

AFTER RECORDING RETURN TO:
UNITED STATES MARSHALS SERVICE
1000 SW THIRD AVENUE
401 US COURTHOUSE
PORTLAND, OR, 97204
ATTN: AFU

Case 2:14-cr-00554-SRB Document 228 Filed 09/02/15 Page 1 of 3

2016-009951

Klamath County, Oregon



00192530201600099510850853

09/20/2016 09:28:49 AM

Fee: \$425.00

UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA

United States of America,

Plaintiff,

v.

John Keith Hoover,

Defendant.

CR 14-00554-1-PXH-SRB

**PRELIMINARY ORDER
OF FORFEITURE**

As a result of Defendant's guilty plea to the following Counts of the Second Superseding Indictment:

- Counts 1-5,8,9,13-15, charging a violation of Title 18 U.S.C. § 1343 (Wire 24 Fraud), a class C felony offense;
- Count 41, charging a violation of Title 18, U.S.C., §§ 371, 152(1), 152(2), 152(3), 26 152(4) and 152(7),(Conspiracy to Commit Bankruptcy Fraud), a class D felony offense,

The Defendant admitted to the forfeiture allegations and agreed to forfeit to the United States any and all interest in the property (real, personal or otherwise), described in Paragraph 134 of the Second Superseding Indictment, property that was involved in the violation of the statutes set forth above.

The Court has determined that the subject property described above is subject to forfeiture pursuant to Title 18, United States Code, Sections 981 and 982, Title 21 United States Code, Section 853 and Title 28, United States Code, Section 2461, and the Government has established the requisite nexus between such property and the offense to

1 which the Defendant pled guilty. The Court finds that, based on the Defendant's guilty
2 plea, the Defendant has forfeited all right, title and interest he may have in the listed
3 subject property.

4 Upon the entry of this Order, the United States is authorized to seize the subject
5 property listed above and to conduct any discovery proper in identifying, locating or
6 disposing of the "subject property" subject to forfeiture, in accordance with Fed. R. Crim.
7 P. 32.2(b)(3).

8 Upon entry of this Order, the United States Attorney General (or his designee) is
9 authorized to commence any applicable proceeding to comply with statutes governing
10 third party rights, including giving notice of this Order.

11 Any person, other than the above-named defendant, asserting a legal interest in the
12 subject property identified within the published notice may, within thirty days of the final
13 publication of notice or receipt of notice, whichever is earlier, petition the court for a
14 hearing without a jury to adjudicate the validity of any alleged interest in the subject
15 property, and for an amendment of the order of forfeiture, pursuant to 21 U.S.C. § 853(n).

16 Pursuant to Fed. R. Crim. P. 32.2(b)(3), this Preliminary Order of Forfeiture shall
17 become final as to the defendant at the defendant's sentencing and shall be included in the
18 sentence and judgment. If no third party files a timely claim, this Order shall become the
19 Final Order of Forfeiture, as provided by Fed. R. Crim. P. 32.2(c)(2).


20 Any petition filed by a third party asserting an interest in the subject property shall
21 be signed by the petitioner under penalty of perjury and shall set forth the nature and
22 extent of the petitioner's right, title, or interest in the noticed rifles, the time and
23 circumstances of the petitioner's acquisition of the right, title or interest in the subject
24 property, and any additional facts supporting the petitioner's claim and the relief sought.

25 After the disposition of any motion filed pursuant to Fed. R. Crim. P.
26 32.2(c)(1)(A) and before a hearing on the petition, discovery may be conducted in
27 accordance with the Federal Rules of Civil Procedure upon a showing that such discovery
28 is necessary or desirable to resolve factual issues.

1 The United States shall have clear title to the subject property following the
2 Court's disposition of all third-party interests, or, if none, following the expiration of the
3 period provided in 21 U.S.C. § 853(n)(2), for the filing of third party petitions.

4 The Court shall retain jurisdiction to enforce this Order, and to amend it as
5 necessary, pursuant to Fed. R. Crim. P. 32.2(e).

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7 Dated this 2nd day of September, 2015.

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11 Susan R. Bolton
12 United States District Judge
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I hereby attest and certify on 6/13/2016
that the foregoing document is a full, true and correct
copy of the original on file in my office and in my cus-
tody.

CLERK, U.S. DISTRICT COURT
DISTRICT OF ARIZONA

by  Deputy

**UNITED STATES DISTRICT COURT
DISTRICT OF ARIZONA**

United States of America

v.

John Keith Hoover

AMENDED on 2/29/2016

JUDGMENT IN A CRIMINAL CASE

(For Offenses Committed on or After November 1, 1987)

re: Restitution

No. CR 14-00554-001-PHX-SRB

Zachary Cain (AFPD)

Attorney for Defendant

USM#: 23383-408

THE DEFENDANT ENTERED A PLEA OF guilty on 8/3/15 to Counts 1, 2, 3, 4, 5, 8, 9, 13, 14, 15 and 41 of the Second Superseding Indictment.

ACCORDINGLY, THE COURT HAS ADJUDICATED THAT THE DEFENDANT IS GUILTY OF THE FOLLOWING OFFENSE(S): violating Title 18, U.S.C. §1343, Wire Fraud, a Class C Felony offense, as charged in **Counts 1 through 5, 8, 9 and 13 through 15** of the Second Superseding Indictment; Title 18, U.S.C. §371, 152(1), 152(2), 152(3), 152(4) and 152(7), Conspiracy to Commit Bankruptcy Fraud, a Class D Felony offense, as charged in **Count 41** of the Second Superseding Indictment.

IT IS THE JUDGMENT OF THIS COURT THAT the defendant is hereby committed to the custody of the Bureau of Prisons for a term of **ONE HUNDRED TWENTY (120) MONTHS**, which consists of **ONE HUNDRED TWENTY (120) MONTHS** on Counts 1, 2, 3, 4, 5, 8, 9, 13, 14 and 15 and a term of **SIXTY (60) MONTHS** on Count 41, all counts to run concurrently, with credit for time served. Upon release from imprisonment, the defendant shall be placed on supervised release for a term of **THREE (3) YEARS**, which consists of **THREE (3) YEARS** on Counts 1, 2, 3, 4, 5, 8, 9, 13, 14, 15 and 41, said counts to run concurrently. The Court recommends that the defendant be placed in an institution in southern California, if possible, to facilitate visitation with family.

IT IS ORDERED that all remaining counts are dismissed on motion of the United States.

IT IS FURTHER ORDERED that defendant's interest in the following property shall be forfeited to the United States:

All items listed in Paragraph 134 of the Second Superseding Indictment and listed in the Preliminary Order of Forfeiture.

CRIMINAL MONETARY PENALTIES

The defendant shall pay to the Clerk the following total criminal monetary penalties:

SPECIAL ASSESSMENT: \$1,100.00 FINE: Waived RESTITUTION: \$36,612,491.07

CR 14-00554-001-PHX-SRB
USA vs. John Keith Hoover

Page 2 of 4

The defendant shall pay a special assessment of \$1,100.00, which shall be due immediately.

The Court finds the defendant does not have the ability to pay a fine and orders the fine waived.

The defendant shall pay restitution to the following victim(s) in the following amount(s) to be paid jointly and severally with the co-defendant(s) in this case:

See attached ledger for victims' names and amounts.

If incarcerated, payment of criminal monetary penalties are due during imprisonment at a rate of not less than \$25 per quarter and payment shall be made through the Bureau of Prisons' Inmate Financial Responsibility Program. Criminal monetary payments shall be made to the Clerk of U.S. District Court, Attention: Finance, Suite 130, 401 West Washington Street, SPC 1, Phoenix, Arizona 85003-2118. Payments should be credited to the various monetary penalties imposed by the Court in the priority established under 18 U.S.C. § 3612(c). The total special assessment of \$1,100.00 shall be paid pursuant to Title 18, United States Code, Section 3013 for Counts 1, 2, 3, 4, 5, 8, 9, 13, 14, 15 and 41 of the Second Superseding Indictment. **The balance of criminal monetary penalties shall be due in equal monthly installments of \$250.00 to commence 60 days after release from imprisonment to a term of supervised release.**

Any unpaid balance shall become a condition of supervision and shall be paid within 90 days prior to the expiration of supervision. Until all restitutions, fines, special assessments and costs are fully paid, the defendant shall immediately notify the Clerk, U.S. District Court, of any change in name and address. The Court hereby waives the imposition of interest and penalties on any unpaid balances.

SUPERVISED RELEASE

Upon release from imprisonment, the defendant is placed on supervised release for a term of **THREE (3) YEARS**, which consists of **THREE (3) YEARS** on Counts 1, 2, 3, 4, 5, 8, 9, 13, 14, 15 and 41, said counts to run concurrently.

The defendant shall report to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons.

It is the order of the Court that, pursuant to General Order 12-13, which incorporates the requirements of USSG §§5B1.3 and 5D1.2, you shall comply with the following conditions, of particular importance, you shall not commit another federal, state or local crime during the term of supervision and the defendant shall abstain from the use of illicit substances:

- 1) You shall not commit another federal, state, or local crime during the term of supervision.
- 2) You shall not leave the judicial district or other specified geographic area without the permission of the Court or probation officer.
- 3) The defendant shall report to the probation officer in a manner and frequency directed by the court or probation officer.
- 4) You shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer.
- 5) You shall support your dependents and meet other family responsibilities.
- 6) You shall work regularly at a lawful occupation unless excused by the probation officer for schooling, training, or other acceptable reasons.
- 7) You shall notify the probation officer at least ten days prior to any change of residence or employment.
- 8) You shall refrain from excessive use of alcohol and are subject to being prohibited from the use of alcohol if ordered by the Court in a special condition of supervision.
- 9) You shall not purchase, possess, use, distribute or administer any narcotic or other controlled substance as defined in section 102 of the Controlled Substances Act (21 U.S.C. § 801) or any paraphernalia related to such substances, without a prescription by a licensed medical practitioner. The use or possession of medicinal marijuana, even with a physician's written

CR 14-00554-001-PHX-SRB
USA vs. John Keith Hoover

Page 3 of 4

certification, is not permitted. Possession of controlled substances will result in mandatory revocation of your term of supervision.

- 10) You shall not frequent places where controlled substances are illegally sold, used, distributed or administered, or other places specified by the Court.
- 11) You shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer.
- 12) You shall permit a probation officer to visit at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view by the probation officer.
- 13) You shall immediately notify the probation officer (within forty-eight (48) hours if during a weekend or on a holiday) of being arrested or questioned by a law enforcement officer.
- 14) You shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the Court.
- 15) As directed by the probation officer, you shall notify third parties of risks that may be occasioned by your criminal record or personal history or characteristics, and shall permit the probation officer to make such notification and to confirm your compliance with such notification requirement.
- 16) If you have ever been convicted of a felony, you shall refrain from possessing a firearm, ammunition, destructive device, or other dangerous weapon. If you have ever been convicted of a misdemeanor involving domestic violence, you shall refrain from possession of any firearm or ammunition. Possession of a firearm will result in mandatory revocation of your term of supervision. This prohibition does not apply to misdemeanor cases that did not entail domestic violence, unless a special condition is imposed by the Court.
- 17) Unless suspended by the Court, you shall submit to one substance abuse test within the first 15 days of supervision and thereafter at least two, but no more than two periodic substance abuse tests per year of supervision, pursuant to 18 U.S.C. §§ 3563(a)(5) and 3583(d);
- 18) If supervision follows a term of imprisonment, you shall report in person to the Probation Office in the district to which you are released within seventy-two (72) hours of release.
- 19) You shall pay any monetary penalties as ordered by the Court. You will notify the probation officer of any material change in your economic circumstances that might affect your ability to pay restitution, fines, or special assessments.
- 20) If you have ever been convicted of any qualifying federal or military offense (including any federal felony) listed under 42 U.S.C. § 14135a(d)(1) or 10 U.S.C. § 1565(d), you shall cooperate in the collection of DNA as directed by the probation officer pursuant to 42 U.S.C. § 14135a(a)(2).

The following special conditions are in addition to the conditions of supervised release or supersede any related standard condition:

1. You shall provide all financial documentation requested by the probation office.
2. You shall submit your person, property, house, residence, vehicle, papers, computers as defined in 18 U.S.C. 1030(e)(1), other electronic communications or data storage devices or media, or office, to a search conducted by a probation officer. Failure to submit to a search may be grounds for revocation of release. You shall warn any other occupants that the premises may be subject to searches pursuant to this condition.
3. You shall participate as instructed by the probation officer in a program of substance abuse treatment which may include testing for substance abuse. You shall contribute to the cost of treatment in an amount to be determined by the probation officer.

THE COURT FINDS that you have been sentenced in accordance with the terms of the plea agreement and that you have waived your right to appeal and to collaterally attack this matter. The waiver has been knowingly and voluntarily made with a factual basis and with an understanding of the consequences of the waiver.

The Court may change the conditions of probation or supervised release or extend the term of supervision, if less than the authorized maximum, at any time during the period of probation or

CR 14-00554-001-PHX-SRB
USA vs. John Keith Hoover

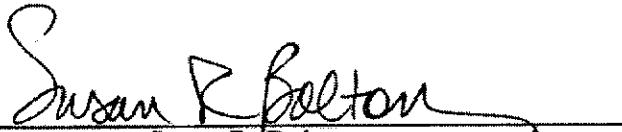
Page 4 of 4

supervised release. The Court may issue a warrant and revoke the original or any subsequent sentence for a violation occurring during the period of probation or supervised release.

The Court orders commitment to the custody of the Bureau of Prisons and recommends: that the defendant be placed in an institution in southern California, if possible, to facilitate visitation with family.

The defendant shall self-surrender for service of sentence at the institution designated by the Bureau of Prisons or to the United States Marshal at the federal courthouse located in Santa Ana, California, no later than **Noon, February 29, 2016.**

Date of Imposition of Sentence: **Tuesday, January 26, 2016**



Susan R. Bolton
United States District Judge

DATE: February 29, 2016

RETURN

I have executed this Judgment as follows: _____

Defendant delivered on _____ to _____ at _____, the institution designated by the Bureau of Prisons, with a certified copy of this judgment in a Criminal case.

