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HEADLINE: Wily Koyote lies low in Mexico;
Fugitive lawyer in failed lake development;
pops up on Internet, then vanishes again

BYLINE: Andrea Vogt Staff writer

BODY:

'Yesterdays are over my shoulder, so I can't look back for too long. There's just too much to see waiting in front of me and I know that I just can't go wrong.'

- Jimmy Buffett, 'Changes in Latitudes, Changes in Attitudes.'

To catch Koyote Karlos, you'll have to move fast.

For nearly three years he's been cavorting in Mexico and Central America, living the Jimmy Buffett life on money other people claim as their own. But now that a reporter has found him, he's on the lam again - fleeing from scorched investors and a felony theft rap.

Dozens of Washington and North Idaho investors and creditors will recognize Koyote Karlos as Claude Irwin Jr., a fugitive disbarred Spokane lawyer.

Irwin, 52, slipped into Mexico and morphed into Koyote Karlos after his pie-in-the-sky, multimillion-dollar Powderhorn Ridge Ranch project on Lake Coeur d'Alene went bust in 1997. Unpaid claims against him total more than \$ 3 million.

'It's been an incredible adventure and so much more fun than working,' Karlos wrote in a recent e-mail from Mexico. On his brazen, boastful Web site, he wrote: 'My Mexican dream finally came true in January 1998 when I crossed the border at Mexicali and drove a motor home down to San Felipe.'

While his creditors up north gnash their teeth, Koyote Karlos has been buying a ranch in the Chiapas highlands, road-tripping to his favorite haunts and having fun: 'My day-to-day activities include fishing, kayaking, hiking, meeting international travelers, making attempts at espanol and enjoying the warm helpful Mexican people.'

His Web site - which he quickly deleted after he was found out - portrayed Koyote Karlos in words and playful pictures as a

baby boomer dropout who traded his stressful career in "law, real estate and business endeavors" for a life of leisure and travel.

He shared two adventurous years with former girlfriend "Calamity Carolina," a fellow Washington State University grad who affectionately referred to Koyote Karlos on the Web site as "a Pacific Northwest escapee."

What the Web site neglected to mention was his real name, the \$ 3 million in claims and judgments against him, another \$ 1 million that's missing, the angry creditors and dispirited investors, and the warrant for his arrest.

But friends and family in the Northwest remain just a mouse click away.

"Enjoyed the trip info and the pictures," reads one entry in Irwin's Web site guest book from Irv Marcus of Spokane. "Looks like you are enjoying life - don't change, have a ball, stay loose Karlos. Best Regards, Irv."

Marcus could not be reached for comment. But those who know Irwin Jr. here, and saw pictures of him on the site, say there's no doubt he and Koyote Karlos are the same man.

Irwin's son, Scott, reached in the Seattle area by phone after returning from a month-long visit with his dad, said this when asked if Koyote Karlos is also Claude Irwin: "Sometimes he is."

But Scott Irwin, a 24-year-old teacher, said he did not know about any pending criminal charges or lawsuits against his father.

"You'll have to ask him about that," he said. "I don't know a whole lot."

The absent attorney

When he vanished from Spokane in 1997, the high-living lawyer was the linchpin in the multimillion-dollar, 390-acre real estate development near Harrison.

Court reports show Claude Irwin Jr.'s Powderhorn Ridge Ranch corporation owed at least \$ 3 million in unpaid labor, missed payments and other bills related to the belly-up real estate deal when he fled.

Other lawsuits and complaints in Washington and Idaho allege he has defrauded clients, friends and business associates out of as much as \$ 1 million more in cash and trust money that disappeared when he did.

The felony warrant for his arrest alleges he stole money from a dead woman's estate that he was managing.

In an e-mail sent Wednesday, Irwin maintained he left Spokane for health reasons and knew nothing about the charges,

judgments, lawsuits and disbarment until contacted by The Spokesman-Review.

'I have no knowledge of them, having never been served with any papers,' Irwin said. 'I am now aware ... and feel very badly that it has come to this.'

Irwin described Powderhorn as a wonderful, but high-risk, project that failed due to a downturn in the real estate market. He said he's sad for the investors who lost money, and that he's broke, too. He didn't explain how he was able to buy a Mexican ranch.

