

JUDGE RAKOFF

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,

: INDICTMENT

- v. -

:

04 Cr.

IAN STUART,

:

04CRIM. 1361

a/k/a "Ian Stuart-Smith,"

:

a/k/a "John Harris,"

:

a/k/a "John Harrington,"

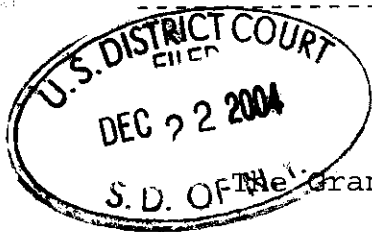
:

Defendant.

:

:

COUNTS ONE through TEN
(Wire Fraud)



Grand Jury charges:

RELEVANT PERSONS AND ENTITIES

1. At all times relevant to this Indictment, Surplus Lines, Inc. ("Surplus Lines") was a New York State corporation located in New York, New York, and Ontario, Canada, which was purportedly engaged in the insurance brokerage business.

2. At all times relevant to this Indictment, Heritage, Inc., a/k/a Heritage International, Inc., a/k/a Heritage Agency, Inc. ("Heritage") was a New York State corporation located in New York, New York, and Ontario, Canada, which was purportedly engaged in the insurance brokerage business.

3. At all times relevant to this Indictment, Rupertsland Insurance Intermediaries, Ltd., a/k/a Rupertsland Intermediaries, Ltd., a/k/a Rupersland ("Rupertsland") was an entity located in

Ontario, Canada, which was purportedly engaged in the insurance brokerage business.

4. At all times relevant to this Indictment, IAN STUART, a/k/a "Ian Stuart-Smith," a/k/a "John Harris," a/k/a "John Harrington," the defendant, owned, operated, and acted through a number of purported insurance brokerages, including without limitation Surplus Lines, Heritage, and Rupertsland.

THE SCHEME TO DEFRAUD

5. From in or about 2000 through in or about the filing of this Indictment, IAN STUART, a/k/a "Ian Stuart-Smith," a/k/a "John Harris," a/k/a "John Harrington," the defendant, and others known and unknown perpetrated a massive scheme to defraud, by inducing various entities, through their insurance agents, throughout the United States and Canada to purchase commercial liability insurance policies which were fraudulently issued.

6. In connection with this scheme, IAN STUART, a/k/a "Ian Stuart-Smith," a/k/a "John Harris," a/k/a "John Harrington," the defendant, held himself out to New York insurance brokers as a wholesale insurance broker able to place insurance coverage without being registered as required under New York law.

7. In connection with this scheme, IAN STUART, a/k/a "Ian Stuart-Smith," a/k/a "John Harris," a/k/a "John Harrington," the defendant, falsely held himself out as an authorized agent for various insurance companies or entities, including underwriters

at Lloyd's of London, Great American Insurance Co., Mount Vernon Fire Insurance Company, Indian Harbor, Colony Insurance, Tower Insurance, Traveler's Insurance, Houston Casualty, Essex Insurance Company, and Markel Insurance.

8. In connection with this scheme, IAN STUART, a/k/a "Ian Stuart-Smith," a/k/a "John Harris," a/k/a "John Harrington," the defendant, issued commercial liability insurance policies purportedly placed with various insurance companies or entities even though STUART, Surplus Lines, Heritage, and Rupertsland did not have authorization to act in any capacity as representatives of the various insurance companies and entities.

9. In connection with this scheme, IAN STUART, a/k/a "Ian Stuart-Smith," a/k/a "John Harris," a/k/a "John Harrington," the defendant, collected for himself premium payments for the commercial liability insurance policies purportedly placed with various insurance companies and entities.

10. In connection with this scheme, IAN STUART, a/k/a "Ian Stuart-Smith," a/k/a "John Harris," a/k/a "John Harrington," the defendant, created fictitious documents purporting to confirm the existence of insurance coverage.

11. In connection with this scheme, IAN STUART, a/k/a "Ian Stuart-Smith," a/k/a "John Harris," a/k/a "John Harrington," the defendant, handled insurance claims, and arranged for the handling of insurance claims, arising under the commercial

liability insurance policies purportedly placed with the various insurance companies and entities, by investigating or causing the claims to be investigated, retaining attorneys to represent the insurance companies and entities, and, in certain cases, paying money purportedly in settlement of the claims, all for the purpose of perpetuating and concealing the scheme to defraud.

