

## NO GOOD DEED GOES UNPUNISHED

by W. Robert Kellegrew, Jr.

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### Sample Chapters

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#### Chapter 1

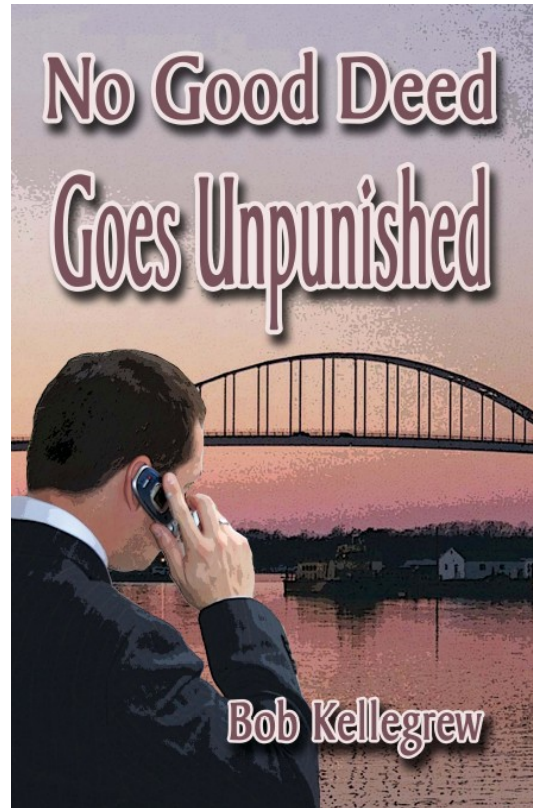
Tired from battling a choppy sea John Hartwell's solo tour of the Chesapeake ended when he returned to the shadow of the Annapolis Bay Bridge in Blue Aire, Maryland. It was mid-April and the sun was shining as he headed to his black BMW for what he hoped would be a productive meeting with Richard Wantraub. As he reached for his keys his eyes strayed, caught by the outline of a 20 something olive skinned, brunette. John noticed two things, the first was her silhouette as she bent over looking at her left front tire; the second was the way her dark hair contrasted with the silver of her car. Intrigued, he wandered over, and in as innocent a voice as he could muster asked, "Do you need any help?"

Lisa Skegal, a bit startled, popped up, brushed her hands on the front of her cream colored pants and, taking a step back, replied, "I'm not sure; does that tire look low to you? I need to go into Annapolis and the last thing I want is to get stuck on the bridge."

"Well I'm not an expert on tire pressures," John answered, "but if you want to be on the safe side, I could drive you into town – I happen to be going there myself – and then back here again. I only need to be in town for a short while."

"My mother always told me not to take ride from a stranger." Lisa replied, but the tone indicated otherwise.

John encouraged, stepped into the breach, "Your mother is a wise woman, but I have an answer, see that security guard – he goes by Butch – why don't we go over and tell him exactly what we're going



to do, that way if you don't come back I will be in major trouble."

Lisa laughed, "Sounds like a plan to me." So John spoke with Butch, and making sure that Lisa saw, he gave Butch a \$50 bill and asked him to have someone look at Lisa's tire while they were gone. Butch ever so obviously checked Lisa out, turned and smiled at John and said, "Sure thing, Mr. Hartwell."

Lisa slid into the passenger's seat of John's BMW; in a way that said, "I belong here." John powered the BMW onto the freeway and headed for the Annapolis Bay Bridge. The moment was exciting, almost overpowering. The ride into town was around 20 minutes, so the conversation was brief. Lisa told John that she was a software programmer at a local high tech company; her tone indicated that life was stale and predictable. "The works ok, but what I really want is to start my own company." She had said, not requiring much encouragement and continued, "I've got this idea for connecting meetings over the internet; similar to video conferencing, only better."

