



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

UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA

United States of America,

Plaintiff,

v.

- 1. Lawrence William Dunning
(Counts 1, 4 - 53);
- 2. James Marshall Boyce
(Count 1);
- 3. Robert Kenneth Rehm,
(Counts 1-3);
- 4. Eric Jon Strasser
(Count 4);
- 5. Phillip Eugene Vigarino
(Count 4); and
- 6. Paul Jeffrey Meka
(Count 4),

Defendants.

C R 0 7 - 1 3 9 0 PHX-MHM
(MHB)

INDICTMENT

VIO: 18 U.S.C. §§ 1344 & 2
(Bank Fraud & Aid and Abet)
Count 1

18 U.S.C. § 1014
(False Statement on Loan
Application)
Counts 2 - 3

18 U.S.C. § 371
(Conspiracy)
Count 4

18 U.S.C. § 1341
(Mail Fraud)
Counts 5-28

18 U.S.C. § 1956(a)(1)(A)(i)
(Promotional Money Laundering)
Counts 29-53

THE GRAND JURY CHARGES:

Introduction

Creative Financial Funding and
American National Mortgage Partners

1. At all times relevant to this indictment, defendant LAWRENCE WILLIAM DUNNING d/b/a Corporate Fiducial Services, Inc., among other business entities, including Creative Financial Funding ("CFF") and American National Mortgage Partners ("ANMP"), was

1 in the business of locating investors to provide "hard money lending" for borrowers with real
2 estate holdings to secure such loans.

3 2. A "hard money" loan is a type of asset-based loan financing in which a borrower
4 receives funds based on the value of a parcel of real estate. Hard money loans are typically
5 issued at much higher interest rates than conventional commercial or residential property loans
6 and are rarely issued by a commercial bank. A hard money loan is a real estate loan
7 collateralized against the quick-sale value of the property for which the loan is made. Most
8 lenders fund in the first lien position, meaning that in the event of a default, the lender is the first
9 creditor to be repaid. Hard money lenders structure loans based on a percentage of the quick-
10 sale value of the subject property. This is called the loan-to value or LTV ratio and typically
11 hovers between 60-70 percent of the market value of the property.

12 3. CFF was an Arizona limited liability company formed in or about February 2000.
13 CFF was authorized to transact business in Arizona as a mortgage broker. CFF conducted
14 business from its principal office at 125 S. 52nd Street, Tempe, Arizona. The nature of CFF's
15 business was making, negotiating or offering to make or negotiate loans secured by Arizona real
16 property.

17 4. ANMP is an Arizona limited liability company formed on January 3, 2002. As of
18 April 10, 2002, ANMP was registered with the Arizona State Banking Department as a mortgage
19 banker. ANMP conducted business from its principal office at 15021 N. 74th Street, Scottsdale,
20 Arizona. ANMP operated initially as a licensed mortgage broker and then as a licensed
21 mortgage banker. ANMP placed advertisements in local newspapers seeking investors by
22 promising interest rates of 20 percent or higher. The advertisements indicated that the
23 investments were secured by real property. During its existence, ANMP raised approximately
24 \$30 million dollars from about 350 investors.

25 5. Through his "hard money lending," defendant LAWRENCE WILLIAM DUNNING
26 would identify individuals who needed to borrow funds but were unable to do so through regular
27 banking institutions, and would locate investors to lend funds to such borrowers. Borrowers
28

1 would pay upwards of 36% interest for such funds, and investors were promised high rates of
2 return on their investments, which were purportedly secured by real estate.

3 6. Defendant LAWRENCE WILLIAM DUNNING represented to investors that their
4 investments would occur as follows: CFF, and later ANMP ("collectively "ANMP"), would
5 identify individuals who sought a loan but were unable to obtain a conventional loan due to
6 credit problems. The borrowers were willing to pay an interest rate as high as 36 percent.
7 ANMP would locate investors to fund the loans. The investors' funds would be pooled and then
8 member-managed limited liability companies ("LLCs") would be formed and investors would
9 be the members of the LLC. The investors' funds would be secured by liens on the borrowers'
10 real estate. ANMP would create an "Illinois Land Trust," whereby the borrower transferred his
11 personal interest in the property to a trust. ANMP would become the trustee of the trust and
12 investors became the beneficiaries of the trust. If the borrower made scheduled payments on the
13 loan funded by the investor, ANMP would make monthly payments to the investor. If the
14 borrower defaulted on the loan funded by the investor, ANMP would foreclose on the borrower's
15 real estate, sell the real estate, and refund the investor's funds.

16 7. In or about February 2000, Defendant DUNNING established CFF to solicit
17 investors to fund "hard money lending."

18 8. On or about October 15, 2001, the Arizona Corporation Commission issued a
19 Temporary Cease and Desist Order to CFF.

20 9. In or about 2001, defendant DUNNING hired defendants PHILLIP EUGENE
21 VIGARINO and PAUL JEFFREY MEKA as loan officers for CFF.

22 10. In or about January 2002, Defendant DUNNING established ANMP to replace
23 CFF.

24 11. In or about January 2002, defendant DUNNING hired defendant ERIC JON
25 STRASSER to manage ANMP operations.

26 12. On or about September 5, 2002, the Arizona Corporation Commission issued a
27 Temporary Cease and Desist Order to ANMP.