United States Marshal

By: _____
Deputy Marshal

Row Labels	Sum of Net Loss	Sum of % of Total Loss
Acton, Candice	\$ 10,000.00	0.027313%
Alexis, Susan	\$ 80,000.00	0.218505%
Allen, Roderick	\$ 80,000.00	0.218505%
Almen, Carolyn	\$ 25,000.00	0.068283%
Almen, Linda	\$ 50,000.00	0.136565%
Apfelzweig, Robert	\$ 160,000.00	0.437009%
Archbold, Marie	\$ -	0.000000%
Arrowland Development,	\$ -	0.000000%
Barber, Darin	\$ 160,000.00	0.437009%
Barclay, Kevin	\$ 50,000.00	0.136565%
Barson, Nicholas	\$ 80,000.00	0.218505%
Barthel, Christopher	\$ 80,000.00	0.218505%
Bartlett, Donald	\$ 380,464.44	1.039166%
Bates, Valerie	\$ 10,000.00	0.027313%
Beach, Carson	\$ 80,000.00	0.218505%
Beach, Robert	\$ 130,000.00	0.355070%
Berner, Scott	\$ 39,160.59	0.106960%
Bogosian, Walter	\$ -	0.000000%
Bolts, Timothy	\$ 20,000.00	0.054626%
Borja, Carmen	\$ 80,000.00	0.218505%
Bostandijan, Mariam	\$ 10,000.00	0.027313%
Bruce, Robert	\$ 100,000.00	0.273131%
Burge, William	\$ 440,760.38	1.203852%
Burns, Jared	\$ 80,000.00	0.218505%
Button, Sydney	\$ 2,000,000.00	5.462617%
Byerlein, John	\$ 125,000.00	0.341414%
Caines, Tom	\$ 80,000.00	0.218505%
Campbell, William	\$ 10,000.00	0.027313%
Caplan, Shannon	\$ 25,809.17	0.070493%
Carelli, Charles	\$ 270,000.00	0.737453%
Carlisle, Julie	\$ -	0.000000%
Castillo, Ronald	\$ 30,000.00	0.081939%
Castillo, Ruben	\$ 80,000.00	0.218505%
Champlin, William	\$ -	0.000000%
Civil Design Solutions, LLC,	\$ 108,010.14	0.295009%
Clark, Rose	\$ 30,000.00	0.081939%
Cooke, Patricia	\$ 1,480,192.77	4.042863%
Cooper, Valare	\$ 80,000.00	0.218505%
Costabile, Peter	\$ -	0.000000%

Craig, Joseph	\$ 20,000.00	0.054626%
Dapron, Kathleen	\$ 125,000.00	0.341414%
Deetz, Clayton	\$ 80,000.00	0.218505%
Deuel, Ed	\$ 80,000.00	0.218505%
Deutsch, Kenneth	\$ 10,000.00	0.027313%
Diaz, Albert	\$ 45,000.00	0.122909%
Dilsizyan, Lisa	\$ 50,000.00	0.136565%
Durant, Marc	\$ 30,000.00	0.081939%
Eddinger Architects ,	\$ 75,000.00	0.204848%
Edwards, John	\$ 30,000.00	0.081939%
Feigen, Barbara	\$ 8,000.00	0.021850%
Fleck, John	\$ 30,000.00	0.081939%
Fortune, Jeffrey	\$ 760,000.00	2.075794%
Francis, Alan	\$ 255,000.00	0.696484%
Fraser, Robert	\$ -	0.000000%
Fritz, Desiree	\$ 160,000.00	0.437009%
Gandy, Marion, Sr.	\$ 50,000.00	0.136565%
Gazzola, Diane	\$ 200,000.00	0.546262%
Gilbert, Robert	\$ -	0.000000%
Gilchrist & Rutter, P.C.,	\$ 47,195.92	0.128907%
Gilliland, Richard	\$ 90,000.00	0.245818%
Gordon, David	\$ 50,000.00	0.136565%
Grimmond, Timothy	\$ 127,000.00	0.346876%
Hallock Gross, Inc,	\$ 33,403.45	0.091235%
Hannah, Don, Jr.	\$ 398,720.00	1.089027%
Hannah, Don, Sr.	\$ 80,000.00	0.218505%
Hattem, Edward	\$ 150,000.00	0.409696%
Hayhurst, James	\$ -	0.000000%
Healy, Norm	\$ 235,000.00	0.641857%
Heglie, Bjorn	\$ 30,000.00	0.081939%
Henson, Michael	\$ 40,000.00	0.109252%
Hernandez, Mary Ellen	\$ 30,000.00	0.081939%
Hoover, David	\$ 91,874.22	0.250937%
Hoover, Emily	\$ 10,000.00	0.027313%
Hoover, Greg	\$ 140,000.00	0.382383%
Hoover, Shelly	\$ 936,000.00	2.556505%
Hoover, William Grant	\$ 39,000.00	0.106521%
Hudson, Beatrice	\$ -	0.000000%
Hunter, Jerry	\$ 45,000.00	0.122909%
Hussey, Kevin	\$ 40,000.00	0.109252%
Hutchison, John	\$ 10,000.00	0.027313%
Hutchison, Therese	\$ 250,000.00	0.682827%

Hyslop, Robert	\$ 50,000.00	0.136565%
Insurance Company of the West,	\$ -	0.000000%
Jay, Thomas	\$ 30,000.00	0.081939%
Jean, James	\$ 80,000.00	0.218505%
Johnson, Ronald	\$ 8,702.35	0.023769%
Juarez, John	\$ 191,451.76	0.522914%
Kaino, Heather	\$ 20,000.00	0.054626%
Karp, Harvey	\$ 1,681,376.00	4.592356%
Kastelic, Josie	\$ 80,000.00	0.218505%
Kerrigan, James	\$ 240,000.00	0.655514%
Ketelsleger, Charles	\$ 20,000.00	0.054626%
Ketelsleger, Roger	\$ 355,000.00	0.969614%
Kettenring, Ernest	\$ 40,000.00	0.109252%
Kettler, William	\$ 10,000.00	0.027313%
Kim , David	\$ 5,040,000.00	13.765794%
King, David	\$ 203,511.76	0.555853%
King, Nickolas	\$ 121,755.88	0.332553%
King, Richard	\$ 80,000.00	0.218505%
Kraemer, Alan	\$ 100,000.00	0.273131%
LaCommare, James	\$ 100,000.00	0.273131%
LaCommare, Paul	\$ 33,333.34	0.091044%
Lee , Mary	\$ 117,481.76	0.320879%
Leef, Sharon	\$ 20,000.00	0.054626%
Lesa, Leon	\$ 10,000.00	0.027313%
Lessin Management Advisors DBPP,	\$ 40,000.00	0.109252%
Lessin, Leba	\$ 30,000.00	0.081939%
Linklater, Julie	\$ 40,000.00	0.109252%
Linklater, Kirk	\$ 39,500.00	0.107887%
Lopez, Joanne	\$ -	0.000000%
Lorengo, Michael	\$ 80,000.00	0.218505%
Lozano, Louis	\$ 80,000.00	0.218505%
Lucas, Bernard	\$ 160,000.00	0.437009%
Luu, Ben	\$ 40,000.00	0.109252%
Lyons, David	\$ 1,312.50	0.003585%
Madole, Phoebe	\$ 208,000.00	0.568112%
Madrid, Joanie	\$ 10,000.00	0.027313%
Mahoney, Carol	\$ 80,000.00	0.218505%
Manthey, Daniel	\$ 80,000.00	0.218505%
Martin, Darrell	\$ -	0.000000%
Martinez, Michael	\$ 149,703.03	0.408885%
Matthews, Maureen	\$ 327,643.59	0.894896%
McDonald, Mark	\$ -	0.000000%

McNamara, Howard	\$ -	0.000000%
Medkiff, Yvonne	\$ 875,360.06	2.390878%
Mehta, Chetan	\$ 200,000.00	0.546262%
Merrill, Gene	\$ 89,000.00	0.243086%
Meyer, James	\$ 127,450.00	0.348105%
Mica, David	\$ 30,000.00	0.081939%
Mica, Donald	\$ 30,000.00	0.081939%
Miles, Raymond	\$ 140,916.47	0.384886%
Millan, Conrad	\$ 69,000.00	0.188460%
Miller, Charles	\$ 39,160.59	0.106960%
Miller, Glenn	\$ 80,000.00	0.218505%
Miller, Lizbeth	\$ 10,000.00	0.027313%
Minot, Mark	\$ 80,000.00	0.218505%
Mitchell, Ron	\$ 34,333.00	0.093774%
Morgan, William	\$ 50,000.00	0.136565%
Morrow, Scott	\$ -	0.000000%
Mueller, Siegbert	\$ -	0.000000%
Mullen, William	\$ 42,404.71	0.115820%
Munoz, Jennifer	\$ 120,962.71	0.330386%
Nachazel, Kurt	\$ 150,000.00	0.409696%
Najera, Alfonso, Jr.	\$ 112,500.00	0.307272%
Negrete, David	\$ 20,107.00	0.054918%
Neil, Kristen	\$ 25,809.17	0.070493%
Nelson, David	\$ 125,000.00	0.341414%
Nelson, Kris	\$ 50,000.00	0.136565%
Newell, Ruth	\$ 87,023.53	0.237688%
Nguyen, Duke	\$ 30,000.00	0.081939%
Norris, Howard	\$ 3,705,000.00	10.119497%
O'Brien, Mark	\$ 40,000.00	0.109252%
Overbeck, Robert	\$ 80,000.00	0.218505%
Perisho, Christa	\$ -	0.000000%
Petersen, David	\$ 80,000.00	0.218505%
Prado, Dennis	\$ -	0.000000%
Pugh, William (Tom)	\$ 30,000.00	0.081939%
Rattelman, Robert	\$ 525,000.00	1.433937%
Reiner, Marjorie	\$ 40,000.00	0.109252%
Reiner, William	\$ 40,000.00	0.109252%
Ridenour, Lynn	\$ 20,000.00	0.054626%
Roach, James	\$ 167,023.53	0.456193%
Rosen, Arthur	\$ 36,001.80	0.098332%
Rosenberg, Anita	\$ 45,000.00	0.122909%
Rosenberg, Robert	\$ 311,900.00	0.851895%

Roy, Michael	\$ 40,000.00	0.109252%
Ruffino, Pearl	\$ -	0.000000%
Ruiz, Jairo	\$ -	0.000000%
Saini, Saranjit	\$ 650,000.00	1.775350%
Scholl, William	\$ 60,000.00	0.163878%
Scott & Skelly, LLC,	\$ 10,671.68	0.029148%
Senese, Dante	\$ 100,000.00	0.273131%
Shand, Jerry	\$ -	0.000000%
Sherman, John	\$ 80,000.00	0.218505%
Simpson, John	\$ 110,000.00	0.300444%
Smith, Dennis	\$ 80,000.00	0.218505%
Smith, Lori	\$ 80,000.00	0.218505%
Smith, Pamella	\$ 30,000.00	0.081939%
Sobbe, Ronnie	\$ 60,000.00	0.163878%
Sorosky, Anna	\$ 50,000.00	0.136565%
Sparks, Mark	\$ 60,000.00	0.163878%
St Clair, Jeanne	\$ -	0.000000%
Stonecipher, Ana	\$ 126,000.00	0.344145%
Swain, Pam	\$ 85,000.00	0.232161%
Swain, Pam	\$ 80,000.00	0.218505%
Tatarski, Vickie	\$ 60,000.00	0.163878%
Taylor, Thomas	\$ 120,000.00	0.327757%
Thoresen, Gerald	\$ 10,000.00	0.027313%
Todd, Arthur	\$ 60,000.00	0.163878%
Torres, Armida	\$ 25,000.00	0.068283%
Tran, Jeff	\$ 80,000.00	0.218505%
Urich, JoAnn	\$ 100,000.00	0.273131%
Van Renesse, Fred	\$ 478,100.00	1.305838%
Vandehey, Bonnie	\$ 30,000.00	0.081939%
Volz, James	\$ 52,800.00	0.144213%
Volz, Mary	\$ 13,600.00	0.037146%
Volz, Nicholas	\$ 93,600.00	0.255650%
Vroom, Joan	\$ 10,000.00	0.027313%
Vuong, Dennis	\$ 30,000.00	0.081939%
Wagoner, Donald	\$ 30,000.00	0.081939%
Walker, John	\$ 10,000.00	0.027313%
Walter, James	\$ 80,000.00	0.218505%
Watson, Brenda	\$ 80,000.00	0.218505%
Welch, Michael	\$ 343,511.76	0.938237%
Wells Fargo Bank,	\$ -	0.000000%
Westler, Michael	\$ 25,000.00	0.068283%
Wiehle, Gregory	\$ 80,000.00	0.218505%

Wolfe, Robert	\$ 80,000.00	0.218505%
Wrona, Thomas	\$ -	0.000000%
Wutschke, Marc	\$ -	0.000000%
Ellindio Trust, Kevin McCabe	\$ 3,935,892.00	10.750134%
Grand Total	\$ 36,612,491.07	100.000000%

I hereby attest and certify on 6/13/2016
that the foregoing document is a full, true and correct
copy of the original on file in my office and in my cus-
tody.

CLERK, U.S. DISTRICT COURT
DISTRICT OF ARIZONA

by [Signature] Deputy

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REDACTED FOR
PUBLIC DISCLOSURE

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

United States of America,
Plaintiff,

vs.

1. John Keith Hoover,
(1-38, 41-52)
2. John Brandon Hoover,
(30, 36-41, 50, 52-54)
3. Deborah Boice Hoover,
(41-52)

Defendants.

CR-14-00554-PHX-SRB(DKD)

**SECOND SUPERSEDING
INDICTMENT**

VIO:

18 U.S.C. § 1343
(Wire Fraud)
Counts 1-15

18 U.S.C. § 1341
(Mail Fraud)
Counts 16-29

18 U.S.C. § 1349
(Conspiracy to Commit Bank Fraud)
Count 30

18 U.S.C. § 1344
(Bank Fraud)
Counts 31-38

31 U.S.C. § 5324(a)
(Structuring Financial Transactions)
Counts 39-40

18 U.S.C. § 371
(Conspiracy to Commit Bankruptcy Fraud)
Count 41

18 U.S.C. § 152(1)
(Concealment of Assets)
Count 42

18 U.S.C. § 152(2)
(False Testimony in a Bankruptcy
Proceeding)

Counts 43-45

18 U.S.C. § 152(3)
(False Declarations in a Bankruptcy
Proceeding)
Counts 46, 47

18 U.S.C. § 152(7)
(Fraudulent Transfer and Concealment of
Property in Contemplation of Bankruptcy)
Counts 48-51

18 U.S.C. § 152(4)
(False Proof of Claim)
Count 52

18 U.S.C. § 1957
(Transactional Money Laundering)
Counts 53, 54

18 U.S.C. § 981
18 U.S.C. § 982
21 U.S.C. § 853
28 U.S.C. § 1355(b)(2)
28 U.S.C. § 2461(c)
31 U.S.C. § 5317
(Forfeiture Allegations)

THE GRAND JURY CHARGES:

At all times material to this indictment, within the District of Arizona and elsewhere:

INTRODUCTION

DEFENDANTS

1. JOHN KEITH HOOVER ("J. HOOVER" or "JKH") is an attorney who resides in Mohave Valley, Arizona, and is in the business of real estate development and property management. At various times between 1997 and the present, he created a network of entities for the purpose, among others, of soliciting individuals to invest in real estate developments. The largest of these was known as El Rio Country Club.

1 2. JOHN BRANDON HOOVER ("B. HOOVER" or "JBH") is a resident of
2 California, the son of J. HOOVER, and a self-described real estate consultant.

3 3. DEBORAH BOICE HOOVER ("D. HOOVER" or "DBH") is the wife of J.
4 HOOVER and mother of B. HOOVER.

5 **RELEVANT ENTITIES**

6 4. Equity Capital Lenders, LLC ("ECL") purports to be a lending institution
7 managed by B. HOOVER and D.B. Between 2008-2011, J. HOOVER and D. HOOVER
8 ("the HOOVERS") transferred various assets to ECL to conceal control and ownership of
9 their assets. From 2009-2010, ECL paid substantially all of the HOOVERS' business
10 expenses.

11 5. Hoover Quality Homes, Inc. is in the business of building homes in Fort Mohave,
12 AZ and surrounding areas. It was wholly owned by J. HOOVER until being transferred to
13 ECL between 2008-2010.

14 6. El Rio Country Club, LLC is a business entity established by J. HOOVER to
15 develop and sell residential lots in a golf course community in Mohave Valley, Arizona
16 that covered approximately a square mile.

17 7. Rio Oro, LLC, is a business entity designed to hold and develop a parcel of land
18 located in California adjacent to the Colorado River. J. HOOVER diverted money
19 received from investors and borrowed against the land and other business entities for his
20 own benefit.

21 8. Aztech Arizona, LLC was a Bullhead City, Arizona based cable and
22 communications company. It was established by J. HOOVER to provide cable service for
23 residents of El Rio Country Club and surrounding developments. B. HOOVER received a
24 salary from 2008-2010 as the manager of Aztech.

25 9. Hoover Land & Investments, LLC did business under the name of The Hoover
26 companies. It provided management and accounting services to J. HOOVER's other
27 various entities.