**N**o Good Deed Goes Unpunished is the story of three businessmen whose personal needs and desires bring them together in a plan of massive corporate fraud and embezzlement as one misdeed, unchecked, leads to another and then another. Together, in order to steal millions, they cripple the third largest manufacturer of PC's in America (NServer) through a plan that seems too simple to work, and yet that is why it does work. Opposing these are the corporate servants who are just trying to do their jobs. They are not super detectives. They are just everyday people trying to live within the rules, doing their assigned tasks for no more than a paycheck. One of these is NServer's new CFO who is hired to clean up the mess, but before he can even get started documents come to light that put him, and his spotless reputation, right in the middle of the embezzlement scheme. It takes Eric Peterson, an outsider from a large Boston law firm, to piece the puzzle together and drive *No Good Deed Goes Unpunished* to its unexpected conclusion.

"It seems," John replied, "that we have a common goal. It just so happens that I'm on my way to negotiate some final investments in a new company

that I'm starting. It also will use the internet to connect third parties."

After that, John had not actually lied, in fact he was mostly truthful, but he did not correct Lisa when she said, "Oh, I don't think we have that much in common. I'm just a working stiff and you're rich and successful."

John felt a quick blush, here he was trying to figure out how to see more of Lisa and she was coming on to him. "I'm not that rich", he replied, "but I could offer to buy you dinner at the marina when we get back."

Lisa seemed ready to say no, but said, "Well it will almost be dinner time when we get back, so I guess I need to say yes to my Sir Galahad." John felt her eyes and blushed some more.

John laughed, this time for real, relaxed and stopped in front of the store Lisa had directed him to. "I'll be back here in about an hour; see you then." With that John drove off to meet with Rich Wantraub.

Wantraub's downtown office was located on the 6th and top floor of the Maryland State Bank Building. From his office he could see most of Annapolis Bay; in particular he could see the Naval Academy and its well manicured parade grounds. His office was large, but not overwhelming; it was sparsely furnished. He sat behind an antique mahogany desk that faced the window. At a 90 degree angle from the desk was an overstuffed, leather couch, opposite the couch was a matching chair. In between all three and the window was the

150-year-old Persian rug that his mother had given him.

Wantraub was a long time acquaintance, perhaps the closest thing John had to an actual friend. The two had met in 1957 when they were still teenagers, hanging out at the yacht club. Having joined each other in certain teenage pranks they had developed a bond, and while you would never say they were like brothers, they did socialize together (or at least they had until John's recent separation and divorce).

Wantraub had done well, certainly better than John; he had gone to a good college and then took a job with his father's company. More importantly he seemed to have made some very good investments, IBM in the late 70s and Microsoft in the mid-80s. He had money to play with, money to risk. His apparent successes with technology had given him the confidence to take a chance on John. Besides, like Scrooge's nephew Fred, Wantraub actually liked John.

Wantraub asked John to sit on the couch; he took a seat in the chair. The meeting was formal, none of the informality that flew at the marina. "John", he began, "I've been thinking about this new venture you're proposing, and I will consent to invest, but I have a few conditions." John almost smiled, Wantraub's opening was a nothing short of a miracle, he had already said yes and John had not even used the pitch he had been rehearsing for the last week as he cruised the Chesapeake.

"Conditions, what do you mean conditions, we did not have conditions when we did PharmNet", John replied, reminding Wantraub of their last venture together while trying to act as though this was a negotiation and not a closing ceremony.

Wantraub paused, leaned back in his chair and said, "Shit, PharmNet was a quick walk in the park - a little lark that I let you talk me into. This LendInTime thing is different, this might actually work and given the conditions of the IPO market, well if it works at all there might be a very large exit strategy. In order to keep that possibility open and before I'll invest you need to get at least two other investors and set a board of directors that includes, in addition to you and me, at least 2 others."

"And exactly how much are you intending to invest?" was John's first counter.

“I think that LendInTime needs about \$2 million to get started. I will put in a third of that amount. However, you need to come up with the rest before I will invest a single cent.”

John felt a flush of anger, “What kind of a game are you playing? If I had that much I wouldn’t be talking to you, would I?”

“Game? This is no game, this is very real and if you want my money these are my conditions.” Wantraub replied, without malice or attitude. “John, I really think this venture can succeed, but you need to do it right. This time, if you want me in, I’m in, but I’m in all the way. You can run the day to day, but any big decisions you run by me or the board first.”

John calmed down, if he could get Wantraub to say yes this quickly, he should be able to raise the rest. “So Rich,” John said trying to act in control, “Can you point me to some of your wealthy buddies – if you want to be in all the way, then I guess you should start now.”