28

1 13. Between in or about September 1999, and through in or about March 2003,
2 Defendants solicited investments in numerous projects, including "998 E. Indian School," "36th
3 Street & Oak," "High Chaparral Trust," "Roosevelt Street Trust," and "28th Street & Thomas."

4 **Sedona House**

5 14. In or about December 1999, defendant LAWRENCE WILLIAM DUNNING
6 located investors to loan \$150,000 to Richard and Melanie Shear ("the Shears"). The loan to the
7 Shears was secured by the Shears' home located on Acacia Drive, Sedona, Arizona ("Sedona
8 House").

9 15. On or around June 15, 2000, investors making the \$150,000 loan to the Shears
10 threatened foreclosure when the Shears failed to make scheduled payments on the loan.

11 16. On or about July 16, 2000, defendant LAWRENCE WILLIAM DUNNING
12 arranged to have defendant ROBERT KENNETH REHM "straw purchase" Sedona House for
13 \$1,400,000, which required a \$400,000 down payment, on behalf of defendant LAWRENCE
14 WILLIAM DUNNING d/b/a Corporate Fiducial Services, Inc., or some other business entity.

15 17. A "straw purchaser" was an individual who represented to a lender that he
16 intended to purchase a property but did not, in fact, intend to occupy the property, make
17 mortgage payments on it, or otherwise exercise ownership interests.

18 18. On or about July 28, 2000, defendant JAMES MARSHALL BOYCE, a Western
19 Security Bank officer, issued a \$400,000 cashier's check to defendant ROBERT KENNETH
20 REHM which he (REHM) deposited into an escrow account as the down payment on Sedona
21 House.

22 19. On or about July 28, 2000, after defendant JAMES MARSHALL BOYCE had
23 issued a \$400,000 cashier's check to defendant ROBERT KENNETH REHM, defendant
24 LAWRENCE WILLIAM DUNNING d/b/a/ Corporate Fiducial Services, Inc., issued a check
25 to Western Security Bank to purchase the \$400,000 cashier's check.

26 20. At the time defendant LAWRENCE WILLIAM DUNNING issued a check to
27 Western Security Bank to purchase the \$400,000 cashier's check, there were insufficient funds
28

1 in Corporate Fiducial Services, Inc.'s Western Security Bank account to cover the \$400,000
2 cashier's check.

3 21. On or about October 3, 2000, and October 16, 2000, defendant LAWRENCE
4 WILLIAM DUNNING assisted defendant ROBERT KENNETH REHM in obtaining loans from
5 National Bank of Arizona for the purchase of Sedona House through fraudulent statements and
6 representations.

7 22. On or about October 3, 2000, and on or about October 16, 2000, defendant
8 LAWRENCE WILLIAM DUNNING repaid initial investors in loans secured by Sedona House
9 with funds fraudulently obtained from Western Security Bank and/or defendant ROBERT
10 KENNETH REHM's fraudulent loans from National Bank of Arizona.

11 **COUNT 1**
12 **Bank Fraud**

13 **The Scheme**

14 23. From on or about July 16, 2000, to on or about October 16, 2000, within the District
15 of Arizona, defendants LAWRENCE WILLIAM DUNNING, JAMES MARSHALL BOYCE
16 and ROBERT KENNETH REHM knowingly executed a scheme and artifice to defraud Western
17 Security Bank and National Bank of Arizona, and to obtain money, funds and credits owned by
18 or under the custody and control of Western Security Bank and National Bank of Arizona, the
19 deposits of which were federally insured, by means of false and fraudulent pretenses,
20 representations and promises, well knowing at that time that the pretenses, representations and
21 promises would be and were false and fraudulent when made.

22 All in violation of Title 18, United States Code, Sections 1344 and 2.

23 **Object of the Scheme**

24 24. The purpose of the scheme was:

25 a. To fraudulently obtain \$400,000 in funds from Western Security Bank to purchase
26 Sedona House;

1 f. It was part of the scheme that defendant JAMES MARSHALL BOYCE delivered
2 by hand cashier's check #4791773020 to Security Title Agency and delivered by hand Security
3 Title Agency's check to Western Security Bank to cover Corporate Fiducial Services' check
4 #1099.

5 g. It was part of the scheme that, on or about October 3, 2000, defendant ROBERT
6 KENNETH REHM, with assistance from defendant LAWRENCE WILLIAM DUNNING,
7 obtained a loan from National Bank of Arizona for \$838,860 through false and fraudulent
8 pretenses and representations.

9 h. It was part of the scheme that, on or about October 3, 2000, defendant LAWRENCE
10 WILLIAM DUNNING repaid initial investors in Sedona House with funds from Security Title
11 Agency escrow account #43-43-03065.

12 i. It was part of the scheme that, on or about October 16, 2000, defendant ROBERT
13 KENNETH REHM, with assistance from defendant LAWRENCE WILLIAM DUNNING,
14 obtained an additional loan from National Bank of Arizona for approximately \$161,000.00
15 through false and fraudulent pretenses and representations.

16 j. It was part of the scheme that, on or about October 16, 2000, defendant LAWRENCE
17 WILLIAM DUNNING repaid initial investors in Sedona House with funds from Security Title
18 Agency escrow account #43-43-03240.