12. In furtherance of this scheme, IAN STUART, a/k/a "Ian Stuart-Smith," a/k/a "John Harris," a/k/a "John Harrington," the defendant, made numerous telephone calls and sent numerous faxes to various insurance agents throughout the United States in order to induce the insurance agents to purchase commercial liability insurance policies purportedly placed with various insurance companies and entities.

STATUTORY ALLEGATION

13. On or about the dates set forth below, in the Southern District of New York and elsewhere, IAN STUART, a/k/a "Ian Stuart-Smith," a/k/a "John Harris," a/k/a "John Harrington," the defendant, unlawfully, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, transmitted and caused to be transmitted by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to

wit, STUART made and caused to be made the following facsimile transmissions in furtherance of the above-described scheme to defraud:

Count	Approx. Date	Type of Wire Comm.	From	To	Description
1	5/10/01	Facsimile	DKM Insurance Group, Inc., Blue Point, NY	Ian Stuart/Surplus, Canada	Binding Request
2	6/29/01	Facsimile	Affiliated Agency, Inc., Plainview, NY	Ian Stuart, Surplus Lines, Canada	Binding Request
3	12/20/01	Facsimile	Surplus Lines, Canada	Charles Goodman & Co., Briarcliff Manor, NY	Insurance Binder
4	4/15/02	Facsimile	Affiliated Agency, Inc., Plainview, NY	Ian Stuart, Canada	Binding Request
5	10/3/02	Facsimile	Ian Stuart, Canada	Surety Premium Finance, Fort Worth, TX	Authority Verification Form
6	10/11/02	Facsimile	Heritage, Canada	Nolat Premium Financing, La Mesa, CA	Authority Verification Form
7	10/23/02	Facsimile	Ian Stuart, Surplus Lines, Canada	Charles Goodman & Co., Briarcliff Manor, NY	Purported Loss Run
8	11/6/02	Facsimile	Heritage, Canada	Mountain West Premium Finance, Denver, CO	Authority Verification Form
9	2/21/03	Facsimile	Heritage, Canada	Premium Finance Specialists, Phoenix, AZ	Authority Verification Form
10	9/5/03	Facsimile	Heritage, Canada	Nolat Premium Financing, San Clemente, CA	Authority Verification Form

(Title 18, United States Code, Sections 1343, 1349 and 2.)

COUNTS ELEVEN through TWENTY
(Mail Fraud)

The Grand Jury further charges:

14. The allegations set forth in paragraphs 1 through 12 are repeated, realleged, and incorporated as if set forth fully herein.

15. On or about the dates set forth below, in the Southern District of New York and elsewhere, IAN STUART, a/k/a "Ian Stuart-Smith," a/k/a "John Harris," a/k/a "John Harrington," the defendant, unlawfully, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, for the purpose of executing such scheme and artifice and attempting so to do, did deposit and cause to be deposited matters and things to be sent and delivered by private and commercial interstate carriers, did take and receive such matters and things therefrom, and did knowingly cause such matters and things to be delivered by such carriers according to the directions thereon, and at the place at which they were directed to be delivered by the person to whom they were addressed, to wit, STUART sent and caused to be sent the following documents in furtherance of the above-described scheme to defraud:

Count	Approx. Date of Mailing	From	To	Description
11	3/30/01	Budget Installment Corp., Rockville Center, NY	Surplus Lines, New York, NY	Check totaling \$70,004.25
12	11/01/01	Standard Funding Corp., Syosset, NY	Surplus Lines, New York, NY	Check totaling \$23,375.00
13	10/7/02	Surety Premium Finance, Fort Worth, TX	Heritage, New York, NY	Checks totaling \$59,939.25
14	12/11/02	Premium Finance, Woodland Hills, CA	Lloyds c/o Heritage, New York, NY	Letter
15	12/17/02	Premium Finance, Woodland Hills, CA	Lloyds c/o Heritage, New York, NY	Letter
16	12/19/02	Premium Finance, Woodland Hills, CA	Lloyds c/o Heritage, New York, NY	Letter
17	12/31/02	Premium Finance, Woodland Hills, CA	Lloyds c/o Heritage, New York, NY	Letter
18	7/9/03	GAB Robins, Indianapolis, IN	Ian Stuart, Surplus Lines, New York, NY	Letter
19	7/14/03	Jon Heim, Novato, CA	Ian Stuart, Surplus Lines, New York, NY	Letter
20	9/9/03	Premium Finance Specialists, Phoenix, AZ	Heritage, New York, NY	Loan documents

(Title 18, United States Code, Sections 1341, 1349 and 2.)

