

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

Criminal Action No. 12-cr-00139-CMA

UNITED STATES OF AMERICA,

Plaintiff,

v.

1. STANLEY W. ANDERSON,
2. EDWIN A. SMITH, and
3. CHARLES L. KENNEDY,

Defendants.

INDICTMENT

18 U.S.C. §§ 1343 and 2
(Wire Fraud)

18 U.S.C. § 1349
(Conspiracy to Commit Wire and Mail Fraud)

18 U.S.C. §§ 1957 and 2
(Engaging in Monetary Transaction in Property Derived from
Specified Unlawful Activity)

The Grand Jury Charges that:

COUNTS 1 - 15
(Wire Fraud)

Background

At all times material to this Indictment:

1. Defendants STANLEY W. ANDERSON ("ANDERSON") and EDWIN A. SMITH ("SMITH") resided in Colorado and conducted business through two companies they controlled. Such two companies were identified as "CFO-5, LLC" ("CFO-5") and "Trinity International Enterprises, Inc." ("Trinity"). CFO-5 and Trinity had no business operations apart from soliciting investment funds related to an investment program. ANDERSON was the chairman

and chief executive officer of CFO-5 and Trinity. SMITH was the secretary of CFO-5 and president of Trinity.

2. Defendant CHARLES L. KENNEDY resided in Florida where he worked as a pastor and conducted business through a company identified as "Keys to Life Corporation". KENNEDY - through a formal partnership with Trinity - assisted ANDERSON and SMITH in soliciting investment funds.

3. E-Smart Services, Inc. ("E-Smart") was a Colorado company that purported to engage in a commercial credit card and payments business. ANDERSON served as the chief executive officer of E-Smart and SMITH was its vice-president. E-Smart business was unrelated to the investment program conducted through CFO-5 and Trinity.

The Scheme

4. Beginning on or about early October of 2005, and continuing through and including on or about December 29, 2008, in the State and District of Colorado, and elsewhere, defendants ANDERSON, SMITH and KENNEDY together with each other, and aiding and abetting other persons known and unknown to the Grand Jury, devised and intended to devise a scheme to defraud, and to obtain money and property by means of false and fraudulent material pretenses, representations and promises, from investors.

5. As part of the scheme, ANDERSON, SMITH, and KENNEDY, solicited investors' funds for use in an investment program where significant profits would supposedly be generated through the trading of European medium term notes ("MTN program"). In

reality, the MTN program as represented by the Defendants did not exist.

6. As part of the scheme, ANDERSON, SMITH, and KENNEDY falsely represented to investors that they had unique access to MTN trading programs not available to other individuals based on their specialized knowledge and relationships with uniquely qualified parties having expertise in the trading of MTNs.

7. As part of the scheme, ANDERSON, SMITH, and KENNEDY falsely represented that their MTN program would pay nearly immediate returns in amounts ranging from 200 to 1000 percent.

8. As part of the scheme, ANDERSON, SMITH, and KENNEDY, enlisted and used the assistance of other persons to promote the MTN program (collectively such other persons are referred to as "promoters"). One of the promoters used in the scheme was M.N. who operated using a company known as Global Asset Services. Another promoter used in the scheme was N.F. who operated using a company known as Masters Ministry.

9. As part of the scheme, ANDERSON, SMITH, and KENNEDY, along with the assistance of various promoters, raised approximately \$5 million from approximately 100 investors nationwide over the course of the scheme.

10. As part of the scheme, investors' funds were not used to trade in financial instruments, but were instead misappropriated by ANDERSON, SMITH, and KENNEDY and dispensed for unauthorized uses. Investors, with the exception of those who received Ponzi scheme-like payments, that is, money taken from one investor to

compensate another, lost their total investments.

11. As part of the scheme, ANDERSON and SMITH generally commingled and deposited investors' funds into bank accounts controlled by ANDERSON and SMITH.

12. As part of the scheme, KENNEDY pocketed a portion of investors funds and used such funds for personal expenditures and other unauthorized uses instead of forwarding such investors' funds into the MTN program as promised.