'We all took the risk to get high financial returns, and we have all paid dearly for that.'

But many unhappy investors wonder if their missing money has been buying margaritas for Koyote Karlos.

'He's a coyote all right,' said Dale Bible, 56, a longtime Colville logger and Powderhorn investor who sued Irwin to try to reclaim \$ 236,000 he and his wife say they lost.

'It's a sad, sad situation. A lot of people put their trust in him as an attorney, and he split with everything he could get his hands on. I believe he got away with at least a million dollars.'

Dad lost money, too

Before Spokane, Irwin was an attorney in his father's prestigious Pullman firm, Irwin, Friel and Myklebust.

Claude Irwin Sr. was a well-respected Pullman estate attorney and former Whitman County prosecutor. He's now retired and lives in a Spokane retirement home and the family's Harrison, Idaho, lake home.

Irwin Sr. said he doesn't know where his son is, isn't aware of the criminal charge against him, and believes his son is likely broke.

'I know he's gone and he's traveling. I hear from him once in a while,' said the elder Irwin. 'He struck out flying by the seat of his pants. I don't know how he makes it.'

He said he remains disturbed about money he lost in his son's Powderhorn project, which he called 'a great debacle.'

Irwin Jr. left Pullman for Spokane after a short-lived investment in a pellet feed mill went bust and the firm settled a malpractice suit by a Palouse-area farm family that claimed Irwin Jr.'s bad advice bankrupted them.

In Spokane, he formed Ivy Development Corp. in 1988 to develop real estate, including the Ivy Professional Building, a Spokane landmark on North Monroe that was a funeral home and then an upscale French restaurant. He converted it to office

space and started his law practice there in 1990. Former employees said he was always scouting for real estate deals - buying low, selling high.

State records show that between 1991 and 1997 Irwin was the registered agent for 11 corporations, including Continental Development Group Inc., a real estate development business in which Donald P. Raeder of Spokane was also involved. Raeder eventually became his partner in Powderhorn.

Powderhorn pipe dream

'His baby,' Irwin sometimes told investors, was Powderhorn Ridge Ranch.

But his dream to develop the wooded lakeside property adjacent to his family's summer cabin required money he didn't have.

Raeder was put in charge of marketing and 'obtaining capital,' according to Powderhorn papers. Eventually, Raeder would be named in multiple civil suits along with Irwin, but he has not been charged with any crimes. Repeated attempts to locate Raeder in Spokane and Post Falls failed.

It was Raeder who introduced Irwin to Dale Bible, the jovial, hard-working Colville logger nearing retirement age who had a successful log export business.

Bible was persuaded to eventually invest \$ 236,000 in the deal and accept stock in exchange for eventually logging 1 million board feet of timber off the property, according to a lawsuit filed in Kootenai County. The \$ 250,000 from the logs would then go back into the corporation, they agreed.

'I trusted (Raeder and Irwin) and I don't mind saying flat out, that was the worst mistake I ever made in my life and that cost us dearly,' Bible said. 'These are two very unscrupulous men. But I don't blame anyone but myself.'

Irwin formed Powderhorn Ridge Ranch, a Washington corporation that listed himself as president and Raeder as vice president.

With money from Bible and others, Irwin made an offer to the Powderhorn Bay property owners, a group of 20 Spokane and Coeur d'Alene professionals, mostly doctors.

The owners sold the property in 1995 on the condition that two reputable Spokane land developers they trusted would get involved. Bill Robertson and Donald Glovick of Spokane agreed to join Powderhorn. The sale price was \$ 1.5 million.

That same year, Bible closed his Colville business and began logging Powderhorn. Irwin and Raeder sought more investors, marketing lots starting at \$ 60,000 for 'your own piece of heaven on Coeur d'Alene Lake.' Slick brochures and impressive videos tempted investors, promising a golf course, equestrian

facilities, tennis courts and cross-country ski trails.

According to court records, Irwin charged more than \$ 60,000 to the corporation for all-terrain vehicles, a Chevrolet Suburban and a boat, used to show people the property. He also charged rent for his family's lake cabin, which served as Powderhorn's 'corporate office,' and paid himself a \$ 3,500 monthly salary, Bible recalled.