28

1 10. Counsel Corp (a subchapter C Corporation) was a real estate brokerage wholly
2 owned by J. HOOVER until it was transferred to ECL between 2008-2010.

3 11. El Rio Capital, LLC was an entity J. HOOVER used to recruit investors and lend
4 money to El Rio Country Club.

5 12. Sevenstar Capital, LLC was established in 2005 for the purpose of raising money
6 from investors for unsecured promissory notes. It lent investor money to other J.
7 HOOVER companies. From 2005-2007, J. HOOVER frequently withdrew monies from
8 Sevenstar Capital.

9 13. Hoover Brothers Rentals, LLC was owned by J. HOOVER and B. HOOVER and
10 rented equipment to other J. HOOVER companies.

11 14. Marina Professional Plaza, LLC was an entity J. HOOVER used to recruit
12 investors for developing office or commercial buildings in Bullhead City, Arizona.

13 15. El Rio Professional Plaza, LLC was organized to hold and manage commercial
14 and office space constructed in Mohave Valley, Arizona adjacent to El Rio Country Club.

15 16. SCI Terre D'Argent was a French Corporation established as a holding company
16 for a Paris apartment purchased by the HOOVERS.

17 17. Diamond BE was a business name used by B. HOOVER as owner/operator from
18 at least 2006 to 2013, when a limited liability company of the same name was organized
19 in Arizona, naming B. HOOVER and his sister as the two members of the company.

20 18. Mariposa Phases 1-8 was a series of eight Limited Liability Companies
21 established by J. HOOVER for the development of land in the Fort Mohave area.

22 19. Mountain Star Capital was an LLC established by J. HOOVER ostensibly for the
23 benefit of T.H. J. HOOVER maintained control over how T.H.'s money was invested
24 and disbursed.

25 20. Oregon Pines, LLC was established by J. HOOVER to hold a parcel of land
26 located in Oregon.

27 21. El Rio Holdings, LLC was established as a holding company for assets of El Rio
28

1 Country Club and related entities. Investors who had lent money to El Rio Capital or
2 Sevenstar Capital received an interest in this entity in lieu of repayment of their loans.

3 22. Rancho San Juan Commercial, LLC was established to hold a parcel of land for
4 development in the Needles, California area.

5 23. Excellence Equities, LLC was organized in Arizona in May 2011. Rancho San
6 Juan Commercial transferred the parcel that it had held in the Needles, California area to
7 this entity that same month.

8 **FINANCIAL INSTITUTIONS**

9 24. Wells Fargo Bank, NA, is headquartered in San Francisco, California, and is FDIC
10 insured.

11 25. Washington Mutual Bank, FA, was purchased by JP Morgan Chase in 2008 and
12 was insured by the FDIC during the time period of the scheme.

13 26. JP Morgan Chase Bank, NA, is headquartered in New York City, New York, and
14 is FDIC insured.

15 27. Mohave State Bank is headquartered in Lake Havasu City, Arizona, and is FDIC
16 insured.

17 28. First National Bank of Arizona was headquartered in Phoenix, Arizona, and FDIC
18 insured at the time of the scheme.

19 29. Whittier Municipal Employees Federal Credit Union was headquartered in
20 Whittier, California, and was NCUA insured during the time period of the scheme.

21 30. Los Angeles Federal Credit Union is based in Los Angeles, California, and is
22 NCUA insured.

23 **SELF DIRECTED IRA CUSTODIAN**

24 31. Trust Administration Services Corporation (TASC) was originally a division of
25 First Regional Bank of San Diego and offered Custodial Accounts which allowed
26 individuals and their representatives to self-direct the investment of assets of an
27 Individual Retirement Account. Self-directed IRA accounts that were administered by
28

1 TASC were subsequently administered by Sterling Trust, based in Waco, Texas, and
2 Equity Trust Company, based in Elyria, Ohio.

3 **SUMMARY OF WIRE, MAIL, BANK, AND BANKRUPTCY FRAUD SCHEMES**

4 32. Between 1997 and the present, the exact dates are unknown, J. HOOVER raised in
5 excess of \$20,000,000 from at least 460 investors for land development projects.

6 33. J. HOOVER improperly used some of the money for operational expenses for his
7 various companies, primarily the El Rio Country Club and Golf Course located in
8 Mohave Valley, Arizona.

9 34. J. HOOVER improperly used a large portion of money derived from investors for
10 personal expenditures. Personal expenditures were, in many cases, disguised as business
11 expenses. These expenses included, among others, to maintain a multi-million-dollar
12 home in Newport Beach, California, a condominium in Newport Beach, California, an
13 apartment in Paris, France, a 2006 Bentley Flying Spur automobile purchased for over
14 \$150,000, other luxury automobiles, art work, jewelry, home furnishings, an expensive
15 wedding and salary for his son, schooling for his daughter in Paris, France, high end hotel
16 rooms for family and friends, and other lavish expenditures.

17 35. Investor money also was improperly used on junkets disguised as business related
18 trips for J. HOOVER's family and employees that included, among others, Paris, France,
19 Hawaii, China, South America, and Europe and other lavish trips.

20 36. When investor funds were not available, J. HOOVER, with the assistance of B.
21 HOOVER, refinanced properties by misrepresenting material information to lenders that
22 included employment, salary, assets, liabilities, and the source of down payments. By
23 doing so, J. HOOVER and B. HOOVER committed bank fraud.

24 37. Once J. HOOVER had exhausted the investor money, he filed for bankruptcy
25 protection. With the complicity of his wife D. HOOVER and son B. HOOVER, he
26 committed bankruptcy fraud by concealing from the Bankruptcy Court: home
27 furnishings, real and personal property, recent transactions, and control of other assets.

28

SCHEME TO DEFRAUD INVESTORS BY WIRE AND MAIL FRAUD

38. Beginning in or about 1997 and continuing through the present, the exact dates are unknown to the Grand Jury, in the District of Arizona and elsewhere, J. HOOVER defrauded investors, and committed wire and mail fraud, by doing the following:

a. J. HOOVER, in his capacity as a friend, associate, and attorney, obtained monies from California and Arizona based investors, several of whom were recently widowed. Some of these widows provided J. HOOVER with the bulk of their estates following the deaths of her husbands. The widows relied on J. HOOVER's long term friendship with their families and experience as an attorney to make sound investments.

b. J. HOOVER also obtained monies from investors who had no experience in speculative real estate and relied upon J. HOOVER's experience and advice. In many cases, J. HOOVER encouraged investors to liquidate otherwise secure retirement funds to invest in his own speculative real estate ventures.

c. J. HOOVER misrepresented that the investor money was invested in secured loans. J. HOOVER instead used that money for his own high risk speculative real estate ventures in Arizona and elsewhere. He also used the investor money on his own personal expenses. When the investments lost considerable value, he failed to disclose the extent of the loss to investors.

d. J. HOOVER sold, to a category of investors, ownership interests in specific real estate projects that included Mariposa, El Rio Country Club, Marina Professional Plaza, and Rio Oro, among others. Despite representations that the monies would remain in the companies described above, J. HOOVER diverted monies from these investments to Sevenstar Capital. From Sevenstar Capital, these monies flowed to other unrelated real estate projects or his own personal expenditures.

1 e. J. HOOVER induced a number of investors to make what they believed to
2 be low-risk, short-term loans to Sevenstar Capital, El Rio Capital, or J.
3 HOOVER'S family trust with the promise of better than average returns.

4 f. J. HOOVER ceased paying interest on these loans in November 2007, and
5 induced or attempted to induce his investors to exchange their promissory notes
6 for interests in a new entity called El Rio Holdings, LLC.

7 g J. HOOVER made the following representations directly to investors (or
8 directed sales representatives to make the following representations):

9 1. When the investors attempted to obtain their monies, they were falsely
10 told that the money was dissipated or tied up in an investment and
11 unavailable for redemption;

12 2. Investors were falsely told that J. HOOVER's business entities owned
13 property that was "free and clear" without liens and purchased with cash;

14 3. Investors were provided with inflated valuations of the land held in the
15 business entities in which they had invested;

16 4. Investors were misled concerning which specific properties secured the
17 collateral for promissory notes;

18 5. Investors were falsely told that J. HOOVER would "match" the
19 investor's investment in a particular project or that others, including his
20 father-in-law, D.B., and/or son B. HOOVER, were also investing in a
21 particular investment (which gave investors a false sense of security);

22 6. In some cases, investors were convinced to liquidate an Individual
23 Retirement Account ("IRA") and place the funds in a self-directed IRA,
24 with the false promise that the money would be returned by the time the
25 investor would need the money;

26 7. Investors were falsely told that their money would be put toward a
27 particular parcel and did not know that J. HOOVER was instead using the
28

1 money for other operational expenses of his companies or his own personal
2 expenses;

3 8. Investors were falsely told that the investments were secure because
4 there was title insurance and the investor would receive insurance proceeds
5 in the event of a default;

6 9. Inexperienced investors were provided with inaccurate time
7 estimates for the return of their funds and completion of projects, when J.
8 HOOVER knew there was a low probability of a return in the time frame
9 that was represented. Further, he frequently diverted investor funds to
10 projects on which he placed a higher priority, to the detriment of the
11 investor.

12 h. J. HOOVER had the investors liquidate mutual funds and securities, life
13 insurance policies, and social security death benefits and directed the proceeds
14 from these investments to LLCs controlled by J. HOOVER.

15 i. J. HOOVER set up bank accounts that contained investor money so he was
16 the only one who had signing authority.

17 j. Without consent, J. HOOVER would convert loans that the investor had
18 made to one of his entities into an equity interest.

19 k. In some cases, J. HOOVER signed documents transferring monies on
20 behalf of the investor without their knowledge.

21 l. J. HOOVER had investors give him authority to make investment decisions
22 on their behalf and invested monies in his best interest and not the investors'.

23 m. The source of interest payments made to investors on promissory notes
24 executed by J. HOOVER was derived from money from other investors.

25 n. J. HOOVER defrauded investors of Rio Oro, LLC by obtaining loans
26 secured by the real property intended to be developed, without the consent or
27 knowledge of the investors, and then transferring the funds obtained through those
28

1 loans to other entities in which J. HOOVER had or has an interest. J. HOOVER
2 defaulted on secured loans, thus causing the investors to lose any interest they had
3 in the property.

4 o. J. HOOVER made "call requests" to investors in his various entities, by
5 demanding additional funds from those investors, purportedly for the payment of
6 taxes and overhead expenses associated with operating those entities.

7 p. From the time when Sevenstar Capital was formed in 2005, a substantial
8 portion of the monies that investors paid into entities, such as the Mariposa phases
9 and Rio Oro, were transferred from those entities into Sevenstar Capital, often
10 within a week of receipt of the monies.

11 q. From Sevenstar Capital, several million dollars were lent to El Rio Country
12 Club and Aztech Arizona or to J. HOOVER, rather than to the entities where the
13 investors had directed their money.

14 39. J. HOOVER took the following actions to obtain money from investors or
15 dissuade them from seeking repayment:

16 a. In or around December 1997, J. HOOVER provided YM with a document
17 stating that she had \$684,936 in notes receivable. This document gave no detail as
18 to which parties had issued the promissory notes. However, a similar statement
19 from December 2001 showed that \$432,400 of the notes were unsecured loans
20 made to J. HOOVER'S company Counsel Corp. At different times during the
21 scheme, YM had the majority of her monies invested with Sevenstar Capital and
22 El Rio holdings, as well as Counsel Corp.

23 b. In April 2001, J. HOOVER assisted TH with consolidating assets from
24 various retirement accounts into one self-directed IRA with TASC. J. HOOVER
25 instructed TASC to direct all communications related to the account through J.
26 HOOVER'S office. Around this same time, J. HOOVER established Mountain
27 Star Capital. J. HOOVER had signing authority on the Mountain Star Capital
28

1 bank account and TH did not. J. HOOVER had TH place the life insurance
2 proceeds from the death of her husband with J. HOOVER, along with the proceeds
3 from cashing out other life insurance policies for TH and her children. At
4 different times during the scheme, J. HOOVER invested TH's money and her
5 children's money in Sevenstar Capital, Rio Oro, El Rio Country Club, and
6 multiple phases of Mariposa.

7 c. In or around April 2003, J. HOOVER signed documents on behalf of PC to
8 authorize the purchase of an unsecured promissory note from El Rio Country Club
9 in the amount of \$182,000 with funds from PC's self-directed IRA with TASC.

10 d. In or around February 2004, J. HOOVER had PC execute a document
11 retroactively giving J. HOOVER authority to make all investment decisions for
12 PC's IRA beginning in January 2003. At different times during the scheme, J.
13 HOOVER invested PC's money in Sevenstar Capital, El Rio Holdings, Rio Oro
14 and Marina Professional Plaza.

15 e. In or around October 2005, J. HOOVER advised JL in writing to invest
16 \$600,000 of her retirement funds in Mariposa Phase V, Marina Professional Plaza
17 and Sevenstar Capital. J. HOOVER also suggested that JL surrender an annuity,
18 incurring a \$7,000 penalty, in order to invest the money in J. HOOVER'S
19 companies.

20 f. Between November 2007 and March 2008, J. HOOVER sent letters to
21 several investors, including DF, asking that they convert their promissory notes
22 from El Rio Capital and Sevenstar Capital to an ownership interest in El Rio
23 Holdings, thereby forgoing any expectation of payment of interest or repayment of
24 principal. DF lent money to the El Rio Country Club and invested in one of the
25 Mariposa phases.

COUNTS 1-15

Wire Fraud

(Violation of 18 U.S.C. § 1343)

40. Paragraphs 1 through 39 of this Indictment are re-alleged and incorporated by reference as though fully set forth herein.

SCHEME AND ARTIFICE

41. From or about at least 1997, the exact date being unknown to the Grand Jury, through on or about April 22, 2014, in the District of Arizona and elsewhere, the defendant J. HOOVER, did knowingly and with the intent to defraud devise and intend to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, promises, and omissions.

PURPOSE OF THE SCHEME AND ARTIFICE

42. It was the purpose of the scheme and artifice that J. HOOVER would solicit and obtain millions of dollars of investors' funds through false pretenses, representations, promises, and omissions all in order to obtain substantial economic benefits for himself and family members through the payment of fees, wages, bonuses, commissions, interest in real estate, and other monies. These funds were purportedly to be invested for the benefit of the investors but instead were diverted, misused, and misappropriated for other purposes. Once the investor money was exhausted, family members (including his wife D. HOOVER and son B. HOOVER) assisted J. HOOVER in actively concealing the remaining assets from the Bankruptcy Court.

USE OF WIRES

43. On or about the dates specified as to each count below, the defendant J. HOOVER, for the purpose of executing the aforesaid scheme and artifice, did knowingly transmit and cause to be transmitted, by means of wire communications in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds, as more particularly described below:

COUNT	APPROX. DATE	DESCRIPTION OF WIRE COMMUNICATION	
1	10/02/2009	Interbank Wire	Rio Oro, LLC wired \$1,814,687.72 (of the \$4,000,000 that it borrowed on August 31, 2009) from Rio Oro's bank account at JP Morgan Chase to First American Title Insurance of Mohave, Inc. in Bullhead City, Arizona. The wire paid off promissory note from Hoover Quality Homes, Inc., secured by a lien that had been on property including the land for Mariposa Phases V, VI, VII and VIII since April 2004.
2	06/03/2011	Fax	JKH, as managing member of Hoover Development Company, LLC, manager of El Rio Holdings, LLC sent a letter via facsimile to Sterling Trust providing valuation of PC's interest in El Rio Holdings LLC as \$6,600. [10% of the amount invested, and the amount shown as the valuation on PC's IRA statements for the prior quarter.] The letter also provided similar valuation of the interests in El Rio Holdings, LLC of 9 other IRA account holders.
3	01/26/2012	E-mail	JKH, as manager, sent an e-mail message to PC regarding a call for additional capital previously issued to Mariposa investors and proposed a buyout of those investors who do

			not make capital calls. JKH asks that \$240 be sent from each member to Management Professionals, LLC for accounting costs.
4	02/06/2012	E-mail	JKH, as manager, sent an e-mail message to PC regarding a call for capital previously issued to investors in the Estates at Rancho San Juan and proposed a buyout of those investors who do not meet requirements of capital calls. JKH asks that \$178 be sent from each member to Management Professionals, LLC for accounting costs.
5	02/06/2012	E-mail	JKH, as manager, sent an e-mail message to PC regarding a call for capital previously issued to investors in Marina Professional Plaza, LLC and proposed buyout of those investors who do not meet requirements of capital calls. JKH asks that \$410 be sent from each member to Management Professionals, LLC for accounting costs.
6	04/16/2012	E-mail	JKH transmits a Schedule K-1 via e-mail to HH for Mariposa Phase IV, LLC for 2011. JKH indicates that other K-1's will require a \$99 fee per K-1.
7	02/18/2013	E-mail	JKH transmits to HH via e-mail a letter notifying investors that K-1's are completed and that each Form K-1 will cost \$99, which should be sent to Management Professionals.

