwaukee emblem -- and a marque worth a rajah's ransom in royalty earnings alone.

But also at stake was the riveting possibility that almost half a century after fading into history the legendary iron redskin might actually thunder back into production; a possibility that some vowed would be their life's dream, and a possibility that others plotted outright to destroy.

So just who's wearing black hats and who's wearing white? Who's ended up in the corner wearing tall pointy dunce hats? It really depends on whose camp you're in. But one thing's for sure: don't close your eyes for even a second, you never know where the next sucker punch is coming from.

Like any great story, this one's pretty damn complicated with literally dozens of players strewn about from coast to coast. At one time related actions in no less than five federal courts in four states were grinding along with no real end in sight. A sampling of some of the companies involved were Indian Motorcycle Co., Inc., Indian Manufacturing Company, Inc., Indian Motorcycle Apparel and Accessories Company, Inc., Indian Motorcycle Manufacturing Company, Inc., Indian Distributors, Pty., American Indian Motorcycle, Indian Motor Company, Indian Motorcycle Manufacturing, Inc., etc., etc., etc. And we do mean et cetera because the list plods on and on.

So feel free to get out your pads, sharpen up a dozen good pencils and start taking notes. Or, for the sake of simplicity, you can let us try and boil this confusing coterie of contenders down to three or four bands of bone-busting brawlers.

## THE EAST COAST

First off, we'll start with all the people Philip S. Zanghi left high and dry. Mr. Zanghi, as you will recall, made headlines in the early 90s with the astounding claim that he intended on resurrecting the original Indian Motorcycle manufacturing plant in Springfield, Massachusetts. He sold Indian licensing rights throughout the world covering everything from apparel to dealerships, raised millions of dollars, and then -- he split, leaving the U.S. Attorney General's office with quite a few unanswered questions.

Most prominent among the victims was Maurits Hayim-Langridge, owner of Australian-based Bike West, and his American partner, Michael Mandelman. As an interesting historical footnote, in order to finance his involvement with Zanghi's new Indian motorcycle, Mr. Mandelman sold 25,000 shares of Harley-Davidson Motor Co. stock. What Mr. Zanghi did with those funds was certainly not what Mr. Mandelman expected, and he and Maurits were eventually awarded treble damages totaling over eight hundred thousand dollars in a subsequent RICO (Racketeering Influence and Corrupt Organization) civil action.

Problem was, with Zanghi's whereabouts unknown, there wasn't a snowflake's chance in the Sahara of collecting the money. Maurits and Mandelman weren't the only ones deeply out of pocket either, and claims stretched along the East Coast all the way from New England down to North Carolina. Eventually, these cases were consolidated into Chapter Seven and Chapter Eleven bankruptcy actions in the Massachusetts Bankruptcy Court, all under the stewardship of one main Trustee.

So from now on when we speak about the Massachusetts Bankruptcy Court or the Massachusetts Trustee you'll know we mean this parcel of pugilists.

## THE OPPOSITE COAST

From New England the compass points us due west into California and towards American Indian Motorcycle Company. Charlie Mathre had been quietly running his Mokelumne Hills-based business since buying out the legendary Sam Pierce's inventory in 1974. In addition to shipping a variety of used old stock, new old stock and reproduction Indian parts all over the world, Charlie's built a number of motorcycles from the ground up for customers, as well as selling numerous Indian-related accessories. But then one fateful day he got a very disturbing phone call from someone demanding he either stop using the word Indian or start paying royalties.

But the more Charlie got to thinking about it, the more he felt he had a pretty good lock on the rights to the Indian marque himself. For one thing, he'd been using it in commerce continuously for the last couple decades. Perhaps more importantly, he felt that Zanghi's original claim to the marque was seriously flawed at best, if not based on an outright intent to defraud investors, at worst.

But ownership of the marque was why Zanghi had been able to attract investors in the first place, and if Zanghi really didn't own the marque, then everyone over in Massachusetts would stand to lose not only their original investment, plus hefty out-of-pocket legal fees, but also any possibility of earning royalties in the future; not to mention never being able to one day actually manufacture a new American-built Indian motorcycle (ironically funded in part, you will remember, by that other legendary motorcycle company).

To understand what kind of money we're talking about, consider that merely licensing the

distinctive script Indian logo and other related marques could generate at least twenty million dollars annually. Because you're not building or manufacturing anything, just licensing the right to someone else to do so -- this is about as close as you'll ever get to free money.

And if you can ever actually come through and manufacture a new American-built heavy duty motor cruiser, well, you could end up generating more revenues than your typical sun-soaked Caribbean island-nation.

So, obviously, there were some very powerful incentives for the Massachusetts Trustee to assert ownership over the Indian name; the lucrative royalties, in other words. Not to mention, again, that there were some serious die-hard visionaries who dared to dream of really, really bringing Indian motorcycles back into full production.