13. As part of the scheme, ANDERSON and SMITH, failed to disclose to investors the material fact that they each had personal judgments outstanding against themselves individually and their joint business E-Smart during times when they were soliciting funds. Specifically, (1) an Order of Default was entered against the defendants in the amount of \$851,369.12 on April 11, 2005, in Faison v. E-Smart, et al., Case No. 04CV-010506 (Denver District Court); and (2) a Consent Judgment was entered against the defendants in the amount of \$125,128,78 on May 27, 2005, in Gallery v. E-Smart, et al., Case No. 04CV6534 (Denver District Court). Further, the defendants falsely represented that investor funds would be used for the MTN program when in fact such funds were used at times to pay the outstanding judgments owed by E-Smart, ANDERSON, and SMITH.

14. As part of the scheme, ANDERSON, SMITH, and KENNEDY, repeatedly lulled investors with false assurances, promises and statements as to the status and progress of the MTN program. Ultimately, through such falsities, the Defendants misled

investors into believing that the MTN program actually existed and was nearing successful completion, and that disbursements of profits were imminent. Such lulling communications continued to occur even after all investor funds had been misappropriated by the Defendants and dispensed for unauthorized uses.

15. As part of the scheme, ANDERSON, SMITH, and KENNEDY, mailed or caused items to be mailed in furtherance of the scheme.

16. ANDERSON, SMITH, and KENNEDY operated their scheme over the course of four continuous phases described as follows:

**Phase 1 - October 2005 through January 2006
The MTN Program and Initial Investments**

17. As part of the scheme, in October of 2005, ANDERSON, SMITH, and KENNEDY were working together to finalize an operating agreement involving CFO-5, Trinity and Keys to Life Corporation through which they planned to solicit investor funds using an MTN trading program.

18. As part of the scheme, during October of 2005, ANDERSON and SMITH were attempting to obtain a substantial investment from R.T. - an Oklahoma investor -- in an amount exceeding \$1 million.

19. On October 21, 2005, R.T.'s agent e-mailed SMITH and expressed concerns about the legality of the MTN program being proposed, stating that they wanted "to make sure what we are involved with is legit." Attached to the e-mail was a link to a U.S. Department of Treasury website which warned individuals against becoming involved in trading programs like the one ANDERSON, SMITH and KENNEDY were offering.

20. The website link referenced in the e-mail from R.T.'s agent was a public warning about certain fraud schemes involving various types of private placement trading programs and was found at "www.publicdebt.treas.gov/cc/ccphony9.htm". The link specifically advised in part that: "trading programs that offer secret, private investment markets, which purport to offer above average market returns with below market risk through the trading of bank instruments are fraudulent." The public warning further advised that there were certain "buzzwords or redflags" commonly associated with such "fraudulent investment schemes".

21. As part of the scheme, ANDERSON responded to the e-mail from R.T.'s agent on the same day (October 21, 2005), asserting that he and SMITH had reviewed with "great interest" the U.S. Department of Treasury web link which provided warnings against scam trading programs. ANDERSON stated that although he and SMITH were aware that "there are a great deal of phony offers, people and securities, of many types" he assured R.T.'s agent that their MTN program would be legitimate.

22. As part of the scheme, sometime in December of 2005, ANDERSON and SMITH formed CFO-5. The operating agreement set forth that Trinity was CFO-5's managing member, ANDERSON its chairman, SMITH its secretary, and KENNEDY its vice-present and moral and spiritual adviser.

23. As part of the scheme, in a memorandum dated December 15, 2005, ANDERSON continued to solicit an investment from R.T. in which he falsely represented, among other things, that: R.T.'s

funds (less 5% used for operational and administrative purposes) would immediately be placed in an escrow account for the trading program; that the deposit in the escrow account would trigger the "Major Funding Partner to obligate their funds in order for the trading of MTNs to commence"; that three to four weeks after trading of MTNs began, distributions from the investor pool would be made "at least weekly"; and that R.T.'s estimated share of payments from the investor pool would be at least \$1.6 million for each periodic "traunch".

24. As part of the scheme, in early December of 2005, KENNEDY solicited investments from fellow pastors and members of their congregations through his company Keys to Life Corporation.

25. As part of the scheme, KENNEDY, with assistance from ANDERSON and SMITH, provided a one page solicitation form (referred to as "Keys Solicitation") to potential investors describing the investment opportunity. The Keys Solicitation falsely promised that: "For every \$1,000 invested, the minimum return would be \$1,000,000" which would be paid within 90 days. The Keys solicitation further described how KENNEDY through his business, Keys to Life Corporation, had formally partnered with Trinity in launching the MTN trading program and that investors would be provided significant returns derived through the trading of MTNs issued by major European Banks.

