

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

June 2003 Grand Jury

UNITED STATES OF AMERICA,	No. CR 05-_____)
)
Plaintiff,	<u>I N D I C T M E N T</u>)
)
v.	[18 U.S.C. § 371: Conspiracy;)
	18 U.S.C. § 1341: Mail Fraud;)
JOHN S. LIPTON,	18 U.S.C. § 1343: Wire Fraud;)
	18 U.S.C. § 1956(a)(1)(A)(i):)
MARLYN D. HINDERS,	Money Laundering;)
	18 U.S.C. § 1957: Engaging in)
DAVID L. JOHNSON,	Unlawful Monetary Transaction;)
)
RICHARD B. LEONARD,)
	WILL)
	IAM)
	H.)
	NURI)
	CK,)
)
VICTOR H. PRESTON,)
)
DENISE TAYLOR-FRASER,)
)
WILLIAM TAYLOR-FRASER,)
)
TERESA R. VOGT,)
)
))
Defendants.)
)
<hr/> 18 U.S.C. § 2: Aiding and	26 U.S.C. § 7203: Willful	
Abetting and Causing an Act	Failure to Pay Taxes;	
to Be Done;	26 U.S.C. § 7206(1):	
26 U.S.C. § 7201: Tax	Subscribing to and Filing False	
Evasion;	Income Tax Returns;	

26 U.S.C. § 7212(a): Corrupt
1 Attempt to Impede Due
Administration of the
2 Internal Revenue Code;
18 U.S.C. § 1503: Obstruction
3 of Justice;

4

18 U.S.C. § 1510(a):
Obstruction of Criminal
Investigation;
18 U.S.C. § 981(a)(1)(C) and 21
U.S.C. § 853: Civil Forfeiture;
18 U.S.C. § 982(a) and 21
U.S.C. § 853: Criminal
Forfeiture]

5 The Grand Jury charges:

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

COUNT ONE

JOHN S. LIPTON, MARLYN D. HINDERS, DAVID L. JOHNSON, RICHARD B. LEONARD, WILLIAM H. NURICK, VICTOR H. PRESTON, WILLIAM TAYLOR-FRASER, DENISE TAYLOR-FRASER, TERESA R. VOGT]

[18 U.S.C. § 371]

[Conspiracy to Commit Mail Fraud, Wire Fraud,
and Obstruction of Justice]

INTRODUCTION

At all times relevant to this indictment:

A. THE SCHEME TO DEFRAUD

Beginning in or about July 1994, the Genesis Fund purported to be an unregulated offshore private investment fund that engaged in foreign currency ("forex") trading through an Asian foreign currency dealer. The Genesis Fund began as an informal investment group in July 1994 that called itself "The Human Element." In October 1995, the name was changed to the Genesis Fund (referred to collectively herein as "the Genesis Fund.")

From in or about May 1998 to in or about June 2002, defendants JOHN S. LIPTON, MARLYN D. HINDERS, DAVID L. JOHNSON, RICHARD B. LEONARD, WILLIAM H. NURICK, VICTOR H. PRESTON, WILLIAM TAYLOR-FRASER, DENISE TAYLOR-FRASER, and TERESA R. VOGT (referred to collectively herein as "the defendants"), together with co-conspirators Edward J. Lashlee and Michael Putnam and others known and unknown to the Grand Jury, persuaded and caused others to persuade hundreds of investors to invest in the Genesis Fund by falsely telling them or causing them to be told

1 that their money would be pooled and invested in highly-
2 profitable forex trading. The defendants and their co-
3 conspirators concealed from investors and others that the
4 Genesis Fund managers stopped using virtually all investor funds
5 for forex trading in or about May 1998 as a result of court
6 injunctions against the Genesis Fund in Ireland and Hong Kong.
7 Instead, beginning in or about May 1998, the defendants and
8 their co-conspirators used investors' money to enrich
9 themselves, as well as to make payments to investors to induce
10 them and other investors into believing that the Genesis Fund
11 was earning large profits.

12 A Ponzi scheme is a fraud scheme whereby investors are
13 lured to a particular investment by the promise of high returns,
14 but rather than investing the funds in the touted investment,
15 the perpetrators of the scheme use the new investors' funds to
16 pay money to other investors as false profits in order to
17 maintain the appearance that the investment is earning the
18 promised high rate of return. From at least in or about May
19 1998, the Genesis Fund was a Ponzi scheme. Collectively, the
20 Genesis Fund investors entrusted over \$80,000,000 with the
21 defendants and their co-conspirators from in or about May 1998
22 in or about June 2002.

23 In order to prevent detection of the scheme, from in
24 about May 1998 until in or about at least April 2003, the
25 defendants and their co-conspirators, together with others known
26 and unknown to the Grand Jury, directly and indirectly made

27

28

1 false and fraudulent representations to investors and potential
2 investors about the use, availability, and security of
3 investors' funds and the operations and profitability of the
4 Genesis Fund. After the collapse of the Genesis Fund in June
5 2002, the defendants and their co-conspirators lulled the
6 investors into believing that their investments would be
7 recovered through a new investment plan.

8. Upon learning of the grand jury investigation, the
9 defendants and their co-conspirators conspired to and did
10 endeavor to obstruct the investigation by restructuring the
11 Genesis Fund as a group of nominee offshore corporations.

12 THE PARTIES AND INVOLVED ENTITIES

13 Defendant JOHN S. LIPTON ("LIPTON") was one of the
14 founding members and the principal manager of the Genesis Fund.
15 Defendant LIPTON resided in Mission Viejo and Laguna Hills,
16 California, until in or about March 1998 when he relocated to
17 Costa Rica.

18 Defendant MARLYN "MILT" D. HINDERS ("HINDERS") was one
19 of the leading promoters and a manager of the Genesis Fund.
20 From at least July 1994 until in or about May 2004, defendant
21 HINDERS resided in Aurora and Parker, Colorado, at which time he
22 moved to Mexico.

23 Defendant DAVID L. JOHNSON ("JOHNSON") was an early
24 investor and a manager of the Genesis Fund, and was one of its
25 leading promoters. From at least July 1994 until the present,

26
27
28

defendant JOHNSON has resided in West Covina and Covina,
California.

9. Defendant RICHARD B. LEONARD ("LEONARD") was an early
investor, a promoter, and later a manager of the Genesis Fund.
Defendant LEONARD resided in Littleton, Colorado, until he
relocated to Costa Rica in or about June 2000.

10. Defendant WILLIAM H. NURICK ("NURICK") was a founding
member of the Genesis Fund and a Genesis Fund manager. From at
least July 1994 to in or about 2001, defendant NURICK resided in
Irvine and Shaver Lake, California. From in or about 2001 until
in or about April 2003, defendant NURICK relocated to Costa
Rica. Thereafter, defendant NURICK has resided in Camarillo,
California.

11. Defendant VICTOR H. PRESTON ("PRESTON") was a founding
member and a manager of the Genesis Fund. From at least July
1994 to in or about June 2000, defendant PRESTON resided in
Huntington Beach and Laguna Hills, California. Defendant
PRESTON relocated to Costa Rica in or about June 2000.

12. Defendant DENISE TAYLOR-FRASER was a Genesis Fund
investor and became one of its managers in or about the summer
of 2000. Defendant DENISE TAYLOR-FRASER is married to defendant
WILLIAM TAYLOR-FRASER, and has resided with him in Riverside,
California, since at least in or about the summer of 2000.

13. Defendant WILLIAM TAYLOR-FRASER was a Genesis Fund
investor and became one of its managers in or about the summer
of 2000.

27

28

14. Defendant TERESA R. VOGT ("VOGT") was a primary Administrator and later a manager of the Genesis Fund. From at least July 1994 to the present, defendant Vogt has resided in Anaheim, California. From in or about May 1995 to in or about September 1999, defendant VOGT conducted the administrative operations of the Genesis Fund from her home in Anaheim, California.

15. Co-conspirator Michael Putnam ("Putnam") was a founding member and leading promoter of the Genesis Fund until at least in or about July 2002.

16. Co-conspirator Edward J. Lashlee ("Lashlee") was an Administrator and manager of the Genesis Fund until in or about September 1999.

17. A co-conspirator lawyer from Costa Rica (the "Costa Rican lawyer") provided offshore incorporation and private banking services to some managers, promoters, and investors of the Genesis Fund, including, defendants LIPTON, HINDERS, JOHNSON, LEONARD, NURICK, and PRESTON, beginning at least in or about January 1999 until at least in or about June 2002. Co-conspirator Costa Rican lawyer also performed administrative services for the Genesis Fund from late 1999 until in or about the end of 2001.

18. International Bright Investment, Ltd., ("IBI") was an entity based in Hong Kong and Macau, both of which were Special Administrative Regions of China in the South China Sea.

19. Representatives of the Genesis Fund, including the defendants,

27

28

1 represented and caused to be represented to investors that IBI
2 was the foreign currency dealer for the Genesis Fund. The
3 principal of IBI, M.L., was a Hong Kong national and used J.Y.,
4 a resident of the Central District of California to act as an
5 intermediary between it and the Genesis Fund.

6 9. Currency Trading Management Group ("CTMG") was the
7 name of an entity portrayed by defendants to investors as an
8 offshore company in charge of trading decisions for the Genesis
9 Fund, which trades purportedly were executed by IBI.

10 THE OBJECTS OF THE CONSPIRACY

11 20. Beginning in or about May 1998, and continuing
12 hereafter until at least April 2003, within the Central
13 District of California and elsewhere, defendants LIPTON,
14 HANDERS, JOHNSON, LEONARD, NURICK, PRESTON, WILLIAM TAYLOR-
15 FRASER, DENISE TAYLOR-FRASER, and VOGT, together with co-
16 conspirators Lashlee and Putnam and others known and unknown to
17 the Grand Jury, knowingly combined, conspired, and agreed to
18 commit the following offenses against the United States:

19 a. Mail fraud, by knowingly and with intent to defraud
20 executing a scheme to defraud Genesis Fund investors as to a
21 material matter, and to obtain money or property from Genesis
22 Fund investors by means of material false and fraudulent
23 pretenses, representations, and promises, and the concealment of
24 material facts by use of the mails, in violation of Title 18,
25 United States Code, Section 1341;

26

27

28

1 b. Wire fraud, by knowingly and with intent to defraud
2 executing a scheme to defraud Genesis Fund investors as to a
3 material matter, and to obtain money or property from Genesis
4 Fund investors by means of material false and fraudulent
5 pretenses, representations, and promises, and the concealment of
6 material facts by means of wire communication in interstate
7 commerce, in violation of Title 18, United States Code, Section
8 343;

9 c. Obstruction of justice, by corruptly obstructing and
10 impeding, and corruptly endeavoring to obstruct and impede, the
11 administration of justice, namely: the lawful function of a
12 federal grand jury empaneled in the Central District of
13 California, in violation of Title 18, United States Code,
14 Section 1503.

15
16
17
18
19
20
21
22
23
24
25
26
27
28

1 THE MANNER AND MEANS OF THE CONSPIRACY

2 The objects of the conspiracy were carried out, in part, as
3 follows:

4 A. Genesis Fund Management

5 21. The Genesis Fund would be controlled by defendants
6 LIPTON, HINDERS, JOHNSON, LEONARD, NURICK, PRESTON, WILLIAM
7 TAYLOR-FRASER, DENISE TAYLOR-FRASER, and VOGT, together with co-
8 conspirators Putnam and Lashlee and others known and unknown to
9 the Grand Jury. The defendants would frequently meet or use e-
10 mail and telephone communications to make operational and
11 administrative decisions related to the Genesis Fund.

12 B2 Genesis Fund Trading Structure

13 22. Beginning in or about 1994, defendants LIPTON,
14 HINDERS, JOHNSON, LEONARD, NURICK, PRESTON, WILLIAM TAYLOR-
15 FRASER, DENISE TAYLOR-FRASER, and VOGT, together with others
16 known and unknown to the Grand Jury, directly and indirectly
17 through others, as well as through promotional materials and
18 account agreements, would promise and cause others to promise to
19 investors and potential investors that the Genesis Fund would
20 pool investor funds and use them for forex trading. From the
21 date of the inception of the Genesis Fund through in or about
22 May 1998, some of the investor funds were, in fact, used for
23 forex trading.

24 24. In or about November 1995, the Genesis Fund would
25 enter into a contract for services with IBI. The contract would
26 call for IBI to execute forex trades placed by or on behalf of

27

28

the Genesis Fund. The contract would further call for IBI to provide trading statements to the Genesis Fund.