## STUCK IN THE MIDDLE

Now that we're talking about bringing a motorcycle into production, let's backtrack from the West Coast to Albuquerque, New Mexico and introduce Wayne Baughman. On May 21, 1990 Wayne and his wife Sharon incorporated Indian Motorcycle Manufacturing, Inc. (IMMI). Wayne's dream and design was to build from the ground-up technologically-advanced replicas of the Indian motorcycle with the characteristic skirted fenders, solo saddle, teardrop tank and sweeping lines of the original iron redskin. Toward that end, he laid claim to the distinctive trade-dress appearance of an Indian motorcycle, rather than the name.

In earlier interviews, Wayne claimed he couldn't care less what the bike was called (he named his model the Century V-Twin Chief). "The value of the script Indian logo exists solely in people's minds," he said previously. "Tell me from how far away you can read the word Indian on a bike -- maybe thirty feet. So how do you know it's an Indian? Because of the look."

Talk about having the right dream at the right time. Wayne's vision injected Indian fever into every corner of the continent and in no time IMMI proceeded to raise roughly eight hundred thousand dollars from bike depositors, another two and a quarter million dollars from investors, and an additional \$1.4 million by selling dealerships.

All across the country, people fell in love with the vision of another American-built motorcycle, and the money continued pouring in. Wayne Baughman was literally catapulted from selling sheepskins one day to helming a potentially world-class company the next.

Indeed, Wayne went on to build two prototypes of his dream machine, one of which actually ran, to some extent. But serious trouble seemed to rain down on him at every turn, both from within and without.

For one thing, the Batten-designed engine proved less than perfect. That was a costly mistake, people made fun of it at rallies, and time-consuming litigation ensued over who owed what to whom. Wayne also demonstrated a real flair for hiring the vocationally-disadvantaged, at one

time employing a P/R Rep who tried charging money for press interviews, enlisting the services of a contractor who billed \$350 for an artist's rendition of a single bolt, and hiring yet another freeloader who thought nothing of running up three grand in company cell phone bills in one month just on personal calls.

If a certain pattern regarding Wayne's personal judgement is emerging here, it only gets worse. Because while Wayne publicly denied using the hotly-contested Indian name, he was literally caught red-handed (sorry, couldn't resist). On letterheads, advertisements and press releases IMMI did indeed sometimes use the famous logo, and that was a mistake that cost Wayne dearly, not to mention leading right up to the brink of financial ruin for every innocent believer who had bought into Wayne's dream.

However you judge the man, though, one thing really needs to be clarified about this situation. While Wayne may indeed have become a victim of his "overnight" success, and while he may have demonstrated flawed judgement and a certain undersupply of managerial skill -- it appears that Wayne himself was also a victim of some downright dirty tricksters dealing seconds from a deck stuffed with jokers.

## THE WILD CARDS

In an earlier interview Sharon Baughman spoke of "bottom feeders" that were "actively trying to tank IMMI." Because legal action was pending she declined to say more. Subsequent documents reveal that IMMI went on to charge certain companies and their representatives with, among other allegations, "fraud, piercing the corporate veil, breach of fiduciary duty, negligent misrepresentations, intentional interference with existing and prospective contractual relations, prima facia tort, and unfair trade practice act violation."

So who were the people named in this action? Why, none other than some of the very investment bankers that IMMI had trusted to help raise the necessary capital to go into production of their motorcycle. Not only had compensation of at least fifty thousand dollars been paid out to some of them, but crucial and very confidential documents were made available that, according to the charges, were divulged to certain other adversaries (think East Coast) and used to split IMMI into a house divided upon itself.

This motley crew included more than just investment bankers, though. There was the self-published scribe who earnestly confessed that "if it wasn't for motorcycling I would now be sucking termites off the wall of some sanitarium." He churned out an incredible array of press kits, news releases and advertisements noticeably long on heavy-metal reverie yet inescapably short on actual facts. Somewhat oddly, one recurring theme in his writings was the oft-repeated promise that the new Indian motorcycle would endow the rider with a "big spiritual woody." We'll let the psychologists among you chew on that one.

Not last and not least among this conniving cabal was the NASDAQ-company executive who, according to knowledgeable sources, sported at least one felony conviction for securities fraud as

well as a long list of adverse civil judgements including one that alleged (our personal favorite) "fraudulent and willful conversion" of \$271,976 from his ex-mother-in-law.

Keeping things simple, as promised, we'll call this basket case of warped sprockets the Jokers; and better yet, all for your exclusive entertainment, this claque of capering clowns and gibbering jesters will be cropping up later for more pranks and japes.

## WAYNE'S WORLD

Returning to Albuquerque-based IMMI one might draw the charitable conclusion that maybe, just maybe Wayne Baughman wasn't to blame for everything bad that happened within and without his company. Nevertheless, his use of the Indian logo on certain documents came back to bite him and everyone else connected with IMMI right on the ass; quite painfully.

How painfully, you ask? Well, remember that the Trustee in Massachusetts claimed that Zanghi had passed true ownership of the Indian marque to his group. And even if that wasn't so, one of the Massachusetts companies had cut a deal with Charlie Mathre out in California to buy whatever rights Charlie may or may not have had for \$1.2 million. Which pretty much enthroned the Trustee in the fringed leather saddle, so to speak.