26. As part of the scheme, the Keys Solicitation falsely represented that KENNEDY "will deposit all funds received in the investment pool."

27. As part of the scheme, KENNEDY also misrepresented to investors that Keys to Life had performed months of work and due diligence regarding the MTN program and that based on KENNEDY'S close familiarity with both ANDERSON and SMITH, KENNEDY could vouch for their expertise and ability to successfully conduct MTN transactions.

28. As part of the scheme, KENNEDY collected investment funds in his Keys For Life bank account during December of 2005 from multiple investors. KENNEDY forwarded only a portion of the investment funds to Trinity for use in the investment pool.

29. As part of the scheme, on January 9, 2006, ANDERSON and SMITH received \$1.6 million into the Trinity bank account wired from R.T.

30. In connection with R.T.'s investment, ANDERSON and SMITH entered into a Private Placement Investment Agreement with R.T. in which they represented that proceeds from the trading program would be made at least weekly to R.T. and that Trinity would use funds from the program to complete the investment program. The agreement stated that the enormous returns from the MTN trading program were achieved by making a profit from the sale and purchase of MTNs "securing the profitability margin between the purchase and sale of non-registered Private Placement Medium Term Senior Unsubordinated Bank Debentures (MTNs) with normal ICC Non-Circumvention, Non-Disclosure Rules and Regulations applied". The agreement also incorporated a "Letter of Intent" which further described that funds used in the transaction need to be

"good, clean, clear and unencumbered United States Dollars of non-criminal origin" and further noted that the MTN's were to be "slightly seasoned" - buzzwords described in the public warning referenced in paragraph no. 20 of the Indictment.

31. As part of the scheme, on January 12, 2006, ANDERSON continued to solicit investments through a memorandum to potential investors describing the MTN trading program. With the assistance of promoters, Trinity/CFO received additional investor funds in January 2006.

32. As part of the scheme, ANDERSON, SMITH and KENNEDY through the MTN program raised in total approximately \$2 million from investors during the period of October 2005 through January 2006.

33. As part of the scheme, on January 25, 2006, \$1.44 million was wired from the Trinity bank account to an escrow account in New York, from which the funds were wired to various accounts throughout the world. However, there were no MTN transactions, the funds were used to pay "rental fees" for money that Trinity never accessed, and the entire \$1.44 million was lost with no return.

34. As part of the scheme, ANDERSON, SMITH, and KENNEDY, continued to solicit investors for the MTN program after the \$1.44 million loss and investors continued to wire funds to the Trinity bank account.

**Phase 2 - February 2006 through March 2006
Private Placement Memorandum**

35. As part of the scheme, during the months of February and March 2006, ANDERSON, SMITH, KENNEDY, with the assistance of promoters M.N. and N.F., raised approximately \$900,000 in additional funds.

36. As part of the scheme, sometime in around February 2006, CFO-5 issued a document called a "Private Placement and Rescission Offer" (the "rescission offer") purportedly to "fully inform" investors from Phase 1 about additional facts that were not previously disclosed as part of the original investment solicitation. Investors were provided with the opportunity to receive all of their money back with interest. In connection with the rescission offer, investors were also told by ANDERSON and SMITH that the investment program was on track and that CFO-5 anticipated first trades to occur by the end of February 2006. As a result, investors were told that within 30 days or less CFO-5 anticipated revenue from its business activities.

37. As part of the scheme, ANDERSON and SMITH did not disclose that the rescission offer was a sham because there were insufficient funds in CFO-5 and Trinity accounts to repurchase investors' securities.

38. As part of the scheme, beginning in early March of 2006, the Defendants and promoters utilized a "private placement memorandum" ("PPM") when soliciting investors.

39. As part of the scheme, ANDERSON, SMITH, and KENNEDY made a number of false representations and misleading statements in the PPM, including:

- a) "Trinity has "knowledge and relationship with certain qualified parties whose expertise includes the ability to sell and purchase Medium Term Senior Unsubordinated Bank Debentures."
- b) "We are primarily a company that buys MTNs. We buy and sell very specific instruments with predetermined profit margins. We in turn sell the unsubordinated debentures to ready and able buyers. The transactions are executed electronically through the EuroClear System."
- c) "To date, we have not experienced any significant amount of bad debts or failed transactions. "
- d) "[T]here are no judgments, liens, encumbrances or defaults of any nature against the company, its managers or significant personnel."
- e) "We anticipate the initial transaction will generate revenue on or about April 30, 2006."
- f) Assuming CFO-5 raised \$3 million for the investor pool, an investor who made the \$25,000 minimum investment could anticipate "potential returns" of \$95,760 each week for an unspecified period of time.