24. From in or about mid-1995 through in or about June 2000, the Genesis Fund would use the services of a number of forex traders within the Central District of California (the "forex traders"). Defendant LIPTON and the Genesis Fund's promotional materials would falsely tell investors that the forex traders were employed by CTMG. The purported role of the forex traders would be to determine which forex trades should be placed with IBI. Before May 1998, defendant LIPTON would provide each forex trader with a trading account at IBI over which the forex trader had responsibility.

25. The forex traders would monitor the foreign currency market movements via live computer data feeds and decide which foreign currency trades to request that IBI execute on behalf of the Genesis Fund. In order to effectuate a trade, a forex trader would convey a buy or sell order of a specific currency at a specific price to IBI. IBI would send a confirmation back to the forex trader if the order was accepted.

26. Overall, the forex traders would not earn significant profits for the Genesis Fund. However, the defendants and their co-conspirators would tell investors in monthly account statements and by other means that the traders were earning on average approximately 3-4% per month in profits. The Genesis Fund investors' monthly account statements would mislead the

26
27
28

investors by, among other things, falsely reporting the overall performance and value of the Genesis Fund.

3. The Ireland and Hong Kong Injunctions

27. In or about May 1998, a former Genesis Fund board member living in Costa Rica, on his own behalf and on behalf of a number of his clients, would sue defendants LIPTON, LEONARD, JOHNSON, NURICK, PRESTON, and VOGT, among others, in Hong Kong and Ireland for alleged refusal of the Genesis Fund to comply with withdrawal requests of those clients. Shortly thereafter, the Irish and Hong Kong High Courts would enter injunctions against all defendants in those cases, including the above individuals. The injunctions would require the named defendants to maintain at least \$5,000,000 in liquid assets of the Genesis Fund, which was the amount in controversy in the two lawsuits.

28. In or about May 1998, in order to prevent new investments from being frozen by the injunctions entered by the courts in Hong Kong and Ireland, and in order to have funds available to divert for their own personal use or to make payments to other investors that purported to be investment returns (so-called "Ponzi" payments), defendants LIPTON, JOHNSON, LEONARD, NURICK, and PRESTON, together with others known and unknown to the Grand Jury, would stop sending virtually all investor funds to IBI for forex trading together, without disclosing that fact to the investors.

29. At approximately the same time as the entry of the injunctions by the courts in Hong Kong and Ireland, in or about

27
28

mid-1998, the Genesis Fund would modify its payment arrangements with IBI. Specifically, defendant LIPTON would arrange for the Genesis Fund to pay IBI a monthly fee, averaging between \$30,000 and \$50,000, for its services, rather than a per-transaction fee. The monthly payments would also be used as an inducement for IBI to continue its operations. By so doing, the Genesis Fund would maintain the appearance of an ongoing relationship with IBI despite the fact that no new investment funds received by the Genesis Fund after in or about May 1998 were used for forex trading through IBI. Any trading that the forex traders did through IBI after May 1998 would be done with funds obtained before in or about May 1998.

03 Solicitation of Investors into the Genesis Fund

04. Beginning at least as early as May 1998, in order to encourage larger and longer-term investments in the Genesis Fund, the defendants, together with others known and unknown to the Grand Jury, would represent and cause others to represent to investors that, if they made an investment in the Genesis Fund of \$100,000 or more for ten years, they would earn a greater share of the Genesis Fund's alleged "profits" than investors who made investments of less than \$100,000 or for a shorter period of time.

23. In addition, beginning at least as early as May 1998, in order to retain control over Genesis Fund investor funds, the defendants would discourage investors from withdrawing monies from the Genesis Fund by advising and causing them to be advised

27

28

1 that they were required to invest a minimum of \$25,000 for a
2 period of three, five, or ten years. The defendants would also
3 encourage investors to commit their funds for the maximum ten-
4 year period. The defendants would also enforce a strict set of
5 conditions for investors to withdraw their money, including
6 advance notice of up to 18 months.

7
8 32. The defendants, together with others known and unknown
9 to the Grand Jury, would establish and promote an incentive
10 program to encourage existing investors to solicit new investors
11 into the Genesis Fund. The terms of the program would vary over
12 time, but generally investors who brought in three or more new
13 investors would be called "foreign correspondents" or "FCs."
14 FCs would receive as compensation a percentage of the purported
15 "profits" generated by their recruits' new investments. In
16 2000, 2001, and 2002, the defendants would hold FC meetings in
17 San José, Costa Rica, to provide promotional strategies and
18 information regarding the Genesis Fund as a way of motivating
19 FCs to improve their recruiting efforts.

20 Material Misrepresentations and Omissions

21 33. From at least May 1998 until in or about June 2002,
22 the defendants, together with others known and unknown to the
23 Grand Jury, would advise investors directly and indirectly,
24 through the FCs and others, as well as through promotional
25 materials and account agreements, and would cause them to be
26 advised, among other things:

27

28

1 a. That their funds would be and were invested in
2 forex trading, when, as the defendants well knew, virtually all
3 funds sent by investors for investment in the Genesis Fund after
4 in or about May 1998 were not so invested but, rather, were used
5 primarily to provide Ponzi payments to investors to perpetuate
6 the fraud and to personally enrich the defendants.

7 b. That their investment funds were earning high
8 rates of return from forex trading, generally 3-4% per month
9 with never a losing month, when, as the defendants well knew,
10 funds sent by investors for investment in the Genesis Fund after
11 in or about May 1998 were not earning any returns from forex
12 trading as they were not being used for that purpose.

13 c. That only 50% of investor funds were invested in
14 forex trading at any one time, with the other half placed in
15 reserve with IBI in offshore banks, when, as the defendants well
16 knew, no such reserve was maintained.

17 d. That the Genesis Fund had several accountants
18 reconcile its records monthly with IBI in a manner that emulated
19 monthly audit, when, as the defendants well knew, the Genesis
20 fund had no accountants and conducted no audits.

21 e. That the Genesis Fund was monitoring the forex
22 traders to ensure prudent trading commitments, when, as the
23 defendants well knew, no such monitoring was done.

24 Acts of Omission, Concealment, and Obstruction

25. In order to obscure the operations of the Genesis Fund
26 and to limit scrutiny of the Genesis Fund's operations by

27
28

investors and the United States government, from at least as
early as May 1998 until in or about August 2000, the defendants,
together with others known and unknown to the Grand Jury, would
cause the Genesis Fund to operate as an association of
individuals that maintained no financial statements or other
statements of operation. The defendants would portray this
association of individuals to investors as an "equity
partnership" and an "Irish trust" located offshore, among other
things.

16. As a further part of their efforts to obscure the
operations of the Genesis Fund and to limit and hinder scrutiny
of the Genesis Fund's operations, defendants LIPTON, VOGT, and
their co-conspirators Lashlee and Costa Rican attorney, together
with others known and unknown to the Grand Jury, would cause the
creation or use of a number of different nominee entities for
the Genesis Fund's operations, as well as bank accounts in the
names of those nominee entities, including:

- 18 a. Centrix Management;
- 19 b. International Centrix Management;
- 20 c. Harrow Management, S.A.;
- 21 d. Servicios de Manejo Centrix, S.A.;
- 22 e. IMORG, Inc.;
- 23 f. Veda Apex Company, Ltd.; and
- 24 g. Asia Pacific Consultants & Management, Ltd.

25 In or about September 1999, defendants LIPTON and VOGT
26 would cause the bank accounts in the names of the nominee

27

28

1 entities to be transferred from Laguna Beach, California, to
2 Costa Rica. In or about November 2001, defendant LIPTON,
3 Together with others known and unknown to the Grand Jury, would
4 cause those accounts to be transferred from Costa Rica to Hong
5 Kong.

6 In or about March 2000, defendants LIPTON, JOHNSON,
7 MURICK, and VOGT were served with federal grand jury subpoenas
8 as custodians of records for documents and testimony related to
9 the Genesis Fund. The following month, in or about April 2000,
10 in an effort to conceal the true nature of the operations of the
11 Genesis Fund from its investors and the United States government
12 and to obstruct the federal grand jury investigation, defendants
13 LIPTON and VOGT would cause the Genesis Fund's administrative
14 operations to be relocated from Anaheim, California, to Costa
15 Rica.

16 At the time of the relocation of the administrative
17 operations from Anaheim, California to Costa Rica, co-
18 conspirator Costa Rican lawyer would assume primary
19 responsibility for the administrative operations of the Genesis
20 Fund. Defendant VOGT would continue to provide significant
21 administrative assistance to the Genesis Fund by making almost
22 monthly trips to Costa Rica from in or about April 2000 through
23 or about July 2002.

24 In a further effort to conceal the Genesis Fund's
25 operations and to obstruct the federal grand jury investigation,
26 or about late March 2000, defendants LIPTON and VOGT,

27

28

1 together with others known and unknown to the Grand Jury, would
2 cause the destruction of electronic data on computers that the
3 Federal grand jury had subpoenaed, and the shipment to Costa
4 Rica of subpoenaed paper documents relating to the Genesis Fund,
5 rather than producing them to the grand jury as required.

6. In a further effort to conceal the Genesis Fund's
7 operations from its investors and the United States government,
8 beginning in or around March 2000, the defendants, together with
9 others known and unknown to the Grand Jury, would begin to use
10 encrypted e-mail communications regarding the Genesis Fund. In
11 doing, the defendants would understand and believe that the
12 use of such encryption would prevent any individuals other than
13 those with the encryption key from reading any such e-mail
14 communications, enabling the defendants to communicate about the
15 operations of the Genesis Fund without fear that investors, the
16 United States government, or others would become privy to those
17 communications.

18 In an effort to maintain unfettered control over the
19 assets of the Genesis Fund, obscure the nature of its
20 operations, and obstruct the federal grand jury investigation,
21 or about August 2000, defendants WILLIAM TAYLOR-FRASER and
22 DENISE TAYLOR-FRASER, together with others known and unknown to
23 the Grand Jury, would inform investors and cause them to be
24 informed that the Genesis Fund had been incorporated in the
25 Caribbean island nation of St. Kitt's and Nevis in the name of
26 the "Genesis Fund Ltd." Defendants WILLIAM TAYLOR-FRASER and

27

28

DENISE TAYLOR-FRASER, together with others known and unknown to the Grand Jury, further would falsely represent that managerial control of the Genesis Fund Ltd. was vested exclusively with Roger Smyth, Ltd., its new Director/Secretary, when, as the defendants well knew, they continued to maintain managerial control over the Genesis Fund.

7. In or about April 2001, the defendants would increase their personal shares in the Genesis Fund by apportioning accrued funds in the Genesis Fund's "house account" to each of their personal accounts in order to increase their distributions, without disclosing these transactions to or obtaining the consent of the Genesis Fund investors.

83 In a further effort to ensure that no legal proceeding or criminal investigation could reach the assets of the Genesis Fund and to obscure the true nature of its operations, in or about November 2001, defendants WILLIAM TAYLOR-FRASER, DENISE TAYLOR-FRASER, and co-conspirator Costa Rican lawyer would cause the incorporation of Commodity Trading Management Group Ltd. in the Caribbean island nation of St. Vincent and the Grenadines, as a replacement for Currency Trading Management Group.

91 The defendants, together with others known and unknown to the Grand Jury, would conceal from and fail to advise investors and potential investors that co-conspirator Costa Rican lawyer had resigned as administrator in or about October 2001 after expressing concerns about key management issues,

26
27
28

including his inability to withdraw any funds from IBI and cash shortages to pay distributions.

10. In or about November 2001, after co-conspirator Costa Rican lawyer's resignation, administrative control over the Genesis Fund was transferred to IMORG, Inc., a nominee corporation belonging to a Genesis Fund manager who was also a neighbor of defendant LIPTON. At or about that same time, the Genesis Fund would begin to use bank accounts in Hong Kong in the name of Veda Apex Company Ltd. at Hong Kong and Shanghai Banking Corporation (also known as HSBC), and in the name of Asia Pacific Consultants and Management Ltd. at Wing Hang Bank, to handle deposits and distributions of investor funds.

13 Deception Related to the Collapse of the Genesis Fund

14. On or about June 17, 2002, after a reported low return for the month of May, the defendants, together with others known and unknown to the Grand Jury, within weeks after they had advised investors that the Genesis Fund was worth \$1.3 billion, would announce and cause the announcement of the suspension of Genesis Fund's investment, trading, and payment activities.

20. On or about July 1, 2002, the defendants, together with others known and unknown to the Grand Jury, would send and cause to be sent a letter in the name of the Genesis Fund Ltd. to investors containing false and misleading statements and concealing material facts. Specifically, the letter would falsely assure investors that their shareholder equity was protected and would be available, when, as the defendants well

27

28

knew, the trading accounts with IBI were virtually worthless and little cash remained in reserve.