Irwin publicized Powderhorn and appeared at county hearings with Spokane and Coeur d'Alene engineers, planners and attorneys, none of whom were ever paid for their work. He held lavish parties at the Ivy and invited wealthy friends and clients, whom he encouraged to purchase resort lots. By late 1996, more than 30 parties had put money down on 'reservations' to purchase lots once developed, according to a memo Irwin wrote to the other Powderhorn officers, Raeder, Glovick, Robertson and Glenn McIntosh of Spokane.

One investor was a young employee of Irwin's law firm who talked her family into investing \$ 150,000. The woman, who asked not to be named, never got a cent back, but says she may file suit if Irwin reappears.

By October 1996, the project had won zoning approval and everything was a go, Bible recalled. But while Irwin publicly expressed confidence, the deal was near collapse for lack of investors and money mismanagement.

'Don R. and I have worked diligently to develop new sources of funding but have not been able to consummate anything as of yet,' Irwin wrote in a November 1996 memo. 'It will still take a great deal of work to bring this to fruition.'

Bible began to question why nothing was being done on the property, despite all the money he and others had invested.

Finally, when Raeder and Irwin asked him to mortgage his and his parents' home for the project, Bible went to his attorney.

About that time, Robertson and Glovick began backing away, sensing the project was going sour.

'I wrote him (Irwin) a letter saying he was putting our reputations at risk and we wanted out of it,' Glovick said from his home in Montana last week.

They asked that their stock be converted into mortgages against the property, worth \$ 486,000 total. But after Irwin disappeared and Powderhorn went under, they got nothing - except blame. 'He skipped out on us,' Glovick said. 'I think he saw the money sitting there, thought he might be in over his head and always had liked the Caribbean lifestyle.'

Spokane engineering and design firms filed liens against the property because they hadn't been paid. Worried investors began demanding their money back.

End of a legal career

At the same time, Irwin's law firm was in disarray, with confused clients asking about their money and property and wondering why Irwin wasn't communicating with them.

Washington state Bar Association watchdogs were investigating a grievance filed by David Miller, an employee Irwin had fired.

Miller complained that Irwin was using clients' funds to pay personal and business debts.

Bar investigators suspended Irwin in May 1997 and disbarred him a year later on eight counts of ethical misconduct, including stealing money from the estate of a deceased Spokane woman named Mary Rock. Bar investigators said Irwin engaged in a "'concerted pattern of misrepresentations'" for his own benefit, then obstructed the bar's investigation and later did not make restitution.

Rock, who had no children, lived most of her life on the Palouse. Her family had been clients of Irwin Sr., and Irwin Jr. had prepared her will. When she died in Spokane at age 94 in 1992, her estate was worth \$ 488,000. The bar association determined that Irwin improperly transferred \$ 347,000 into his two corporations, Ivy Development and Powderhorn. The estate's Seattle attorneys were able to recover some money in 1997 by attaching some of the property Irwin tried to sell. But more than \$ 220,000 is still missing. Rock had bequeathed the money to two colleges and a ministry.

The estate pressed for criminal charges against Irwin and an arrest warrant for felony theft was issued in 1998, but by then Irwin had left town.

With Irwin gone and Powderhorn in limbo, many of the original landowners and investors began to sue one another.

Money disappears

Carla McCaffery's husband, a Davenport, Wash., farmer, committed suicide in the early '90s. She later moved to Coeur d'Alene, where she met Raeder, she said. She loaned \$ 100,000 of her life savings to Powderhorn for a year at a high rate of interest, court records show. She was given a deed of trust for three Powderhorn lots as a guarantee.

McCaffery was paid the interest, but when the year was up, she couldn't get her money back, she said. When Irwin left, other investors sued her because her worthless deed made it appear she had property. "'When I got served papers I broke down in tears and said, 'Why am I being sued? I lost money too,'" recalled

McCaffery, 43.

Eventually, the group of doctors and other previous owners regained title to the property in a \$ 2.2 million mortgage foreclosure judgment against Powderhorn for the sale price plus interest and property taxes. The other corporate officers - Raeder, Robertson, Glovick and McIntosh - were left holding the bag legally.

McIntosh filed for bankruptcy in 1998, and Glovick is considering it. "We'll probably have to declare bankruptcy to get out from underneath this thing," he said. "I don't want this hanging over me my whole life."