1				JKH promises a letter updating the company outlook will be coming shortly.
2				
3				
4	8	02/18/2013	E-mail	JKH exchanges e-mail messages with HH, stating that JKH will not send a Schedule K-1 to HH unless HH helps pay the accountants for the preparation of the tax returns.
5				
6				
7				
8				
9	9	02/19/2013	E-mail	JKH transmits a letter to HH via e-mail regarding a call for capital made to Mariposa Phase II, LLC investors two years earlier. JKH offers investors the choice of meeting their capital call or selling their interest to a new LLC for an estimated 4% of their initial investment.
10				
11				
12				
13				
14				
15				
16	10	03/18/2013	E-mail	JKH transmits a letter via e-mail to TH notifying investors that K-1's for Fairway I, LLC are completed and that each Form K-1 will cost \$99, which should be sent to Management Professionals, LLC. JKH promises a letter updating the company outlook will be coming shortly.
17				
18				
19				
20				
21				
22				
23	11	03/20/2013	E-mail	JKH transmits a letter via e-mail to TH notifying investors that K-1's for Rio Oro are completed and that each Form K-1 will cost \$99, which should be sent to Management Professionals, LLC. JKH promises a letter
24				
25				
26				
27				
28				

			updating the company outlook will be coming shortly.
12	03/21/2013	E-mail	JKH transmitted a letter via e-mail notifying investors [entity not specified] that K-1's are completed and that each Form K-1 will cost \$99, which should be sent to Management Professionals, LLC. JKH promises a letter updating the company outlook will be coming shortly.
13	05/08/2013	E-mail	JKH transmits a letter to TH via e-mail regarding an unmet call for capital made to Rancho San Juan Hills, LLC investors two years earlier. JKH offers investors the choice of meeting their capital call or selling their interest to a new LLC for an estimated 3% of their initial investment.
14	03/03/2014	E-mail	JKH transmits a message to HH via e-mail regarding all Mariposa phases, which states "We are in the process of concluding the sale of Phase 3 to the newly formed limited liability company." JKH is actively searching for third parties willing to purchase the interests of selling members.

15	03/03/2014	E-mail	JKH transmitted a message to TH via e-mail regarding the Rancho San Juan, LLC restructuring proposal: "Thus far not enough existing members have been willing to purchase the membership interests of those choosing to sell." JKH stated that they only have until May 2014 to gather sufficient funds to pay delinquent taxes or they will be in jeopardy of losing the property.
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All in violation of 18 U.S.C. § 1343.

COUNTS 16-29

Mail Fraud

(Violation of 18 U.S.C. § 1341)

44. Paragraphs 1 through 39 of this indictment are re-alleged and incorporated by reference as though fully set forth herein.

45. From in or about at least 1997, the exact date being unknown to the Grand Jury, through April 22, 2014, in the District of Arizona and elsewhere, the defendant J. HOOVER, did knowingly and with intent to defraud devise and intend to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, promises, and omissions.

PURPOSE OF THE SCHEME AND ARTIFICE

46. It was the purpose of the scheme and artifice that J. HOOVER would solicit and obtain millions of dollars of investors' funds through false pretenses, representations, promises, and omissions all in order to obtain substantial economic benefits for himself and family members through the payment of fees, wages, bonuses, commissions, interest in real estate, and other monies. These funds were purportedly to be invested for the benefit of the investors but instead were diverted, misused, and misappropriated for other

1 purposes. Once the investor money was exhausted, family members (including his wife
 2 D. HOOVER and son B. HOOVER) assisted J. HOOVER in actively concealing the
 3 remaining assets from the Bankruptcy Court.

4 USE OF THE MAILS

5 47. On or about the dates specified as to each count below, defendant J. HOOVER, for
 6 the purpose of executing the aforesaid scheme and artifice, and attempting to do so,
 7 knowingly deposited and caused to be deposited the matters and things listed below, and
 8 caused the matters and things to be sent and delivered, by private and commercial
 9 interstate carrier and by the United States Postal Service:

COUNT	APPROX. DATE	DESCRIPTION OF MAILING	
16	08/20/2009	Mail	JKH sent a letter to PC stating that the restructure of El Rio Country Club, LLC had been legally finalized. "Our ability to survive the most severe recession since the 1930's is directly attributable to you, to all of our other investors who have agreed to participate in the El Rio restructure (now 84% of all outstanding investors) and to those who have not yet agreed to participate but have refrained from actions which would force El Rio into bankruptcy to the detriment of all." The letter says that those who had become equity owners would receive quarterly reports commencing 3rd quarter 2009.
17	01/27/2010	Mail	JKH mailed a letter to PC, transmitting a Schedule K-1 for Mariposa Phase II, LLC, and stating: "The good news is that we own our property at Mariposa

1				without debt.... Unfortunately the additional
2				monies that were raised at the time of the original
3				syndication of our company which were designed
4				to carry the property's expenses for a two year
5				period, have carried the expenses they were
6				designed to carry but are now depleted."
7	18	02/19/2010	Mail	JKH mailed a letter to PC, transmitting a Schedule
8				K-1 for Marina Professional Plaza, LLC for 2009.
9				JKH reported that the company had traded part of
10				its property in 2009 for property at Hwy 95 and
11				Hulet Road. JKH also stated: "In addition, our
12				company seized the opportunity to acquire a
13				member interest in San Juan Vistas, LLC an 80
14				acre commercial and industrial site on Highway 95
15				in Needles, California." The letter also said that
16				the monies that had been invested with the
17				company were depleted, and that JKH would likely
18				make a call for additional funds from each investor.
19	19	03/19/2010	Mail	JKH mailed a letter to PC, transmitting a Schedule
20				K-1 for Aztech Arizona, LLC for 2009. JKH
21				stated that the company had made all the personnel
22				cuts it could and still provide service, but also said
23				that Aztech Arizona, LLC was launching a new
24				program to attract customers with radio based
25				telephone/internet service.
26	20	03/19/2010	Mail	JKH mailed a letter to PC, transmitting a Schedule
27				K-1 for Rio Oro, LLC for 2009. JKH reported that
28				

1				another riverfront development had begun
2				leasing/selling lots Memorial Day 2009 and also
3				stated: "Accordingly I arranged sufficient
4				financing to enable us to proceed to a final map
5				stage on 135 acres of our site.... Our goal is to
6				have our mapping process completed by Memorial
7				Day 2010 so we can begin sales of the beachfront
8				properties."
9	21	01/13/2011	Mail	JKH mailed letter informing DF [and other
10				investors] that he was filing for bankruptcy
11				protection. JKH wrote: "My Counsel advises me
12				that my personal bankruptcy filing should protect
13				those projects in which I am managing member,
14				general partner, member, partner or any
15				combination thereof, from invasion or interruption
16				by outside creditors or other partners, or member
17				seeking recompense from me. This assurance was
18				actually the impetus for the filing." JKH also
19				wrote: "I apologize to you for any hardship that
20				my personal financial failure may cause you but
21				will endeavor to minimize the impact on you."
22	22	03/31/2010	Mail	JKH mailed a letter to PC transmitting a Schedule
23				K-1 and 2009 Profit and Loss statement for El Rio
24				Holdings, LLC. JKH ascribed the tardiness of the
25				tax return to uncertainty caused by investors who
26				had not yet signed their subscription agreements to
27				convert debt to equity and stated that those who
28				

			converted their notes to equity now would receive a diminished amount of equity. JKH stated that the company was behind some on property taxes but had 6 years to redeem the property. JKH pointed out the operating agreement provides that no calls for capital can be made on our existing members.
23	04/07/2011	Mail	JKH mailed a letter to YM that proposed an amendment to operating agreement of Rio Oro, LLC allowing for discounted buyout of members who fail to meet capital calls.
24	04/11/2011	Mail	JKH mailed a letter to YM, transmitting a 2010 Schedule K-1, for El Rio Holdings, LLC. In the letter, JKH strongly recommended approval of an amendment to the operating agreement allowing calls for additional capital and strong incentives for members to contribute additional capital when called upon to do so.
25	04/14/2011	Mail	JKH mailed a letter to PC transmitting a proposed amendment to Operating Agreement to allow for capital calls. JKH stated that the alternative is to sell our property to the highest bidder, which, undoubtedly will result in a substantial loss of your investment.
26	04/19/2011	Mail	JKH sent a letter to Sterling Trust, the successor to Trust Administration Service Corporation. The letter contained notice that changes had been made in the books and records of Rio Oro, LLC.

			Accordingly the value of PC's interest in Rio Oro, LLC was reduced to \$20,000, and the value of YM's interest in Rio Oro, LLC was \$5,600 [10% of the respective amounts invested.]
27	10/16/2013	Mail	JKH mailed a letter to HH regarding the sale of an unspecified phase of Mariposa. JKH stated that he was in the process of establishing an escrow for the purchase of the land for \$2,935 per acre for a total sales price of \$76,355 and that: "The buyer is a new LLC of which you have been given the opportunity to become a member."
28	03/02/2014	Mail	JKH mailed a letter to TH regarding Rio Oro, LLC. JKH called for additional capital of \$31,000 from the investors, distributed pro-rata. JKH proposed an amendment to operating agreement allowing anyone to purchase the interests of members defaulting on their capital calls for 10% of the defaulting member's interest. The amendment provided that such a purchaser may pay with a 10 year promissory note, bearing 1% interest.
29	03/15/2014	Mail	JKH mailed a letter to TH [and an identical letter to PC] regarding El Rio Holdings, LLC. JKH called for \$783,000 in additional funds from investors. JKH indicated that he would take non-payment of the additional funds as an election by the investor to sell their interest in the El Rio property.

All in violation of 18 U.S.C. § 1341.

COUNT 30

Conspiracy to Commit Bank Fraud

(Violation of 18 U.S.C. § 1349)

48. Paragraphs 1 through 39 of this indictment are re-alleged and incorporated by reference as though fully set forth herein.

49. From a time unknown to the grand jury but at least as early as October 2004 through April 22, 2014, in the District of Arizona, defendants J. HOOVER and B. HOOVER and others known and unknown to the grand jury, conspired, confederated, and agreed with each other to commit Bank Fraud, in violation of 18 U.S.C. § 1344.

The Purpose of the Conspiracy

50. The purpose of the conspiracy was as follows:

- a. To obtain money and funds from financial institutions to refinance existing properties so that banks would not foreclose on those properties; and
- b. To use the money and funds for business and personal expenditures.

Means and Method of the Conspiracy

51. It was part of the conspiracy that J. HOOVER and B. HOOVER would submit false loan applications that misrepresented income, assets, and liabilities so that they could refinance existing properties. In some cases, they recruited family members to use as straw buyers for the properties. The scheme was completed in the following manner:

- a. J. HOOVER was a developer who used primarily lenders based in California or Arizona to obtain loans for development projects in Arizona and his personal residences in both California and Arizona.
- b. J. HOOVER recruited family members, including his son B. HOOVER, D.B., S.G., and M.G., as borrowers for loans.
- c. J. HOOVER misrepresented his income and that of his son B. HOOVER, inflated assets, omitted or misrepresented liabilities, and misrepresented the source of down payments so that he could refinance existing properties.

1 All in violation of Title 18 U.S.C. § 1349.

2 **COUNTS 31-38**

3 **Bank Fraud**

4 (Violation of 18 U.S.C. § 1344)

5 52. Paragraphs 1 through 39 of this indictment are re-alleged and incorporated by
6 reference as though fully set forth herein.

7 53. On or about the dates specified below, in the District of Arizona and elsewhere,
8 each instance being a separate count of this indictment, defendants J. HOOVER and B.
9 HOOVER knowingly executed, and attempted to execute, a scheme and artifice to
10 defraud a financial institution and to obtain any of the moneys, funds, credits, assets,
11 securities, and other property owned by, and under the custody and control of, a financial
12 institution by means of materially false and fraudulent pretenses, representations,
13 promises, and omissions.

14 **PURPOSE OF THE SCHEMES AND ARTIFICES**

15 54. It was a purpose of the schemes and artifices that the defendants J. HOOVER and
16 B. HOOVER would borrow money from banks and credit unions using false or
17 misleading claims on loan applications and personal financial statements.

18 55. The counts of Bank Fraud are as follows:

Count	Transaction	Date	Description of Misrepresentation
31	\$5,000,000 construction loan to El Rio Country Club, LLC, as business based in Mohave Valley, Arizona, from Wells Fargo Bank, NA, for which JKH	09/01/2005	JKH and DBH signed an agreement stating that there had been no material adverse change in their financial condition since the most recent financial statement received by the Bank. They also reaffirmed (among other documents) the loan agreement dated June 13, 2005,

1		and DBH were		which required them as guarantors
2		Guarantors		to provide financial statements that
3				fairly represented their financial
4				condition and had been prepared in
5				accordance with generally accepted
6				accounting principles [Under
7				Section 10.1-Financial Information].
8	32	Continuation of	04/19/2006	The bank received an updated
9		\$5,000,000		statement of financial condition for
10		construction loan to El		JKH and DBH as of 12/31/2005.
11		Rio Country Club,		The statement reports total assets of
12		LLC, as business		\$91,482,455, including balances of
13		based in Mohave		bank accounts that do not wholly
14		Valley, Arizona, from		belong to JKH or DBH. The
15		Wells Fargo Bank,		statement also falsely claims that the
16		NA, for which JKH		bulk of the assets in JKH's and
17		and DBH were		DBH's IRA accounts were invested
18		Guarantors		in First Trust Deeds.
19	33	Continuation of	05/04/2007	The bank received an updated
20		\$5,000,000		statement of financial condition for
21		construction loan to El		JKH and DBH as of 09/30/2006.
22		Rio Country Club,		The statement reports total assets of
23		LLC, as business		\$100,351,009 including balances of
24		based in Mohave		bank accounts that do not wholly
25		Valley, Arizona, from		belong to JKH or DBH. The
26		Wells Fargo Bank,		statement lists JKH's interest in each
27		NA, for which JKH		of the eight Mariposa Phases as

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1		and DBH were		\$320,000, and falsely claims that the
2		Guarantors		property for Mariposa Phases V
3				through VIII are free and clear.
4	34	Continuation of	06/30/2007	The bank received an updated
5		\$5,000,000		statement of financial condition for
6		construction loan to El		JKH and DBH as of 06/30/2007.
7		Rio Country Club,		The statement reports total assets of
8		LLC, as business		\$101,613,788 and includes the same
9		based in Mohave		false and misleading statements
10		Valley, Arizona, from		regarding bank balances, asset
11		Wells Fargo Bank,		values, nature of IRA assets, and the
12		NA, for which JKH		status of Mariposa properties as the
13		and DBH were		statements as of 09/30/2004,
14		Guarantors		12/31/2005 and 9/30/2006. JKH
15				inflated the value of a parcel of land
16				in Oregon at \$3,087,000.
17	35	\$220,000 Mortgage	08/15/2007	JKH and DBH signed a Form 1003,
18		for JKH-DBH from		Uniform Residential Loan
19		Washington Mutual		application that falsely stated that
20		Bank, FA		JKH received \$50,000 per month in
21				base employment income from his
22				law offices in order to refinance a
23				mortgage on a residence in Fort
24				Mohave, Arizona and receive cash
25				proceeds of about \$22,833.
26	36	\$156,000 mortgage for	11/01/2007	JBH signed a Form 1003, Uniform
27		JBH from Washington		Residential Loan Application that
28				

1		Mutual Bank, FA		falsely represented that JBH made
2				\$20,000 per month from base
3				employment income with Diamond
4				BE, LLC and \$5,000 per month in
5				bonuses.
6	37	\$232,000 mortgage for	05/03/2010	JBH provided a signed statement
7		JBH from Los		from the seller stating \$68,000 had
8		Angeles Federal		been paid by JBH to MG in cash
9		Credit Union		outside of escrow and obtained
10				financing with a loan application
11				that included claim that an un-
12				borrowed down payment of \$60,000
13				had been made. JBH also signed an
14				amendment dated 04/02/2010 to the
15				purchase contract stating the seller,
16				MG, had made over \$60,000 in
17				improvements to the house acquired
18				on 03/10/2010 and listing 15
19				improvements the seller had made.
20				Based on these representations, the
21				value and sales price of the home
22				were determined to be \$290,000.
23	38	\$101,250 mortgage for	11/14/2012	SG and MG sign a loan application
24		SG and MG from Los		that includes a false claim that they
25		Angeles Federal		have made an un-borrowed down
26		Credit Union		payment of \$40,000 towards the
27				purchase of a property in Mohave

			Valley for \$150,000 from Newport Land & Investments, LLC.
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All in violation of 18 U.S.C. § 1344.