19 All in violation of Title 18, United States Code, Sections 1344 and 2.

20 **COUNT 2**
21 **False Statement on Loan Applications**

22 26. On or about October 3, 2000, in the District of Arizona, defendant ROBERT
23 KENNETH REHM did knowingly make and cause to be made materially false statements to
24 National Bank of Arizona ("the bank"), an institution the accounts of which were insured by the
25 Federal Deposit Insurance Corporation, which statements had the capacity to influence and were
26 made for the purpose of influencing the action of the bank, so that the bank would approve a
27 residential loan application for the purchase a home on Acacia Drive in Sedona, Arizona

1 ("Sedona House"), defendant ROBERT KENNETH REHM falsely representing and causing to
2 be represented, in a document entitled "Uniform Residential Loan Application" for \$838,860,
3 that he had provided a \$400,000 deposit on Sedona House and that he earned \$32,000 per month
4 in income, whereas, as defendant ROBERT KENNETH REHM well knew he had not provided
5 a \$400,000 deposit on Sedona House and that he did not earn \$32,000 per month in income.

6 All in violation of Title 18, United States Code, Section 1014.

7 **COUNT 3**
8 **False Statement on Loan Applications**

9 27. On or about October 16, 2000, in the District of Arizona, defendant ROBERT
10 KENNETH REHM did knowingly make and cause to be made materially false statements to
11 National Bank of Arizona ("the bank"), an institution the accounts of which were insured by the
12 Federal Deposit Insurance Corporation, which statements had the capacity to influence and were
13 made for the purpose of influencing the action of the bank, so that the bank would approve a
14 residential loan application for the purchase of a home on Acacia Drive in Sedona, Arizona
15 ("Sedona House"), defendant ROBERT KENNETH REHM falsely representing and causing to
16 be represented, in a document entitled "Uniform Residential Loan Application" for \$161,000,
17 that he had provided a \$400,000 deposit on Sedona House and that he earned \$32,000 per month
18 in income, whereas, as defendant ROBERT KENNETH REHM well knew he had not provided
19 a \$400,000 deposit on Sedona House and that he did not earn \$32,000 per month in income.

20 All in violation of Title 18, United States Code, Section 1014.

21 **COUNT 4**
22 **Conspiracy**
23 **(18 U.S.C. § 371)**

24 28. The factual allegations in paragraphs 1-22 of the Indictment are incorporated by
25 reference and re-alleged as though fully set forth herein.

26 29. Between in or about September 1999, and through in or about March 2003, in the
27 District of Arizona and elsewhere, defendants LAWRENCE WILLIAM DUNNING, ERIC JON
28 STRASSER, PHILLIP EUGENE VIGARINO, PAUL JEFFREY MEKA, and other persons

1 known and unknown to the Grand Jury, did knowingly and willfully agree and conspire with
2 each other and others, to commit the following offenses against the United States:

3 Title 18, U.S.C., Section 1341 (Mail Fraud).

4 **Purpose of the Conspiracy**

5 30. Defendants LAWRENCE WILLIAM DUNNING, ERIC JON STRASSER,
6 PHILLIP EUGENE VIGARINO, PAUL JEFFREY MEKA, and others known and unknown to
7 the Grand Jury, conspired together to operate a "Ponzi" type investment scheme in order to raise
8 funds from investors purportedly to purchase promissory notes to fund mortgages of Arizona
9 property.

10 **Manner and Means of the Conspiracy and the Scheme To Defraud**

11 31. The manner and means employed by the defendants and others to effect the objects
12 of the conspiracy were as follows:

13 a. Defendant DUNNING established Creative Financial Funding, LLC, ("CFF") and
14 later American National Mortgage Partners, LLC, ("ANMP") to replace CFF, to locate investors
15 with the promise of high returns on investments allegedly secured by real estate.

16 b. Defendant DUNNING hired defendants STRASSER, VIGARINO, MEKA, and
17 others known and unknown to the Grand Jury, to solicit investments and to operate CFF and then
18 ANMP.

19 c. Defendant DUNNING, through ANMP, advertised falsely in local newspapers that
20 their investments would return interest rates of 20% and higher, and that the investments were
21 secured by real estate.

22 d. Defendants solicited investments in several projects, including "998 E. Indian
23 School," "36th Street & Oak," "High Chaparral Trust," "Roosevelt Street Trust," and "28th Street
24 & Thomas."

25 e. Defendants misrepresented the terms of the investments to investors, including that
26 the investments were secured by real estate and that the loan to value ratio would not exceed 80
27 percent.

1 f. Defendants misrepresented that investors' funds would be used to acquire property and
2 make capital improvements. Instead, investors' funds were used, in part, to pay defaulting loans
3 of other investors and to pay ANMP operating expenses.

4 g. Defendants misrepresented that investors would be repaid when the borrower repaid
5 the loan. Instead, ANMP retained the funds and failed to repay investors.

6 h. Defendants made "interest" payments to investors after loans had been repaid or
7 investments failed in order to create the illusion that the investment loans were performing.

8 i. Defendants concealed from investors that the Arizona Corporation Commission had
9 issued Temporary Cease and Desist Orders against CFF on October 21, 2001, and ANMP on
10 September 5, 2002.