13. On or about July 18, 2002, the defendants, together with others known and unknown to the Grand Jury, would send and cause to be sent an explanatory letter in the name of the Genesis Fund Ltd. to investors that blamed the Genesis Fund's problems on the forex traders and an unauthorized trading strategy, when, as the defendants well knew, the depletion of the Genesis Fund's assets was caused primarily by defendants' diversion of investor funds for defendants' personal benefit and for the making of Ponzi payments to investors.

14. From in or about June 2002 through in or about at least October 2002, the defendants, together with others known and unknown to the Grand Jury, would create and cause the creation of an "Equity Recovery Plan" in order: (1) to enable defendants to retreat from their management positions by establishing a replacement "Shareholder Oversight Committee" (SOSC") with no authority to manage the Genesis Fund; (2) to call investors into believing that there was hope of recovering their investments; and (3) to dissuade investors from suing the Genesis Fund, suing the defendants personally, and registering complaints with law enforcement authorities.

23 OVERT ACTS

24. In furtherance of the conspiracy and to accomplish its objects, defendants LIPTON, HINDERS, JOHNSON, LEONARD, NURICK, WESTON, WILLIAM TAYLOR-FRASER, DENISE TAYLOR-FRASER, and VOGT,

1 together with others known and unknown to the Grand Jury,
2 committed and caused others to commit the following overt acts,
3 among others, in the Central District of California and
4 elsewhere:

5 Overt Act No. 1: In or about August 1998, defendant
6 LIPTON created a "Security with Genesis" document that
7 subsequently was distributed to investors and potential
8 investors in the Genesis Fund, which stated as follows, among

9 other things:

10 We buy and sell our trade positions to and from the
11 Currency Dealer who in turn buys and sells to and from
12 the world banking community. The Genesis master
13 trading account equity is contained in several
14 numbered bank accounts within IBI's Asian and European
15 banking relationships.

16 Overt Act No. 2: In or about September 1999, defendant
17 LIPTON moved the Genesis Fund's bank accounts from California to
18 Costa Rica, hiring co-conspirator Costa Rican lawyer and his law
19 firm to handle Genesis Fund investor funds.

20 Overt Act No. 3: On or about September 21, 1999,
21 defendant HINDERS caused investor T.M. to sign and submit a
22 Participant Trading-Account Agreement, which stated that Genesis
23 was responsible for establishing a sub-account for T.M. with the
24 Genesis Fund foreign-exchange trading-account fund.

25 Overt Act No. 4: On or about October 8, 1999, defendant
26 HINDERS sent a letter to potential investor J.K. in Woodside,
27 California, urging him invest in the Genesis Fund before its
28 alleged closure on November 20, 1999, which stated as follows,
among other things:

1 I know the concept of Genesis and the foreign exchange
2 was new and unique and therefore challenging to accept
3 as believable. Since we believe so strongly, we have
4 kept writing you and didn't give up easily. If you
5 are short of cash, you can pool with friends and
6 family to reach the \$25,000 minimum. Hopefully, you
7 will still call us so that we can assure you of
8 Genesis' credibility and safety to help diversify for
9 your retirement.

10 Overt Act No. 5: On or about March 11, 2000, defendant
LIPTON sent an e-mail to FC M.E. in Long Beach, California,
11 advising him of a change in defendant VOGT's e-mail address to
12 "Centrix@racsa.co.cr," urging him to obtain an encryption
13 program called Pretty Good Privacy ("PGP"), and providing PGP
14 encryption keys for defendants VOGT and LIPTON.

15 Overt Act No. 6: In or about late March 2000, at the
16 direction of defendant LIPTON, defendant VOGT, with the
17 assistance of co-conspirator Putnam, transferred from her home
18 in Anaheim, California, to Costa Rica approximately nineteen
19 (19) boxes of Genesis Fund documents, including investor files,
20 all of which were subject to a grand jury subpoena served on
21 defendant VOGT on March 22, 2000.

22 Overt Act No. 7: In or about April 2000, defendant
23 LIPTON arranged for co-conspirator Costa Rican lawyer and his
24 law firm to act as the new primary Genesis Fund administrator.

25

26

27

28

1 Overt Act No. 8: On or about November 8, 2000, co-
2 conspirator Costa Rican lawyer issued Bantec International Check
3 \$289 in the amount of \$2,462.09 to Santa Ana Engraving Company
4 for Genesis Fund brochures that showed cumulative returns over
5 six years of more than 3,000% for a \$100,000 investment in a
6 ten-year account, which brochures subsequently were used as
7 promotional materials for prospective Genesis Fund investors.

8 Overt Act No. 9: In or about November 2000, defendant
9 NURICK sent a letter to investor R.Z., in which defendant NURICK
10 urged R.Z. to sign a new Genesis Fund subscription agreement.

11 Overt Act No. 10: On or about April 28, 2001, defendant
12 PRESTON sent an e-mail to co-conspirator Putnam in which
13 defendant PRESTON outlined proposed investor scenarios for use
14 aiding FCs in soliciting new Genesis Fund investors.

15 Overt Act No. 11: On or about May 5 and 6, 2001,
16 defendants LIPTON, HINDERS, JOHNSON, LEONARD, NURICK, PRESTON,
17 WILLIAM TAYLOR-FRASER, DENISE TAYLOR-FRASER, VOGT, and co-
18 conspirator Putnam conducted an FC meeting at the Corabici Hotel
19 in San José, Costa Rica.

20 Overt Act No. 12: On or about November 11, 2001,
21 defendant JOHNSON provided a profit projection to investor R.B.,
22 showing him that in ten years his \$640,000 investment would be
23 worth \$19,587,698.71.

24 Overt Act No. 13: On or about November 14, 2001,
25 defendant JOHNSON purchased a new home in Covina, California,

26

27

28

for \$1.85 million, financed in part by Genesis Fund
distributions.

3 Overt Act No. 14: On or about November 23, 2001,
4 defendants WILLIAM TAYLOR-FRASER and DENISE TAYLOR-FRASER
5 visited the home of D.A. in Monrovia, California, and solicited
6 her and members of her family to become Genesis Fund investors.

7 Overt Act No. 15: On or about February 4, 2002, defendant
8 VOGT caused a \$2,500 payment to be sent to her via wire transfer
9 from Harrow Management, S.A., through International Bank of
10 Miami to Account #xxx-xxx5902 in the name of TRV Business
11 Services at California Federal Bank, Anaheim, California.

12 Overt Act No. 16: On or about September 27, 2002,
13 defendant DENISE TAYLOR-FRASER used a Citibank Platinum Select
14 credit card to pay \$1,872.76 to All Print USA, Riverside,
15 California, for the printing of the Equity Recovery Plan that
16 was mailed to investors.

17 Overt Act No. 17: On or about October 26, 2002,
18 defendants LIPTON, WILLIAM TAYLOR-FRASER, DENISE TAYLOR-FRASER,
19 and VOGT conducted a Shareholders' Meeting in Mexico City,
20 Mexico, for the purpose of seeking investors' approval of the
21 Equity Recovery Plan.

22 Overt Act No. 18: On or about November 21, 2002,
23 defendant LEONARD sent an e-mail to FC M.E. in Long Beach,
24 California, and attached SOC Letter #1 to investors, which
25 letter stated that the Equity Recovery Plan had been approved,

26
27
28

1 listed the new members of the SOC, and gave the date of its
2 first official meeting as the first weekend in December.

3 Overt Act No. 19: On or about April 30, 2003, defendant
4 WOGT sent an e-mail to SOC members in which she claimed that the
5 only people who "truly benefitted" from the Genesis Fund were
6 FBI's president and its intermediary to the Genesis Fund.

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

COUNTS TWO THROUGH TEN

[JOHN S. LIPTON, MARLYN D. HINDERS, DAVID L. JOHNSON, RICHARD B. LEONARD, WILLIAM H. NURICK, VICTOR H. PRESTON, WILLIAM TAYLOR-FRASER, DENISE TAYLOR-FRASER, TERESA R. VOGT]

[18 U.S.C. § 1341, § 2]

56. The Grand Jury realleges paragraphs 1 through 19 and 21 through 49 as if fully set forth herein.

17. Beginning in or about May 1998 and continuing until at least April 2003, within the Central District of California and elsewhere, defendants JOHN S. LIPTON, MARLYN D. HINDERS, DAVID JOHNSON, RICHARD B. LEONARD, WILLIAM H. NURICK, VICTOR H. PRESTON, WILLIAM TAYLOR-FRASER, DENISE TAYLOR-FRASER, and TERESA VOGT, together with others known and unknown to the Grand Jury, knowingly and with intent to defraud, devised, participated in, and executed a scheme to defraud Genesis Fund investors as to a material matter, and to obtain money or property from Genesis Fund investors by means of material false and fraudulent pretenses, representations, and promises, and the concealment of material facts.

USE OF THE MAILS

18. On or about the following dates, within the Central District of California and elsewhere, defendants LIPTON, HINDERS, JOHNSON, LEONARD, NURICK, PRESTON, WILLIAM TAYLOR-FRASER, DENISE TAYLOR-FRASER, and VOGT, for the purpose of executing and attempting to execute the above described scheme to defraud, caused the following items to be placed in an authorized depository for mail matter and to be sent and

Delivered by the United States Postal Service, according to the directions thereon:

3

4 COUNT	DATE	DESCRIPTION
5 2 6 7	10/31/2000	Letter from Investor A.C. in Palm Springs, California, to Co-Conspirator Costa Rican Lawyer's Law Firm in Costa Rica Re Genesis Fund Account Disbursement Instructions
9 3 10	12/1/2001	Genesis Fund Newsletter for the Month of November 2001 to Investor A.L., West Hills, California
11 4 12	6/4/2002	Genesis Fund Account Statement for May 2002 to Investor C.K., West Covina, California
13 5 14 15	6/17/2002	Genesis Fund Ltd. Letter to Shareholders, dated June 17, 2002, to Investor M.R., Chino, California
16 6 17	7/12/2002	Genesis Fund Ltd. Letter to Shareholders, dated July 1, 2002, mailed from Costa Rica to Investor L.I., Santa Barbara, California
18 7 19	7/18/2002	Genesis Fund Ltd. Letter to Shareholders, dated July 18, 2002, to Investor D.S., Hermosa Beach, California
20 8 21 22	9/26/2002	Genesis Fund Ltd. Letter to Shareholders dated September 2002 with Account Statement for Period Ending 8/31/2002 mailed from Costa Rica to Investor D.A., Monrovia, California
23 9 24	9/26/2002	Equity Recovery Plan and Shareholder Ballot, mailed from City of Industry, California, to Investor E.C., Myrtle Beach, South Carolina
25 10 26 27	9/26/2002	Equity Recovery Plan and Shareholder Ballot, mailed from City of Industry, California, to Investor T.M., W. Memphis, Arkansas

28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Comment [1]: David Schlaeger

COUNTS ELEVEN THROUGH EIGHTEEN

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

[JOHN S. LIPTON, MARLYN D. HINDERS, DAVID L. JOHNSON, RICHARD B. LEONARD, WILLIAM H. NURICK, VICTOR H. PRESTON, WILLIAM TAYLOR-FRASER, DENISE TAYLOR-FRASER, TERESA R. VOGT]

[18 U.S.C. § 1343, § 2]

5. The Grand Jury realleges paragraphs 1 through 19 and 21 through 49 as if fully set forth herein.

7. Beginning in approximately May 1998 and continuing until at least April 2003, within the Central District of California and elsewhere, defendants JOHN S. LIPTON, MARLYN D. HINDERS, DAVID L. JOHNSON, RICHARD B. LEONARD, WILLIAM H. NURICK, VICTOR H. PRESTON, WILLIAM TAYLOR-FRASER, DENISE TAYLOR-FRASER, and TERESA R. VOGT, together with others known and unknown to the Grand Jury, knowingly and with intent to defraud, devised, participated in, and executed a scheme to defraud Genesis Fund investors as to a material matter, and to obtain money or property from Genesis Fund investors by means of material false and fraudulent pretenses, representations, and promises, and the concealment of material facts.