Wantraub laughed, “Now that’s the John I like. Sure I can point you in the right direction, in fact I have already called a couple of people I know who are trying to make some investments that have a large potential upside.” Rich handed John a print out sheet that contained four names and numbers. “Go sell them John, and get back to me when you do.” Wantraub, off handedly continued, “So are you eating at the marina tonight?”

John flushed for the third time; he remembered he needed to pick up Lisa, got up from his chair, looked back at Wantraub as he left the room and said, “I wouldn’t be surprised if I was at the marina tonight.”

John stopped at the bank before returning to get Lisa. He asked for 10 new fifties, put them in his wallet and headed to the appointed place for their rendezvous. As he pulled toward the sidewalk, he was once again struck by Lisa’s physical appearance. He guessed that she might be 30, but more than likely she was closer to 25. She stood about 5 foot 7 with a slim body that accentuated her posterior. John was drawn to that posterior in a way that he had not felt since his was 14 or 15 years old. Lisa saw him coming, smiled brightly and waved. She hopped into the BMW and planted a quick kiss on John’s check. “You did come back – I was concerned that you were just playing a

game with me.” She said, almost out of breath, in a nervous young girl way.

John laughed and in an instant completely forgot about Wantraub’s demands. “I would have to be some kind of a fool if I were to leave you stranded.” John said, trying to hide his eagerness. He tried to remember that he was the senior here, he needed to act in control, and he pushed the accelerator to the floor. Lisa sat back and looked as though she were flying as they crossed the bridge; John just ate it up.

Dinner was fun, the conversation light and could not end soon enough for either of them. When John asked if Lisa would like to take a quick ride on his boat she had almost leapt out of her chair. The sky went from red to midnight blue and the waves gently rocked the boat; a bit later their bodies, locked together, rocked the boat with a bit more vigor. For John his first day back in Blue Aire was like being reborn. For Lisa it was an explosion.

## **CHAPTER 2:**

Following up on the names that Wantraub had given him, John arranged for his fresh out of law school lawyer, Steve Desert and he to meet with Rafael Ortega. Ortega was a hot shot New York day trader who had made a killing by investing in Yahoo. He thought of himself as a wunderkind; everyone else thought of him as lucky. John thought of him as a pigeon.

Ortega was short, an olive skinned 30 year old that spoke English with an enhanced Latin accent; he smoked too many cigarettes. Ortega after asking Desert and John to sit down and said, “Mr. Hartwell and Mr. Desert, how nice of you to come to New York to meet with me – Mr. Wantraub speaks highly of you – he’s told me that I might be able to get in on the ground floor of the next big application – oh, pardon my manners, would either of you like something to drink?” Desert shook his head, John asked for water. Ortega returned with some Saratoga Spring water, said something about New York’s finest and asked John to explain his venture and how he could help.

John began with his well-rehearsed description of LendInTime’s vision to connect real estate broker offices directly with mortgage lenders over LendInTime’s private internet network; he closed with, “On top of that I have with me a letter for a very reputable market survey company, perhaps you know them, Briar and Associates – any way

this letter, which I'll give you a copy of, says, and I quote:

Due to the growing market need for quicker communication between lenders and borrowers, in addition to the crying need of real estate brokers to differentiate themselves, Briar and Associates has been commissioned to do an in depth market survey to determine the size of the market for internet access between lenders and borrowers.

Note the words – size of the market – the lenders have already determined that there is a market; they are just trying to see how large. Rafael, let me give you some statistics so you have somewhere to start. In the United States there are literally 10's of thousands of brokers and 100's of thousands of house buyers. If we assume that only 2,500 of those brokers decide to join the LendInTime network – the access will be huge. Now if we assume that despite this huge network only 6 lending institutions decide to pay our modest fee and join the network, well Rafael, we are talking about a monthly cash in take of \$375,000. Now take it one step further, as a requirement of joining our network, the lending institutions will be required to give LendInTime \$200 for each mortgage they close – if each bank only closes 50 mortgages a month, that will add another \$60,000 per month in cash for LendInTime – think about it – over \$5 million a year, just to start. Once the first lenders are successful, the second wave will come beating on our door – just think, if we have 20 banks and 10,000 brokers we could generate more than \$60 million per year – and that, Rafael, is our 5 year goal. So what do you think?"