Now here's the really slick part: because Wayne Baughman had allegedly raised all that money (close to \$5 million) by using the Indian logo, the Trustee claimed that all of that dough rightfully belonged to his group. Here's how it works: Let's say you set up a shop and build cars. Let's say you call your car a Ford. Under the law, Ford can come in and say that since you used their good name and reputation to sell cars, all the money you've made is theirs. Case closed. Which meant that if the Trustee prevailed it was goodbye depositors' money, goodbye investors' money, goodbye dealers' money and goodbye to every other IMMI asset. In Massachusetts, they were passing out the party hats.

But then... (you knew there had to be a "but then", didn't you?) a new guy climbed into the ring. Enter Leonard Labriola, a forty-year-old entrepreneur living in Denver (and since Denver is also known as the Mile High City you finally see how we cleverly thought up the title for this article).

Anyway, Leonard's company was one of IMMI's noteholders, with a cool \$75,000 riding on the line. Now Leonard takes an active interest in such investments and while this particular idea had sounded pretty good at one time, well, a very distinctive sucking sound was growing louder by the minute.

Other investors heard that flushing noise too and demanded that Wayne let one of them take a seat on IMMI's Board of Directors. But what kind of seat would this be, really?

## A TOAD STOOL

It was at the January, 1995 IMMI dealers' meeting that Leonard first got to meet many of the people who had hitched their stars to Wayne's wagon. Present were the noteholders, of course, a pretty savvy bunch of investors who knew the high risks associated with a new endeavor like this. Then there were the dealers, some of whom had literally sunk their life savings into the dream opportunity of selling Renaissance redskins. And then there were the depositors, least sophisticated of all whose only aim was to be the first kid on the block astride a new Indian motorcycle.

At the meeting Leonard spoke at length with Ed Pink of Ed Pink Racing Engines who was working hard on reinventing the power plant, and with Jeff Perkins of Western Design and Engineering, the force behind the frame and suspension. He also spoke with Wayne and Sharon Baughman. "Wayne and Sharon kept telling me everything I wanted to hear," Leonard recalls. "I guess you could say they really played me like a fiddle."

Overall, Leonard liked most of what he heard, but that worrisome porcelain swirling sound just wouldn't go away.

At the time IMMI was besieged by a growing number of lawsuits and legal actions from all corners of the country. Scheduled interest payments on the investors' money had been delayed. Certain depositors who'd asked for promised refunds were being ignored. In an effort to quell the growing internal clamber Wayne finally agreed to let the shareholders elect one of their own to the Board. The fickle finger of fate fell on Leonard Labriola.

Although IMMI had raised quite a bit of money, it was nowhere near enough to capitalize a genuine motorcycle production company (think north of fifty million dollars for that). Toward that end, though, Leonard developed an intriguing plan to conduct a grassroots self-underwriting. Normally, when a company raises money by going public, it holds what's called an Initial Public Offering. The choicest IPO shares are snapped up by huge brokerage houses and institutions that deal in million dollar blocks. Quite often, they can then sell out a few hours or days later at phenomenal profits. Your average investor with a couple thousand bucks never gets a chance to play the IPO game.

Leonard's idea was to offer shares of IMMI directly to the public. It would take a great many more investors of course, but with enough riding enthusiasts chipping in two or three grand at a time, it could happen -- especially with the draw that people would be buying a piece of Indian Motorcycle, and hence a piece of history.

Problem was, underwriting an IPO involves quite a bit of public disclosure, and certain information from Wayne was less than forthcoming -- certain information concerning the whereabouts of the bike deposits, for instance. But hey, Leonard had a seat on the Board, right?

"I thought this would be a great opportunity to discover what was happening inside IMMI so we could move forward," Leonard says. Instead, he was treated more like an edible fungus --

kept very much in the dark and fed a full ration of fertilizer. But if Wayne had something to hide, Leonard wanted nothing to do with it. Why? Because as a Director Leonard couldn't claim ignorance if something within IMMI was really amiss. It's called accountability; in other words, if Wayne suddenly found his ass in a sling, Leonard's wouldn't be far behind.

So after two months of mounting frustration, Leonard resigned from the Board. Then he went off to get married, spent a blissful honeymoon, and returned just in time to find...

## EVERYTHING DOWN THE CRAPPER

It was late March when Leonard arrived back in Denver. Since he'd resigned from the Board he knew there wouldn't be any unpleasant lawsuits waiting for him. Unfortunately, what was waiting for him was the news that the Massachusetts Trustee had clinched the right to seize IMMI's assets. Worse, the ax was falling in just two days. Within forty eight hours every obligation IMMI owed to its noteholders, dealers and bike depositors would transform into so much flushable toilet tissue.

While just about everyone connected with IMMI reacted like a hornet's nest ruptured by lightning, Leonard grabbed for a last desperate life ring. "I told a Massachusetts dealer to go into the Bankruptcy Court and petition for a stay," he says. The request was allowed, and IMMI was granted a final thirty days of life.