40. In reality, there was no MTN program; Trinity did not have the expertise and relationships that it claimed to have; Trinity did not buy or sell MTNs; at the time of the issuance of the PPM, Trinity had lost \$1.44 million in funds sent to the New York escrow account; Anderson and Smith had large outstanding judgments against them from the E-Smart litigation; and the anticipated investor returns were pure fiction.

41. Further, the PPM, the rescission offer, and other documents provided to investors touted SMITH's alleged banking experience, including a purported twenty years in "business banking," but did not disclose that SMITH had been an airline baggage handler for the last fourteen years.

42. As part of scheme, KENNEDY continued to communicate with investors and falsely assured them that the MTN program was working. KENNEDY obtained additional funds from investors during late March of 2006.

43. As part of the scheme, on March 22, 2006, ANDERSON and SMITH forwarded \$734,000 to an escrow account in New York. The funds were wired to an off-shore account where they were used to pay fees to rent funds CFO-5 never accessed, no MTNs were purchased or sold, and the entire \$734,000 was lost.

**Phase 3 - April 2006 through June 2007
More Investor Funds**

44. As part of the scheme, ANDERSON, SMITH, KENNEDY and their promoters continued to solicit new investor funds during the period of April 1, 2006, through June of 2007. During this third phase, CFO-5/Trinity obtained approximately \$2.5 million in additional investor funds. This was despite the fact that CFO-5 and Trinity were generating no income from the MTN program and all funds previously sent to the New York escrow agent had been lost. During this same phase, Defendants began to lull investors with false statements about the status and progress of the MTN program.

45. As part of the scheme, in early April of 2006, KENNEDY persuaded investor R.G. to invest additional funds from his congregation. KENNEDY forwarded only a portion of the investment funds to Trinity for use in the investment pool.

46. As part of the scheme, beginning in early April 2006,

ANDERSON and SMITH began distributing to investors a new "Investment Contract" which they asserted was governed by the same terms of the earlier issued PPM. The Investment Contract set forth a number of the same falsehoods identified above in paragraph nos. 39, and 41 of the Indictment..

47. As part of the scheme, on or about May 1, 2006, SMITH advised investors in an investor conference call that investors funds had been lost. Investors were upset.

48. On May 3, 2006, ANDERSON sent an email "recap" of he recent conference call conducted by SMITH and stated while the "Seller" had changed, "we remain on track for the first distributions to occur around May 15th" and "we also have a back up seller and exit buyer in place, as is our customary business strategy."

49. On May 15, 2006, ANDERSON, SMITH, KENNEDY, and promoters M.N. and N.F. received a letter from investors demanding a report showing how investors' funds had been utilized.

50. As part of the scheme, promoters M.N. and N.F. continued to solicit and collect funds from investors on behalf of CFO-5, during April 2006 through June 2007. In connection with raising such funds, M.N. and N.F. passed on various of the misrepresentations and false statements being provided to them by ANDERSON and SMITH.

51. As part of the scheme, beginning sometime around September of 2006, ANDERSON, SMITH and KENNEDY began advising investors that CFO-5 was sponsoring the "Nashville Forum" in

November of 2006, for several days at the Opryland Hotel in Tennessee. At such Forum, investors would have the chance to meet with each of the Defendants and other "highly qualified investment representatives" who could advise investors on how to manage their new wealth. Shortly before the Forum was to occur, the Defendants informed investors that it was canceled and would be rescheduled once first distributions had occurred.

52. As part of the scheme, ANDERSON, with the assistance of SMITH, continued to send regular emails to investors and conducted investor conference calls where he told current and prospective investors that a trading transaction was complete or was almost complete, and represented that investors would receive enormous disbursements from the transactions. For example:

- a) On August 10, 2006, ANDERSON sent an e-mail to investors claiming that a large investor had provided a \$300 million line of credit to the pool, the conversion to cash was complete, the securities were in place, and the target date for disbursement of returns to investors remained the end of August.
- b) On September 7, 2006, ANDERSON sent an e-mail to investors claiming that documentation was "now underway" in a trade with a "major European Bank."
- c) On October 25, 2006, ANDERSON sent an e-mail to investors claiming that "the first trade has begun" and that \$15 million would be sent to the investment pool over 2 days near the end of the month.