11 j. Defendants, for the purpose of executing the aforesaid scheme and artifice to defraud,
12 knowingly deposited and caused to be deposited investor contracts, interest check payments
13 and/or correspondence concerning investors' agreements with ANMP to be delivered by a
14 commercial interstate delivery service and United States mail.

15 **Overt Acts**

16 32. In furtherance of the aforesaid conspiracy, and to effect objects of the conspiracy,
17 the defendants and others committed and caused to be committed, the following overt acts,
18 among others:

19 **998 E. Indian School**

20 a. In or about September 1999, defendant DUNNING provided a \$350,000 loan to
21 the owner of a business located at 998 E. Indian School, the funds of which were provided by
22 Daniel and Lillian Hamburg.

23 b. In or about November 1999, defendant DUNNING withdrew investors Hamburg's
24 \$350,000 investment from 998 E. Indian School at their request.

25 c. On or about December 3, 2000, defendant DUNNING arranged a lease with an
26 option to purchase for \$385,000 with the owner of the business located at 998 E. Indian School.

1 d. On or about March 23, 2001, defendant DUNNING paid off another investor in
2 998 E. Indian School with \$326,933.33 obtained from investor Rudolf Ouwens without Ouwens'
3 permission.

4 e. On or about February 28, 2002, defendant DUNNING sold investors Richard
5 Gordon and Jerry Grossman each a \$200,000 investment in 998 E. Indian School in exchange
6 for a first position lien on 998 E. Indian School.

7 f. Defendant DUNNING failed to disclose to investors Gordon and Grossman the
8 lease with an option to purchase agreement he held with the owner of the business located at
9 998 E. Indian School.

10 **36th Street & Oak**

11 g. On or about October 29, ANMP opened escrow at Century Title Agency.

12 h. On or about November 5, 2002, ANMP began to raise funds for a borrower to
13 convert 36th Street and Oak into professional office condominiums.

14 i. On or about November 14, 2002, defendant MEKA sold investor Ray Rudick a
15 \$40,000 investment, \$20,000 of which was for 36th Street and Oak. Defendant MEKA falsely
16 informed investor Rudick that his investment would be secured by a lien and that there was
17 sufficient equity in the investment property to protect his investment.

18 j. On or about November 18, 2002, defendant MEKA sold investor Frederick
19 O'Connell a \$50,000 investment into 36th Street and Oak. Defendant MEKA falsely informed
20 investor O'Connell that his investment would be secured by a lien and that his investment would
21 be for nine months and pay \$1,000 in interest monthly during the term of the investment.

22 k. On or about November 22, 2002, defendant MEKA sold investor Terence Wood
23 a \$25,000 investment into 36th Street and Oak. Defendant MEKA falsely informed investor
24 Wood that his investment would be secured by a lien and that there was sufficient equity in the
25 investment property to protect his investment.

26 l. On or about November 22, 2002, defendant VIGARINO sold investor Robert
27 Malcolmson a \$25,000 investment into 36th Street and Oak. Defendant VIGARINO falsely
28

1 informed investor Malcolmson that he would receive monthly interest payments until the
2 borrower repaid the loan and that he (Malcolmson) would receive a refund of his principal
3 investment at that time.

4 m. On or about November 27, 2002, defendant MEKA sold investor Clinton DeWitt
5 a \$50,000 investment into 36th Street and Oak. Defendant MEKA falsely informed investor
6 DeWitt that his investment would be secured by a lien and that there was sufficient equity in the
7 investment property to protect his investment.

8 n. On or about December 9, 2002, Century Title Agency refunded escrow in the
9 amount of \$100,000 of investor funds. As of this date, ANMP knew that title to 36th Street and
10 Oak was unclear and that the investment was not viable.

11 o. On or about December 18, 2002, defendant DUNNING sold investor Lyman Davis
12 a \$43,602.11 investment into 36th Street and Oak. Defendant DUNNING falsely informed
13 investor Davis that his investment would be secured by a lien and that there was sufficient equity
14 in the investment property to protect his investment.

15 p. On or about January 16, 2003, defendant MEKA sold investor Mayo Shoecraft a
16 \$20,000 investment into 36th Street and Oak. Defendant MEKA falsely informed investor
17 Shoecraft that his investment would be secured by a lien and that there was sufficient equity in
18 the investment property to protect his investment.

19 q. On or about January 9, 2003, and February 6, 2003, ANMP mailed interest payments
20 in the amount of \$500 to investor Terence Wood concerning his investment in 36th Street & Oak.

21 r. On or about January 9, 2003, and February 6, 2003, ANMP mailed interest payments
22 in the amount of \$1,000 to investor Clinton DeWitt concerning his investment in 36th Street &
23 Oak.

24 s. On or about January 9, 2003, and February 6, 2003, ANMP mailed interest payments
25 in the amount of \$1,000 to investor Frederick O'Connell concerning his investment in 36th Street
26 & Oak.

1 t. On or about February 6, 2003, Bank of America mailed a receipt for an interest
2 payment made by ANMP in the amount of \$300.05 to investor Mayo Shoecraft concerning his
3 investment in 36th Street & Oak.

4 **High Chaparral Trust**

5 u. On or about March 11, 2002, defendant VIGARINO sold investors Lyman and
6 Christa Davis a \$50,000 investment into "High Chaparral Trust," whereby ANMP would loan
7 \$150,000 to a borrower to construct a residence in Carefree, Arizona. Defendant VIGARINO
8 falsely informed investor Lyman Davis that his investment would be secured by a lien and that
9 his investment would be repaid when the borrower repaid the loan.