With so little breathing room before IMMI was dragged in front of the firing squad, phone lines and fax machines burned in crimson fury across the country as various war plans were proposed, studied and scrapped. Unfortunately, the entire situation involving the status of who really owned the rights to Indian was a terribly complicated issue, and quite a few people believed that the Massachusetts Trustee had been less than upfront with the Bankruptcy Court Judge. When Wayne had previously asked the Patent and Trademark Office to officially rule on who really owned the Indian name, for instance, the Trustee had deftly finessed a suspension, effectively halting those proceedings. And then there was the obvious question that if the Massachusetts group really did have such a sure lock on Indian rights, why then, did they have to buy out Charlie Mathre in California?

But with only a meager month remaining, all that became moot.

As the situation continued deteriorating, the disparate factions within IMMI grew even more fractious. One group wanted to throw in with the Massachusetts Trustee, hoping a few scraps might be tossed their way. Another contingent demanded they declare bankruptcy, totally jettison IMMI's obligations and start all over again with a clean slate.

Amidst all this confusion and consternation, guess who was merrily spritzing high-octane fossil fuel into the conflagration? Why, a few behind-the-scenes Jokers who had access to sensitive records and confidential mailing lists. Their message was clear: when the lifeboat gets too crowded, throw the weaker ones out.



Leonard Labriola was beside himself. Seventy five grand is more than anyone can afford to lose, but there was a certain moral cost he absolutely refused to pay. In a letter to the other shareholders, Leonard wrote: "If you buy into the argument that we can get something for nothing from somebody else today, I assume you will be having that same conversation about me tomorrow." Leonard made it quite clear that he would have absolutely no part in any such action. He'd rather just walk away.

In Denver, the condemned were passing out the blindfolds.

## DOWN FOR THE COUNT

Pummeled, poleaxed and hoist by their own petard, IMMI crashed to the canvas like a sack full of sodden cement. Outpunched at every turn, all that remained was for the victors to waltz in and collect one very fat purse from the vanquished.

But then... (it really, honestly, kept happening this way) -- Leonard Labriola threw one wild haymaker that nobody saw coming. It cost him seventy five hundred bucks more and worst of all, there was no guarantee he wasn't tossing good money after bad. The short of it was that Leonard Labriola heaved the whole squirming wormsack into Receivership.

For those of you with a thirst for expanding their legal expertise, here then, is the long of it:

Leonard sent his company's attorneys to the Colorado District Court. As only attorneys can, they waxed eloquently on the total complexity and all-but-incomprehensible legal issues in dispute. It was pointed out that IMMI's management had all but abandoned the helm. Millions and millions of dollars were at stake. Not to forget, either, that many innocent people stood to incur grievous financial injury.

The Judge agreed.

Now what exactly is a Receivership? Basically, a Receiver is an Officer of the Court, appointed by the Judge to take over total control of the company. The Receiver's fundamental purpose here was to manage, preserve and maximize the assets of the IMMI estate for the benefit of all those whom the court would ultimately adjudge to be entitled to it. The Receivership assets would be under the direct and exclusive jurisdiction and control of the court until the Receiver could arrange for the orderly sale, recapitalization or other equitable disposition of whatever could be salvaged from IMMI.

In spite of erudite missives hinting otherwise (authored by a certain aforementioned Prankmeister) the Receiver had to act in complete fairness toward everyone with a valid claim, which meant that although Leonard Labriola was responsible for throwing the entire mess into Receivership, Leonard was still no more than just another faceless debit in a long, long line of debits.

Bottom line, placing IMMI into Receivership was a master stroke of tactical maneuvering. First, it bought the beleaguered company some much needed time; but more interestingly, it could now be argued that nobody in Massachusetts had any more of a claim to IMMI's assets than did the bike depositors, the dealers, the investors, and sundry other ordinary creditors.

If you want a piece of IMMI, in other words, get in line with the rest of the common folk.

Bruised, battered, bloodied and bludgeoned to pulp, IMMI had literally been saved by an unexpected bell. In Massachusetts, there was sudden quiet, followed by the furious sound of grinding tooth enamel. But this was, after all, only the end of Round One.

END PART ONE

## ROUND TWO

By now it was growing clear that no amount of lightning-timed combinations or fancy footwork would bring this fight to an easy end. The brawlers would have to go the entire fifteen rounds and depend on a final TKO based on accumulated points.

Standing in for IMMI was Richard Block of Denver-based Sterling Consulting Corp. He was the court-appointed Receiver and it was his job to defend the estate against what would turn out to be a ferocious assault following rules designed more by the Marquis de Sade than the Marquess of Queensberry.

But first, what was there left of IMMI to defend?

Well, the frame and suspension for the new motorcycle had been pretty much completed. There were two "running" prototypes, one red and one silver. Wayne's previous legal action against some of his investment bankers was termed an asset, plus his much-lampooned wooden engine. Add in some boxes of t-shirts, sweats, sporty chapeaus, decals and trading cards gathering dust in a storage room. Now against all that balance the growing number of lawsuits opposing IMMI, and keep in mind we're not even counting anyone from Massachusetts, yet.