- d) On November 1, 2006, ANDERSON sent an e-mail to investors claiming that an MTN purchase, with a "Large Investor" providing the funds, would be completed within days, yielding a \$100 million investment pool for existing investors and that distributions by wire would begin on November 7 or 8, 2006.
- e) On December 28, 2006, ANDERSON sent an e-mail to investors claiming that full trading was expected to begin the week of January 8, 2007.
- f) On about January 10, 2007, ANDERSON sent an e-mail to investors claiming that three large trading transactions would begin shortly, with distributions from the first transaction, a purported \$5 billion contract, to begin on January 19, 2007.
- g) On January 26, 2007, ANDERSON sent an e-mail to investors claiming that a "Large Investor," the Large Investor's "team," and a "Wall Street CEO" were working in Europe on the first transaction and that there would soon be daily trading on a purported \$5 billion contract.
- h) On March 9, 2007, Anderson claimed in an investor conference call that paperwork on transactions that would provide regular earnings to the investor pool participants was being finalized and trading would begin soon on a second transaction.
- i) On April 4, 2007, Anderson sent an e-mail to investors

stating that "[t]rading is underway to support our first distribution."

53. As part of the scheme, in March through May of 2007, promoter M.N. received a series of payments from investor G.L. In collecting such payments, M.N. passed on only a portion of such investor funds to CFO-5.

54. As part of the scheme, on June 20, 2007, ANDERSON faxed a letter to investor R.T. stating that he had a "Bank Guarantee issued by Barclays Bank, Plc., London" which would be the source of funds which would be wired to R.T. ANDERSON told R.T. that he would deliver and repay R.T. his investment funds and a substantial return.

Phase 4 - July 2007 through December 2008
Lulling Communications to Investors

55. As part of the scheme, ANDERSON, SMITH and KENNEDY continued to lull investors during the period of July 2007 through December 2008. The Defendants made false promises to investors that the MTN program was progressing positively and that disbursements of funds would still occur. The Defendants continued to make lulling promises through e-mails, letters, conference calls and other communications to investors. In fact, CFO-5/Trinity never generated any investment income from its MTN program during the period of July 2007 through December 2008, nor during any other phase of the scheme.

56. As part of the scheme, on July 24, 2007, ANDERSON sent an e-mail to investors advising them that in the coming days CFO-

5 was going to send out "a test wire of \$25 per party" in order to make sure that there were no issues before the first distribution was sent out. ANDERSON also advised investors that, "Our first distribution will be the bonus distribution in the amount of \$5M".

57. As part of the scheme, on September 5, 2007, ANDERSON emailed investors that "under advise from legal counsel" CFO-5 had elected to proceed with making a "bonus distribution" to investors. ANDERSON stated in his email that to ensure payment of the bonus, investors were to provide their current overnight mailing address and complete a notarized letter. Upon receipt of such letter, ANDERSON stated in the e-mail that CFO-5 "will distribute the funds by wire."

58. As part of the scheme, on November 12, 2007, ANDERSON emailed investors an update which stated, among other things, that CFO-5 was "very enthused about the progress, on several fronts / transactions over these past 2 weeks."; "These efforts are paying off and coming together. The overall return to the Investor Pool will be quite substantial and none will be disappointed."; "Every effort is being made to secure funds and distribute them as fast as humanly possible."; and "we are continually focused on bringing the Bonus disbursement to the Investment Pool while working on additional transactions".

59. As part of the scheme, on February 17, 2008, ANDERSON emailed investors an update which stated, among other things, that CFO-5 was continuing to work on "multiple transactions" and

that various "bank challenges in Europe" were "all being resolved" and as a result "our fees will be received, our disbursements will be made . . . which paves the way for further periodic distributions, likely to be made on a weekly basis."

60. As part of the scheme, on April 7, 2008, ANDERSON and SMITH informed investor D.P. in an e-mail that they both had been "in meetings" and working on several transactions, one of which was to start "within the week." ANDERSON stated that: "Using other people's money is a delicate dance, lots of negotiations, and dealing with crazy hours." ANDERSON urged D.P. to "keep the faith" and noted, "Don't think about being homeless. Think about how you can use your funds we send as part of the Bonus Distribution and the first few distributions to help others - Including those who are in danger of losing their homes."