Rafael seemed stunned, paused as he went over the figures, then looked at John, and with his arms folded said, "So what is it you want from me?"

John and Desert laughed, and almost in unison answered, "Money, of course."

"How much and what do I get in return?"

"For a \$250,000 investment you would receive a 10% equity stake and a seat on the board."

After some good-natured haggling, it was, as if pre-ordained, agreed; Desert handed the investment papers to Mr. Rafael Ortega; John and he left.

John slapped Desert on the back and said, "This is going to be easier than I anticipated." In this he was right, money seemed to be everywhere, within the next 3 weeks John had signed up 2 more investors. He still had one meeting left.

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John's next meeting was in Denver, Colorado with a Martin Slader, not because he wanted to, but because Wantraub had made it a condition of his investment. According to Wantraub, Slader had his hands in all things high tech and would be an invaluable contact. John, quite flushed with the victory of obtaining his start up financing, flew to Colorado to meet with Slader. The meeting took place in the restaurant of the downtown Holiday Inn. John was quite unimpressed with the cookie cutter seating area, obviously laid out for business meals. John arrived twenty minutes early for their 10:00 AM meeting and ordered a pot of coffee and a blueberry muffin. The view from the window was quite pedestrian, while he had seen the distant Rockies during his ride in from the airport, all he could see now was the faded brick façade of the offices of the Boulder Bank of Colorado.

Even though Slader had informed John that he would be wearing beige Dockers and a blue Izod pullover, John was a bit startled when a hand was shoved across the table toward him. Instinctively he took it and gave it a quick (not more than 2 second) firm reply.

"Well from the handshake and outfit, I assume you must be Martin. Would you like some coffee?"

"I only drink decaf, my nerves get to wound up if I go for the leaded." Martin was polished and confident. John guessed that he was about six feet tall, well tanned and perfectly groomed. The hair might have had some outside help, but it was difficult to tell.

"My doctor advised me likewise, but it does help me get the day rolling." John was trying to assess Slader; he seemed to give off leadership vibes, yet John sensed a salesman.

"Our mutual acquaintance, Rich, tells me that we might be able to help each other out. He said that you were about to launch an Internet venture that might require a significant number of PCs."

“You have me at a bit of a disadvantage,” John replied, not wanting to go much further until he knew what made Slader tick. “Rich told me very little about you or your business – so if you don’t mind, why don’t we start there?”

“No problem – how about a 5 minute bio, do you want business or personal?”

Salesman John thought, definitely a salesman. “Business would be fine.”

Slader outlined his background, emphasizing his experience with the leasing of high tech equipment. He noted that in fact he personally was the number one leaser of high tech equipment west of the Mississippi. He currently was a Vice President for MountainTop Leasing, a second tier player based on financial strength, but thanks to Slader growing rapidly. “It’s only a matter of time before MountainTop either buys another leasing company or is bought. Either way,” Slader quite gratuitously informed John, “I stand to do very well.” Slader continued by informing John that he had significant relationships with many high tech suppliers and was the exclusive leasing agent for at least 4 or 5.

By this time Slader had ordered a decaf ice tea, and when he stopped speaking to take a sip, John interjected, “That’s an impressive background – so now I know what you do, and I actually have an idea as to how you might help me – what do you want to know about me?”

Slader’s response was short and to the point, “Just one thing. Do you have your start up financing?”

John nodded in the affirmative and to John’s surprise, the subsequent discussion carried well past lunch, it closed with Slader promising to set up a meeting for John with a leading PC supplier. The cab ride back to Stapleton proved irritating. He called Desert and was informed that the investment paperwork was back from everyone except Wantraub. After calling 4 different numbers, John finally reached Wantraub. “Rich are you trying to kill me? Everyone has signed up but you, what gives?”

Wantraub, over a scratchy cell phone connection, replied, “Don’t get your balls all scrunched up. I just wanted to make sure that you and Martin hit it off before I signed on the dotted line. I just got off the phone with him – sounds like

you two are made for each other. You can expect my paperwork to be in the mail tomorrow.”

“Actually I more interested in your check.” It had been a long day and John was tired of asking for money.