10 v. On or about March 19, 2002, defendant VIGARINO sold investors Bernard and Nan
11 Salinas a \$50,000 investment into "High Chaparral Trust." Defendant VIGARINO falsely
12 informed investor Bernard Salinas that his investment would be secured by a lien and that his
13 investment would be repaid when the borrower repaid the loan.

14 w. In or about March 2002, defendant DUNNING convinced investor Doug Dragoo
15 to invest \$50,000 into "High Chaparral Trust." Defendant DUNNING falsely informed investor
16 Dragoo that his investment would be secured by a lien and that his investment would be repaid
17 when the borrower repaid the loan.

18 x. On or about May 24, 2002, after High Chaparral Trust repaid the \$150,000 loan in
19 full and the \$150,000 was deposited into ANMP's bank account, defendant MEKA released the
20 deed of trust to the borrower.

21 y. After the High Chaparral Trust \$150,000 loan was repaid to ANMP on or about
22 May 24, 2002, defendants failed to notify investors Davis, Salinas and Dragoo that the loan had
23 been repaid and failed to disburse the \$150,000 loan repayment to the investors.

24 z. After the High Chaparral Trust \$150,000 loan was repaid to ANMP on or about
25 May 24, 2002, ANMP continued to make interest payments to the investors, thus creating the
26 illusion that the loan had not been repaid.

27
28

1 aa. After the High Chaparral Trust \$150,000 loan was repaid to ANMP on or about
2 May 24, 2002, Defendant STRASSER instructed an ANMP employee to borrow funds from the
3 High Chaparral Trust \$150,000 loan repayment to pay ANMP operating expenses.

4 bb. In October 2002, defendant VIGARINO told investor Lyman Davis falsely that the
5 High Chaparral Trust property was in escrow, but there were problems with the escrow and it
6 had not fully closed. Davis was repaid his \$50,000 investment on October 25, 2002.

7 cc. On or about May 13, 2002, September 5, 2002, November 7, 2002, December 17,
8 2002, January 14, 2003, and February 6, 2003, ANMP mailed interest payments to investors
9 Bernard and Nan Salinas concerning their investment in High Chaparral Trust. The Salinas'
10 \$50,000 investment into High Chaparral was never repaid.

11 dd. On or about May 13, 2002, June 10, 2002, July 9, 2002, August 5, 2002,
12 September 5, 2002, October 10, 2002, November 7, 2002, December 17, 2002, January 14, 2003,
13 and February 6, 2003, ANMP mailed interest payments to investor Doug Dragoo concerning his
14 investment in High Chaparral Trust.

15 ee. In or about February 2003, Defendant Dunning promised to place Dragoo's \$50,000
16 investment into High Chaparral into another investment. Dragoo's \$50,000 investment was
17 never repaid.

18 **Roosevelt Street Trust**

19 ff. On or about June 17, 2002, defendant VIGARINO sold a \$20,000 investment in
20 the Roosevelt Street Trust to investor John Grasso. Defendant VIGARINO informed Grasso
21 falsely that the investment was for improvements to a warehouse to make it operational and that
22 his investment would be secured by a lien. The actual purpose of the Roosevelt Street Trust was
23 to raise funds to make interest payments to previous investors in defaulted loans to Castle
24 Megastores made in 2000.

25 gg. On or about June 21, 2002, defendant MEKA sold a \$10,000 investment in the
26 Roosevelt Street Trust to investor Mayo Shoecraft. Defendant MEKA informed investor
27

1 Shoecraft falsely that the investment was for improvements to a warehouse to make it
2 operational and that his investment would be secured by a lien.

3 hh. On or about July 3, 2002, defendant MEKA sold a \$5,000 investment in the
4 Roosevelt Street Trust to investor Sue Swope. Defendant MEKA informed investor Swope
5 falsely that her investment would be secured by lien.

6 ii. On or about July 15, 2002, defendant MEKA sold a \$7,000 investment in the
7 Roosevelt Street Trust to investor Sue Swope. Defendant MEKA informed investor Swope
8 falsely that her investment would be secured by lien.

9 jj. On or about July 30, 2002, an ANMP employee known to the Grand Jury sold a
10 \$5,000 investment in the Roosevelt Street Trust to investors Jack and Evelyn Olsen. The ANMP
11 employee informed investors Olsen falsely that their investment would be secured by a lien and
12 that "there was no way they could lose their money."

13 kk. In or around August 2002, an ANMP employee known to the Grand Jury sold a
14 \$156,000 investment in the Roosevelt Street Trust to investor Larry Sitkiewicz. The ANMP
15 employee informed investor Sitkiewicz falsely that his investment would pay 36% annual
16 interest for two years and that in the event that the borrower defaulted, another company would
17 continue to make interest payments to the investors.

18 ll. On or about November 13, 2002, defendant MEKA quit claimed title to the
19 Roosevelt Street property without the knowledge or consent of the investors.

20 mm. On or about December 30, 2002, defendant STRASSER directed an ANMP
21 employee to loan an associate \$40,000 of investor funds from the Roosevelt Street Trust.