61. As part of the scheme, on July 17, 2008, ANDERSON emailed investors that "all issues with the multiple banks, multiple countries, multiple parties is being finalized."; and that specifics as to "timing and amount of disbursements" will be provided during CFO-5's next conference call.

62. As part of the scheme, on July 24, 2008, ANDERSON emailed investors informing them that the previously scheduled investor conference call update would be postponed for approximately one week. ANDERSON explained that this was due to the fact that CFO-5 recently learned "that our Large Investor is 'three strides away from the finish line in completing his leg in the relay.'" SMITH commended the investors for their patience

and told them that their "waiting is not in vain" explaining: "We are coming to closure in our first transaction that is at hand."

63. On July 28, 2008, the U.S. Securities and Exchange Commission ("SEC") filed a civil complaint against CFO-5, TRINITY, ANDERSON, SMITH, KENNEDY, and two promoters, M.N. and N.F., related to their collection of investor funds through their MTN program. Among other things, the complaint alleged that the investment program as described by the Defendants - trading in European medium term notes to generate nearly immediate returns - does not exist and such trading programs are fraudulent.

64. As part of the scheme, on September 8, 2008, ANDERSON sent an email to investors in which he acknowledged that a civil complaint had been filed by the SEC against him, SMITH, KENNEDY and the others. Among other things, ANDERSON told investors that "What is reported in the paper and complaint is not accurate but we cannot discuss it." ANDERSON continued in his email that CFO-5 was "not slowing down our full commitment to provide the Bonus Distribution and subsequent distributions to the full Investor Pool." He assured investors that, "we are working diligently to secure these funds and make these distributions" and that "very substantial progress is being made."

65. As part of the scheme, sometime shortly after September 8, 2008, KENNEDY had a telephone conversation with investor R.G. in which KENNEDY provided a false accounting to R.G. as to what happened to R.G. and others' investment funds.

66. As part of the scheme, on October 6, 2008, ANDERSON sent

an email to investors in which he informed investors that he had delayed in sending out an update the last week because "we have been advised to not do so until we have resolved the Complaint with the SEC."

67. As part of the scheme, on October 22, 2008, ANDERSON sent an email to investor N.Z. telling him that CFO-5 had been advised not to have regular communications with investors until the civil complaint is settled with the SEC but then updated N.Z. by stating: "We are working diligently to fulfill our intent of not only providing the full funds back to all investor pool participants but a handsome return on their investment. In this regard, we are making substantial progress."

68. As part of the scheme, on December 29, 2008, ANDERSON faxed a letter to investor R.T. stating, among other things, that "all is in place and confirmed for our first transaction which will generate the much needed and long delayed funds to you"; "Between now and the 20th of January we should send you the full \$7.5M that is due you for your initial investment as well as the full real estate expenses/losses you have experienced"; and "you have our respect and deep appreciation for enduring with us so long, much longer than anyone ever envisioned."

The Wires

69. On or about the dates set forth below, in the State and District of Colorado, ANDERSON, SMITH, and KENNEDY for the purpose of executing the scheme described above in paragraphs 1 through 68 of this Indictment, did cause, and aid and abet others

to cause, to be transmitted by means of wire, radio, and television communication in interstate or foreign commerce, certain writings, signs, signals, pictures, and sounds, as set forth below:

<u>COUNT</u>	<u>Date</u>	<u>Nature of Wire Communication</u>
1	4-4-07	E-mail from Colorado to Washington by ANDERSON to investor L.B. and others stating that "trading is underway to support our first distribution."
2	4-9-07	Wire transfer of \$4,000 in investment funds from Michigan to Colorado on behalf of investor G.L.
3	4-19-07	Wire transfer of \$25,000 in investment funds from Michigan to Colorado on behalf of investor G.L.
4	4-19-07	Wire transfer of \$5,500 on behalf of CFO-5 from Colorado to Florida for benefit of investor S.P. as a partial repayment of investment funds
5	4-19-07	E-mail from Colorado to Washington by ANDERSON to investor L.B. and others stating that in order for CFO-5 to prepare for "further distributions" that would be coming from the investment program, CFO was "testing" each of the investors accounts by sending a wire to it in the next 3 business days.
6	4-23-07	Wire transfer of \$15,000 in investment funds from Michigan to Colorado on behalf of investor G.L.
7	5-8-07	Faxed letter from Colorado to Oklahoma by ANDERSON to investor R.T. promising to pay \$25,000 as partial payment of funds due under the investment program
8	6-20-07	Faxed letter from Colorado to Oklahoma by ANDERSON to investor R.T. stating that R.T. will be repaid his investment and a substantial return