COUNTS 39-40

(Structuring Financial Transactions)

(31 U.S.C. § 5324(a))

Introduction

56. Five days before J. HOOVER filed for bankruptcy, B. HOOVER opened a business bank account, known as Diamond BE, LLC, at JP Morgan Chase in Mohave Valley, Arizona.

57. Two months after J. HOOVER filed for bankruptcy, B. HOOVER opened a business bank account, known as Newport Land and Investments, at JP Morgan Chase in Mohave Valley, Arizona.

58. From May 3, 2011, through July 14, 2011, B. HOOVER structured \$79,000 in cash withdrawals from the two aforementioned accounts. JP Morgan Chase mailed B. HOOVER a Structuring Warning Letter on July 11, 2011 to the address B. HOOVER used to open the account, which is also the address of J. HOOVER and D. HOOVER.

59. On or about the dates below, in the District of Arizona and elsewhere, B. HOOVER did knowingly and for purpose of evading the reporting requirements of 31 U.S.C. § 5313, and the regulations promulgated thereunder, structure and assist in structuring currency transactions with one or more domestic financial institutions, and did knowingly cause and attempt to cause a domestic financial institution to fail to file a Currency Transaction Report, as set forth in the following charts:

COUNT 39

Diamond BE LLC – B. HOOVER - Chase Bank

Count	Account	Date	Amount	Description
39	XXXXXX5018	5/5/2011	\$ (5,000.00)	Cash Withdrawal

XXXXXX5018	5/9/2011	\$ (5,000.00)	Cash Withdrawal
XXXXXX5018	5/11/2011	\$ (5,000.00)	Cash Withdrawal
Total		\$ (15,000.00)	

COUNT 40**Newport Land & Investments – B. HOOVER - Chase Bank**

Count	Account	Date	Amount	Description
40	xxxxxx4953	5/3/2011	\$ (5,000.00)	Cash Withdrawal
	xxxxxx4953	5/5/2011	\$ (5,000.00)	Cash Withdrawal
	xxxxxx4953	5/11/2011	\$ (5,000.00)	Cash Withdrawal
	xxxxxx4953	5/17/2011	\$ (5,000.00)	Cash Withdrawal
	xxxxxx4953	5/20/2011	\$ (5,000.00)	Cash Withdrawal
	xxxxxx4953	6/1/2011	\$ (6,000.00)	Cash Withdrawal
	xxxxxx4953	6/2/2011	\$ (6,000.00)	Cash Withdrawal
	xxxxxx4953	7/5/2011	\$ (6,000.00)	Cash Withdrawal
	xxxxxx4953	7/7/2011	\$ (5,000.00)	Cash Withdrawal
	xxxxxx4953	7/11/2011	\$ (5,000.00)	Cash Withdrawal
	xxxxxx4953	7/12/2011	\$ (5,000.00)	Cash Withdrawal
	xxxxxx4953	7/14/2011	\$ (6,000.00)	Cash Withdrawal
Total			\$ (64,000.00)	

All in violation of 31 U.S.C. § 5324(a).

Introduction to Counts 41-52

60. In 2007, J. HOOVER was heavily indebted to a number of banks, including M&I Marshall and Isley Bank and Wells Fargo Bank, N.A., based upon personal obligations and guarantees of debts in the name of J. HOOVER's entities. At that time, J. HOOVER'S promissory notes and deeds of trust were in default and many investors in J. HOOVER's various projects were demanding returns of their capital.

1 61. By 2009, several lawsuits and foreclosure proceedings were being filed by J.
2 HOOVER's creditors, including several banks and individual investors, such as T. H. and
3 J. F., against J. HOOVER, D. HOOVER, and their related entities.

4 62. In late 2007, in the midst of J. HOOVER'S numerous real estate development
5 projects and impending lawsuits, J. HOOVER caused the formation of a Delaware
6 company called Equity Capital Lenders, LLC ("ECL"). Nominal ownership of ECL was
7 originally held by D.B. Later, on about January 2010, B. HOOVER acquired a nominal
8 ownership interest in ECL as well. J. HOOVER held out ECL as a "lending business"
9 but J. HOOVER testified under oath that he did not know how ECL obtained any capital
10 to fund loans and that he did not know of other borrowers from ECL besides himself and
11 D. HOOVER.

12 63. By 2009, when J. HOOVER was aware of the growing seriousness of his financial
13 problems based upon the lawsuits, claims, and collection efforts being made by banks,
14 investors, and other creditors, J. HOOVER was diverting funds he was receiving on
15 behalf of his various corporate entities and funds he was receiving from various personal
16 real estate rental activities, as well as commissions being earned in connection with real
17 estate investment activity, into financial accounts held in the name of ECL.

18 64. By the time that J. HOOVER and D. HOOVER filed for bankruptcy in early 2011,
19 they had unfettered access to and unrestricted use of funds being held in financial
20 accounts in the name of ECL and they regularly used funds from ECL accounts for the
21 benefit of their family and themselves, paying substantially all of their regular personal
22 living expenses with funds from ECL accounts. J. HOOVER claimed that his and D.
23 HOOVER's use of ECL funds were considered loans even though J. HOOVER did not
24 keep track of the precise amounts or dates of such "loans".

25 **Overview of Chapter 7, Title 11, United States Code**

26 65. Chapter 7 of the Bankruptcy Code was enacted to assist the honest but unfortunate
27 debtor in getting a "fresh start" from burdensome debts. That fresh start is accomplished
28

1 by the Bankruptcy Court's entry of an order of discharge, which forever releases the
2 debtor from liability for certain debts and prohibits the creditors from ever taking any
3 actions to collect on those debts.

4 66. A Chapter 7 bankruptcy is also known as a "straight bankruptcy" or liquidation.
5 The filing of a Chapter 7 petition automatically creates the bankruptcy "estate," which
6 consists of all of the debtor's legal and equitable interests in property as of the date of the
7 filing of the petition.

8 67. A Chapter 7 case begins with the filing of a petition with the Bankruptcy Court.
9 When a petition is filed, the debtor immediately receives an automatic stay, or injunction,
10 that prohibits creditors from pursuing any further collection activity and that prevents
11 creditors from initiating or continuing any lawsuits, wage garnishments, levies, or even
12 telephone calls demanding payment.

13 68. At the same time, upon the filing of the petition, the "estate" is created and all of
14 the debtor's legal and equitable interests in property as of that date are vested in the
15 estate. The debtor is thereafter prohibited from selling or otherwise disposing of the non-
16 exempt estate assets unless the trustee abandons the property or sells the property back to
17 the debtor. Ordinarily, the trustee will sell the assets and distribute the proceeds pro rata
18 among the debtor's creditors.

19 69. If a creditor has a valid lien on specified property of the debtor to secure a debt
20 owed by the debtor to the creditor, the creditor is secured and is entitled to either recover
21 the property or receive payment in the amount representing the fair market value of the
22 property up to the amount of the debt owed. If the debt owed is more than the value of
23 the property, the debt is under secured and the property subject to the lien is generally not
24 available to satisfy the other creditors' debts. If the debt owed is less than the value of
25 the secured property, the debtor will have equity in the property in the amount of the
26 difference between the value of the property and the amount of the debt that is secured by
27
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1 the lien on the property. In that case, the value of the debtor's equity in the property is
2 theoretically available to pay debtor's creditors in a Chapter 7 case.

3 70. After the bankruptcy petition is filed, the debtor is required to file with the
4 Bankruptcy Court a schedule of assets and liabilities. The debtor's schedule of assets and
5 liabilities is generally provided on forms provided by the Bankruptcy Court and is
6 separated into lettered sections, such as Schedule A consisting of the debtor's interests in
7 any real property. Other items of information required in the schedules include the
8 following:

- 9 a. A list of all personal property assets of the debtor on Schedule B;
- 10 b. A list of all creditors with the amounts and nature of the debts owed by
11 debtor on Schedules D, E, and F; and
- 12 c. A detailed list of the debtor's monthly income and living expenses on
13 Schedules I and J.

14 71. The debtor is also required to file a statement of financial affairs, which is referred
15 to as the "SOFA", on which the debtor is required to divulge specifically requested
16 information pertaining to the debtor's financial affairs and transactions before the
17 bankruptcy filing.

18 72. Between 21 and 40 days after the petition is filed, the trustee will hold a meeting
19 of creditors at which the debtor is questioned under oath. The meeting is commonly
20 referred to as the "341 meeting" after the Bankruptcy Code statute, section 341, dictating
21 that the meeting take place. Creditors are allowed to appear at the 341 meeting and ask
22 the debtor questions about his assets, liabilities, and financial affairs.

23 73. After the 341 meeting, the trustee administers the case. If all of the debtor's assets
24 are exempt or are subject to valid liens securing debts that exceed the value of the secured
25 asset, the case is a "no asset" case and there will be no distribution to creditors. If there
26 are nonexempt assets not subject to valid liens, then the trustee will marshal, or collect,
27 and sell those assets for the benefit of creditors. Once the trustee has made all

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1 distributions to creditors, any debts that remain unpaid are typically discharged. Under
2 some circumstances, such as fraud, however, the Bankruptcy Court may refuse to grant
3 the debtor a discharge.

4 74. In a Chapter 7 case, any property newly acquired by the debtor after the filing of
5 the bankruptcy petition is not included in the estate, and, therefore, is not subject to being
6 sold by the trustee to pay creditors. Assets in which the debtor had any legal or equitable
7 interest as of the bankruptcy filing are included within the estate and, therefore, may not
8 be sold or otherwise disposed of by the debtor once the case is commenced. In short,
9 those assets no longer belong to the debtor and the debtor no longer has a right to sell
10 those assets unless and until the trustee abandons the property or sells the property back
11 to the debtor.

12 75. The Bankruptcy Court can deny a debtor a discharge if it finds that, with the intent
13 of hindering, delaying, or defrauding the creditors in bankruptcy, the debtor failed to
14 disclose the debtor's interest in any property at the commencement of the case.

15 76. It is the debtor's duty under the U.S. Bankruptcy Code to cooperate with the
16 trustee in achieving the goal of liquidating the debtor's non-exempt assets in an efficient
17 manner in order to maximize the return to debtor's creditors. A debtor's failure to
18 cooperate with the trustee, for example, by hiding assets or providing false information to
19 the trustee, may also serve as the basis for the Bankruptcy Court to deny the debtor a
20 discharge in bankruptcy.

21 **The Defendants' Bankruptcy Fraud Scheme**

22 77. By December 2010, the HOOVERS were facing multiple lawsuits, foreclosures,
23 creditors' claims, and collection activities.

24 78. On about December 10, 2010, just about one month before their bankruptcy filing,
25 the HOOVERS received a tax refund in the form of a check dated December 7, 2010 and
26 made payable to the HOOVERS by the United States Treasury in the amount of
27 \$158,238.

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1 79. On December 14, 2010, exactly one month before the bankruptcy filing, the
2 HOOVERS endorsed their entire tax refund check of \$158,238 to S.W., a California
3 attorney who leased office space at the HOOVERS' commercial property located at
4 XXXXX S. Birch Street, Newport Beach, California.

5 80. The endorsement of the HOOVERS' tax refund specified that S.W. was to retain
6 \$100,000 as repayment of a purported loan from S.W. and that S.W. would be directed by
7 future correspondence as to how to disburse the remaining \$58,238.

8 81. J. HOOVER subsequently instructed S.W. to transfer the remaining balance of the
9 tax refund, totaling \$58,238, to an escrow account held at Pioneer Title Agency in
10 Bullhead City, Arizona, Escrow No. XXXX1830 - 031 - DEY (the "Pioneer Escrow
11 Account").

12 82. Thereafter, on January 5, 2011, 9 days before the bankruptcy filing, J. HOOVER
13 directed Pioneer Title Agency to wire transfer the net proceeds of the escrow account to a
14 JPMorgan Chase Bank account held in the name of ECL.

15 83. In order to conceal that the source of the transfer of \$58,238 from the Pioneer
16 Escrow Account came directly from a portion of the HOOVERS' personal tax refund, J.
17 HOOVER devised a scheme whereby it was made to appear as if the transfer represented
18 funds received as part of a larger loan by the "Soto Family Trust" to ECL.

19 84. J. HOOVER effectuated the foregoing scheme by directing his son, B. HOOVER,
20 purportedly on behalf of ECL, to issue a Promissory Note Secured by Deed of Trust, in
21 the amount of \$180,000 payable by ECL to the Soto Family Trust on December 28, 2010.

22 85. The purported loan from the Soto Family Trust to ECL was set out in escrow and
23 transfer documents, which were made to appear as though the Soto Family Trust was
24 advancing a \$180,000 cash loan to ECL, which was deposited into ECL's JP Morgan
25 Chase Bank account ending 7706. Of that \$180,000 amount, however, \$58,238 consisted
26 of \$58,238 from the HOOVERS' \$158,238 tax refund, which was transferred first to
27 S.W., then to the Pioneer Escrow Account, and finally to the ECL JP Morgan Chase
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1 Bank account. Another \$21,762 was funded by the borrower, ECL, itself coming from
2 Horizon Community Bank account ending 0540, over which J. HOOVER held signatory
3 authority. Only \$100,000 of the "loan" may have come from the Soto Family Trust. D.
4 HOOVER held signatory authority over the ECL JP Morgan Chase Bank account, ending
5 7706, to which the purported loan funds were transferred.

6 86. This entire transaction, by which at least \$58,000 of personal tax refunds payable
7 to the HOOVERS was transferred to ECL, was completed just eight days before the
8 HOOVERS' bankruptcy filing.