22 nn. On or about January 24, 2003, investor Sitkiewicz received by mail a letter from
23 ANMP which read, in part, "While you were reading the anonymous letter, we – Larry
24 [Dunning] and representatives of Penthouse and a set of our lawyers – were planning the
25 necessary legal action to get your money earning money."

26 oo. On or about January 24, 2003, investors Jack and Evelyn Olsen received by mail
27 a letter from ANMP which read, in part, "While you were reading the anonymous letter, we –
28

1 Larry [Dunning] and representatives of Penthouse and a set of our lawyers – were planning the
2 necessary legal action to get your money earning money."

3 pp. On or about January 24, 2003, investor Shoecraft received by mail a letter from
4 ANMP which read, in part, "While you were reading the anonymous letter, we – Larry
5 [Dunning] and representatives of Penthouse and a set of our lawyers – were planning the
6 necessary legal action to get your money earning money."

7 **28th Street & Thomas**

8 qq. On or about November 15, 2002, defendant MEKA sold investor Raymond Rudick
9 a \$20,000 investment into ANMP's loan to a borrower to build townhouse units on E. Thomas
10 Road in Phoenix, Arizona. Defendant MEKA informed investor Rudick falsely that his
11 investment would be secured by a lien.

12 rr. On or about November 22, 2002, defendant MEKA sold investor Terence Wood a
13 \$20,000 investment into ANMP's loan to a borrower to build townhouse units on E. Thomas
14 Road in Phoenix, Arizona. Defendant MEKA informed investor Wood falsely that his
15 investment would be secured by a lien and that there was "no risk" in the investment.

16 ss. On or about November 22, 2002, defendant VIGARINO sold investor Richard
17 Melton a \$5,000 investment into ANMP's loan to a borrower to build townhouse units on
18 E. Thomas Road in Phoenix, Arizona. Defendant VIGARINO informed investor Melton falsely
19 that his investment would be secured by a lien and that there was "no risk" in the investment.

20 tt. On or about December 5, 2002, ANMP opened an escrow account with Century Title
21 Agency in the amount of \$40,000 of investors' funds. Century Title Agency cancelled the
22 escrow and returned the \$40,000 deposit to ANMP.

23 uu. After on or about December 5, 2002, instead of returning the \$40,000 from the
24 cancelled escrow account to investors Rudick, Wood and Melton, defendants deposited the funds
25 into ANMP's operating account and diverted \$8,000 to pay for defendant DUNNING'S planned
26 business operations in Florida and \$25,000 into an unrelated loan called "Future Com Global,
27 Inc."

1 vv. On or about January 9, 2003, and February 6, 2003, ANMP mailed interest payments
2 to investor Rudick in the amount of \$400 concerning his investment in 28th Street & Thomas.

3 ww. On or about January 9, 2003, and February 6, 2003, ANMP mailed interest
4 payments to investor Wood in the amount of \$500 concerning his investment in 28th Street
5 & Thomas.

6 xx. On or about January 9, 2003, and February 6, 2003, ANMP mailed interest payments
7 in the amount of \$100 to investor Melton concerning his investment in 28th Street & Thomas.

8 In violation of Title 18 United States Code, Sections 371.

9 **COUNTS 5-28**
10 **Mail Fraud**

11 **The Scheme**

12 33. The factual allegations in paragraphs 1-22 and 31-32 of the Indictment are
13 incorporated by reference and re-alleged as though fully set forth herein.

14 34. From approximately September 1999, and through in or about March 2003, within
15 the District of Arizona and elsewhere, the defendant LAWRENCE WILLIAM DUNNING did
16 knowingly execute a scheme and artifice to defraud and to directly and indirectly obtain money
17 by means of false, fictitious and fraudulent pretenses, representations and promises and through
18 the concealment of material facts, knowing at the time that the pretenses, representations and
19 promises were false, fictitious and fraudulent and that the concealments were material. For the
20 purpose of executing and attempting to execute the scheme and artifice to defraud and
21 attempting to do so, defendant LAWRENCE WILLIAM DUNNING did knowingly deposit and
22 cause to be deposited a matter or thing to be delivered by a commercial interstate delivery
23 service and United States mail, according to the directions thereon.

24 **The Object of the Scheme**

25 35. Defendant LAWRENCE WILLIAM DUNNING's object was to raise funds from
26 investors by making false, fictitious and fraudulent statements and representations concerning
27 the nature of investments in real estate transactions.

Means and Methods of the Scheme

1
2 36. The means and methods employed by defendant LAWRENCE WILLIAM
3 DUNNING to effect the scheme and artifice to defraud were as follows:

4 a. It was part of the scheme and artifice to defraud that defendant DUNNING
5 established Creative Financial Funding, LLC, ("CFF") and later American National Mortgage
6 Partners, LLC, ("ANMP") to replace CFF, to locate investors with the promise of high returns
7 on investments allegedly secured by real estate.

8 b. It was part of the scheme and artifice to defraud that defendant DUNNING hired
9 defendants STRASSER, VIGARINO, MEKA, and others known and unknown to the Grand
10 Jury, to solicit investments and to operate CFF and then ANMP.

11 c. It was part of the scheme and artifice to defraud that defendant DUNNING, through
12 ANMP, advertised falsely in local newspapers that their investments would return interest rates
13 of 20% and higher, and that the investments were secured by real estate.