- 9 9-5-07 E-mail from Colorado to Washington by ANDERSON to investor A.H., L.B. and others stating that CFO-5 was planning a "bonus distribution" and that updated investor address information was needed to distribute funds
- 10 11-12-07 E-mail from Colorado to Washington by ANDERSON to investor E.W., L.B. and others stating that CFO-5 remains focused on the "bonus disbursement"
- 11 5-1-08 E-Mail from Colorado to California by ANDERSON to investor R.G. and others stating that "all is positive" with the large investor but due to "May Day and banking holidays" that "full documentation" was not available for a conference call with investors
- 12 7-17-08 E-mail from Colorado to Washington by ANDERSON to investor E.W., L.B. and others stating that "all issues with the multiple banks, multiple countries, multiple parties is being finalized" and that specifics as to "timing and amount of disbursements" will be provided during next conference call.
- 13 8-08-08 E-mail from Colorado to Maryland by ANDERSON to investor D.P. stating that D.P. would receive his investment back once a letter requesting withdrawal of funds was received by CFO-5
- 14 9-8-08 E-Mail from Colorado to Michigan by ANDERSON to investor G.L. and others stating SEC had filed a civil complaint against CFO-5 and the complaint "is not accurate"
- 15 12-29-08 Faxed letter from Colorado to Oklahoma by ANDERSON to investor R.T. stating that R.T. will be repaid \$7.5 million owed to him for his initial investment

Each of the foregoing counts was in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT 16
(Conspiracy)

70. The allegations contained in paragraphs 1 through 69 of this Indictment are hereby re-alleged as if set out in full and incorporated herein by reference.

71. Beginning on or about early October of 2005, and continuing through and including on or about December 29, 2008, in the State and District of Colorado, and elsewhere, STANLEY W. ANDERSON, EDWIN A. SMITH, and CHARLES L. KENNEDY, did knowingly and willfully combine, conspire, confederate, and agree together and with other persons known and unknown to the Grand Jury, to commit wire fraud and mail fraud, in violation of Title 18, United States Code, Sections 1343 and 1341, respectively.

72. The manner and means by which the conspiracy was carried out was through the scheme as alleged in paragraphs 1 through 68 of this Indictment.

The foregoing count was in violation of Title 18, United States Code, Section 1349.

COUNT 17
(Engaging in Monetary Transaction in Property Derived from Specified Unlawful Activity)

73. The allegations contained in paragraphs 1 through 69 of this Indictment are hereby re-alleged as if set out in full and incorporated herein by reference.

74. On or about April 24, 2007, in the State and District of Colorado, and elsewhere, defendants STANLEY W. ANDERSON and EDWIN A. SMITH did knowingly engage and attempt to engage in a

monetary transaction affecting interstate or foreign commerce, or by, through or to a financial institution, in criminally derived property of a value greater than \$10,000, which property was derived from specified unlawful activity, namely, Wire Fraud offenses in violation of Title 18, United States Code, Sections 1343, and aided and abetted the same, namely, SMITH issued a check in the amount of \$20,204.27 from E-Smart Services, Inc. to Compass Bank.

The foregoing count was in violation of Title 18, United States Code, Sections 1957(a) and 2.

A TRUE BILL:

Ink signature on file in the Clerk's Office
FOREPERSON

JOHN F. WALSH
United States Attorney

By: s/ Tim R. Neff
TIM R. NEFF
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Attorney for Government

DEFENDANT 1: STANLEY W. ANDERSON

YOB: 1944

ADDRESS: Jefferson County, CO

COMPLAINT FILED? _____ YES NO

IF YES, PROVIDE MAGISTRATE CASE NUMBER: _____

HAS DEFENDANT BEEN ARRESTED ON COMPLAINT? _____ YES NO

OFFENSE: **Counts 1 - 15:** Title 18, United States Code, §§ 1343 and 2 - wire fraud and aiding and abetting same

Count 16: Title 18, United States Code, § 1349 - conspiracy to commit wire and mail fraud