But what of the money, your actuarially-active intellect inquires impatiently? What of the approximately \$2.2 million raised from investors? What of the approximately \$1.4 million raised through the sale of dealerships? What of the roughly \$800,000 collected in bike deposits and held in a segregated trust account? How much was left?

Exactly \$1,051.20 was left.

Kind of kicks the air right out of your tire, doesn't it? Not exactly the kind of war chest needed for funding a battle against suited pugilists who charge -- and get -- \$195 an hour. All across the Rockies, a squinchy puckering sound echoed down.

The score again: \$1051.20 in remaining cash versus \$5,170,751 in total liabilities.

But then... something just short of incredible occurred. Of the approximately 220 bike depositors, only three called the Receiver to demand their money back. The rest said, in essence, We want our motorcycle, go forth and build it. Same with the noteholders, same with the dealers; the vast majority of whom were willing to back the Receiver with whatever additional money and effort was necessary. Understand, none of these people were in this for the fast buck; they simply wanted to see a new Indian motorcycle thunder into production. And in pursuit of this dream, they vowed to go the distance.

## ROUND THREE

Back in Massachusetts the Trustee countered with a flurry of legal jabs searching for weakness. First off, he complained to the Massachusetts Bankruptcy Court that Receivership law was "antiquated" and that the whole action was an "unsubtle attempt to do an end run around the court." Really, the last thing he wanted to do was line up with the other luckless schmucks in Denver.

The Receiver popped back with the opinion that perhaps the Trustee's actions stemmed from either a fundamental lack of understanding of what a Receivership was, or worse, from a total disregard for all such law and procedure. Nanny nanny boo boo.

This verbal fisticuffing continued for page after page of court transcript. But ultimately, the Massachusetts Judge liked the idea of letting everyone flail it out in Denver. In fact, His Honor cut right to the bone when he said: "This is a classic situation of one person looking at two others and saying 'Why don't you and him fight.'" Better book plane tickets, he said in effect to the Trustee.

Behind the scenes, an ugly guerilla war of different dimensions was erupting. Fought with the pen, this battle involved startling claims and announcements that besieged the Receiver from a totally new quarter. Quite unexpectedly, Denver-based First Entertainment, Inc. publicly announced that it had secured the exclusive world-wide licensing rights to Indian Motorcycle, would soon open a chain of Indian Motorcycle Diners, would produce and market a complete line of clothing and accessories, and -- hang on to your fez -- was offering a kit to build a classic Indian motorcycle!

Confused a little? Sure you are, so close your eyes, take a deep breath and -- BAM! SUCKER PUNCH! That'll teach ya, pilgrim. Shut your eyes again in this article and you'll be coughing up the family jewels.

Backtracking momentarily, the CEO of First Entertainment was one of the gentlemen named earlier in the legal action Wayne Baughman initiated. Later on, when one of the Massachusetts companies deftly finagled the right to buy out the rest of the Massachusetts creditors, First Entertainment agreed to supply the \$2.31 million purchase price, including the \$1.2 million owed to Charlie Mathre.

So far so good, except the Receiver would subsequently raise unpleasant questions concerning First Entertainment's true motives; as in, Did they really have that money? Who in hell granted 'em world-wide rights? Or even worse, was it possible that all those newswire proclamations were nothing more than nefarious attempts to illegally pump up the stock price?

In other words, where were these guys coming from? Well, you be the judge -- among other things, this publicly-traded company claims ownership to a couple of comedy clubs, a radio station, a Polish record company, and (our personal favorite) a deal to develop a cable special with the American Society of Sex Therapy Puppets.

This just keeps getting more fun, doesn't it?

## DOING THE RIGHT THING

With the consent of most, the Receiver consolidated everything that had been previously located in Albuquerque to Denver. That included moving all of the aforementioned IMMI assets (minus a disputed 1949 Indian Chief that Wayne kept), plus 115,000 pages of documents weighing in excess of 1,150 pounds; which is actually less than we slogged through for this damn piece. (Well, it seems less.)

Anyway, the Receiver estimated that about two million dollars had been spent on development of the motorcycle, and figured that about three million more bucks were needed to complete the design. That, plus he'd need at least \$250,000 in additional operating costs. So where would all this long green come from? Who in their right minds would want to wade through the thick brown mess left by Zanghi and Baughman, especially since ownership of the Indian name was still very much up for grabs?

Who indeed?

The original visionaries, is who. Remember IMMI's investors? Remember IMMI's dealers? Now remember why they got involved in the first place: to build a motorcycle, an American-made motorcycle. This wasn't a dollars and cents issue, it was much, much larger. It was about making their dream come true.

So they vacuumed-out their bank accounts, liquidated their CDs, rummaged under their couch cushions and literally did anything else they needed in order to raise that cold, hard cash. Bottom line, nothing as simple as mere money would stand in their way.