USE OF THE WIRES

20 On or about the dates set forth below, within the Central District of California and elsewhere, defendants LIPTON, HINDERS, JOHNSON, LEONARD, NURICK, PRESTON, WILLIAM TAYLOR-FRASER, DENISE TAYLOR-FRASER, and VOGT, for the purpose of executing and attempting to execute the above described scheme to defraud, caused the transmission of the following by means of wire communication in interstate commerce:

1 COUNT	DATE	DESCRIPTION
2 3 4 5 6 11	8/17/2001	\$950,015 Wire Transfer by Investor R.M., initiated from Orange County, California, from Mellon Bank, Pittsburgh, Pennsylvania, to Harrow Management, Banco Elca, Costa Rica
7 8 9	8/20/2001	\$100,015 Wire Transfer by Investor R.C. from Washington Mutual Bank, Belmont Shore, California, to Harrow Management, Banco Elca, Costa Rica
10 11	8/28/2001	\$25,015 Wire Transfer by Investor D.L. from Wells Fargo Bank, Covina, California, to Harrow Management, Banco Elca, Costa Rica
12 13 14	10/22/2001	\$25,015 Wire Transfer by Investor D.C. from First Financial Federal Credit Union, West Covina, California, to Harrow Management, Banco Elca, Costa Rica
15 16	11/13/2001	\$340,015 Wire Transfer by Investor R.B. from Washington Mutual Bank, San Gabriel, California, to Harrow Management, Banco Elca, Costa Rica
17 18 19 20 21	12/21/2001	\$100,015 Wire Transfer by Investor D.A. from Bank of America, Arcadia, California, to Harrow Management, Banco Elca via International Bank of Miami, Miami, Florida
22 23	5/24/2002	\$10,000 Wire Transfer by Investor D.S. from CalFed Bank, Hermosa Beach, California, to Veda Apex Company, HSBC, Hong Kong
24 25 26	5/24/2002	\$25,000 Wire Transfer by Investors L.S. and S.G. from Wells Fargo Bank, Los Angeles, California, to Veda Apex Company, HSBC, Hong Kong
27	31	
28		

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1 COUNTS NINETEEN THROUGH THIRTY-THREE
2 [JOHN S. LIPTON, MARLYN D. HINDERS, DAVID L. JOHNSON, RICHARD B.
3 LEONARD, WILLIAM H. NURICK, VICTOR H. PRESTON, WILLIAM TAYLOR-
4 FRASER, DENISE TAYLOR-FRASER, and TERESA R. VOGT]

5 [18 U.S.C. § 1956(a)(1)(A)(i); 18 U.S.C. § 2]

6 1. The Grand Jury realleges paragraphs 1 through 19 and
7 21 through 49 as if fully set forth herein.

8 2. On or about the dates listed below, within the Central
9 District of California and elsewhere, defendants JOHN S. LIPTON,
10 MARLYN D. HINDERS, DAVID L. JOHNSON, RICHARD B. LEONARD, WILLIAM
11 H. NURICK, VICTOR H. PRESTON, WILLIAM TAYLOR-FRASER, DENISE
12 TAYLOR-FRASER, and TERESA R. VOGT, knowing that the property
13 involved in the following transactions represented the proceeds
14 of some form of unlawful activity, conducted and caused others
15 to conduct the following financial transactions affecting
16 interstate commerce, which transactions in fact involved the
17 proceeds of specified unlawful activity, namely, mail fraud, in
18 violation of 18 U.S.C. § 1341, and wire fraud, in violation of
19 18 U.S.C.

20 § 1343, with the intent to promote the carrying on of such
21 specified unlawful activity:

22 (1) Payments by wire transfer to Account #xxx-xx1276 at
23 First Continental Bank, Alhambra, California, in the name of
24 J.L., the principal of IBI (hereinafter "the First Continental
25 Bank account"):

COUNT	DATE	TRANSACTION
-------	------	-------------

26
27
28

COUNT	DATE	TRANSACTION
19	2/26/2001	\$49,990.00 Wire Transfer from Harrow Management from Banco Elca, Costa Rica, via Banco Atlantico to the First Continental Bank account
20	3/30/2001	\$49,995.00 Wire Transfer from Harrow Management from Banco Elca, Costa Rica, via Pinebank, N.A., to the First Continental Bank account
21	4/19/2001	\$32,820.51 Wire Transfer from Harrow Management from Bantec Internacional via Reserve Funds, Chase NYC, New York, New York, to the First Continental Bank account
22	5/25/2001	\$39,990.00 Wire Transfer from Harrow Management from Banco Elca via International Bank of Miami, Miami, Florida, to the First Continental Bank account
23	6/25/2001	\$39,990.00 Wire Transfer from Harrow Management from Banco Elca via International Bank of Miami, Miami, Florida, to the First Continental Bank account
24	7/19/2001	\$39,990.00 Wire Transfer from Harrow Management from Banco Elca via International Bank of Miami, Miami, Florida, to the First Continental Bank account
25	8/22/2001	\$39,990.00 Wire Transfer from Harrow Management from Banco Elca via International Bank of Miami, Miami, Florida, to the First Continental Bank account
26	9/25/2001	\$39,990.00 Wire Transfer from Harrow Management from Banco Elca via International Bank of Miami, Miami, Florida, to the First Continental Bank account
27	11/1/2001	\$40,040.00 Wire Transfer from Harrow Management from Banco Elca via Banco Internacional de Costa Rica, Miami, Florida, to the First Continental Bank account
28	11/26/2001	\$39,990.00 Wire Transfer from Harrow Management from Banco Elca via International Bank of Miami, Miami, Florida, to the First Continental Bank account

1	COUNT	DATE	TRANSACTION
2			
3	29	12/24/2001	\$39,990.00 Wire Transfer from Harrow Management from Banco Elca via International Bank of Miami, Miami, Florida, to the First Continental Bank account
4			
5	30	2/4/2002	\$39,985.00 Wire Transfer from Harrow Management from Banco Elca via International Bank of Miami, Miami, Florida, to the First Continental Bank account
6			
7			

8 (2) Lulling distribution payments to investors by wire transfer:
9

10	COUNT	DATE	TRANSACTION
11	31	1/28/2002	\$20,534.97 Wire Transfer Distribution to Investor J.L., Arcadia, California, from Banco Elca, Costa Rica, to California Bank and Trust, Brea, California
12			
13	32	2/25/2002	\$14,807.62 Wire Transfer Distribution to FC L.B., Mission Viejo, California, from Asia Pacific Consultants and Management, Ltd., Wing Hang Bank, Hong Kong, to Wells Fargo Bank, Laguna Beach, California
14			
15			
16			
17	33	5/28/2002	\$22,833.59 Wire Transfer Distribution to FC M.E., Long Beach, California, from Asia Pacific Consultants and Management, Ltd., Wing Hang Bank, Hong Kong, to Farmers and Merchants Bank, Long Beach, California
18			
19			

20
21
22
23
24
25
26
27
28

1 COUNTS THIRTY-FOUR THROUGH SIXTY-ONE

2 [DAVID L. JOHNSON]

3 [18 U.S.C. § 1957, § 2]

4 1. The Grand Jury realleges paragraphs 1 through 19 and
5 21 through 49 as if fully set forth herein.

6 2. During the course of the conspiracy and the scheme
7 described above, defendant DAVID L. JOHNSON used the following
8 bank accounts to receive numerous personal distributions from
9 the Genesis Fund: (a) Bank of America Accounts #xxxxxx-x5900 and
10 #xxxxxx-x5902, West Covina, California, in the name of defendant
11 JOHNSON; (b) Bank of America Account #xxxxxx-x1505, West Covina,
12 California, in the name of Diversified Promotions, Inc.; and (c)
13 Banco Interfin Account #xxx-xxx208-7, Costa Rica, in the name of
14 Laguna de la Langosta Dorada.

15 3. On or about the dates listed below, within the Central
16 District of California and elsewhere, defendant JOHNSON, knowing
17 that the funds involved represented the proceeds of some form of
18 unlawful activity, conducted and caused others to conduct the
19 following monetary transactions in criminally derived property
20 of a value greater than \$10,000, which property was derived from
21 specified unlawful activity, namely, mail fraud, in violation of
22 18 U.S.C. § 1341, and wire fraud, in violation of 18 U.S.C.
23 § 21343.

23	COUNT	DATE	TRANSACTION
24	34	3/30/2000	\$20,000.00 Wire Transfer to Bank of 25 America Account #xxxxxx-x5900, West 26 Covina, California, in the name of DAVID 27 L. JOHNSON from André Tinoco Asociados S.A. Special Account, Dresdner Bank, Miami, Florida

COUNT	DATE	TRANSACTION
35	4/26/2000	\$20,000.00 Wire Transfer to Bank of America Account #xxxxxx-x5900, West Covina, California, in the name of DAVID L. JOHNSON from André Tinoco Asociados S.A. Special Account, Dresdner Bank, Miami, Florida
36	6/1/2000	\$20,000.00 Wire Transfer to Bank of America Account #xxxxxx-x5900, West Covina, California, in the name of DAVID L. JOHNSON from André Tinoco Asociados S.A. Special Account, Dresdner Bank, Miami, Florida
37	6/19/2000	\$40,000.00 Wire Transfer to Bank of America Account #xxxxxx-x5900, West Covina, California, in the name of DAVID L. JOHNSON from André Tinoco Asociados S.A. Special Account, Dresdner Bank, Miami, Florida
38	7/14/2000	\$40,000.00 Wire Transfer to Bank of America Account #xxxxxx-x5900, West Covina, California, in the name of DAVID L. JOHNSON from André Tinoco Asociados S.A. Special Account, Dresdner Bank, Miami, Florida
39	7/14/2000	\$39,924.39 Wire Transfer to Bank of America Account #xxxxxx-x1505, West Covina, California, in the name of Diversified Promotions, Inc., from André Tinoco Asociados S.A. Special Account, Dresdner Bank, Miami, Florida
40	9/14/2000	\$32,567.72 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Laguna de la Langosta Dorada Account, Banco Interfin, Costa Rica
41	10/20/2000	\$20,010.00 Wire Transfer to Bank of America Account #xxxxxx-x1505, West Covina, California, in the name of Diversified Promotions, Inc., West Covina, California, from Harrow Management, Reserve Funds, New York, New York

1	COUNT	DATE	TRANSACTION
2	42	10/23/2000	\$70,000.00 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Laguna de la Langosta Dorada Account, Banco Interfin, Costa Rica
3			
4			
5	43	12/6/2000	\$20,010.00 Wire Transfer to Bank of America Account #xxxxxx-x1505, West Covina, California, in the name of Diversified Promotions, Inc., from Harrow Management, Reserve Funds, New York, New York
6			
7			
8			
9	44	1/2/2001	\$19,990.00 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Harrow Management, Banco Elca, Costa Rica
10			
11			
12	45	1/22/2001	\$39,990.00 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Harrow Management, Banco Elca, Costa Rica
13			
14	46	2/26/2001	\$39,990.00 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Harrow Management, Banco Elca, Costa Rica
15			
16			
17	47	3/29/2001	\$39,990.00 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Harrow Management, Banco Elca, Costa Rica
18			
19			
20	48	4/20/2001	\$39,990.00 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Harrow Management, Banco Elca, Costa Rica
21			
22			
23	49	5/23/2001	\$39,990.00 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Harrow Management, Banco Elca, Costa Rica
24			
25			
26			
27			
28			

1	COUNT	DATE	TRANSACTION
2	50	6/25/2001	\$39,995.00 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Harrow Management, Banco Elca, Costa Rica
3			
4			
5	51	7/10/2001	\$120,000.00 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Andre Tinoco y Asociados, Banco Interfin, Costa Rica
6			
7			
8	52	7/18/2001	\$90,442.25 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Harrow Management, Banco Elca, Costa Rica
9			
10			
11	53	8/23/2001	\$95,653.58 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Harrow Management, Banco Elca, Costa Rica
12			
13	54	9/25/2001	\$113,001.81 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Harrow Management, Banco Elca, Costa Rica
14			
15			
16	55	11/1/2001	\$57,475.67 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Harrow Management, Banco Bantec, Costa Rica
17			
18			
19	56	11/23/2001	\$57,425.67 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Harrow Management, Banco Elca, Costa Rica
20			
21			
22	57	12/27/2001	\$11,276.05 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Harrow Management, Banco Elca, Costa Rica
23			
24	58	2/25/2002	\$103,054.00 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Asia Pacific Consultants and Management, Wing Hang Bank, Hong Kong
25			
26			
27			
28			

1 COUNT	DATE	TRANSACTION
2 59 3 4	3/25/2002	\$97,813.43 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Asia Pacific Consultants and Management, Wing Hang Bank, Hong Kong
5 60 6 7	4/26/2002	\$92,336.05 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Asia Pacific Consultants and Management, Wing Hang Bank, Hong Kong
8 61 9 10	5/31/2002	\$361,675.80 Wire Transfer to Bank of America Account #xxxxxx-x5902, West Covina, California, in the name of DAVID L. JOHNSON from Asia Pacific Consultants and Management, Wing Hang Bank, Hong Kong

11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

COUNTS SIXTY-TWO THROUGH SIXTY-SEVEN

[WILLIAM H. NURICK]

[18 U.S.C. § 1957, § 2]

1. The Grand Jury realleges paragraphs 1 through 19 and 21 through 49 as if fully set forth herein.

2. On or about March 29, 2000, defendant WILLIAM H. NURICK caused to be established Aztec Irrevocable Trust through Newport Beach, California attorney. On or about December 14, 2000, defendant NURICK opened or caused to be opened Account #xxxxxx0912 at Downey Savings and Loan, Newport Beach, California, in the name of Aztec Irrevocable Trust.