Other investors, like Bible, tried desperately to get their money back, only to find they were too far down the long list of creditors.

Janet Robnett, the Coeur d'Alene attorney who negotiated the \$ 2.2 million mortgage foreclosure, said more money was owed to people than the property was worth.

"Bottom line is a lot of people lost a lot of money," Robnett said.

As Powderhorn was falling apart, other clients of Irwin's were filing suit in Spokane County, claiming their trusts had been mismanaged and abused.

David Felch Sr. died in a house fire in 1990. He left his six sons three Spokane rental properties that Irwin was supposed to manage.

The sons never knew anything was amiss until Spokane County notified them in 1996 about plans to foreclose all three properties due to unpaid taxes.

They hired an attorney, who found Irwin had overbilled the estate for work on the properties and taken out unauthorized loans.

Irwin never collected rent at one home, failed to notify the sons when another house burned down and then used the large insurance payment for a loan without asking, their lawsuit contended.

Their new attorney, James Woodard, eventually got a \$ 34,858 judgment against Irwin. It's part of at least a half-million in judgments against him that are racking up interest. But with Irwin gone and no assets left in his name, that's no comfort.

"You can put in a lot of work on a malpractice suit and take the judgment and paper your bird cage with it because that's what it's worth," Woodard said. "Some just view it as throwing good money after bad."

A lifer's quest

But others - like Jon Martin - are determined to find Irwin and get

their money back. From his cell at the Monroe (Wash.)

Correctional Complex, and with some outside help, Martin has tracked Irwin.

Martin, serving a life sentence since 1967 for kidnapping and other charges, started corresponding with Irwin in 1988 when he was at the Walla Walla State Penitentiary. He answered an ad Irwin placed in The Spokesman-Review offering 18 percent interest on loans to his corporation, Ivy Development.

According to a police report, Martin has documentation showing he had loaned Irwin \$ 155,000 since 1988. In lawsuits filed in both Kootenai and Spokane counties, he claims Irwin now owes him many times that due to accumulated interest. He has hired two investigative agencies to track Irwin, but has been frustrated by lack of cooperation from the courts and law enforcement.

'What irks me is the police and prosecutor took so long to put out a warrant for his arrest that he fled the vicinity,' Martin said last week. 'They're not going to catch him now.'

And even if they do, it's likely Irwin is keeping his assets well hidden.

According to a court report, three Powderhorn bank accounts had nearly \$ 1 million deposited into them between 1995 and 1997, often from other accounts to which Irwin had access.

The Powderhorn accounts were all empty or closed by July 1997. After Irwin disappeared, associates helped him sell his Spokane home for \$ 167,000 and the Ivy office building for \$ 630,000 (he bought it for \$ 530,000 in 1990).

In an August 1997 letter to Martin while he was at Airway Heights Correctional Center, Irwin detailed the 'serious difficulties' he faced.

'The project is up for sale and I am liquidating all other assets and paying off liabilities. The Ivy building was sold, I closed my law office totally, all employees were terminated and I have resigned from my license to practice law.

'Due to a lawsuit against me, my assets are presently tied up and I have no resources from which to pay the two monthly payments that are presently due. To further make things worse, I have had some serious health problems as a result of all of this and have been forced to turn matters over to others so my health does not worsen.'

Irwin claimed he'd been diagnosed with hypertension and was having stress-related chest pains. Nonetheless, he promised Martin that once the Powderhorn lake project sold he would pay his debt in full. He directed future correspondence to a post office box in Veradale, but Martin never heard from him again.

Land for sale, again

According to the secretary of state's office, all of Irwin's corporations have been dissolved. He has used at least three addresses across Washington. His son, Scott, and his father say they occasionally answer or receive mail for him. According to the Postal Service, he's also still receiving mail at his Veradale post office box, which was never forwarded.

After years of legal wrangling, the Powderhorn property will soon be put up for sale at an unspecified price by the original owners.

'It's a beautiful piece of property,' said Robert Folsom, a Spokane accountant and one of the original landowners who recently regained the property title. 'But it will be sold very cheap. I am so tired of it I could vomit.'

Many Powderhorn investors know they may never see their money again.