9 87. The funds in the JP Morgan Chase Bank account ending 7706 were routinely
10 transferred to a second account at JP Morgan Chase Bank, ending 7775, over which D.
11 HOOVER also held signatory authority. D. HOOVER routinely used the funds in the JP
12 Morgan Chase Bank account ending 7775 to pay the HOOVERS' living expenses,
13 shopping at luxury stores including Neiman Marcus, Saks Fifth Avenue, Bergdorf
14 Goodman, staying at luxury hotels including the Four Seasons in Las Vegas and Florida,
15 the Fairmont Princess in Scottsdale, Arizona, and paying Newport Beach, Big Canyon
16 Country Club dues, among other expenses.

17 88. In about December 2010, J. HOOVER and D. HOOVER received another federal
18 tax refund check dated December 7, 2010 and made payable to the HOOVERS by the
19 United States Treasury in the amount of \$63,697.85.

20 89. On December 23, 2010, J. HOOVER and D. HOOVER endorsed and deposited
21 their \$63,697.85 federal tax refund check into Horizon Community Bank account number
22 ending 0540 held in the name of ECL.

23 90. The Defendants effectuated the foregoing scheme to conceal their receipt and
24 transfer to ECL of personal federal tax refunds in excess of \$220,000 on the eve of their
25 bankruptcy filing.

The HOOVERS' Bankruptcy Proceedings

91. On January 14, 2011, the HOOVERS filed a voluntary Chapter 7 bankruptcy petition in the United States District Court for the District of Arizona under case number 0:11-01119-RJH.

92. On February 4, 2011, the HOOVERS filed with the Bankruptcy Court Schedules of Assets and Liabilities and a Statement of Financial Affairs ("SOFA") in their bankruptcy case. The HOOVERS each individually signed the Schedules and SOFA under penalty of perjury.

93. In their Schedules and SOFA, the HOOVERS attested under oath to the following, among other things:

a. That on the date of the bankruptcy filing, the HOOVERS held ownership interests in ten parcels of real property located in Arizona, California, and Texas;

b. That on the date of the bankruptcy filing, seven of the ten parcels of real property identified on Schedule A were encumbered by liens in favor of ECL;

c. That as a result of the value of the real properties on the date of the bankruptcy filing in combination with the value of the liens held by ECL, the HOOVERS had no equity in the value of those seven parcels of real property on which ECL held liens;

d. That on the date of the bankruptcy filing, the only financial accounts in which they had any interest were a Charles Schwab Bank Trust account with a zero balance and a Whittier Municipal Employees Credit Union account with an \$86.44 balance;

e. That on the date of the bankruptcy filing, they owned household goods and furnishings, including audio, video, and computer equipment, with a total value of just \$8,000;

- 1 f. That on the date of the bankruptcy filing, they owned art objects, antiques,
- 2 and other collectibles with a value of just \$200;
- 3 g. That on the date of the bankruptcy filing, they owned jewelry with a total
- 4 value of just \$1,000;
- 5 h. That they owed secured debt to ECL;
- 6 i. That their two Mercedes vehicles were subject to liens securing debt owed to
- 7 a company called Atlantic Auto Finance and that the amount of debt to
- 8 Atlantic Auto Finance exceeded the value of the Mercedes vehicles;
- 9 j. That within ninety days before the bankruptcy filing, they had made no
- 10 payments to any creditors in excess of \$5,000;
- 11 k. That within one year before the bankruptcy filing, they had made no
- 12 payments to any creditors who are insiders, which includes family members,
- 13 companies owned or controlled by the HOOVERS, and companies owned by
- 14 any of their family members;
- 15 l. That they had made no gifts in excess of \$200 in value to anyone within one
- 16 year before the bankruptcy filing;
- 17 m. That they had transferred no property, either absolutely or as security,
- 18 within two years before the bankruptcy filing;
- 19 n. That they had transferred no property to a self-settled trust or similar device
- 20 of which the HOOVERS were beneficiaries within ten years before the
- 21 bankruptcy filing;
- 22 o. That there had been no setoffs made by any creditors against a debt owed by
- 23 the HOOVERS within 90 days before the bankruptcy filing;
- 24 p. That they held or controlled no property owned by another person.

25 94. J. HOOVER claimed on a financial statement dated June 30, 2007, that his and D.
26 HOOVER's net worth as of that date, consisting of the value of total personal assets less
27 total personal debts, was \$93,058,101.00. Just three and a half years later, J. HOOVER
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1 and D. HOOVER attested under oath on their bankruptcy pleadings that their net worth
2 as of January 14, 2011, was zero.

3 95. On or about May 12, 2011, B. HOOVER signed and filed a proof of claim
4 purportedly on behalf of ECL, claiming that J. HOOVER and D. HOOVER owed ECL at
5 least \$3.1 million secured by valid liens on the HOOVERS' property, including real
6 estate.

7 **J. HOOVER'S Ownership and Control of ECL**

8 96. As a result of J. HOOVER'S dominion and control over, access to, and use of
9 ECL funds, at the time of the bankruptcy filing, J. HOOVER had constructive ownership
10 and control of ECL and its financial accounts.

11 97. The HOOVERS knowingly and fraudulently concealed from the trustee of their
12 estate, and from creditors, the United States Trustee, and the Bankruptcy Court, J.
13 HOOVER's beneficial and proprietary interest in ECL, by failing to disclose that
14 ownership and interest on their verified Schedules and SOFA in their bankruptcy case.

15 98. In contemplation of bankruptcy and in order to deprive creditors of any means to
16 recover their debts, the HOOVERS transferred substantial sums of cash and property to
17 ECL. At the time of the bankruptcy, the HOOVERS had unfettered, unrestricted access
18 to and use of ECL assets, including funds in financial accounts in the name of ECL. The
19 only discernible reason for the transfer of funds and assets to ECL was to shield the
20 HOOVERS' personal assets from potential creditors and later from the scrutiny of the
21 bankruptcy court and interested parties.

22 99. By the time the bankruptcy was filed, ECL was a sham entity whose separate
23 status as a legal entity should have been disregarded because ECL was merely the alter
24 ego or business conduit of J. HOOVER. As such, the HOOVERS were required to
25 disclose not only their beneficial interest in ECL but the individual assets of ECL.

26 **Atlantic Auto Finance**

27 100. In June 2007, the HOOVERS owned a 2006 Bentley Flying Spur automobile. At
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1 that time, the Bentley was subject to a lien securing debt in the amount of about \$136,000
2 owed by the HOOVERS to JP Morgan Chase Bank. At some point in 2008, the debt to
3 JP Morgan Chase Bank securing the Bentley was paid off and the HOOVERS held title
4 of the Bentley free and clear of any liens.

5 101. In 2010, the HOOVERS sold the Bentley for \$90,000. Less than three months
6 before the bankruptcy filing, J. HOOVER testified under oath that he and D. HOOVER
7 had been living on and spending the \$90,000 received from the sale of the Bentley.

8 102. The HOOVERS never disclosed the sale of the Bentley on their SOFA, including
9 specifically Item #10 of SOFA.

10 103. During the course of the bankruptcy proceedings, the Chapter 7 trustee discovered
11 that in June 2010, the Bentley had been sold to a third party for \$90,000. The trustee then
12 asked the HOOVERS to explain the circumstances of that sale, why it had not been
13 disclosed on their SOFA, and where the money had gone.

14 104. In response to the Chapter 7 trustee's inquiries, B. HOOVER represented that at
15 the time the Bentley was sold in June 2010, the Bentley was not owned by the
16 HOOVERS individually, but was owned by the Hoover "family limited partnership,"
17 which was established in 2008 and of which B. HOOVER was a 50% partner, the
18 HOOVERS were 25% partners, and B. HOOVER'S sister, E.H., was a 25% partner.

19 105. B. HOOVER claimed that ownership of the Bentley had been transferred by the
20 HOOVERS to the family limited partnership in January 2009. Documents reveal that at
21 the same time, in about January 2009, the HOOVERS recorded liens against the Bentley
22 in favor of an entity called Atlantic Auto Finance in exchange for a purported loan by
23 Atlantic Auto Finance in the amount of \$100,000. Despite requests by the Chapter 7
24 trustee for documentation to substantiate that Atlantic Auto Finance had actually loaned
25 money to J. HOOVER, D. HOOVER, or the HOOVERS' family limited partnership, no
26 such documentation was ever provided.

27 106. According to B. HOOVER, Atlantic Auto Finance was the name under which
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1 business was conducted by an entity called North Carolina Renewables LLC, which was
2 a wholly-owned subsidiary of ECL. North Carolina Renewables, LLC was registered in
3 2007 as a Delaware corporation whose principal offices were located in the HOOVERS'
4 commercial property located at S.W. Birch Street in Newport Beach, California. The
5 corporate registration documents filed on behalf of North Carolina Renewables, LLC
6 were signed by J. HOOVER.

7 107. B. HOOVER further represented to the Chapter 7 trustee that when the family
8 limited partnership sold the Bentley in June 2010 for \$90,000, that money was used to
9 pay off \$90,000 of the purported loan from Atlantic Auto Finance (on behalf of North
10 Carolina Renewables, LLC) and that the remaining \$10,000 of that debt was written off
11 as bad debt by Atlantic Auto Finance's parent company, ECL.

12 108. Bank documents reveal that, on about June 17, 2010, the \$90,000 received from
13 the sale of the Bentley was deposited directly into a JP Morgan Chase Bank account held
14 in B. HOOVER's name.

15 109. The HOOVERS attested under oath on Schedule D of their bankruptcy Schedules
16 that their two Mercedes Benz vehicles which they owned free and clear of any liens as of
17 June 2007 were subject, at the time of the bankruptcy filing, to liens in favor of Atlantic
18 Auto Finance. The liens placed on the Mercedes Benz vehicles in favor of Atlantic Auto
19 Finance were also put into place in January 2009, at a time when the HOOVERS were
20 facing multiple lawsuits, creditors' claims, and collection activities.

21 110. The HOOVERS failed to disclose in their bankruptcy case that Atlantic Auto
22 Finance was the "doing business as" or "dba" name of an North Carolina Renewables,
23 LLC, in which J. HOOVER claimed to have an ownership interest. The address provided
24 by the HOOVERS on Schedule D for Atlantic Auto Finance is located at an address in
25 Lynchburg, Virginia. During the course of the HOOVERS bankruptcy, a subpoena
26 directed to Atlantic Auto Finance at the address provided by the HOOVERS was returned
27 with the notation that there was no business at that address. The Chapter 7 trustee
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1 subsequently investigated and discovered that the address listed for Atlantic Auto
2 Finance was a personal residence owned by an individual, M.W., who appeared to have
3 no connection with Atlantic Auto Finance.

4 **The Estate or "Garage" Sale**

5 111. At the time of the bankruptcy filing, the HOOVERS declared that they owned
6 household goods and furnishings worth approximately \$8,000 and books, pictures, other
7 art objects, antiques, and collections worth approximately \$200.

8 112. The entire value of the HOOVERS' household goods and furnishings was
9 declared by the HOOVERS to be exempt from creditors' claims in bankruptcy under an
10 Arizona statute which said, at the time, that each debtor was entitled to keep up to \$4,000
11 worth of household goods and furnishings without having to turn those assets over to
12 creditors. The HOOVERS claimed a total combined exemption amount of \$8,000 under
13 the Arizona statute.

14 113. Based on the values that the HOOVERS listed for all of their assets, both real
15 estate and personal property, and based upon the exemptions claimed by the HOOVERS,
16 the HOOVERS had a "no asset" estate insofar as all of their assets were either exempt
17 from creditors or fully secured by liens in favor of, among others, ECL or Atlantic Auto
18 Finance (as in the case of the two Mercedes vehicles).

19 114. Consequently, based on what the HOOVERS disclosed in their bankruptcy
20 documents, there would have been no non-exempt assets available to pay any creditors
21 any portion of the HOOVERS' debts in bankruptcy.

22 115. At the time of the bankruptcy filing, the HOOVERS in fact owned household
23 goods and furnishings and other personal property assets in excess of the values stated in
24 the bankruptcy schedules, including but not limited to, two crystal chandeliers, a
25 Steinway grand piano, a custom pool table, and family heirlooms (the "undisclosed
26 assets").

27 116. The HOOVERS knowingly and fraudulently concealed the undisclosed assets
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1 from the Chapter 7 trustee, the U.S. Trustee, the creditors, and the Bankruptcy Court
2 upon the filing and during the course of the bankruptcy case.

3 117. In about November 2012, during the course of the HOOVERS' bankruptcy
4 proceedings, while the Chapter 7 trustee was undertaking efforts to collect and sell estate
5 assets for the benefit of creditors, the HOOVERS advertised that they would be holding
6 an "estate sale," in the nature of a garage or yard sale, in Bullhead City, Arizona.

7 118. In about November 2012, the HOOVERS conducted the estate sale by selling
8 thousands of dollars' worth of undisclosed assets that had been intentionally and
9 fraudulently concealed from their bankruptcy estate.

10 **COUNT 41**

11 **Conspiracy to Commit Bankruptcy Fraud**

12 **(Violation of 18 U.S.C. § 371)**

13 119. Paragraphs 1-39 and 60-118 are re-alleged and incorporated as if fully set forth
14 herein.

15 120. From on or about late 2010, and continuing thereafter until April 22, 2014, in the
16 District of Arizona and elsewhere, defendants J. HOOVER, B. HOOVER, and D.
17 HOOVER conspired, confederated, and agreed with each other to commit the following
18 offenses against the United States:

- 19 a. Concealment of Assets in violation of 18 U.S.C. § 152(1);
20 b. False Testimony in a Bankruptcy Proceeding in violation of 18 U.S.C.
21 § 152(2);
22 c. False Declarations in a Bankruptcy Proceeding in violation of 18 U.S.C.
23 § 152(3);
24 d. Fraudulent Transfer and Concealment of Property in Contemplation of
25 Bankruptcy in violation of 18 U.S.C. § 152(7); and
26 e. False Proof of Claim in violation of 18 U.S.C. § 152(4).

27 121. Overt acts were committed in furtherance of the conspiracy, including but not
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limited to the overt acts listed in paragraphs 60-118.

All in violation of 18 U.S.C. § 371.

COUNT 42

Concealment of Assets in Bankruptcy Proceeding

(Violation of 18 U.S.C. § 152(1))

122. Paragraphs 1-39 and 60-121 are re-alleged and re-incorporated as if fully set forth herein.

123. On or about February 4, 2011 in the District of Arizona, the HOOVERS knowingly and fraudulently concealed from a custodian, trustee, marshal, and other officer of the court charged with the control and custody of property, and in connection with a case under title 11, from creditors and the United States Trustee, the following property belonging to the estate of a debtor, by failing to disclose in their Schedules and/or SOFA the following assets:

Source/Date of Concealment	Assets Concealed
Schedules filed on February 4, 2011 [Doc #18]	One crystal chandelier originally kept at the HOOVERS' Newport Beach home
	A second crystal chandelier also originally kept at the HOOVERS' Newport Beach home
	A Steinway grand piano original kept at the HOOVERS' Newport Beach home
	A custom made pool table located at the HOOVERS' residence in Bullhead City, Arizona
	J. HOOVER's collection of framed one hundred dollar bills and one thousand dollar bills
	All of the undisclosed assets that were owned

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	by the HOOVERS at the time of the bankruptcy and that were later held out for sale at the HOOVERS' personal estate sale in about November 2012
	Bank accounts in the name of ECL to which the HOOVERS had unfettered access and unrestricted use
	J. HOOVER's ownership interest in ECL
	Cash proceeds remaining from the more than \$220,000 worth of tax refunds that the HOOVERS received within one month before the bankruptcy filing
	J. HOOVER'S ownership interest in an entity called Oregon Pines, LLC, which owned 2,000 of land in Klamath County, Oregon at the time of the bankruptcy filing
	J. HOOVER'S ownership interest in an entity called Rancho San Juan Commercial, LLC, which owned a parcel of land in the area of Needles, California
	All of the undisclosed personal property assets that were owned by the HOOVERS at the time of the bankruptcy, that were later seized by federal agents pursuant to search and seizure warrants executed on April 22, 2014, and that are itemized in the forfeiture allegation under personal property description of this

1 indictment.