Count 17: Title 18, United States Code, § 1957 and 2 - engaging in monetary transaction in property derived from specified unlawful activity

LOCATION
OF OFFENSE

(COUNTY/STATE): Denver County, Colorado

PENALTY: **Counts 1 - 15:** Per Count: NMT 20 years imprisonment, \$250,000.00 fine, or both; NMT 3 years supervised release; \$100.00 Special Assessment fee

Count 16 - NMT 20 years imprisonment, a \$250,000 fine, or both; NMT 3 years supervised release; \$100 Special Assessment Fee

Count 17: NMT 10 years imprisonment, a \$250,000 fine, or both; NMT 3 years supervised release; \$100 Special Assessment Fee

AGENTS: U.S. Postal Inspector JoJan Henderson, USPS
Special Agent Wayne Stockley, IRS
Special Agent Peter Hunkar, FBI

AUTHORIZED
BY: Tim R. Neff
Assistant U.S. Attorney

ESTIMATED TIME OF TRIAL: 14 days or more

THE GOVERNMENT will will not seek detention in this case

The statutory presumption of detention is is not applicable to this defendant.

OCDETF CASE: _____ Yes No

DEFENDANT 2: EDWIN A. SMITH

YOB: 1950

ADDRESS: Arapahoe County, CO

COMPLAINT FILED? _____ YES NO

IF YES, PROVIDE MAGISTRATE CASE NUMBER: _____

HAS DEFENDANT BEEN ARRESTED ON COMPLAINT? _____ YES NO

OFFENSE: **Counts 1 - 15:** Title 18, United States Code, §§ 1343 and 2 - wire fraud and aiding and abetting same

Count 16: Title 18, United States Code, § 1349 - conspiracy to commit wire and mail fraud

Count 17: Title 18, United States Code, § 1957 and 2 - engaging in monetary transaction in property derived from specified unlawful activity

LOCATION OF OFFENSE

(COUNTY/STATE): Denver County, Colorado

PENALTY: **Counts 1 - 15:** Per Count: NMT 20 years imprisonment, \$250,000.00 fine, or both; NMT 3 years supervised release; \$100.00 Special Assessment fee

Count 16 - NMT 20 years imprisonment, a \$250,000 fine, or both; NMT 3 years supervised release; \$100 Special Assessment Fee

Count 17: NMT 10 years imprisonment, a \$250,000 fine, or both; NMT 3 years supervised release; \$100 Special Assessment Fee

AGENTS: U.S. Postal Inspector JoJan Henderson, USPS
Special Agent Wayne Stockley, IRS
Special Agent Peter Hunkar, FBI

AUTHORIZED BY: Tim R. Neff
Assistant U.S. Attorney

ESTIMATED TIME OF TRIAL: 14 days or more

THE GOVERNMENT will will not seek detention in this case

The statutory presumption of detention is is not applicable to this defendant.

OCDETF CASE: _____ Yes No

DEFENDANT 3: CHARLES L. KENNEDY

YOB: 1942

ADDRESS: Hillsborough County, FL

COMPLAINT FILED? _____ YES NO

IF YES, PROVIDE MAGISTRATE CASE NUMBER: _____

HAS DEFENDANT BEEN ARRESTED ON COMPLAINT? _____ YES NO

OFFENSE: **Counts 1 - 15:** Title 18, United States Code, §§ 1343 and 2 - wire fraud and aiding and abetting same

Count 16: Title 18, United States Code, § 1349 - conspiracy to commit wire and mail fraud

LOCATION OF OFFENSE

(COUNTY/STATE): Denver County, Colorado

PENALTY: **Counts 1 - 15:** Per Count: NMT 20 years imprisonment, \$250,000.00 fine, or both; NMT 3 years supervised release; \$100.00 Special Assessment fee

Count 16 - NMT 20 years imprisonment, a \$250,000 fine, or both; NMT 3 years supervised release; \$100 Special Assessment Fee

AGENTS: U.S. Postal Inspector JoJan Henderson, USPS
Special Agent Wayne Stockley, IRS
Special Agent Peter Hunkar, FBI

AUTHORIZED BY: Tim R. Neff
Assistant U.S. Attorney

ESTIMATED TIME OF TRIAL: 14 days or more

THE GOVERNMENT will/will not seek detention in this case

The statutory presumption of detention is/is not applicable to this defendant.

OCDETF CASE: _____ Yes No