“Paperwork first; checks second. Will I see you at the marina this weekend?”

The marina? John quickly thought back to Lisa, “Shit I gotta hang up – I need to make a call pronto.” John pushed the end button and quickly dialed Lisa’s number. Because of the two hour time difference and the fact that his meeting with Slader had run long, he had missed the time he had told Lisa he would call. The phone rang 4 times and went to her answering machine; “I’m sorry” was all he could think to say.

### **Chapter 3:**

If something can be both expected and out of the blue, that was how John felt when Lisa had asked him to fund her idea. John knew her request was his doing, having allowed her to assume that he had the wherewithal to fund it himself. John needed to think, he had to decide what to do, either tell her the truth or find the money. He was not so naïve as to think that Lisa’s attraction to him was purely physical. He knew that money was a leading, if not the leading attractor. Things were going well; he did not want to screw it up now. In his entire life he had never felt as alive and as sexual as he did now. When together they acted like barely post-pubescent teens. Just thinking about it brought the beginning of another arousal.

His thoughts were broken by the ring of his cell phone; it was Wantraub.

“I’ve arranged for you to meet with an accountant that I’ve used on previous business ventures.” Wantraub stated, without an opening for debate. “It’s time to develop a real business plan.”

John, a bit annoyed replied, “OK, I’ll meet with him tomorrow morning, but right now I’ve more important matters to attend to.” He then hung up; headed for his boat and then out onto the bay.

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The alarm blasted John awake the next morning. It had been weeks since he had actually been asleep when it went off. Dazed and more than just a bit

confused, he noted that it was actually still dark out; it was only then that he remembered his meeting with Wantraub and the accountant. He walked carefully to the master bath, trying to avoid the furniture that was rather randomly placed around his bedroom. It was only then that he threw on the light switch. The light hurt his eyes, but not as much as the sight of his face; it was an aging man he saw in the mirror. He quickly washed his face, brushed his teeth and turned away. After gulping down a bowl of Instant Cream of Wheat and a black cup of coffee he headed for Annapolis.

At 7:10 AM his BMW pulled out of his driveway; at 8:00 am he pulled into the lot next to Wantraub building. At 8:05 he took a cup of decaf from Wantraub and sat on the couch in the office. It wasn't until 8:30 that the accountant arrived. John was unimpressed. He stood a bit under 5 foot 7, though it was hard to tell since he had a hunched over look. "Too many tax returns." John thought. His hair was gray and thin and his glasses perched precariously on the end of his nose. He wore a thin gray suit that showed too many wrinkles; all in all he looked like a bookkeeper.

Wantraub introduced Leonard Graig to John. "Sorry I'm late, I had a little car trouble and then I got behind a school bus."

"No problem," John gave him a pat answer and stuck out his hand. Graig's return shake was clammy and weak. John actually felt a moment of revulsion. He had an involuntary habit of measuring people by their handshakes.

Wantraub led the discussion, "Len what I need for you to do to help John develop a real business plan and cash flow model. John has done a good job of raising some seed money – something like \$2 million, but I want to know how long it will last. We need to plan the second round of investments." John's ears perked up, second round of investments; he had never even considered a second round. John had just assumed, something he did often, that after the first round LendInTime would be self-sustaining.

"Rich, you've caught me a little off guard", John interjected, "Second round – why will we need a second round?"

Wantraub looking dismissively at John, "I told you that LendInTime had a big upside – you need to feed that upside. You don't really think you can

create an entity with 2,500 users on what you've raised, do you?"

"I guess I never thought about it."

Wantraub let out a bit of a sarcastic laugh, "Well John, that is why we're here today, because I knew you never thought about it. You're not a detail man. Len here is a wiz at developing business plans. First he'll create a plan that assumes you have all the resources you need, this plan will show the ultimate potential of LendInTime. Then we'll market the plan to the venture institutions to get some real investments. After that you deliver the revenue and we all get rich on a public offering."

John felt a need to agree with Wantraub, "OK, I'll give Leonard the information he needs." After which John and Graig retreated to a small conference room across the hall from Wantraub's office. There they began the work of drafting LendInTime's future.