3. In or about February 2002, an entity called TaxLawServices.com became the trustee of Aztec Irrevocable Trust. On or about February 14, 2002, bank account #xxxxxx-x1752 in the name of TaxLawServices.com Trustee for Aztec Irrevocable Trust was opened at Bank of America, Orange County, California.

4. On or about the dates listed below, within the Central District of California and elsewhere, defendant NURICK, knowing that the funds involved represented the proceeds of some form of unlawful activity, conducted and caused others to conduct the following monetary transactions in criminally derived property of a value greater than \$10,000, which property was derived from specified unlawful activity, namely, mail fraud, in violation of 18 U.S.C. § 1341, and wire fraud, in violation of 18 U.S.C. § 1343.

COUNT	DATE	TRANSACTION
-------	------	-------------

1 COUNT	DATE	TRANSACTION
2 62	12/14/2000	Bantec International Check #651 deposited into Downey Savings and Loan Account #xxxxxxx0912 in the name of Aztec Irrevocable Trust for \$11,498.92
4 63	1/23/2001	Wire Transfer to Downey Savings and Loan Account #xxxxxxx0912 in the name of Aztec Irrevocable Trust for \$12,294.45 from Harrow Management, Banco Elca, Costa Rica
7 64	2/22/2002	Wire Transfer to Bank of America Account #xxxxxx-x1752 in the name of TaxLawServices.com for \$81,051.23 from Asia Pacific Consultants and Management, Wing Hang Bank, Hong Kong
10 65	3/19/2002	Wire Transfer to Bank of America Account #xxxxxx-x1752 in the name of TaxLawServices.com for \$15,926.90 from Harrow Management, Banco Aleman Platina, Panama
12 66	4/23/2002	Wire Transfer to Bank of America Account #xxxxxx-x1752 in the name of TaxLawServices.com for \$15,201.87 from Asia Pacific Consultants and Management, Wing Hang Bank, Hong Kong
15 67	5/28/2002	Wire Transfer to Bank of America Account #xxxxxx-x1752 in the name of TaxLawServices.com for \$15,481.51 from Asia Pacific Consultants and Management, Wing Hang Bank, Hong Kong

18
19
20
21
22
23
24
25
26
27
28

COUNT SIXTY-EIGHT

1
2 [JOHN S. LIPTON, MARLYN D. HINDERS, DAVID L. JOHNSON, RICHARD B.
3 LEONARD, WILLIAM H. NURICK, VICTOR H. PRESTON, WILLIAM TAYLOR-
4 FRASER, DENISE TAYLOR-FRASER, TERESA R. VOGT]

5 [18 U.S.C. § 371]

6 [Tax Fraud Conspiracy]

7 1. The Grand Jury realleges paragraphs 1 through 19 and
8 21 through 49 as if fully set forth herein.

9 2. At all times relevant to this indictment:

10 (a) The Internal Revenue Service ("IRS") was a constituent
11 agency of the United States Department of Treasury responsible
12 for administering and enforcing the tax laws of the United
13 States, and collecting the taxes owed to the Treasury of the
14 United States by its citizens.

15 (b) Co-conspirator Lashlee owned and operated Professional
16 Trust Services ("PTS"), which promoted and sold trusts as so-
17 called "asset protection" vehicles to clients, including
18 defendants JOHN S. LIPTON, MARLYN D. HINDERS, DAVID L. JOHNSON,
19 RICHARD B. LEONARD, WILLIAM H. NURICK, VICTOR H. PRESTON, and
20 TERESA R. VOGT. Lashlee created and maintained such trusts and
21 related bank accounts for his clients in exchange for fees.
22 Lashlee operated PTS primarily from his residence in San Juan
23 Capistrano, California, using a mailing address at 219 Broadway,
24 #2400, Laguna Beach, California.

25 (c) Defendants LIPTON, HINDERS, JOHNSON, LEONARD, NURICK,
26 PRESTON, WILLIAM TAYLOR-FRASER, DENISE TAYLOR-FRASER, and VOGT,
27 together with others known and unknown to the Grand Jury,
28 directly and indirectly through the FCs and others, and through

promotional materials, promoted the Genesis Fund as an entity
that had no reporting obligations to the IRS.

3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1 THE OBJECTS OF THE CONSPIRACY

2 From in or about July 1994, and continuing thereafter
3 to the present, within the Central District of California and
4 elsewhere, defendants LIPTON, HINDERS, JOHNSON, LEONARD, NURICK,
5 PRESTON, WILLIAM TAYLOR-FRASER, DENISE TAYLOR-FRASER, and VOGT,
6 together with co-conspirator Lashlee, and others known and
7 unknown to the Grand Jury, knowingly combined, conspired,
8 confederated, and agreed to defraud the United States by
9 deceitful and dishonest means for the purpose of impeding,
10 impairing, obstructing, and defeating the lawful Government
11 functions of the IRS in the ascertainment, computation,
12 assessment, and collection of the revenue: namely, personal
13 income taxes of the defendants and some clients of the Genesis
14 Fund.

15 THE MANNER AND MEANS OF THE CONSPIRACY

16 The objects of the conspiracy were carried out, in part, as
17 follows:

18 Co-conspirator Lashlee would open bank accounts for
19 defendants LIPTON, HINDERS, JOHNSON, LEONARD, NURICK, PRESTON,
20 and VOGT, and some Genesis Fund investors in the names of trusts
21 into which distributions from the Genesis Fund were deposited.
22 Aided and abetted by co-conspirator Lashlee, defendants LIPTON,
23 HINDERS, JOHNSON, LEONARD, NURICK, PRESTON, and VOGT would use
24 the following bank accounts, among others, at Wells Fargo Bank,
25 Laguna Beach, California, and Paine Webber, Mission Viejo,
26 California, to deposit Genesis Fund income:

26 (a) LIPTON: JSL Account Trust, Wells Fargo Bank
27 BRL Account Trust, Wells Fargo Bank

- 1 (b) HINDERS: Mint Control Trust, Wells Fargo Bank
2 (c) JOHNSON: Cow Account Trust, Wells Fargo Bank
3 (d) LEONARD: Ortega Management Trust, Paine Webber
4 (e) NURICK: I-Control NB Trust, Wells Fargo Bank
5 (f) PRESTON: Stone Mountain Account Trust, Wells Fargo
6 Bank
7 (g) VOGT: T-Volt Account Trust, Wells Fargo Bank.

1. In or about early 1999, defendants LIPTON, JOHNSON,
8 LEONARD, NURICK, and PRESTON, aided and abetted by defendant
9 VOGT, would agree to create "disclosed" and "undisclosed"
10 Genesis Fund accounts for themselves and certain Genesis Fund
11 investors in order to report to the IRS a small amount of
12 Genesis Fund distributions (in the disclosed accounts) while
13 concealing the majority of Genesis Fund distributions (held in
14 the undisclosed accounts) from the IRS.

15 2. In or about 1999, defendants LIPTON, JOHNSON, LEONARD,
16 NURICK, and PRESTON would cause co-conspirator Costa Rican
17 lawyer to create nominee Costa Rican corporations and related
18 nominee bank accounts and obtain credit cards supported by those
19 accounts for the purpose of facilitating and concealing the
20 receipt and true ownership of Genesis Fund distributions.

21 In addition, defendants LIPTON, JOHNSON, and LEONARD
22 would recommend and cause to be recommended to a number of
23 Genesis Fund investors, several of whom they knew to be under
24 IRS criminal investigation, that they use the services of co-
25 conspirator Costa Rican lawyer to create nominee Costa Rican
26 corporations and bank accounts to receive distributions from the
27 Genesis Fund.

1. In or about early 2000, defendants LIPTON, VOGT, NURICK, and HINDERS, together with others known and unknown to the Grand Jury, would cause a Newport Beach, California attorney to create new trusts to replace the trusts previously created for them by Lashlee.

5. Beginning in or about July 2000 until at least February 2002, after learning of the federal grand jury investigation, the defendants would engage in an attempt to restructure the Genesis Fund's operations as a corporation formed in the name of "The Genesis Fund Ltd." in the Caribbean island nation of St. Kitt's and Nevis, with a second corporation formed in the name of "Commodity Trading Management Group" in St. Vincent and the Grenadines to act as the company that purportedly would hold the assets of and make the trading decisions for the Genesis Fund Ltd. Defendants WILLIAM TAYLOR-FRASER and DENISE TAYLOR-FRASER would spearhead the attempted restructuring, which was undertaken to place and keep Genesis Fund assets out of the reach of the United States government.

6. The defendants generally would not fully report their Genesis Fund income on their personal returns, and no tax returns were filed on behalf of the trusts listed in paragraph 21.

22 OVERT ACTS

23 In furtherance of the conspiracy and to accomplish its 24 objects, defendants LIPTON, HINDERS, JOHNSON, LEONARD, NURICK, 25 BRESTON, WILLIAM TAYLOR-FRASER, DENISE TAYLOR-FRASER, and VOGT, 26 together with others known and unknown to the Grand Jury, 27 committed and caused others to commit the following overt acts,

1 among others, in the Central District of California and
2 elsewhere:

3 Overt Act No. 1: On or about May 20, 1995, defendant
4 MURICK caused co-conspirator Lashlee to open nominee bank
5 accounts in the name of I Control NB Trust, Accounts #xxxx-
6 xx5757 and #xxxx-xx2949, at Wells Fargo Bank, Laguna Beach,
7 California.

8 Overt Act No. 2: On or about January 9, 1996, defendant
9 PRESTON caused co-conspirator Lashlee to open nominee bank
10 account #xxxx-xx0377 in the name of Stone Mountain Account Trust
11 at Wells Fargo Bank, Laguna Beach, California.

12 Overt Act No. 3: On or about July 31, 1996, defendant
13 LIPTON caused co-conspirator Lashlee to open nominee bank
14 account #xxx2614 in the name of Sorrell Property Trust at
15 Southern California Bank, Santa Ana, California.

16 Overt Act No. 4: On or about August 27, 1996, defendant
17 PRESTON and co-conspirator Lashlee caused a wire transfer of
18 \$3,700,000 to be sent to an account in the name of Bright
19 International Ltd. Account Trust at Southern California Bank,
20 Santa Ana, California, for investment in the Genesis Fund by
21 M. and D.M. of San Diego, California.

22 Overt Act No. 5: On or about August 18, 1998, defendant
23 MURICK filed a 1997 personal income tax return with the IRS that
24 failed to disclose his interest in bank account #xx7304 in the
25 name of NG Enterprises at Ansbacher (Jersey) Ltd., Channel
26 Islands, as required by law.

27 Overt Act No. 6: On or about January 28, 1999, defendant
28 HINDERS caused \$3,891.67 to be transferred from the Genesis

1 Fund's International Centrix Account at Wells Fargo Bank, Laguna
2 Beach, California, to Account #xxxx-xx9991 in the name of Mint
3 Control Trust, also at Wells Fargo Bank.

4 Overt Act No. 7: On or about January 28, 1999, defendant
5 LEONARD caused International Centrix check #5355 in the amount
6 of \$10,000 to be deposited into Account #xx xxx40 51 in the name
7 of Ortega Management Trust at Paine Webber (now UBS Paine
8 Webber).

9 Overt Act No. 8: On or about May 14, 1999, defendant
10 LIPTON caused the Genesis Fund to pay the sum of \$34,117.17 to
11 American Express for his and his spouses's personal expenses.

12 Overt Act No. 9: On or about July 16, 1999, defendant
13 PRESTON caused International Centrix check #5612 in the amount
14 of \$9,016.91 to be deposited into Account #xxxx-xx0377 at Wells
15 Fargo Bank, Laguna Beach, California, in the name of Stone
16 Mountain Account Trust.

17 Overt Act No. 10: On or about August 15, 1999, defendant
18 NURICK filed a 1998 personal income tax return with the IRS that
19 failed to disclose his interest in his Ansbacher (Jersey) bank
20 account, as required by law.

21 Overt Act No. 11: On or about October 17, 1999, defendant
22 PRESTON filed a 1998 personal income tax return with the IRS
23 that failed to disclose his interest in his bank account at
24 Madenhall Bank & Trust, Bahamas, held in the name of Victor
25 Preston, as required by law.

26 Overt Act No. 12: On or about October 23, 1999, defendant
27 JOHNSON caused a distribution of Genesis Fund income in the
28 amount of \$29,965.00 to be sent by wire transfer to Account

2 #xxxx-xx7258 in the name of COW Acct Trust at Wells Fargo Bank,
3 Laguna Beach, California.