14 d. It was part of the scheme and artifice to defraud that defendant DUNNING
15 misrepresented the terms of the investments to investors, including that the investments were
16 secured by real estate and that the loan to value ratio would not exceed 80 percent.

17 e. It was part of the scheme and artifice to defraud that defendant DUNNING
18 misrepresented that investors' funds would be used to acquire property and make capital
19 improvements. Instead, investors' funds were used, in part, to pay defaulting loans of other
20 investors and to pay ANMP operating expenses.

21 f. It was part of the scheme and artifice to defraud that defendant DUNNING
22 misrepresented that investors would be repaid when the borrower repaid the loan. Instead,
23 ANMP retained the funds and failed to repay investors.

24 g. It was part of the scheme and artifice to defraud that defendant DUNNING made
25 "interest" payments to investors when, in fact, such payments were often derived from the
26 proceeds of other investors' funds or the investors' principal investment.

1 h. It was part of the scheme and artifice to defraud that defendant DUNNING, for the
 2 purpose of executing the aforesaid scheme and artifice to defraud, knowingly deposited and
 3 caused to be deposited investor contracts, interest check payments and/or correspondence
 4 concerning investors' agreements with ANMP to be delivered by a commercial interstate delivery
 5 service and United States mail.

6 37. On or about the dates listed below, in the District of Arizona and elsewhere,
 7 defendant LAWRENCE WILLIAM DUNNING did for the purpose of executing the aforesaid
 8 scheme and artifice to defraud, knowingly deposit and cause to be deposited a matter or thing
 9 to be delivered by a commercial interstate delivery service and United States mail, according to
 10 the directions thereon, to or from various individuals in Arizona as follows:

Count	Date	Sender	Recipient	Method of Mailing	Description of Mailing
5	12/20/2002	ANMP	Larry Sitkiewicz	U.S. Mail	Letter from ANMP
6	1/4/2003	ANMP	Richard Gordon	U.S. Mail	Bank of America Interest Check for \$2,333.50 (#1366): 998 E. Indian School
7	1/4/2003	ANMP	Jerry Grossman	U.S. Mail	Bank of America Interest Check for \$2,333.50: 998 E. Indian School
8	1/8/2003	ANMP	Larry Sitkiewicz	U.S. Mail	Letter from ANMP
9	1/9/2003	ANMP	Clinton DeWitt	U.S. Mail	Bank of America Interest Check for \$1,000.00 (#1404): 36 th Street & Oak
10	1/9/2003	ANMP	Raymond and Roxanne Rudick	U.S. Mail	Bank of America Interest Check for \$400.00 (#1416): 28 th Street & Thomas

Count	Date	Sender	Recipient	Method of Mailing	Description of Mailing
11	1/9/2003	Bank of America	Mayo Shoecraft	U.S. Mail	Bank of America Interest Check Receipt for \$126.67 (#1413); 36 th Street & Oak
12	1/9/2003	ANMP	Terence Wood	U.S. Mail	Bank of America Interest Check for \$500.00 (#1414); 36 th Street & Oak
13	1/9/2003	ANMP	Richard and Annette Melton	U.S. Mail	Bank of America Interest Check for \$100.00 (#1415); 28 th Street & Thomas
14	1/10/2003	ANMP	Ralph Vescio	U.S. Mail	Bank of America Interest Check for \$472.44; 998 E. Indian School
15	1/14/2003	ANMP	Doug Dragoo	U.S. Mail	Bank of America Interest Check for \$1,000.00 (#1505); High Chaparral Trust
16	1/14/2003	ANMP	Bernard and Nan Salinas	U.S. Mail	Bank of America Interest Check for \$1,000.00 (#1506); High Chaparral Trust
17	1/19/2003	ANMP	Ralph Vescio	U.S. Mail	Bank of America Interest Check for \$472.44; 998 E. Indian School
18	1/24/2003	ANMP	Mayo Shoecraft	U.S. Mail	Letter from ANMP
19	1/24/2003	ANMP	Larry Sitkiewicz	U.S. Mail	Letter from ANMP
20	1/24/2003	ANMP	Jack and Evelyn Olsen	U.S. Mail	Letter from ANMP

Count	Date	Sender	Recipient	Method of Mailing	Description of Mailing
21	2/6/2003	ANMP	Raymond and Roxanne Rudick	U.S. Mail	Bank of America Interest Check for \$400.00 (#1568): 36 th Street & Oak
22	2/6/2003	ANMP	Richard and Annette Melton	U.S. Mail	Bank of America Interest Check for \$100.00 (#1581): 28 th Street & Thomas
23	2/6/2003	ANMP	Doug Dragoo	U.S. Mail	Bank of America Interest Check for \$1,000.00 (#1530): High Chaparral Trust
24	2/6/2003	ANMP	Clinton DeWitt	U.S. Mail	Bank of America Interest Check for \$1,000.00 (#1560): 36 th Street & Oak
25	2/6/2003	ANMP	Bernard and Nan Salinas	U.S. Mail	Bank of America Interest Check for \$1,000.00 (#1531): High Chaparral Trust
26	2/6/2003	Bank of America	Mayo Shoecraft	U.S. Mail	Bank of America Interest Check Receipt for \$300.05 (#1569): 36 th Street & Oak
27	2/6/2003	ANMP	Terence Wood	U.S. Mail	Bank of America Interest Check for \$500.00 (#1570): 36 th Street & Oak
28	2/13/2003	ANMP	Ralph Vescio	U.S. Mail	Bank of America Interest Check for \$472.44: 998 E. Indian School

All in violation of Title 18 United States Code, Sections 1341.