Now if that doesn't give you some idea of the caliber of people involved, perhaps this next anecdote will:

In an early report assessing the situation, the Receiver pointed out the life-is-tough fact that of everyone involved with IMMI, the bike depositors were absolutely defenseless. There were too few of them to mount a class action together, for starters, and single deposits were just too small to warrant individual lawsuits. The marble-hearted question to consider was, Why worry about their \$800,000? As you can imagine, a certain contingent quickly chorused "Deep six 'em."

But that's what makes this story so great, because the vast majority of those who did have a say scuttled any such move. "I don't want to see anyone," Leonard Labriola said time and again, "lose a single penny because they trusted the wrong person."

Amazingly, he wasn't just talking about IMMI, either. But more on that later.

## ROUNDS THREE THROUGH NINE

Nobody said this fight was going to be fair. But to add insult to injury, again and again the Receiver had to fend off shots from players supposedly on his side.

Wayne Baughman, for instance. It was estimated he owned or controlled about 96% of IMMI. But he was, to use Latin instead of a more popular epithet -- *persona non grata*. Translation: Please act like a tree and leave. But after four months of trying to reach a fair settlement, the Receiver reported that Wayne was proving less than cooperative, eventually terminating negotiations. Unkinder epithets followed in his wake.

Worse, the Receiver believed that less-than-honorable beneficiaries of IMMI were orchestrating efforts to influence negotiations with Massachusetts and in effect sabotage everybody else's hopes for any kind of fair settlement.

Meanwhile, in spite of an extensive subpoena served on First Entertainment, only 138 pages of documents were turned over; not nearly enough, the Receiver believed, to ferret out the truth. Plus, the sacrificial boob who showed up to answer initial questions frankly admitted he wasn't "the most knowledgeable person at First Entertainment." Well, duh.

This pattern of obstruction, obfuscation and outright aggravation would continue to hound IMMI from every front.

Yet the Receiver never slowed down. In November he brought in the big guns, piping on board as a consultant none other than retired-Admiral Elmo R. Zumwalt, the former Chief of Naval Operations and member of the Joint Chiefs of Staff from 1970-1974. Zumwalt made military history when he became the youngest Chief of Naval Operations ever. Zumwalt also went on to gain the admiration of a certain Easyriders editor and former-swabby by letting him grow a beard while serving his country.

The addition of Zumwalt added a crucial level of credibility to IMMI's status.

In a different tactical maneuver the Receiver solicited commitments from IMMI beneficiaries for a million more bucks; actually exceeding this goal by \$150,000. The reason for this dough? So the Receiver could go to the Massachusetts Court with enough cash in hand to repay everyone involved there in full. Keep in mind that Massachusetts' claim was pretty much based on Zanghi's disputed ownership of Indian rights; which, if disallowed or overturned on any of a number of pending actions -- would leave every single person involved in Massachusetts suddenly holding nada, nothing, zip and zilch. Bye bye bucks, in other words.

It was the fulfillment of Leonard Labriola's previous promise that nobody would lose a penny because they had trusted the wrong person. Now who could object to that?

## THEY'RE BAAAAAAAK

If IMMI had recruited some big names, First Entertainment wasn't about to be out-gunned on that front. So they signed on none other than American Indian Russell Means.

Russell Means is a noted actor ("The Last of the Mohicans"), best-selling author ("Where White Men Fear to Tread" -- a frank, enlightening account of growing up as an American Indian in the twentieth century), and tireless activist whose efforts have helped right an encyclopedia full of social injustices.

He was also, whether First Entertainment knew it or not, the potential brass ring -- a connection to over a hundred million dollars through the investment firm he was a Board Member of. A hundred million scoots, as previously mentioned, is enough serious wampum to bring a new motorcycle into full production, and do it up right.

Russell Means brought an undeniable cachet to First Entertainment's efforts. This was, after all, an Indian motorcycle. And talk about big plans -- First Entertainment claimed the intention of locating the production facility on an Indian reservation. The bikes would offer beautiful solid silver accessories hand-crafted by Indian artisans. For paint you could choose among several gorgeous hues made from pulverized Western gemstones. Why, it was surely enough to anoint anyone with a towering spiritual woody! (That really is an actual press release quote, by the way).

Newswires hummed nationwide with the announcement that Russell Means had partnered up with First Entertainment and would be the featured attraction at a New York press conference.

Unfortunately (for First Entertainment) Russell hadn't just rolled into town and fallen off the chuck wagon. As a savvy investor and activist he's been around the block with not a few heavy players (the Federal Bureau of Investigation, the U.S. Department of Justice, the U.S. Department of the Interior, Richard Nixon's Counterintelligence Program, to name a scant smattering) and he's wise in the ways of the world. So he did a little checking into certain public records concerning at least one individual at First Entertainment. Guess what he found? You already know, and when Russell found out he bailed.

Nonetheless, it didn't stop First Entertainment from continuing to claim exclusive worldwide licensing rights to the Indian name -- a claim, that upon a little reflection, sounds at the very least far-fetched. How so? Simply because there is no single world-wide organization with the authority to grant such globe-encompassing rights. Such rights must be gained country by individual country.