'My attorney told me you've just got to forget and pretend you never had it,' McCaffery said. Before doing so, she left this message on Don Raeder's answering machine:

'Thank you for taking my entire savings. What comes around goes around.'

Dale Bible and his wife, Judy, fumed when recently shown Web site pictures of Irwin cavorting in Mexico.

'In this area, a handshake was a handshake,' said Bible, at his home outside Colville. 'But now there's unscrupulous people everywhere.'

Spokane prosecutors and detectives say they've heard rumors that Irwin's left the country, but unless they know exactly where he is, there's little they can do.

'I can't confirm where he is at and wouldn't send the FBI poking around if I didn't know he was there,' said police Detective Brian Hamond. But he said if he knew Irwin's exact location, he could ask for the FBI's help to extradite him back to Spokane.

Irwin's name is in the National Crime Information Center database, so local authorities will be notified if he's stopped.

The prosecutor's office would decide whether to extradite Irwin back Spokane to stand trial for felony theft.

'Since the funding for extradition comes out of the local budgets, you have to look at it on a case-by-case basis,' said Ed Hay, head of the Spokane County Prosecutor's Theft and Fraud Unit.

So long, Koyote Karlos

In e-mails last week, Koyote Karlos wrote enthusiastically about the

ranch he was buying in the hills outside San Cristobal de las Casas, and about his next "excellent adventure" in his motor home with his dog, Nikita, and a random band of traveling companions he recruited through the Internet.

Then, when he learned his previous identity had been discovered, his Web site vanished as suddenly as Claude Irwin Jr. did three years ago.

Wednesday he sent a final, more somber, e-mail to the newspaper, claiming that "my health has not been good and I have had five operations in the last year." He said he had been advised by an attorney and a doctor not to talk with a reporter.

"Many time-consuming decisions had to be made in view of your contact with me," Irwin wrote. "Among them canceling the ranch transaction, ceasing to be Koyote Karlos, deleting the Web site and others, all to my sadness as they provided some happiness to me which I cannot now have." He suggested the time had come again for a possible change in latitude, if not in attitude.

"I have now had to change some plans, locations and other things," he wrote, "... but that comes easily in these times and places."

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This sidebar appeared with the story:

QUOTE BOX

In his own words

Koyote Karlos reveals glimpses of his life on the lam in Mexico.

The first message, on an Internet bulletin board, invited Web surfers to join his planned road trip:

"I am opening my RV door for fellow travelers who might want to share costs with me in my motor home while we travel throughout Chiapas, Yucatan, Guatemala and Belize. I have a small ranch in the high mountains of Chiapas and periodically take off for a month or two of travel to my favorite haunts. Want to join me for a flexible week or more of fun? I am traveling the highlands of Chiapas, Guatemala and elsewhere starting around the 5th of August so climb aboard."

On his Web site, he quoted Jimmy Buffett to describe his new life and the long beard he grew:

"Some of us get to eventually find that one particular harbor. That is

where many of life's normal requirements are forsaken for the practicality and ease of not wearing underwear, avoiding three-piece suits and phones at all costs, and sporting a Rumpelstiltskin kind of beard ... that's me.'

From The Official Koyote Karlos Beverage Guide:

'I have found that margaritas are absolutely wonderful in helping convince people of certain things. It perhaps relaxes one and somehow life's concerns just gradually slip away into the sunset.'

- Andrea Vogt

GRAPHIC: 4 photos (1 color) Map of area;

1. Claude Irwin Jr.'s Web site had this photo of him behind the wheel of his RV during one of his road trips in Mexico.;

2. Koyote Karlos and a friend he identified as Calamity Carolina sip drinks in Mexico in this photo lifted from his Web site. His Spokane and North Idaho creditors know Karlos as Claude Irwin Jr.;

3. In a playful photo shoot before he shaved his beard, Koyote Karlos poses as Moses. His Web site, now defunct, neglected to mention that he's a fugitive disbarred lawyer from Spokane.;

4. Karlos poses as a playmate in a photo he posted on his Web site. He later shaved off the beard. In his final e-mail to the newspaper, a more subdued Karlos said a doctor and a lawyer advised him not to talk to a reporter.

LOAD-DATE: August 2, 2000