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California Central District Court
Case No. 2:13-cr-00098
USA v. Powell

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CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

October 2012 Grand Jury

CR13-0098

UNITED STATES OF AMERICA,)	CR 13-
)	
Plaintiff,)	I N D I C T M E N T
)	
v.)	[18 U.S.C. § 1341: Mail Fraud;
)	18 U.S.C. § 1343: Wire Fraud;
DANIEL CHRISTIAN STANLEY)	18 U.S.C. § 1512(c)(2):
POWELL,)	Obstruction of Justice;
aka "Daniel C.S. Powell,")	18 U.S.C. § 2(b): Causing an
)	Act To Be Done]
Defendant.)	
)	
)	

The Grand Jury charges:

COUNTS ONE THROUGH FIVE

[18 U.S.C. § 1341]

A. INTRODUCTORY ALLEGATIONS

1. At all times relevant to this Indictment:

a. Defendant DANIEL CHRISTIAN STANLEY POWELL, also known as ("aka") "Daniel C.S. Powell" ("defendant POWELL"), was a resident of Los Angeles County, California, within the Central District of California;

b. Defendant POWELL owned, operated, and controlled Christian Stanley, Inc., Christian Stanley, L.L.C., Daniel Christian Stanley Powell Realty Holdings, Inc., and related

7/2

1 entities (collectively, "Christian Stanley"). Christian Stanley
2 was an investment company, among other things, located in Los
3 Angeles, California, within the Central District of California.

4 c. Defendant POWELL controlled Bank of America
5 account number XXXXX-X2239 (the "B of A Account").

6 B. THE SCHEME TO DEFRAUD

7 2. Beginning in or about March 2009, and continuing
8 through in or about July 2011, in Los Angeles County, within the
9 Central District of California, and elsewhere, defendant POWELL,
10 together with others known and unknown to the Grand Jury,
11 knowingly and with intent to defraud, devised, participated in,
12 and executed a scheme to defraud individuals and entities
13 (collectively, the "victims") as to material matters, and to
14 obtain money and property from victims by means of material false
15 and fraudulent pretenses, representations, and promises, and the
16 concealment of material facts relating to their investments with
17 Christian Stanley.

18 3. The fraudulent scheme operated, in substance, in
19 the following manner:

20 a. Defendant POWELL solicited funds from the victims
21 by falsely representing, and causing others to falsely represent,
22 that:

23 (i) The funds from the victims would be used by
24 Christian Stanley to purchase life insurance policies from
25 individual policy holders at their present value, which defendant
26 POWELL termed "reverse life insurance policies;"

27 (ii) The funds from the victims would be used to
28

1 develop natural resources, such as a gold mine in Nevada;

2 (iii) The victims would receive "debentures" from
3 Christian Stanley that were secured by:

4 (a) Reverse life insurance policies;

5 (b) A gold mine in Nevada; and/or

6 (c) Coal leases in Kentucky;

7 (iv) Christian Stanley owned reverse life
8 insurance policies, a gold mine in Nevada, and coal leases in
9 Kentucky;

10 (v) Christian Stanley would pay the victims
11 specific rates of interest over specific periods of time, after
12 which it would return their investments; and

13 (vi) Christian Stanley was profitable and
14 successful.

15 b. Also as part of the fraudulent scheme, defendant
16 POWELL failed to disclose to, and concealed from, the victims the
17 following material facts, among others:

18 (i) Christian Stanley did not own any reverse
19 life insurance policies;

20 (ii) Christian Stanley did not own any gold mines
21 in Nevada;

22 (iii) Christian Stanley did not own any coal
23 leases in Kentucky;

24 (iv) Christian Stanley was not profitable; and

25 (v) Defendant POWELL was spending the victims'
26 investment money on the following:

27 (a) Commissions to debenture sales people;
28

1 (b) Daily living expenses for defendant
2 POWELL;

3 (c) Luxury automobiles;

4 (d) Non-business, personal expenditures for
5 defendant POWELL;

6 (e) Rent for various individuals;

7 (f) Donations relating to a tribute to
8 Michael Jackson and another foundation;

9 (g) Non-business payments to defendant
10 POWELL's family members; and

11 (h) Non-business luxury goods for defendant
12 POWELL.