So why would they publicly jump into the fray and make such bold announcements? A very cynical Denver Receiver reported that he believed these announcements were nothing more than a scheme to manipulate First Entertainment's publicly-traded stock and profit from its rise in price. He even went so far as to send warnings to brokers and market makers to protect their clients.

Nevertheless, First Entertainment had tag-teamed their way into the ring and gained a very strong offensive position when they guaranteed the money to settle up with Massachusetts and buy out California-based Charlie Mathre's purported rights. It was the one card they needed to fill in their royal flush and transform themselves into the odds-on favorite for heavyweight champs.

### A SIMPLE QUESTION ANSWERED

All along, the one emerald-colored current coursing underneath the action has been money. First came Zanghi, raising millions and then splitting. Then came Baughman, raising millions and subsequently self-destructing. All that was left now were the hundreds and hundreds of innocent people who put up their own money -- sometimes no kidding their very life-savings -- to follow this crazy dream of building a new, American-made Indian motorcycle. They weren't out for anybody's blood, nor was this an amusing pastime to fill in their idle hours. These were their hard-earned and sweat-stained dollar bills on the line, facing a future of unjust evaporation. So understand, no matter which side they were on, you just can't blame 'em for simply wanting what was right.

If by now you haven't asked one oh-so-obvious question let's go ahead and ask it: Why, for Hendee's sake, hadn't they all just sat down together and TRIED TO WORK IT OUT?!

Well, some of them had. Remember, IMMI's Receiver had obtained commitments from his group for enough dead presidents to fully settle up with everyone involved in Massachusetts. He could've played hardball -- gambling that the Courts would officially declare Zanghi's claim no good and sinking Massachusetts' boat; or he could've played low-ball -- first offering to settle for ten cents on the dollar, then twenty cents, dragging back and forth as the other side's legal fees mounted. But he didn't. And that was money he was raising over and above what he already had commitments for to make whole everyone presently connected with IMMI.

Indeed, just such preliminary talks were conducted.

Unfortunately, these talks were not in the best interests of a certain group who had never invested a single dime in the future of Indian Motorcycle. Yet this group stood to gain quite handsomely should certain events go their way.

As promised previously, for your exclusive entertainment and amusement, it's time once again to send in the Clowns.

### THE BEST JAPE YET

To set up what will prove to be the best jape yet in a jocular series of side-splitting hijinks, let's



momentarily shift our focus back to Charlie Mathre.

We won't presume to answer the legal questions of whether Charlie really did or did not have any claim, in part or in whole, to the Indian name. But we will remind you that early on in this saga the Massachusetts Bankruptcy Court made it a condition that one of the parties involved must buy out Charlie for \$1.2 million.

Which, as the Receiver kept pointing out, sure ought to cast some serious doubts on just how confident those guys in Massachusetts really felt about what Zanghi had passed on to them. But never mind, the ink was dry on the agreement and Charlie was to be paid that dough in scheduled installments.

Now from deep within the woodwork another Investment Banker emerged (and if you're starting to feel a cold shiver shoot up your spine, your survival instincts are extremely well-honed). But why add anyone else to this bloated boat of bickering bindlestiffs? Money, is why. In the Receiver's opinion, First Entertainment just didn't have enough up-front whip-out to back up their guarantee to buy off ol' Charlie Mathre. Someone else did, though.

Nope, it wasn't the newest Bozo on board, it was he of the aforementioned historical H-D footnote -- Michael Mandelman. So, acting in the expectation of an honorable business relationship, Mandelman's company let this Investment Banker take control over a great, great deal of cash -- in part to buy out Charlie Mathre.

Ready for the punch line? Okay.

Just like a mortgage on your house, the scheduled payments to Charlie Mathre had to be on time and in full. So now that there was money in the bank, the first payment or so was made. But not the next. Pause for a moment to consider what happens when you don't make the payments on your mortgage -- it gets foreclosed. Which is exactly what happened to the agreement Mr. Mandelman had to buy out Charlie Mathre -- it got foreclosed.

Nope, that wasn't the punch line.

But what it did mean was that the previous agreement was now in default and open to anybody else with money. Who had the money now? Why, a certain Investment Banker! So he offered to take over the payments and obtain Charlie Mathre's rights for his very own interests. With guess who's money?

Now that's a real punch line.

## THE END GAME

To hear Leonard Labriola bellow in fury over those latest actions is to hear someone who simply cannot believe to what depths some people will sink. "When will these guys quit?" he

raged. "What does it take to make these people go away?"

More lawsuits, more civil actions, more endless machinations as the slow wheels of justice ground relentlessly on, is what it took. More complaints about First Entertainment, more legal maneuvers against one or another harlequin to regain Michael Mandelman's moolah (who, less liquid but more learned, had thrown in with IMMI). All of this cost increasing amounts of money, of course, but incredible as it may seem, the needed war-funds always appeared as most of those within IMMI fulfilled their early pledge.