COUNTS 29-53
Promotional Money Laundering

38. The factual allegations in paragraphs 1-22, 31-32 and 35-36 of the Indictment are incorporated by reference and re-alleged as though fully set forth herein.

39. From approximately September 1999, and through in or about March 2003, in the District of Arizona and elsewhere, defendant LAWRENCE WILLIAM DUNNING, and other individuals, through a business called ANMP, and other businesses and entities, both known and unknown to the Grand Jury, knowing that the property involved in financial transactions represented the proceeds of some form of unlawful activity, knowingly conducted financial transactions, as set forth below, which involved the proceeds of specified unlawful activity, namely mail fraud in violation of Title 18, United States Code, Sections 1341, with the intent to promote the carrying on of those specified unlawful activities:

Count	Date of Check/ Check Number	Amount/ Payee	Account Name	Purpose of Payment
29	2/6/2003 Bank of America #1568	\$400.00 / Raymond and Roxanne Rudick	ANMP	Interest Payment: 36 th Street & Oak
30	2/6/2003 Bank of America #1570	\$500.00 / Terence Wood	ANMP	Interest Payment: 36 th Street & Oak
31	2/6/2003 Bank of America #1560	\$1,000.00 / Clinton DeWitt	ANMP	Interest Payment: 36 th Street & Oak
32	2/6/2003 Bank of America #1559	\$872.04 / Lyman and Christa Davis	ANMP	Interest Payment: 36 th Street & Oak
33	2/6/2003 Bank of America #1569	\$300.05 / Mayo Shoecraft	ANMP	Interest Payment: 36 th Street & Oak
34	1/14/2003 Bank of America #1506	\$1,000.00 / Bernard and Nan Salinas	ANMP	Interest Payment: High Chaparral Trust
35	1/14/2003 Bank of America #1505	\$1,000.00 / Doug Dragoo	ANMP	Interest Payment: High Chaparral Trust

Count	Date of Check/ Check Number	Amount/ Payee	Account Name	Purpose of Payment
36	2/6/2003 Bank of America #1531	\$1,000.00 / Bernard and Nan Salinas	ANMP	Interest Payment: High Chaparral Trust
37	2/6/2003 Bank of America #1530	\$1,000.00 / Doug Dragoo	ANMP	Interest Payment: High Chaparral Trust
38	1/9/2003 Bank of America #1415	\$100.00 / Richard and Annette Melton	ANMP	Interest Payment: 28 th Street & Thomas
39	1/9/2003 Bank of America #1416	\$400.00 / Raymond and Roxanne Rudick	ANMP	Interest Payment: 28 th Street & Thomas
40	1/9/2003 Bank of America #1417	\$500.00 / Terence Wood	ANMP	Interest Payment: 28 th Street & Thomas
41	2/6/2003 Bank of America #1581	\$100.00 / Richard and Annette Melton	ANMP	Interest Payment: 28 th Street & Thomas
42	2/6/2003 Bank of America #1582	\$400.00 / Raymond and Roxanne Rudick	ANMP	Interest Payment: 28 th Street & Thomas
43	2/6/2003 Bank of America #1583	\$500.00 / Terence Wood	ANMP	Interest Payment: 28 th Street & Thomas
44	2/3/2003 Bank of America #1845	\$7,000.00 / Corporate Management Solutions	ANMP	Loan to CMS
45	2/3/2003 Bank of America #1846	\$1,050.00 / Secura Mortgage Management	ANMP	Loan to SMM
46	2/3/2003 Bank of America #1847	\$6,250.00/ Creative Financial Funding	ANMP	Loan to CFF to cover taxes and SBL
47	2/13/2003 Bank of America #1855	\$8,000.00/ Corporate Management Solutions	ANMP	Loan for operation cover payroll
48	2/21/2003 Bank of America #1862	\$5,600.00/ Creative Financial Funding	ANMP	Loan to cover operation

Count	Date of Check/ Check Number	Amount/ Payee	Account Name	Purpose of Payment
49	2/21/2003 Bank of America #1864	\$7,100.00/ Boat Bed & Breakfast	ANMP	Loan to cover operation
50	2/21/2003 Bank of America #1865	\$400.00/ Boat Bed & Breakfast	ANMP	Loan to cover operation
51	2/21/2003 Bank of America #1866	\$250.00/ Boat Bed & Breakfast	ANMP	Loan to cover operation
52	2/23/2003 Bank of America #1867	\$6,400.00 / Creative Financial Funding	ANMP	Loan proceeds
53	2/24/2003 Bank of America #1871	\$3,000.00 / Corporate Fiducial Services	ANMP	Loan for operation

All in violation of Title 18, United States Code, Sections 1956(a)(1)(A)(i) and 2.

A TRUE BILL

S/

FOREPERSON OF THE GRAND JURY
Date: December 18, 2007

DIANE J. HUMETEWA
United States Attorney
District of Arizona

S/

JOHN R. LOPEZ IV
Assistant U.S. Attorney