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4 The value of J. HOOVER's ownership interest
5 in and ongoing business of the entity called
6 Hoover Brothers Rentals ("HBR"), which
7 owned two parcels of land on Aztec Road in
8 Fort Mohave County, Arizona at the time of the
9 bankruptcy filing and which, at the time of the
10 bankruptcy filing, was the majority owner of
11 Rancho San Juan Commercial, LLC, which in
12 turn over 45 acres of property in Needles,
13 California at the time of the bankruptcy filing

14 J. HOOVER's ownership, proprietary, and
15 equitable interest in and control of Equity
16 Capital Lenders, LLC ("ECL") and its assets,
17 which included at the time of the bankruptcy a
18 note and deed of trust secured by real property
19 located at 444 Montezuma in Prescott, Arizona

20 All in violation of 18 U.S.C. § 152(1).

21 **COUNTS 43-45**

22 **False Testimony in a Bankruptcy Proceeding**

23 **(Violation of 18 U.S.C. § 152(2))**

24 124. Paragraphs 1-39 and 60-123 are re-alleged and re-incorporated as if fully set forth
25 herein.

125. On or about the dates set forth below, each instance being a separate count of the indictment, in the District of Arizona, the HOOVERS knowingly and fraudulently made a false material oath and account in and in relation to any case under title 11:

Count	Source/Date of False Statement	False Statement
43	May 12, 2011 Examination under Oath of J. HOOVER in connection with 0:11-bk-01119-RJH	That J. HOOVER had no ownership interest in ECL
44	May 12, 2011 Examination under Oath of J. HOOVER in connection with 0:11-bk-01119-RJH	That J. HOOVER was a borrower/debtor of ECL
45	May 12, 2011 Examination under Oath of J. HOOVER in connection with 0:11-bk-01119-RJH	That all funds utilized by the HOOVERS coming from ECL accounts were legitimate loans from ECL to the HOOVERS

All in violation of 18 U.S.C. § 152(2).

COUNTS 46-47

False Declarations in a Bankruptcy Proceeding

(Violation of 18 U.S.C. § 152(3))

126. Paragraphs 1-39 and 60-125 are re-alleged and re-incorporated as if fully set forth herein.

127. On or about the dates set forth below, in the District of Arizona, the HOOVERS knowingly and fraudulently made a false declaration, certificate, verification, and statement under penalty of perjury, as permitted under Title 28, United States Code, Section 1746, in and in relation to any case under title 11:

Count	Source/Date of False Declaration	False Statements within the Declaration
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1	46	February 4, 2011 Schedules filed	That ECL held valid liens securing
2		in bankruptcy case 0:11-bk-01119-	legitimate debt with respect to certain of
3		RJH [Doc #18]	the HOOVERS' real estate holdings
4			That J. HOOVER had no ownership or
5			interest in ECL
6			That the HOOVERS had no ownership of
7			or interest in any financial accounts held
8			in the name of ECL
9			That on the date of the bankruptcy filing
10			the HOOVERS had zero cash on hand
11			That on the date of the bankruptcy filing,
12			the HOOVERS held ownership of or
13			interests in just two financial accounts
14			with a total combined balance of \$86.44
15			That on the date of the bankruptcy filing,
16			the HOOVERS owned household goods
17			and furnishings worth just about \$8,000
18			That on the date of the bankruptcy filing,
19			the HOOVERS owned art and collectibles
20			worth just about \$200
21			That the HOOVERS owed genuine debts
22			to ECL
23			That the HOOVERS' two Mercedes
24			vehicles were fully encumbered by valid
25			liens held to secure genuine debt owed by
26			the HOOVERS to Atlantic Auto Finance
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	That J. HOOVER had no ownership in an entity called Oregon Pines, LLC
	That the HOOVERS owed no debt, by virtue of a guaranty of debt incurred by SCI Terre D'Argent ("SCI"), to the French bank Union de Credit pour le Batiment ("UCB"), a BNP Paribas company and to BNP Paribas Personal Finance
	That SCI was not a co-debtor of the HOOVERS.
	That the value of the HOOVERS' interest in SCI at the time of the bankruptcy filing was zero.
	That on the date of the bankruptcy filing, J. HOOVER and D. HOOVER owned furs and jewelry worth just about \$1,000
	That there was no value to the HOOVERS' interest in HBR, which owned two parcels of land on Aztec Road in Mohave County, Arizona and which owned a majority, controlling interest in Rancho San Juan Commercial, LLC, which in turn owned over 45 acres of land in Needles, California at the time of the bankruptcy filing.
	That on the date of the bankruptcy filing, the HOOVERS had no interest in ECL and

		all of its assets, including among other things a note and deed of trust secured by real property located at 444 Montezuma in Prescott, Arizona, which had value at time of the bankruptcy filing.
47	February 4, 2011 Statement of Financial Affairs filed in bankruptcy case 0:11-bk-01119-RJH [Doc #19]	That the HOOVERS made no payments in excess of \$5,000 to any creditors within 90 days before the bankruptcy filing
		That the HOOVERS had transferred no property, either absolutely or as security within two years before the bankruptcy filing
		That the HOOVERS transferred no property to a self-settled trust or similar device of which the HOOVERS were beneficiaries within ten years before the bankruptcy filing
		That there had been no setoffs made by any creditors against a debt owed by the HOOVERS within 90 days before the bankruptcy filing

All in violation of 18 U.S.C. § 152(3).

COUNTS 48-51

**Fraudulent Transfer and Concealment of Property in Contemplation of Bankruptcy
(Violation of 18 U.S.C. § 152(7))**

128. Paragraphs 1-39 and 60-127 are re-alleged and re-incorporated as if fully set forth herein.

129. On or about the dates listed below, in the District of Arizona, the HOOVERS, in contemplation of a case under title 11 by and against the person and any other person and corporation, and with intent to defeat the provisions of title 11, knowingly and fraudulently transferred and concealed the following property:

Count	Source/Date of Transfer or Concealment	Property Transferred/Concealed
48	December 2010	Tax refund of \$158,238 transferred to S.W. and then to ECL
49	December 2010	Tax refund of \$63,697.85 transferred to ECL
50	June 2010	\$90,000 proceeds from sale of Bentley transferred to B. HOOVER
51	December 2010	Transferred numerous parcels of real property to ECL as part of claimed settlement of purported loan from ECL to J. HOOVER'S Individual Retirement Account

All in violation of 18 U.S.C. § 152(7).

COUNT 52

False Proof of Claim

(Violation of 18 U.S.C. § 152(4))

130. Paragraphs 1-39 and 60-129 are re-alleged and re-incorporated as if fully set forth herein.

131. On or about the date set forth below, in the District of Arizona, defendants J. HOOVER, B. HOOVER, and D. HOOVER knowingly and fraudulently presented a false claim for proof against the estate of a debtor, and used any such claim in any case under title 11, in a person capacity and as and through an agent, proxy, and attorney:

Count	Source/Date of False Claim	False Claim
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52	May 12, 2011, Claim #118-1 filed in case 0:11-bk-01119- RJH	That the HOOVERS were legitimately indebted to ECL for debts exceeding \$3 million and that such debt was secured by valid enforceable liens on property, including real property, owned by the HOOVERS
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All in violation of 18 U.S.C. § 152(4).

COUNTS 53-54

Transactional Money Laundering

(Violation of 18 U.S.C. § 1957)

132. Paragraphs 1-31 and 60-131 of this Indictment are re-alleged and re-incorporated as if fully set forth herein.

133. On or about the below-listed dates, within the District of Arizona, the defendant, B. HOOVER, did knowingly engage and attempt to engage in a monetary transaction by through or to a financial institution, affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, that is transfer of U.S. currency, such property having been derived from a specified unlawful activity, that is, concealment of assets in a bankruptcy proceeding, 18 USC § 152(1):

COUNT	DATE	BANK	TRANSACTION
53	10/25/2012	Chase Bank in Arizona	Transfer of \$65,000 in cash from Newport Land & Investments at US Bank in Arizona to Chase Bank
54	5/16/2013	US Bank in Arizona	Transfer of \$75,000 in cash from B. HOOVER's personal account at Chase Bank to attorneys' firm in Phoenix, Arizona to be used to pay the bankruptcy settlement and have the

			bankruptcy estate cease its efforts to obtain proceeds from the sale of the Paris Apartment.
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All in violation of 18 U.S.C. § 1957.

FORFEITURE ALLEGATIONS

134. Pursuant to 18 U.S.C. § 981 and 982, 21 U.S.C. § 853, 28 U.S.C. § 2461(c), and 31 U.S.C. § 5317, and upon conviction of one or more of the offenses in Counts 1-54 of this Indictment, Defendants J. HOOVER, B. HOOVER, and D. HOOVER so convicted shall forfeit to the United States, all right, title, and interest in any and all property, real and personal, involved in such offenses, or any property traceable to such property involved in each offense, or conspiracy to commit such offense, including the following: (a) all money or other property that was the subject of each transaction, transportation, transmission or transfer in violation of a statute listed in Title 18, United States Code, Section 982, (b) all other property constituting proceeds obtained as a result of those violations, and (c) all property used in any manner or part to commit or to facilitate the commission of those violations including, but not limited to the sum of money representing the amount of money involved in the offense(s) and the property named below.

Personal Property Description

1	Faux pearl bracelet and necklace
1	10k yellow gold class ring 1942 with "W"
1	14k yellow gold bracelet
1	14k yellow gold thick rope bracelet
1	14k yellow gold charm bracelet with 21 charms
1	14k yellow gold textured open work bangle with safety chain
1	14k yellow gold triple style bangle
1	14k yellow gold diamond bangle set

1	1	18k white hinged gold bangle with diamonds from Mauboussin Paris
2	1	Sterling silver large bangle
3	1	Sterling silver baby bangle
4	1	14k yellow and white gold arrow and heart diamond brooch
5	1	14k saftey pin brooch with diamonds
6	1	Sterling silver pearl brooch
7	1	14k yellow gold Tick Tockers diamond charm
8	1	House charm with "HQH" letters set with diamonds
9	1	14k yellow gold enameled shoe charm set with diamonds
10	1	18k yellow gold round charm
11	1	18k yellow gold enameled Faberge Egg set with diamonds and internal
12		heart on chain
13	1	18k gold diamond enamel shoe charm
14	1	Sterling silver charms
15	1	14k white gold black velvet ribbon diamond choker
16	1	14k pair of yellow gold puzzle piece cufflinks with diamonds
17	1	14k pair of yellow gold diamond and onyx ying and yang designed
18		cufflinks
19	1	14k pair of yellow gold nugget style cufflinks
20	1	14k pair of yellow gold watermelon tourmaline cufflinks
21	1	14k pair of yellow gold house cufflinks with diamonds with "HQH"
22	1	14k pair of yellow gold bird style opal and diamond cufflinks
23	1	14k pair of yellow gold elephant cufflinks with small round emerald
24		eyes
25	1	14k pair of yellow gold \$2.5 dollar Indian quarter eagle coin cufflinks
26		with diamond accents
27	1	14k yellow gold diamond single cufflink button style
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1	1	14k pair of yellow gold Russian gold coin cufflinks with diamonds
2	1	18k pair of yellow gold cufflinks and boutonniere set with diamonds
3		and onyx
4	1	18k pair of yellow gold blue sapphire and diamond cufflinks
5	1	18k pair of yellow gold serpentine cufflinks
6	1	Platinum set of 1/10th ounce liberty coin cufflinks with diamonds
7	1	Pair of sterling silver yellow star cufflinks
8	1	14k pair of blue sapphire and diamond earrings
9	1	14k pair of white gold pearl earrings
10	1	14k pair of yellow gold swirl convertible hoop earrings
11	1	14k pair of yellow gold pearl and diamond earrings with 2 white pearls
12	1	18k pair of white gold carved light purple jade flower earrings with
13		amethyst and diamonds
14	1	18k pair of white gold heart diamond earrings
15	1	18k pair of white gold invisible set diamond earrings with princess cut
16		diamonds
17	1	18k pair of yellow gold diamond inside out hoops
18	5	Amethyst gem stones
19	5	Amethyst gem stones
20	2	Cushion cut aquamarine gem stones
21	1	Blue sapphire loose stone, abraded, medium dark blue
22	5	Citrine gem stones
23	3	Low grade green sapphire gem stones
24	3	Peridot gem stones
25	1	Oval cut pink sapphire gem stone
26	1	George W. Bush inauguration medallion
27	2	10k yellow gold charms, a cartouche and a 3 monkeys with Tiger's Eye
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1		sph
2	2	14k yellow gold scrap pieces
3	2	14k yellow gold necklaces, 1 pendant, 1 pair of earrings and 1 bracelet
4	1	2 pearl necklaces, 2 pearl eyeglass holders and 1 pearl bracelet
5	1	14k yellow nugget style money clip
6	1	14k yellow gold neckwire
7	1	14k yellow gold ends on black braided cord
8	1	14k yellow tanzanite and diamond omega necklace set with an antique
9		cushion cut tanzanite
10	1	14k yellow gold rope necklace
11	1	18k amethyst and diamond necklace
12	1	18k bucherer coil necklace with diamonds
13	1	Pearl strand with pink overtones and 14k yellow gold clasp
14	1	Three strand pearl necklace
15	1	14k yellow gold rope chain, 2 S link chains, 1 cable chain and 1
16		lobster claw clasp
17	1	14k yellow gold green imperial jade cross pendant and pair of earrings
18		with diamonds
19	1	One Eight Reales Mexico City Mint P Assayer
20	1	Helmet shell cameo set in 14k yellow gold bezel
21	9	14k yellow gold charms
22	1	14k yellow gold diamond leaf pendant with round brilliant cut
23		diamond
24	1	1945 Dos Pesos gold coin sent in a 14k bezel pendant
25	1	14k yellow gold mother of pearl big "H" pendant
26	1	1925 \$2.5 dollar gold coin set in a 14k yellow gold nugget style bezel
27	1	\$10 1915 Indian head gold coin sent in a 14k yellow gold nugget style
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1		bezel
2	1	1925 Indian \$2.5 dollar gold coin set in a 14k yellow gold diamond
3		bezel
4	1	18k white gold chrysoprase and diamond pendant and dual enhancer
5	1	18k white gold diamond heart pendant
6	1	18k white gold diamond and purple jade pendant on cord
7	1	18k yellow gold bezel set with an oval layered blue agate carved
8		cameo
9	1	18k yellow gold heart slide pendant
10	1	Gold nugget with 14k bale
11	1	14k white gold snowflake diamond pendant necklace
12	1	14k yellow gold amethyst pendant and chain
13	1	18k white gold heart pendant on a chain
14	1	18k yellow gold cartouche with chain
15	1	Emerald cut blue topaz
16	1	14k yellow gold letter "B" for Bentley red enamel pin
17	1	18k white gold diamond pin with brilliant cut diamonds
18	1	Sterling silver Wizard Fantasia Mickey Mouse with amethyst ball
19		necklace
20	1	10k yellow gold star ruby and diamond ring
21	1	10k yellow gold hydrogrossular garnet ring
22	1	10k yellow gold with aquamarine solitaire ring
23	1	10k ruby ring (broken)
24	1	14k and 18k white top with diamonds ring
25	1	14k yellow gold hydrogrossular garnet and diamond ring
26	1	14k yellow gold ring with diamonds missing
27	1	14k yellow gold solitaire diamond ring
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1	1	14k yellow gold band ring
2	1	14k yellow gold diamond solitaire ring with old mine cut center stone
3	1	18k white gold pave style diamond ring
4	1	18k white diamond square spiral ring with brilliant cut diamonds
5	1	18k white gold diamond and padparadscha sapphire ring
6	1	18k yellow gold tanzanite and diamond ring with center antique
7		cushion
8	1	18k yellow gold diamond ring with round brilliant cut diamonds
9	1	18k yellow gold aquamarine and diamond ring
10	1	18k yellow gold emerald and diamond ring
11	1	Handmade 18k yellow gold ruby and diamond ring
12	1	Sterling silver ring with white colorless stone
13	1	10k yellow gold diamond tie tack with three brilliant cut diamonds
14	1	18k yellow gold pearl tie tack
15	1	Patek Phillipe 18k yellow gold and leather watch band
16	1	18k yellow gold watch links
17	1	14k ladies Bulova Dior watch with diamonds
18	1	18k white gold Vacheron Constantine Geneve watch with diamonds
19	1	18k yellow gold ladies Chanel watch with black rectangular dial
20	1	Girard Perregaux men's watch
21	1	14k yellow gold ladies Universal Geneve watch with diamonds
22	1	18k Cartier Pasha watch
23	1	18k Patek Phillipe Geneve Date Classic watch with leather band
24	1	Bucherer pocket watch with yellow tone metal
25	1	Longines men watch 1950's gold filled
26	1	Baron stainless steel men's watch
27	1	"Incoming Tide" signed by June Perkins Anderson 89
28		