13 c. Also as part of the scheme to defraud, defendant
14 POWELL concealed his material misrepresentations and omissions
15 from the victims, and lulled, and caused others to lull, the
16 victims into maintaining their investments with defendant POWELL
17 by:

18 (i) Using the funds invested by other victims
19 to make interest payments to the victims;

20 (ii) Sending purported refunds of the victims'
21 investments;

22 (iii) Misrepresenting how the victims' funds were
23 being spent;

24 (iv) Misrepresenting the profitability and
25 success of Christian Stanley;

26 (v) Misrepresenting that defendant POWELL and/or
27 Christian Stanley had over one million dollars in bank accounts;
28

(vi) Asking the victims to sign false affidavits in an attempt to clear himself of wrongdoing and enticing the victims to do so by misrepresenting that the affidavits would help defendant POWELL prevail in a civil case filed by the U.S. Securities and Exchange Commission and would allow defendant POWELL to refund the investments made by the victims; and

(vii) Using the funds invested by the victims to promote the business.

4. In connection with this scheme to defraud, defendant POWELL defrauded approximately 50 victims out of approximately \$4.5 million.

C. THE USE OF THE MAILS

5. On or about the dates set forth below, in Los Angeles County, within the Central District of California, and elsewhere, defendant POWELL, 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 to be sent and delivered by the United States Postal Service or a private or commercial interstate carrier, as specified below, according to the directions thereon:

COUNT	DATE	ITEM MAILED
ONE	September 11, 2010	An envelope containing investment documents that was delivered by the U.S. Postal Service from A.W. to Christian Stanley
TWO	April 12, 2011	An envelope containing investment documents that was delivered by Federal Express from J.L. to defendant POWELL

COUNT	DATE	ITEM MAILED
THREE	June 13, 2011	An envelope containing a letter that was delivered by the U.S. Postal Service or a private or commercial interstate carrier from defendant POWELL to K.S.
FOUR	August 30, 2011	An envelope containing investment documents and a check that was delivered by Federal Express from R.R. to defendant POWELL
FIVE	September 1, 2011	An envelope containing a check for \$10,000 that was delivered by Federal Express from defendant POWELL to A.K.

COUNTS SIX THROUGH TEN

[18 U.S.C. § 1343]

6. The Grand Jury repeats and re-alleges paragraphs one through four of this Indictment as though fully set forth herein.

D. THE USE OF THE WIRES

7. On or about the dates set forth below, in Los Angeles County, within the Central District of California and elsewhere, defendant POWELL, for the purpose of executing the above-described scheme to defraud, transmitted, and caused the transmission of, the following items by means of wire and radio communication in interstate and foreign commerce:

COUNT	DATE	ITEM WIRED
SIX	June 21, 2010	Wire of \$59,855 from First Community Bank, Inc. through the Federal Reserve Wire Network in New Jersey, to the B of A Account in California
SEVEN	July 1, 2010	Wire of \$9,955 from First Community Bank, Inc. through the Federal Reserve Wire Network in New Jersey, to the B of A Account in California
EIGHT	September 10, 2010	Wire of \$50,000 from Boulder Dam Credit Union through the Federal Reserve Wire Network in New Jersey, to the B of A Account in California
NINE	May 19, 2011	Wire of \$119,600 from U.S. Bank through the Federal Reserve Wire Network in New Jersey, to the B of A Account in California
TEN	May 26, 2011	Wire of \$60,000 from Susquehanna Bank through the Federal Reserve Wire Network in New Jersey, to the B of A Account in California

COUNT ELEVEN

[18 U.S.C. §§ 1512(c)(2), 2(b)]

8. The Grand Jury repeats and re-alleges paragraphs one and two of this Indictment as though fully set forth herein.

9. On or about January 10, 2012, in Los Angeles County, within the Central District of California, and elsewhere, defendant POWELL corruptly obstructed, influenced, and impeded, and corruptly attempted to obstruct, influence, and impede an official judicial proceeding, namely, Securities and Exchange Commission v. Christian Stanley, Inc., et al., Case No. 11-CV-7147-GHK (MANx) (hereinafter, the "SEC civil case"), by knowingly and willfully persuading victim S.S. to execute an affidavit containing materially false, misleading, and evasive statements. Defendant POWELL did so by misrepresenting to victim S.S. that the affidavit would help defendant POWELL prevail in the SEC civil case and enable defendant POWELL to refund victim S.S.'s investment in Christian Stanley.