4 Overt Act No. 13: In or about late March 2000, at the
5 direction of defendant LIPTON, defendant VOGT, with the
6 assistance of co-conspirator Putnam, caused the transfer of
7 approximately nineteen (19) boxes of Genesis Fund documents from
8 her home in Anaheim, California, to co-conspirator Costa Rican
9 lawyer.

10 Overt Act No. 14: On or about August 11, 2000, defendant
11 NURICK filed a 1999 personal income tax return with the IRS that
12 failed to disclose his interest in his Ansbacher (Jersey) bank
13 account, and bank account #xxx-xxx210-3 in the name of Luna de
14 Los Crestones, S.A., Banco Interfin, Costa Rica, as required by
15 law.

16 Overt Act No. 15: On or about October 16, 2000, defendant
17 PRESTON filed a 1999 personal income tax return with the IRS
18 that failed to disclose his interest in his Leadenhall Bank &
19 Trust bank account, as required by law.

20 Overt Act No. 16: On or about October 17, 2000, defendant
21 JOHNSON filed a 1999 personal income tax return with the IRS
22 that failed to disclose his interest in bank account #xxx-
23 xxx208-7 in the name of Laguna de la Langosta Dorada, Banco
24 Interfin, Costa Rica, as required by law.

25 Overt Act No. 17: On or about April 15, 2001, defendant
26 NURICK filed a 2000 personal income tax return with the IRS that
27 failed to disclose his interest in his Ansbacher (Jersey) and
28 Banco Interfin bank accounts, as required by law.

1 Overt Act No. 18: On or about April 15, 2001, defendant
2 HINDERS filed a 2000 personal income tax return with the IRS
3 that failed to disclose his interest in bank account #xxx-xxx-
4 xxx-xxxx0218 in the name of Propiedades Ecamu, S.A., Banco
5 Cuscatlan, Costa Rica, as required by law.

6 Overt Act No. 19: On or about October 7, 2001, defendant
7 JOHNSON filed a 2000 personal income tax return with the IRS
8 that failed to disclose his interest in his Banco Interfin bank
9 account, as required by law.

10 Overt Act No. 20: On or about November 16, 2001, defendant
11 LIPTON caused the sum of \$14,362.50 to be sent via wire transfer
12 from Dresdner Bank, Miami, Florida, to his account, Account
13 #xx0360, at Provident Bank and Trust, Ltd., Belize.

14 Overt Act No. 21: In or about November 2001, defendants
15 WILLIAM TAYLOR-FRASER, DENISE TAYLOR-FRASER, and co-conspirator
16 Costa Rican lawyer aided and abetted and caused the
17 incorporation of Commodity Trading Management Group Ltd. in the
18 Caribbean island nation of St. Vincent and the Grenadines.

19 Overt Act No. 22: On or about February 22, 2002, defendant
20 MURICK caused the sum of \$81,051.23 to be sent via wire transfer
21 from Wing Hang Bank, Hong Kong, to account #xxxxxx-x1752 in the
22 name of TaxLawServices.com Trustee for Aztec Irrevocable Trust
23 Bank of America, Orange County, California.

24 Overt Act No. 23: On or about April 15, 2002, defendant
25 HINDERS filed a 2001 personal income tax return with the IRS
26 that failed to disclose his interest in his Banco Cuscatlan bank
27 account, as required by law.

1 Overt Act No. 24: On or about May 31, 2002, defendant
2 JOHNSON caused the sum of \$361,675.80 to be sent via wire
3 transfer from Asia Pacific Consultants and Management, Wing Hang
4 Bank, Hong Kong, to his account at Bank of America, Account
5 #xxxxxx-x5902.

6 Overt Act No. 25: On or about June 24, 2002, defendant
7 MURICK filed a 2001 personal income tax return with the IRS that
8 failed to disclose his interests in his bank accounts at
9 Ansbacher (Jersey), Banco Interfin, and bank account #xxx0024,
10 Provident Bank & Trust, Belize, in the name of Luna de los
11 Crestones, S.A., as required by law.

12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1 Overt Act No. 26: On or about October 20, 2002, defendant
2 JOHNSON filed a 2001 personal income tax return with the IRS
3 that failed to report over \$600,000 of Genesis Fund
4 distributions, and failed to disclose his interest in his Banco
5 Interfin bank account, as required by law.

6 Overt Act No. 27: On or about June 24, 2003, defendant
7 MURICK filed a 2002 personal income tax return with the IRS that
8 failed to disclose his interests in his Banco Interfin and
9 Provident Bank & Trust bank accounts, as required by law.

10 Overt Act No. 28: On or about August 18, 2003, defendant
11 HINDERS filed a 2002 personal income tax return with the IRS
12 that failed to disclose his interest in his Banco Cuscatlan bank
13 account, as required by law.

14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

COUNT SIXTY-NINE

[JOHN S. LIPTON]

[26 U.S.C. § 7212(a)]

1
2
3
4. The Grand Jury realleges paragraphs 1 through 19 and
5 through 49 as if fully set forth herein.

6
7
8. During the calendar year 1998, defendant JOHN S.
9 LIPTON had and received gross income and owed to the United
10 States of America taxes on that income.

11
12. During the calendar year 1999, defendant LIPTON had
13 and received gross income and owed to the United States of
14 America taxes on that income.

15
16. During the calendar year 2000, defendant LIPTON had
17 and received gross income and owed to the United States of
18 America taxes on that income.

19
20. During the calendar year 2001, defendant LIPTON had
21 and received gross income and owed to the United States of
22 America taxes on that income.

23
24. From at least in or about July 1995 to at least in or
25 about June 2004, defendant LIPTON used the following nominee and
26 offshore bank accounts to receive disbursements from the Genesis
27 Fund and to conduct his financial affairs in such a manner as to
28 conceal his receipt of income and ownership of assets from the
29 IRS:

ACCOUNT NAME	ACCOUNT NUMBER	BANK
USL Account Trust	#xxxx-xx4206	Wells Fargo Bank, Laguna Beach, California
BRL Account Trust	#xxxx-xx2820; #xxxx-xx0992	Wells Fargo Bank, Laguna Beach, California

ACCOUNT NAME	ACCOUNT NUMBER	BANK
T.H.E. Account Trust	#xxxx-xx2804; #xxxx-xx1024	Wells Fargo Bank, Laguna Beach, California
Sorrell Property Trust	#xxx2614	Southern California Bank, Santa Ana, California
Internet Control Trust	#xxxxxx-x5456	Glendale Federal Bank, San Juan Capistrano, California
Genuine Management Trust	#xxxxxx-x5449	Glendale Federal Bank, San Juan Capistrano, California
PAL Marketing Trust	#xxx-xx5871	Fidelity Investments, Irvine, California
Distribuidora Antioquia de Occidente, S.A.	#xxx-xxx211-1	Banco Interfin, Costa Rica
John S. Lipton	#xx0360	Provident Bank and Trust, Ltd., Belize
Bonnie R. Lipton	#xx0359	Provident Bank and Trust, Ltd., Belize

14

15 Beginning in or about January of 1998, and continuing

16 the present, defendant LIPTON, within the Central District of

17 California and elsewhere, corruptly endeavored to obstruct and

18 impede the due administration of the Internal Revenue laws by,

19 among other things:

20 (a) failing to file personal income tax returns for the

21 years 1998 through 2001 with any proper officer of the IRS, as

22 required by law;

23 (b) failing to pay the IRS said income taxes;

24 (c) causing personal living expenses charged on American

25 Express cards by him and his spouse to be paid by the Genesis

26 Fund with no reporting of said income to the IRS; and

27

28

1 (d) using numerous nominees and nominee bank accounts to
2 conceal income and assets.

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

COUNT SEVENTY

[MARLYN D. HINDERS]

[26 U.S.C. § 7212(a)]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

2. The Grand Jury realleges paragraphs 1 through 19 and through 49 as if fully set forth herein.

3. On or about May 12, 1997, defendant MARLYN D. HINDERS filed a Form 1040, U.S. Individual Income Tax Return, for the calendar year 1996 that failed to report to the IRS as taxable income the withdrawal of \$100,000 in 1996 from a retirement account at Charles Schwab & Co., Inc., as required by law.

4. On or about October 16, 1998, defendant HINDERS filed a Form 1040, U.S. Individual Income Tax Return, for the calendar year 1997 that failed to report to the IRS as taxable income the withdrawal of \$100,000 in 1997 from a retirement account at Charles Schwab & Co., Inc., as required by law.

5. On or about April 15, 1999, defendant HINDERS filed a Form 1040, U.S. Individual Income Tax Return, for the calendar year 1998 that failed to report to the IRS as taxable income the withdrawal of \$75,000 in 1998 from a retirement account at Charles Schwab & Co., Inc., as required by law.

6. For each of the retirement fund distributions listed above, defendant HINDERS transferred the withdrawals to co-conspirator Lashlee for investment in the Genesis Fund. Based on the incorrect belief that those transfers into the Genesis Fund were tax-free rollovers, defendant HINDERS did not pay taxes on the withdrawals listed in paragraphs 85, 86, and 87.

7. In or about September 1999, defendant HINDERS was put on notice that the rollovers of his retirement distributions

1 listed in paragraphs 85, 86, and 87 into the Genesis Fund
2 through co-conspirator Lashlee were in fact taxable at the time
3 of distribution, and therefore defendant HINDERS was liable for
4 the taxes on the retirement fund distributions, as well as
5 interest and penalties.

6 8. From in or about October 16, 1997, to at least in or
7 about July 2002, defendant HINDERS used the following nominee
8 entities and offshore bank accounts to receive disbursements
9 from the Genesis Fund and to conduct his financial affairs in
10 such a manner as to conceal his receipt of income and ownership
11 of assets from the IRS:

12 (a) Account #xxxx-xx9991, at Wells Fargo Bank, Laguna
13 Beach, California, in the name of Mint Control Trust; and

14 (b) Account #xxx xxx xxx xxxx0218, in the name of
15 Propiedades Ecamu, S.A., at Banco Cuscatlan, Costa Rica.

16 9. Beginning in or about September 1999, and continuing
17 to the present, defendant HINDERS, within the Central District
18 of California and elsewhere, corruptly endeavored to obstruct
19 and impede the due administration of the Internal Revenue laws
20 by among others:

21 (a) signing along with his spouse and filing with the IRS a
22 false joint U.S. Individual Income Tax Return, Form 1040, on or
23 about April 3, 2000, for the calendar year 1999, which return
24 defendant HINDERS did not believe to be true and correct as to
25 every material matter in that the return falsely and
26 fraudulently stated on Line 15a that he received IRA
27 distributions of \$77,237 from Lashlee's company, Professional
28

Trust Services, when as defendant HINDERS well knew, said income
consisted of distributions from the Genesis Fund;

3 (b) signing along with his spouse and filing with the IRS a
4 false joint U.S. Individual Income Tax Return, Form 1040, on or
5 about March 25, 2001, for the calendar year 2000, which return
6 defendant HINDERS did not believe to be true and correct as to
7 every material matter in that the return falsely and
8 fraudulently stated on Line 13 and on Schedule D that his
9 Genesis Fund capital gains were \$132,769, when as defendant
10 HINDERS well knew, his Genesis Fund distributions were well in
11 excess of that amount;

12 (c) failing to pay the IRS all income taxes due and owing;

13 and

14 (d) using nominee entities and bank accounts to conceal
15 income and assets from the IRS.

16

17

18

19

20

21

22

23

24

25

26

27

28

COUNT SEVENTY-ONE

[DAVID L. JOHNSON]

[26 U.S.C. § 7201]

1. The Grand Jury realleges paragraphs 1 through 19 and 21 through 49 as if fully set forth herein.

2. Beginning on or about January 1, 1997, and continuing to at least on or about May 25, 2001, defendant DAVID L. JOHNSON, within the Central District of California and elsewhere, did willfully attempt to evade and defeat the assessment and payment of a large part of the income tax due and owing by him and his spouse to the United States of America for the calendar year 1997 by:

(a) failing to file a timely income tax return on or before April 15, 1998;

(b) signing along with his spouse and filing with the IRS a false joint 1997 U.S. Individual Income Tax Return, Form 1040, on or about January 24, 1999, which return defendant JOHNSON did not believe to be true and correct as to every material matter in that the return falsely and fraudulently stated (1) on Line 22 that his and his spouse's total income was \$68,169, when as defendant JOHNSON well knew, their total income was well in excess of that amount, and (2) on Line 53 that his total tax was \$8,102, when as defendant JOHNSON well knew, his and his spouse's taxes due and owing were well in excess of that amount;

(c) failing to pay the income taxes due for the calendar year 1997; and

1 (d) concealing income and assets from the United States by
2 causing to be opened and using (1) Account #xxxx-xx7258, at
3 Wells Fargo Bank, Laguna Beach, California, in the name of COW
4 Account Trust; and (2) Account #xxx-xxx208-7 in the name of
5 Laguna de la Langosta Dorada, S.A., Banco Interfin, Costa Rica.