SENTENCING ALLEGATIONS

The Grand Jury further charges:

16. The actual and intended losses resulting from the offenses charged in Counts One through Twenty exceeded \$7,000,000, but were less than \$20,000,000.

17. The offenses charged in Counts One through Twenty involved 250 or more victims.

18. The offenses charged in Counts One through Twenty involved sophisticated means.

19. IAN STUART, a/k/a "Ian Stuart-Smith," a/k/a "John Harris," a/k/a "John Harrington," the defendant, abused a position of private trust in a manner that significantly facilitated the commission or concealment of the offenses charged in Counts One through Twenty.

FORFEITURE ALLEGATIONS

20. As a result of committing the offense alleged in Counts One through Twenty of this Indictment, IAN STUART, a/k/a "Ian Stuart-Smith," a/k/a "John Harris," a/k/a "John Harrington," the defendant, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(2)(A), any property constituting, and derived from, proceeds obtained directly and indirectly as the result of such violations, including but not limited to the following:

- a. a sum of money, of at least approximately \$7,000,000 in United States currency, representing the amount of premiums obtained as a result of the insurance fraud scheme charged in Counts One through Twenty;

- b. all United States and foreign currency, funds, or other monetary instruments credited to account numbers 06032-003 400-400-8 and 06032-4513867 in the name of Surplus Lines, Heritage and/or Rupertsland, located at Royal Bank of Canada, Highway 404 South Highway 7 Branch, 280 East Beaver Creek Road, Richmond Hill, ON L4B 3M3;
- c. all United States and foreign currency, funds, or other monetary instruments credited to account numbers 3098-7302005, 3098-7300592, 3098-7102618, 7305990, and 7305990-1085 in the name of Surplus Lines, Heritage and/or Rupertsland, located at Canada Trust/Toronto Dominion Bank, 404 Town Centre, 111 Davis Drive, Newmarket, ON L3Y 7V1 or Beaver Creek Comm. Banking Centre, 500 Highway #7 E., Richmond Hill, ON L4B 1J1.
- d. all United States currency, funds, or other monetary instruments credited to account number 012-80419-3 in the name of Surplus Lines located at HSBC Bank USA, P.O. Box 1145, Buffalo, NY 14240.

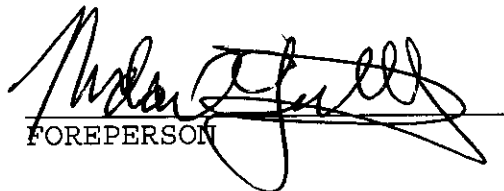
Substitute Asset Provision

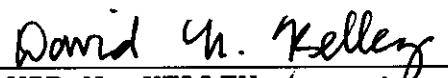
21. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to 18 U.S.C. § 982(b), to seek forfeiture of any other property of said defendant up to the value of the above forfeitable property.

(Title 18, United States Code, Sections 982(a)(2), 1341, and 1343.)


FOREPERSON


DAVID N. KELLEY *for MK*
United States Attorney

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

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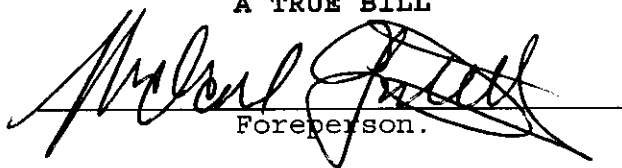
INDICTMENT

04 Cr.

(Title 18, United States Code,
Sections 2, 1341, 1343, and 1349)

DAVID N. KELLEY
United States Attorney.

A TRUE BILL


Foreperson.

Post 11/87

RC
12/21/01

Indictment filed; case assigned to
Judge Rakoff; arrest warrant issued

F. Maas, USMJ