10. The affidavit contained the following materially false, misleading, and evasive statements, among others:

a. Victim S.S.'s investment was a private loan rather than a security;

b. Victim S.S. understood that her investment would be used to pay Christian Stanley's operational expenses;

c. Christian Stanley and defendant POWELL had disclosed to victim S.S. that Christian Stanley had not generated sufficient revenue to make interest payments to investors and was making those payments from the victims' investments; and

1 d. Victim S.S. had read the allegations in the
2 complaint filed in the SEC civil case and believed that the
3 allegations were false.

COUNT TWELVE

[18 U.S.C. §§ 1512(c)(2), 2(b)]

11. The Grand Jury repeats and re-alleges paragraphs one and two of this Indictment as though fully set forth herein.

12. On or about January 31, 2012, in Los Angeles County, within the Central District of California, and elsewhere, defendant POWELL corruptly obstructed, influenced, and impeded, and corruptly attempted to obstruct, influence, and impede an official judicial proceeding, namely, Securities and Exchange Commission v. Christian Stanley, Inc., et al., Case No. 11-CV-7147-GHK (MANx) (hereinafter, the "SEC civil case"), by knowingly and willfully persuading victim H.B. to execute an affidavit containing materially false, misleading, and evasive statements. Defendant POWELL did so by misrepresenting to victim H.B. that the affidavit would help defendant POWELL prevail in the SEC civil case and enable defendant POWELL to refund H.B.'s investment in Christian Stanley.

13. The affidavit contained the following materially false, misleading, and evasive statements, among others:

a. Victim H.B.'s investment was a private loan rather than a security;

b. Victim H.B. understood that her investment would be used to pay Christian Stanley's operational expenses;

c. Christian Stanley and defendant POWELL had disclosed to victim H.B. that Christian Stanley had not generated sufficient revenue to make interest payments to investors and was making those payments from the victims' investments; and

1 d. Victim H.B. had read the allegations in the
2 complaint filed in the SEC civil case and believed that the
3 allegations were false.

COUNT THIRTEEN

[18 U.S.C. §§ 1512(c)(2), 2(b)]

14. The Grand Jury repeats and re-alleges paragraphs one and two of this Indictment as though fully set forth herein.

15. On or about February 22, 2012, in Los Angeles County, within the Central District of California, and elsewhere, defendant POWELL corruptly obstructed, influenced, and impeded, and corruptly attempted to obstruct, influence, and impede an official judicial proceeding, namely, Securities and Exchange Commission v. Christian Stanley, Inc., et al., Case No. 11-CV-7147-GHK (MANx) (hereinafter, the "SEC civil case"), by knowingly and willfully persuading victim A.K. to execute an affidavit containing materially false, misleading, and evasive statements. Defendant POWELL did so by misrepresenting to victim A.K. that the affidavit would help defendant POWELL prevail in the SEC civil case and enable defendant POWELL to refund victim A.K.'s investment in Christian Stanley.

16. The affidavit contained the following materially false, misleading, and evasive statements, among others:

a. Victim A.K.'s investment was a private loan rather than a security;

b. Victim A.K. understood that her investment would be used by Christian Stanley for general business purposes;

c. Christian Stanley and defendant POWELL had disclosed to Victim A.K. that Christian Stanley had not generated sufficient revenue to make interest payments to investors and was making those payments from the victims' investments; and

1 d. Victim A.K. was familiar with the allegations in
2 the complaint filed in the SEC civil case and believed that the
3 allegations were false.

4
5 A TRUE BILL

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8 Foreperson

9
10 ANDRÉ BIROTTE JR.
11 United States Attorney

12 *Donna*

13 *Donny C. Kim*
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