"We'll start with the basics," Graig began, "how much do you have in the bank, what are your salaries, what do you pay for rent, things like that and then move on to assumptions, such as, what is your revenue model, what is the cost of the revenue model and what will the revenue be in 3 years if everything works." John fell right into the exercise and began to acknowledge that just perhaps Graig knew what he was doing.

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Wantraub knocked on the conference room door a little after noon, stepped into the room and jokingly asked if anyone had remembered that the body required food to function. John looked up and noticed the old Seth Thomas clock on the wall and smiled. "I guess we just got lost in the numbers. I'm really starting to enjoy this accounting stuff; seems like you keep putting in numbers until you get an answer that you like."

"I told you Len was good," Wantraub started to step back out of the conference room, "Now who wants to break for lunch – my treat."

"A free lunch, count me in." John pretended to jump up from his seat; the day was going much better than he had anticipated. More importantly he had figured out how to help Lisa. This venture business was actually quite fun, especially when someone else was paying for it.

Graig looked up, he appeared annoyed at the interruption, but silently acquiesced to the break and left the room to join them.

Over lunch John explained to Wantraub the basics of LendInTime's business plan. Graig only needed to correct John infrequently, which was a minor miracle given John's lack of propensity for remembering details.

"So the bottom line is that in 3 years LendInTime, after signing up 12 lenders and 5,000 brokers` will be generating more than \$80 million in revenue per year. The profit should be astronomically – something like \$60 million pre tax."

"A piece of advice", Wantraub, sipping on an unsweetened ice tea, threw in, "Try using the words - we believe - when you take this show on the road. Never speak in absolutes; it can only get you in trouble."

"Rich, you're starting to sound like a damn lawyer, but advice taken." John retorted in jest.

"OK, what I want now is a nice narrative to go along with these numbers. Rich why don't you work with that market consultant friend of yours to get a glowing description of this untapped market; then get Steve to draft up a few pages on how LendInTime will interact with the brokers and the value proposition there." Wantraub looked at Graig, "So Len how long before we need the next round?"

Graig, put down his cup of coffee, and looked passed Wantraub onto the street, "Nine months tops."

"Shit!" Wantraub's face had taken on a distinct red color, "How can almost 2 million only last 9 months?"

"Start up costs and salaries. In order to get this venture off the ground LendInTime is going to have to give away a lot of PCs and hire some real engineers, and sales people. Between engineers, sales people, John here and the other administrative staff you're talking over \$100,000 per month. On top of that you will need to buy about 100 PCs at a cost of \$500,000." Graig paused, to let that sink in and added, "After 9 months that will leave you \$400,000 for everything else. \$400,000 isn't much if there isn't any revenue coming in." Graig picked up his coffee and let the deafening silence take over.

John was lost in the conversation; first, 9 months seemed like an eternity to him and second, to throw around \$400,000 as if it did not exist struck him as overly conservative. He thought that Graig's accountant background was showing through.

"We need a year," Wantraub finally said, "Can the \$400,000 get us the rest of the year?"

"I guess it will have too." This time Graig did not even bother to put the coffee down.

Wantraub turned to John, leaning across the table, firmly, almost threateningly, said, "John, if you ever want to touch another red cent you'd better make sure this money lasts 12 months."

"Oh, I'm scared," John mockingly replied.

"You'd better be." Wantraub signaled for the check. John had never heard that tone from Wantraub before; what had started out as a sunny day had quickly become overcast. Maybe it was his imagination, but Wantraub suddenly looked older and far more severe. "How had this game gotten so serious, so quickly?" John asked under his breath.

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John regretted that he had called Lisa from the conference room that morning. He had proposed a dinner at the Pantrey Bistro, a small place with excellent food. She nearly gushed through the phone. The plan John had devised, which was shaky in the beginning, had crumbled over lunch. He knew he was risking much, but his thoughts of Lisa were worth much. He pushed down on the accelerator and sped across the Bay Bridge.

Bob Kellegrew is a practicing attorney with over 25 years of in-house legal experience. For nine of those years he was the chief legal officer at four different publicly traded companies. This hands-on experience has given Bob a true insider's perspective on how corporate America really works. Bob lives in Clinton, Massachusetts, with his wife Susan Dullea, daughter Katie, and son Taylor.