In a very real way the Receiver had planned and plotted out his moves with all the skill and finesse of a chess master. But it was never a game; not with the terrible odds he faced, not with the financial future of so many real people in his hands. Yet never once, in spite of all the easy-fixes and temptations offered up, did the majority ever abandon the idea of one day building and producing a motorcycle.

But perhaps most importantly, the Denver Receiver continued the push to iron out all remaining differences with the Massachusetts Trustee. The short of it is, it happened. The long of it is contained in reams of court transcripts and Receivers Reports. You, too, can go read 'em. But the upshot was that finally, finally, all the feuding estates were combined for the benefit of everyone involved. At long, long last it was a win-win situation. Except for the Clowns, who continued to be the targets of discovery motions, depositions and the Receiver's accusations of theft, embezzlement and bankruptcy fraud. (At one time, after more or less admitting to the Receiver that maybe they were in possession of somebody else's \$300,000, these droll comedians grandly offered to negotiate a settlement!)

Meanwhile, Western Design Engineering and Ed Pink Racing Engines were asked to consider a phased development of the motorcycle. The Britten-designed V1000 motorcycle was studied for potential. Canepa Designs, Ltd. was engaged to devise three new models of the motorcycle. Then, working together, the Receiver and Trustee evolved plans to raise fifty million dollars to recapitalize the estate through a Judicial Sale, stipulating that the eventual purchaser should use the assets to establish and operate a motorcycle manufacturing and assembly plant.

The overall intentions remained to reimburse every legitimate investor who so elected -- or give them an equity stake in the new company. The dealers presented certain problems because of the structuring of their deals; but the Receiver committed to be as loyal to their original agreements as possible.

By this time Leonard Labriola had gone two years without a paycheck, spending all his time and borrowed-money pursuing the Indian vision. He still wanted to offer shares in the new company directly to the riding public through a grassroots IPO; but for that he took quite a few body shots from the skeptics.

He subsequently logged over 6,000 miles visiting every legitimate antique Indian restorer in the country. Leonard's idea was for them all to join together into a not-for-profit, self-policing organization called The Indian Motorcycle Council that would regulate Indian trademark licensing for pre-1954 Indian motorcycles. Those involved would, in effect, become "authorized"

antique Indian restoration services; driving out the fly-by-nighters and assuring a certain high level of quality. Reactions within the industry varied from Antique Motorcycle Club of America-archivist George Yarocki's guarded enthusiasm to long-time restorer Randy Zorn's opinion that the world didn't need a new Indian motorcycle.

As for IMMI's original bike depositors, whenever the dust settled, they would still be the very first in line for either a new bike, or a full refund.

But then... (and this is absolutely the last time you'll read that phrase) certain factors within the combined estates impelled the action forward. They were tired of talk about bridge loans, mezzanine financing, initial public offerings, and investment bankers. Let's get real, let's get moving, let's do it now.

By the time you read this the consolidated estates will have been auctioned off. You can probably imagine a score or more of national and international entities with more than a passing fancy in owning the rights to the Indian motorcycle name.

The minimum bid starts at approximately \$20 million -- enough to fund the termination of the Receivership and Bankruptcy estates, and liquidate the claims of those who do not elect to receive a motorcycle, a dealership, or stock in the purchaser. As part of the sale the purchaser will be requested to make a commitment to conduct an initial public offering of stock to raise an additional \$40 million in order to establish and operate a motorcycle manufacturing and assembly plant.

Now stop for a moment and reread the preceding sentence. Notice that the key word is requested. Because while this plan outlines the Receiver's "preferred structure," it is not carved in rock. In other words, the eventual purchaser could simply choose to pay everyone off, rather than allow them the benefit of their original bargain. Which raises one, last sobering question: Will the purchaser totally honor the dream of so many valiant visionaries to bring a new Indian motorcycle back into production? Well, if you've read this far, you've gained enough legal expertise to fully comprehend how the Golden Rule works.

## A FEW LAST THOUGHTS

In the final analysis this story was never really about Indian Motorcycle at all, it was about heart. The heart to believe in a dream, the heart to fight for a dream, the heart to see a dream through.

The bigger the dream, the bigger the chance for heartache and failure. Dreams are painfully dangerous. But real dreams take on a life of their own, they burn with inextinguishable fire, they die hard.

So will history record that someone actually succeeded in rekindling the flame of a true American legend? Or are these events just more gassy bubbles rising to the surface in a roiling

cauldron stirred by bean-counters whose foresight extends no farther than the bottom line?

Only time will tell. But maybe it doesn't really matter. Maybe what matters most is that we all continue to reach beyond our grasp -- knowing full well that some of us will crash and burn -- but knowing just as surely that others will soar above and beyond the horizon; and understanding that in the end we are all the richer because of those with heart enough to try.

Like all good trips, there's often more fun in the riding than there is in reaching the destination. No one can deny that this hasn't been one hell of a ride.

At this point only three things remain stone certain: one, Indian Motorcycle still lives; two, we'll be keeping a close eye on developments; and three, you'll hear about it all in these pages first.

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