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

1 COUNT SEVENTY-TWO

2 [DAVID L. JOHNSON]

3 [26 U.S.C. § 7201]

4 3. The Grand Jury realleges paragraphs 1 through 19 and
5 through 49 as if fully set forth herein.

6 4. Beginning on or about January 1, 1998, and continuing
7 to at least on or about May 25, 2001, defendant DAVID L.
8 JOHNSON, within the Central District of California and
9 elsewhere, did willfully attempt to evade and defeat the
10 assessment and payment of a large part of the income tax due and
11 owing by him and his spouse for the calendar year 1998 to the
12 United States of America by:

13 (a) signing along with his spouse and filing with the IRS a
14 false joint 1998 U.S. Individual Income Tax Return, Form 1040,
15 on or about April 27, 1999, which return defendant JOHNSON did
16 not believe to be true and correct as to every material matter
17 in that the return falsely and fraudulently stated (1) on Line
18 that his and his spouse's total income was \$87,380, when as
19 defendant JOHNSON well knew, their total income was well in
20 excess of that amount, and (2) on Line 56 that his total tax was
21 \$9,790, when as defendant JOHNSON well knew, his and his
22 spouse's taxes due and owing were well in excess of that amount;

23 (b) failing to pay the income taxes due for the calendar
24 year 1998; and

25 (c) concealing income and assets from the United States by
26 causing to be opened and using: (1) Account #xxxx-xx7258 at
27 Wells

Fargo Bank, Laguna Beach, California, in the name of COW Account
Trust to receive Genesis Fund distributions; and (2) Account
#xxx-xxx208-7 in the name of Laguna de la Langosta Dorada, S.A.,
Banco Interfin, Costa Rica.

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1 COUNT SEVENTY-THREE

2 [DAVID L. JOHNSON]

3 [26 U.S.C. § 7206(1)]

4. The Grand Jury realleges paragraphs 1 through 19 and
5 through 49 as if fully set forth herein.

6. From in or about early 1999 through at least on or
7 about May 25, 2001, defendant DAVID L. JOHNSON maintained and
8 controlled a bank account in the name of Laguna de la Langosta
9 Dorada at Banco Interfin, Costa Rica.

10 The IRS requires on Form 1040, Schedule B, Part III,
11 Line 7a, that every taxpayer answer the following question by
12 checking a "Yes" or "No" box: "At any time during [the calendar
13 year], did you have an interest in or a signature or other
14 authority over a financial account in a foreign country, such as
15 a bank account, securities account, or other financial account?"
16 If the answer to Line 7a is "Yes," then Line 7b requires the
17 taxpayer to enter the name of the foreign country in which the
18 financial account is located.

19 On or about October 16, 2000, within the Central
20 District of California, defendant JOHNSON did willfully make and
21 subscribe a false joint U.S. Individual Income Tax Return, Form
22 1040, for the calendar year 1999, which was verified by a
23 written declaration that it was made under the penalties of
24 perjury and was filed jointly with his spouse with the IRS on or
25 about October 17, 2000, which return defendant JOHNSON did not
26 believe to be true and correct as to every material matter, in
27 that (a) he falsely checked the box "No" on Schedule B, Part
28 III, Line 7a, when as he well knew he should have checked said

box "Yes," and (b) he failed to enter the name of the foreign
country on Line 7b, namely, Costa Rica, when as he well knew he
had an interest in the Laguna de la Langosta Dorada bank account
at Banco Interfin, Costa Rica.

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

1 COUNT SEVENTY-FOUR

2 [DAVID L. JOHNSON]

3 [26 U.S.C. § 7206(1)]

4 9. The Grand Jury realleges paragraphs 1 through 19 and
5 21 through 49 as if fully set forth herein.

6 10. From in or about early 1999 through at least on or
7 about May 25, 2001, defendant DAVID L. JOHNSON maintained and
8 controlled a bank account in the name of Laguna de la Langosta
9 Dorada at Banco Interfin, Costa Rica.

10 11. The IRS requires on Form 1040, Schedule B, Part III,
11 Line 7a, that every taxpayer answer the following question by
12 checking a "Yes" or "No" box: "At any time during [the calendar
13 year], did you have an interest in or a signature or other
14 authority over a financial account in a foreign country, such as
15 a bank account, securities account, or other financial account?"
16 If the answer to Line 7a is "Yes," then Line 7b requires the
17 taxpayer to enter the name of the foreign country in which the
18 financial account is located.

19 12. On or about October 4, 2001, within the Central
20 District of California, defendant JOHNSON did willfully make and
21 subscribe a false joint U.S. Individual Income Tax Return, Form
22 1040, for the calendar year 2000, which was verified by a
23 written declaration that it was made under the penalties of
24 perjury and was filed jointly with his spouse with the IRS on or
25 about October 7, 2001, and which defendant JOHNSON did not
26 believe to be true and correct as to every material matter, in
27 that (a) he falsely checked the box "No" on Schedule B, Part

III, Line 7a, when as he well knew he should have checked said
box "Yes," and

3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1(b) he failed to enter the name of the foreign country on Line
2b, namely, Costa Rica, when as he well knew he had an interest
3 in the Laguna de la Langosta Dorada bank account at Banco
4 Interfin, Costa Rica.

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1 COUNT SEVENTY-FIVE

2 [DAVID L. JOHNSON]

3 [26 U.S.C. § 7201]

4 13. The Grand Jury realleges paragraphs 1 through 19 and
5 21 through 49 as if fully set forth herein.

6 14. From in or about early 1999 through at least on or
7 about May 25, 2001, defendant DAVID L. JOHNSON maintained and
8 controlled a bank account in the name of Laguna de la Langosta
9 Dorada at Banco Interfin, Costa Rica.

10 15. The IRS requires on Form 1040, Schedule B, Part III,
11 Line 7a, that every taxpayer answer the following question by
12 checking a "Yes" or "No" box: "At any time during [the calendar
13 year], did you have an interest in or a signature or other
14 authority over a financial account in a foreign country, such as
15 a bank account, securities account, or other financial account?"
16 If the answer to Line 7a is "Yes," then Line 7b requires the
17 taxpayer to enter the name of the foreign country in which the
18 financial account is located.

19 16. Beginning on or about January 1, 2001, and continuing
20 at least on or about October 20, 2002, defendant JOHNSON,
21 within the Central District of California and elsewhere,
22 willfully attempted to evade and defeat the assessment and
23 payment of a large part of the income tax due and owing by him
24 and his spouse for the calendar year 2001 to the United States
25 America by:

26 (a) signing along with his spouse and filing with the IRS a
27 false joint 2001 U.S. Individual Income Tax Return, Form 1040,
28 on or about October 20, 2002, which return defendant JOHNSON did

1 not believe to be true and correct as to every material matter
2 in that the return falsely and fraudulently stated (1) on Line
3 22 that his and his spouse's total income was \$261,619 when as
4 defendant JOHNSON well knew, their total income was well in
5 excess of that amount; (2) on Line 56 that his and his spouse's
6 total tax was \$31,944, when as defendant JOHNSON well knew,
7 their taxes due and owing were well in excess of that amount;
8 and (3) on Schedule B, Part III, Line 7a, defendant JOHNSON
9 falsely checked the box "No" when as he well knew he should have
10 checked said box "Yes," and he failed to enter the name of the
11 foreign country on Line 7b, namely, Costa Rica, when as he well
12 knew he had an interest in the Laguna de la Langosta Dorada bank
13 account at Banco Interfin, Costa Rica; and

14 (b) failing to pay the income taxes due for the calendar
15 year 2001.

16
17
18
19
20
21
22
23
24
25
26
27
28

COUNT SEVENTY-SIX

[26 U.S.C. § 7203]

[DAVID L. JOHNSON]

1
2
3
4 17. The Grand Jury realleges paragraphs 1 through 19 and
5 21 through 49 as if fully set forth herein.

6 18. During the calendar year 2002, defendant DAVID L.
7 JOHNSON had and received total income of \$669,300, which he and
8 his spouse reported to the IRS on or about April 17, 2004, by
9 filing with the IRS a delinquent joint U.S. Individual Income
10 Tax Return, Form 1040, for the calendar year 2002.

11 19. On said income tax return, defendant JOHNSON and his
12 spouse owed \$107,595 in income taxes, exclusive of interest and
13 penalties, to the United States, and were required by law to pay
14 such tax on or before April 15, 2003, to any person assigned the
15 responsibility to receive payments at the local Internal Revenue
16 office serving Covina, California, or any other proper officer
17 of the United States.

18 20. Beginning on or about April 15, 2003, and continuing
19 the present, within the Central District of California and
20 elsewhere, defendant JOHNSON did willfully fail to pay said
21 income taxes for the calendar year 2002 to any person assigned
22 the responsibility to receive payments at the local Internal
23 Revenue office serving Covina, California, or any other proper
24 officer of the United States.

25
26
27
28

1 COUNT SEVENTY-SEVEN

2 [WILLIAM H. NURICK]

3 [26 U.S.C. § 7201]

4 21. The Grand Jury realleges paragraphs 1 through 19, 21
5 through 49, 63, and 64 as if fully set forth herein.

6 22. In the calendar year 1995, defendant WILLIAM H. NURICK
7 withdrew a total of \$270,330.78 from three retirement accounts
8 as follows: \$71,183.04 from Charles Schwab & Co., Inc., and a
9 total of \$199,147.74 from two different accounts at Fidelity
10 Investments. Defendant NURICK did not report the withdrawal of
11 these funds to the IRS on his income tax returns, as required by
12 law.

13 23. On or about May 30, 2000, defendant NURICK filed a
14 joint Amended U.S. Individual Income Tax Return, Form 1040X, for
15 the calendar year 1995, which amended his and his spouse's
16 original 1995 tax return by reporting the additional \$270,330.78
17 in retirement fund withdrawals described in paragraph 113. As a
18 result of this amendment to his 1995 joint income tax return,
19 defendant NURICK incurred an additional tax liability of
20 \$106,452, exclusive of interest and penalties.

21 24. Beginning in or about late 1999, and continuing to the
22 present, defendant NURICK, within the Central District of
23 California and elsewhere, did willfully attempt to evade and
24 defeat the payment of a large part of the income tax due and
25 owing by him to the United States of America for the calendar
26 year 1995 by among other things:

27 (a) creating and using Luna de Los Crestones, S.A., a Costa
28 Rican corporation, and a bank account in the same name at Banco

Interfin, Costa Rica, from at least on or about May 18, 1999,
until at least on or about July 23, 2001;

3 (b) willfully failing to pay the additional tax liability
4 for 1995 at the time of the filing of his amended 1995 joint
5 income tax return on or about May 30, 2000;

6 (c) using Account #xx7304 in the name of NG Enterprises,
7 Ltd., at Ansbacher (Jersey) Ltd., into which deposits from
8 International Centrix, Wells Fargo Bank, Laguna Beach,
9 California, and European Bank, Vanuatu, were made, and causing
10 the balance of the account, \$133,560.98, to be transferred on or
11 about January 3, 2001, to Account #xx9322, at Ansbacher (Jersey)
12 Ltd., belonging to a friend;

13 (d) withdrawing the equity on his residence by obtaining a
14 \$140,000 mortgage from the same friend's company on or about
15 February 2, 2001, and using the funds for his personal benefit,
16 rather than paying the IRS;

17 (e) opening bank account #xxx0024 in the name of Luna de
18 Los Crestones, S.A., at Provident Bank & Trust, Belize, on or
19 about May 14, 2001, and depositing at least \$115,000 into that
20 account between on or about May 14, 2001, and March 17, 2002;

21 (f) signing on or about April 19, 2001, and filing with the
22 IRS on or about May 16, 2001, a joint Offer in Compromise, Form
23 226, that was materially false and fraudulent in that defendant
24 BURICK falsely claimed in Item 6 that there was doubt as to
25 collectibility of the tax liability for 1995 because he had
26 insufficient assets and income to pay the full amount," when,
27 he well knew, he had sufficient income and assets to pay the
28 full amount;

1 (g) signing on or about April 19, 2001, and filing with the
2 IRS on or about May 16, 2001, as an attachment to the Offer in
3 compromise, a Collection Statement for Individuals, Form 433-A,
4 that was materially false and fraudulent in that defendant
5 NURICK omitted therefrom information about the following assets:
6 (1) a Harley Davidson motorcycle, (2) a 1999 GMC pickup truck,
7 (3) Aztec Irrevocable Trust bank account #xx-xxxx091-2 at Downey
8 Savings and Loan, Newport Beach, California, and (4) the bank
9 accounts in the name of Luna de Los Crestones, S.A., at Banco
10 Interfin, Costa Rica, and Provident Bank & Trust, Belize; and

11 (h) causing to be provided to attorneys and agents for the
12 United States a letter dated July 29, 2002, from co-conspirator
13 Costa Rican lawyer, which falsely and fraudulently stated that
14 defendant NURICK had no interest or ownership in Luna de Los
15 Crestones, S.A., but rather that he was providing consulting
16 services to it for which he was reimbursed, when, as defendant
17 NURICK well knew, he was the beneficial owner of Luna de Los
18 Crestones, S.A., and used its nominee bank accounts to receive
19 some of his distributions from the Genesis Fund.

20
21
22
23
24
25
26
27
28

1 COUNT SEVENTY-EIGHT

2 [VICTOR H. PRESTON]

3 [26 U.S.C. § 7206(1)]

4 25. The Grand Jury realleges paragraphs 1 through 19 and
5 21 through 49 as if fully set forth herein.

6 26. From on or about April 15, 1998, through at least in
7 or about September 2002, defendant VICTOR H. PRESTON maintained
8 and controlled a credit card account with Leadenhall Bank and
9 Trust, Bahamas.

10 27. The IRS requires on Form 1040, Schedule B, Part III,
11 Line 7a, that every taxpayer answer the following question by
12 checking a "Yes" or "No" box: "At any time during [the calendar
13 year], did you have an interest in or a signature or other
14 authority over a financial account in a foreign country, such as
15 a bank account, securities account, or other financial account?"
16 If the answer to Line 7a is "Yes," then Line 7b requires the
17 taxpayer to enter the name of the foreign country in which the
18 financial account is located.

19 28. On or about October 14, 1999, within the Central
20 District of California, defendant PRESTON did willfully make and
21 subscribe a false joint U.S. Individual Income Tax Return, Form
22 1040, along with his spouse for the calendar year 1998, which
23 was verified by a written declaration that it was made under the
24 penalties of perjury and was filed with the IRS on or about
25 October 17, 1999, and which return defendant PRESTON did not
26 believe to be true and correct as to every material matter in
27 that (a) he falsely checked the box "No" on Schedule B, Part
28 III, Line 7a, when as he well knew, he should have checked said

box "Yes," and (b) he failed to enter the name of the foreign
country on Line 7b, namely, the Bahamas, when as he well knew he
had an interest in Accounts #xxxx-xxxx-xxxx-3617 and #xxxx-xxxx-
xxxx-6818 at Leadenhall Bank & Trust Company, Ltd., Bahamas.

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

1 COUNT SEVENTY-NINE

2 [VICTOR H. PRESTON]

3 [26 U.S.C. § 7206(1)]

4 29. The Grand Jury realleges paragraphs 1 through 19 and
5 21 through 49 as if fully set forth herein.

6 30. From on or about April 15, 1998, through at least in
7 or about September 2002, defendant VICTOR H. PRESTON maintained
8 and controlled a credit card account with Leadenhall Bank and
9 Trust, Bahamas.

10 31. The IRS requires on Form 1040, Schedule B, Part III,
11 Line 7a, that every taxpayer answer the following question by
12 checking a "Yes" or "No" box: "At any time during [the calendar
13 year], did you have an interest in or a signature or other
14 authority over a financial account in a foreign country, such as
15 a bank account, securities account, or other financial account?"
16 If the answer to Line 7a is "Yes," then Line 7b requires the
17 taxpayer to enter the name of the foreign country in which the
18 financial account is located.

19 32. On or about October 11, 2000, defendant PRESTON
20 willfully made and subscribed a U.S. Individual Income Tax
21 Return, Form 1040, for the calendar year 1999, which was
22 verified by a written declaration that it was made under the
23 penalties of perjury and was filed with the IRS on or about
24 October 16, 2000, which return defendant PRESTON did not believe
25 be true and correct as to every material matter in that (a)
26 falsely checked the box "No" on Schedule B, Part III, Line
27 a, when as defendant PRESTON well knew he should have checked
28

said box "Yes," and (b) he failed to enter the names of the
foreign

3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

country, namely, the Bahamas, on Line 7b, when as he well knew
he had an interest in Accounts #xxxx-xxxx-xxxx-3617 and #xxxx-
xxxx-xxxx-6818 at Leadenhall Bank & Trust Company, Ltd.,
Bahamas.

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

COUNT EIGHTY

[JOHN S. LIPTON, TERESA R. VOGT]

[18 U.S.C. § 1503, § 2]

33. The Grand Jury realleges paragraphs 1 through 19 and 21 through 49 as if fully set forth herein.

34. Beginning on or about March 22, 2000, and continuing to at least on or about May 10, 2000, within the Central District of California and elsewhere, defendants JOHN S. LIPTON and TERESA R. VOGT did corruptly obstruct and impede, and corruptly endeavored to obstruct and impede, the due administration of justice, namely: the lawful function of a federal grand jury empaneled in the Central District of California, by:

(a) causing approximately nineteen (19) boxes of documents that were included in documents and records that the grand jury had subpoenaed through a grand jury subpoena served on defendant VOGT on or about March 22, 2000, to be shipped to co-conspirator Costa Rican lawyer in San José, Costa Rica, rather than be produced to the grand jury;

(b) causing the erasure of data from defendant VOGT's computer before producing it to the grand jury; and

(c) defendant VOGT providing false information in her meeting with an IRS representative on May 10, 2000, regarding the shipment to Costa Rica of investor files, which were subject to the grand jury subpoena.

COUNT EIGHTY-ONE

[WILLIAM TAYLOR-FRASER]

[18 U.S.C. § 1510(a)]

1
2
3
4 35. The Grand Jury realleges paragraphs 1 through 19 and
5 21 through 49 as if fully set forth herein.

6 36. In or about November 2002, after learning of the
7 problems with the Genesis Fund, investor R.Z. of Tequesta,
8 Florida, contacted the friend who brought him into the Genesis
9 Fund about R.Z.'s intention to report the Genesis Fund's
10 activities to the Federal Bureau of Investigation if he did not
11 get his money back.

12 37. R.Z. then received a telephone call from his friend
13 indicating that the friend had spoken to defendant LIPTON, who
14 informed him that the Genesis Fund would purchase R.Z.'s Genesis
15 Fund shares for \$5,000. R.Z. refused because his losses were
16 approximately \$50,000.

17 38. Subsequently, defendant WILLIAM TAYLOR-FRASER
18 telephoned R.Z. and discussed R.Z.'s intention of reporting the
19 Genesis Fund to the Federal Bureau of Investigation. Defendant
20 WILLIAM TAYLOR-FRASER indicated to R.Z. that his shares would be
21 purchased for \$50,000.

22 39. Defendant WILLIAM TAYLOR-FRASER arranged with an
23 attorney in Orange County, California, to use his attorney trust
24 bank account to make the \$50,000 payment to R.Z..

25 40. The Orange County attorney telephoned R.Z. to arrange
26 the sale of R.Z.'s Genesis Fund investment and the \$50,000 wire
27 transfer payment.

11. On or about October 24 and 25, 2002, the Orange County attorney received three wire transfers from accounts in the name of Jorge Ross Araya and Gin de Garza at Banco Cuscatlan, Costa Rica, in payment of the \$50,000 to be sent to R.Z.

12. On or about November 5, 2002, R.Z. signed a bill of sale and release of liability for the purchase of his investment by an entity called Opportunity Investment Partnership.

13. Defendant WILLIAM TAYLOR-FRASER signed the bill of sale on or about November 15, 2002, as Agent and Power of Attorney for Opportunity Investment Partnership.

14. On or about November 14, 2002, R.Z. received a \$50,000 wire transfer from an account held by the Orange County attorney at Bank of the West, Orange County, California.

15. In or about November 2002, within the Central District of California and elsewhere, defendant WILLIAM TAYLOR-FRASER did willfully endeavor by means of bribery to obstruct, delay, and prevent the communication of information relating to a violation of any criminal statute of the United States by R.Z., Tequesta, Florida, to a criminal investigator.

16
17
18
19
20
21
22
23
24
25
26
27
28

COUNT EIGHTY-TWO

[JOHN S. LIPTON, MARLYN D. HINDERS, DAVID L. JOHNSON, RICHARD B. LEONARD, WILLIAM H. NURICK, VICTOR H. PRESTON, WILLIAM TAYLOR-FRASER, DENISE TAYLOR-FRASER, TERESA R. VOGT]

[18 U.S.C. § 981(a)(1)(C), 21 U.S.C. § 853, and 28 U.S.C. § 2461(c)]

45. Pursuant to Title 18, United States Code, Section 981(a)(1)(C), Title 21, United States Code, Section 853, and Title 28, United States Code, Section 2461(c), each defendant who is convicted of the offenses set forth in Counts 1 through 18 of this indictment shall forfeit to the United States the following property:

a. All right, title, and interest in any and all property, real or personal, which constitutes or is derived from proceeds traceable to a violation of Title 18, United States Code, Section 1341 or 1343, or conspiracy to commit such offense.

b. A sum of money equal to the total amount of money involved in each offense, or conspiracy to commit such offense, for which the defendant is convicted. If more than one defendant is convicted of an offense, the defendants so convicted are jointly and severally liable for the amount involved in such offense. Such property includes, without limitation, the real property located at 19721 Cameron Avenue,ovina, California, the residence of defendant LIPTON located at Apt #5, Tango Mar, Tambor, Costa Rica, and the residence of defendant LEONARD located in Tango Mar, Tambor, Costa Rica.

46. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section

2461(c), each defendant shall forfeit substitute property, up to
the value of the amount described in paragraph 136, if, by any
act or omission of the defendant, the property described in
paragraph 136, or any portion thereof, cannot be located upon
the exercise of due diligence; has been transferred, sold to or
deposited with a third party; has been placed beyond the
jurisdiction of the court; has been substantially diminished in
value; or has been commingled with other property which cannot
be divided without difficulty.

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1 COUNT EIGHTY-THREE

2 [JOHN S. LIPTON, MARLYN D. HINDERS, DAVID L. JOHNSON, RICHARD B.
3 LEONARD, WILLIAM H. NURICK, VICTOR H. PRESTON, WILLIAM TAYLOR-
4 FRASER, DENISE TAYLOR-FRASER, TERESA R. VOGT]

5 [18 U.S.C. § 982(a)]

6 47. Pursuant to Title 18, United States Code, Section
7 982(a), each defendant who is convicted of the offenses set
8 forth in Counts 19 through 67 of this indictment shall forfeit
9 to the United States the following property:

10 a. All right, title, and interest in any and all
11 property, real or personal, involved in a violation of Title 18,
12 United States Code, Section 1956 or 1957, or any property
13 traceable to such property. Such property includes, without
14 limitation, the real property located at 19721 Cameron Avenue,
15 Covina, California, the residence of defendant LIPTON located at
16 Lot #5, Tango Mar, Tambor, Costa Rica, and the residence of
17 defendant LEONARD located in Tango Mar, Tambor, Costa Rica.

18 b. A sum of money equal to the total amount of money
19 involved in each offense, or conspiracy to commit such offense,
20 for which the defendant is convicted. If more than one
21 defendant is convicted of an offense, the defendants so
22 convicted are jointly and severally liable for the amount
23 involved in such offense. Such property includes, without
24 limitation, the real property located at 19721 Cameron Avenue,
25 Covina, California, the residence of defendant LIPTON located at
26 Lot #5, Tango Mar, Tambor, Costa Rica, and the residence of
27 defendant LEONARD located in Tango Mar, Tambor, Costa Rica.

28 48. Pursuant to Title 21, United States Code, Section
29 853(p), as incorporated by Title 28, United States Code, Section

2461(c), each defendant shall forfeit substitute property, up to
the value of the amount described in paragraph 138, if, by any
act or omission of the defendant, the property described in
paragraph 138, or any portion thereof, cannot be located upon
the exercise of due diligence; has been transferred, sold to or
deposited with a third party; has been placed beyond the
jurisdiction of the court; has been substantially diminished in
value; or has been commingled with other property which cannot
be divided without difficulty.

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

A TRUE BILL:

Foreperson

DEBRA W. YANG
United States Attorney
STEVEN D. CLYMER
Special Assistant United States Attorney
Chief, Criminal Division
RICHARD E. ROBINSON
Assistant United States Attorney
Major Frauds Section
NANETTE L. DAVIS
ROBERT J. LIVERMORE
Trial Attorneys
Department of Justice Tax Division