- 1 1 "Crystal by Candlelight" signed by Robert Johanningmeier
- 2 1 "The Birds Nest" signed by Emile Vernon
- 3 1 "French Farm Houses, June 30, 1963" signed by Mildred Schwarz
- 4 1 "Kannst Du Lesen?" signed by Franz Hanfstaengl
- 5 2 Framed prints of Italian country villas or Tuscany with possible
- 6 signature of Sambataro
- 7 1 Framed silk depicting Hmong female with white hat playing
- 8 instrument
- 9 1 Photograph engraving showing wine maker inspecting wine by Franz
- 10 Hanfstaengl
- 11 1 Framed contemporary Russian religious icon in book-style display box
- 12 1 Framed ceramic painted tile of lady wearing a blue dress reading a
- 13 book
- 14 1 Oil on canvas in the style of Hudson River School
- 15 2 Framed machine woven wall art titled "Asian Vases"
- 16 1 Framed mosaic of Grand Canal near St. Mark's Square and Doge's
- 17 Palace
- 18 1 Oil on canvas of artist standing with brush painting a canvas
- 19 1 Oil on board of kitchen scene
- 20 3 Hand painted Walt Disney film cell of Winnie the Pooh
- 21 1 The Little Mermaid animation eel
- 22 1 Framed Walt Disney film reel titled "Curtsey to the Queen"
- 23 1 Framed Walt Disney film reel of Snow White and Bashful
- 24 1 Framed charcoal of women with child signed F. Lagrue 1879
- 25 1 "Lotta Impari" labeled "Vatican 1990"
- 26 1 Mixed media on paper of renaissance woman signed by M. Berber
- 27 1 Female bust
- 28

- 1 1 Walt Disney animation reel of Snow White, the prince and the
- 2 dwarves
- 3 1 Oil on board of Venice, Italy with man and woman dancing
- 4 1 Mixed media on paper of girl playing a piano
- 5 1 Print of a coastal mountain village signed by Behrens 14/53
- 6 1 Acrylic on canvas of living room with a Chinese motif signed by
- 7 Jacqueline Rochester
- 8 1 Wall mirror
- 9 1 Wingback-style occasional chair
- 10 2 Tan upholstered loveseats
- 11 1 Wood grain faux veneer laminate lamp/end table
- 12 1 Wood grain faux veneer laminate lamp/end table
- 13 1 Dining table with eight chairs
- 14 1 Floor ginger jar on ebony finish stair step base
- 15 1 Coffee table with beveled glass insert
- 16 1 Wood grain faux veneer laminate sofa/wall table
- 17 1 Wood grain faux veneer laminate wall console
- 18 1 Wood grain faux veneer laminate server
- 19 1 Two piece stained wood and wood grain china cabinet
- 20 1 Sterling silverware in box
- 21 1 Grey bin containing silver serving trays, pieces, containers and
- 22 candlesticks
- 23 1 Black bin containing various crystal glasses, stemware, paperweights,
- 24 ornaments, vases & pitcher
- 25 1 Black bin containing various crystal decanters, glasses, ice bucket with
- 26 tongs and tray
- 27 1 Bacarrat crystal clock
- 28

- 1 1 Herend porcelain cup and saucer, dish/server and tray with same
- 2 Queen Victorian pattern
- 3 1 Grey bin containing two Herend porcelain covered urns with Queen
- 4 Victorian pattern
- 5 1 Chinese porcelain charger
- 6 1 White bin with silver tea caddies, metal cups, Mickey Mouse clock,
- 7 brushes & other items
- 8 1 Brown bin with silver, brass and glass items such as plates, salt &
- 9 pepper shakers, spoons & cups
- 10 1 Framed Asian silk, orange in color
- 11 1 White bin containing mismatched china dishes such as plates, serving
- 12 pieces and vases
- 13 1 1 Black bin & 1 white bin, each with sets of china dishes to include
- 14 plates, cups and serving dishes
- 15 1 Black bin containing glass bowls, candy dishes, relish dishes, trays,
- 16 pitchers and pressed glass
- 17 1 Brown bin containing glass cake stand, stoneware plates, wine flutes
- 18 and ice bucket
- 19 1 Black bin containing Waterford and Bacarrat tumblers, stemware and
- 20 cocktail glasses
- 21 1 Black bin containing crystal and glass bowls, glasses, bell, glass eggs,
- 22 glass candy & jars
- 23 1 French or Belgium framed tapestry
- 24 1 Pale green framed tapestry
- 25 1 Brass chandelier with benl arms and broken electrical
- 26 1 Black bin with plates, various dishes, bowls, teapot, wine coaster, ice
- 27 bucket & lids
- 28

1	1	Black bin with Waterford crystal flutes, stemware and pressed crystal
2		bowls, ashtray and glasses
3	1	Ancient looking coin from Jerusalem
4	16	Fifteen liberty dollars 1990 to 1992 and one 1925 peace dollar
5	24	Custom silver medallions in the names of John Brandon Hoover and
6		Evin Hoover
7	1	One 1934 \$1,000.00 US dollar bill and one 1934 \$500.00 US dollar
8		bill
9	1	Cancelled Planters Bank check #8315 for \$177.00 dated 11 November
10		1852
11	1	Confederate \$50.00 bill, Richmond, April 6, 1863
12	1	Sterling silver to include blue box with earrings, two broachs, cufflinks
13		& money clip from trunk
14	1	Unmarked metal items including cigarette case, keychain, earrings and
15		medal from trunk
16	1	Two display boxes with bone jewelry from trunk
17	1	Dim sum box, vintage folding fan, Asian female figurine & silver plate
18		sake set from trunk
19	1	Two original woodblock prints by Shote, Japan; various Asian themed
20		silkscreens & prints from trunk
21	1	Three woodblock prints, two by Kunisada and one by Toyokuni from
22		trunk
23	1	Asian-style fabrics including table cloths, napkins, buffet runners and
24		doilies from trunk
25	1	Handpainted tea and rice set from trunk
26	1	War Department certificate to Ann C. Roe, Asian geisha plaques and
27		vintage books from trunk
28		

1	1	Silk/bamboo sandals, tabi-style socks, kimono sashes & various
2		kimono trims & adornments from trunk
3	1	Eleven Happi coats, four women's kimonos and three gentlemen's tea
4		robes from trunk
5	1	Handmade tablecloth with repeating botanical and pheasant designs
6		from trunk
7	1	Black trunk with brass finish locks
8	1	Vintage French opera glasses with pearl handle
9	1	Lladro clown sitting on ball
10	1	Lladro clown with accordion and small dog
11	1	Lladro clown with balloon bouquet
12	1	Lladro reclining clown with one leg raised
13	1	Lladro clown with head resting on hands leaning on ball with small
14		puppy
15	1	Lladro seated clown with sleeping puppy in lap
16	1	Lladro reclining clown with right foot resting on ball
17	1	Lladro clown with magnifying glass
18	1	Lladro clown with saxophone
19	1	Lladro clown with violin
20	1	Lladro clown head with white flower in hat
21	1	Lladro clown head with gray hat with butterfly on it
22	1	Lladro clown head with pink hat
23	1	Lladro Don Quixote with sword and wooden stand
24	1	Lladro reclining clown with dog on shoulder
25	1	Lladro male golfer with wooden stand
26	1	Lladro female golfer with wooden stand
27	1	Lladro caddy with wooden stand
28		

1	1	Lladro with mother brushing child's hair
2	1	Lladro with girl and boy on seesaw
3	1	Lladro with girl on phone and puppy
4	1	Lladro angel sitting with head resting on one arm
5	1	Lladro angel playing flute
6	1	Lladro angel praying on knees
7	1	Lladro girl with flower cart with wooden stand
8	1	Lladro oriental woman with fan in left hand
9	1	Lladro oriental woman kneeling in white kimono with vase on bench
10	1	Lladro oriental woman in white kimono with arms spread
11	1	Lladro girl holding a bouquet of flowers in arms
12	1	Lladro girl with basket of eggs and duck
13	1	Lladro girl on bench feeding kittens
14	1	Lladro girl sitting in flowers with butterfly
15	1	Slot machine with stand
16	1	Full length dark brown shaved mink coat with double button
17	1	Full length mink coat with pelts of brown with dark brown striping
18	1	Half length wolf fur coat with gray striping
19	1	Half length all black shaved mink coat
20	1	Full length all black shaved mink coat
21	1	Full length two-tone brown mink coat
22	1	Full length black colored silver mink coat
23	1	Half length cream colored faux fur coat
24	1	Three-quarter length white sheep wool coat
25	1	Steinway & Sons Patent Grand Piano with Bench

26

27

28

1 **License**

2 Arizona Department of Liquor Licenses and Control, License Number 06083001, held
3 in the business name El Rio Country Club and owned by El Rio Golf Club, LLC, 1
4 Paseo El Rio, Mohave Valley, Arizona.

5 **Real Property Description**

6 • **Legal Description of 444 Montezuma Ave., Prescott, AZ:**

7 **Parcel I:**

8 The North 34 feet of the East 70 feet and the South 16 feet of the East 62 feet of Lot 11,
9 Block 31,
10 City of Prescott, according to the plat of record in the Office of the County Recorder of
11 Yavapai
12 County, Arizona, recorded in Book 4 of Maps, Page 22.

13 **Parcel II:**

14 All that portion of Lot 11, Block 31, City of Prescott, according to the plat of record in
15 the office of the County Recorder of Yavapai County, Arizona, recorded in Book 4 of
16 Maps, Page 22 described as follows:

17 BEGINNING at the Southeasterly corner of Lot 12, Block 31, City of Prescott;
18 Thence Westerly along Southerly line of said Lot 12 Block 31, City of Prescott, 70 feet;
19 Thence Northerly parallel with the Easterly line of said Lot 12, 50 feet to the TRUE
20 POINT OF BEGINNING;

21 Thence Northerly parallel with the Westerly line of said Lot 11, 16 feet;

22 Thence Easterly and parallel with the Northerly line of Lot 11, 8 feet;

23 • **Legal descriptions for Oregon Parcels**

24 Real property in the County of Klamath, State of Oregon, described as follows:

25
26 A parcel of land located in Sections 1, 2, 3, 10, 11, 12 and 13, Township 35 South, Range
27 11 East of the Willamette Meridian and Section 7, Township 35 South, Range 12 East of
28

the Willamette Meridian, Klamath County, Oregon more particularly described as follows:

Parcel 1:

Beginning at the Northeast corner of Section 1, township 35 South, Range 11 East of the Willamette Meridian; thence South 0°37'47" West, along the east boundary of Section 1, 2,643.99 feet to the East 1/4 corner of Section 1; thence South 0°39'40" West, along the east boundary of Section 1, 2,644.01 feet to the Northwest corner of Section 7, township 35 South, Range 12 East of the Willamette Meridian; thence South 89°46'30" East, along the North boundary of Section 7, 2,673.33 feet to the North 1/4 corner of Section 7; thence South 0°06'54" East, along the East boundary of the NW 1/4 of Section 7, 2,639.86 feet to the Southeast corner of the NW 1/4 of Section 7; thence North 89°47'44" West, along the South boundary of the NW 1/4 of Section 7, 2,691.19 feet to the East 1/4 corner of Section 12, Township 35 South, Range 11 East of the Willamette Meridian; thence South 0°50'49" West, along the East boundary of Section 12, 2,641.00 feet to the Southeast corner of Section 12; thence North 89°21'23" West, along the South boundary of Section 12, 1,318.58 feet to the East 1/16 corner between Sections 12 and 13; thence South 0°28'00" West, along the East boundary of the NW 1/4 of the NE 1/4 of Section 13, 734.39 feet to the Northeast corner of Block 45, Oregon Pines Subdivision; thence along the Northerly boundary of Oregon Pines Subdivision as follows: North 89°13'15" West, 474.03 feet; South 0°46'45" West, 122.26 feet; North 89°36'35" West, 803.86 feet; South 80°54'20" West, 30.00 feet; South 68°10'05" West, 420.66 feet; North 307.53 feet; North 35°20'40" West, 561.35 feet; North 54°25'00" West, 755.00 feet; South 35°35'00" West, 635.00 feet; South 58°36'25" West, 298.51 feet; North 61°10'38" West, 262.76 feet; North 67°13'23" West, 230.07 feet; North 29°47'57" West, 212.49 feet; North 49°08'34" West, 500.05 feet; North 66°15'20" West, 375.00 feet; North 41°14'19" West, 66.21 feet; North 66°15'20" West, 368.00 feet; North 16°34'27" East, 552.28 feet; North 68°28'12" East, 250.61 feet; North 23°44'40" East, 425.00 feet; North 52°13'27" West,

1 411.08 feet; North 73°25'33" West, 617.00 feet; South 16°34'27" West, 531.09 feet;
 2 North 52°00'44" West, 320.98 feet; North 0°54'13" East, 99.51 feet; North 52°00'44"
 3 West, 340.00 feet; North 74°52'11" West, 419.13 feet; North 29°11'18" West, 378.86
 4 feet; South 88°57'42" West, 378.86 feet; South 29°53'12" West, 310.00 feet; North
 5 59°39'37" West, 458.16 feet; North 24°11'30" East, 320.00 feet; North 65°48'30" West,
 6 835.00 feet; South 24°11'30" West, 1,325.00 feet; South 29°43'56" East, 93.79 feet;
 7 South 56°28'30" West, 250.50 feet; South 79°54'13" West, 65.39 feet; South 56°28'30"
 8 West, 405.22 feet; South 28°32'10" East, 116.53 feet; thence South 61°27'50" West,
 9 along the North boundary of Lot 1, Block 26, Oregon Pines Subdivision to the West
 10 boundary of Section 11, Township 35 South, Range 11 East of the Willamette Meridian;
 11 thence North 0°46'41" East, along the West boundary of Section 11 to the East 1/4 corner
 12 of Section 10; thence North 88°47'27" West, along the South boundary of the NE 1/4 of
 13 Section 10 to the centerline of the Fuego Fire Road; thence Northerly along the centerline
 14 of said road to the Most westerly corner of a tract of land described in Volume M78, Page
 15 27828 of the Deed Records of Klamath County; thence South 66°43'27" East, along the
 16 Southerly boundary of the property described in said Deed, 1,485.77 feet; thence along
 17 the Easterly boundary of said Deed Volume and Page North 18°40'55" East, 622.00 feet;
 18 thence North 28°30'24" East, 1,785.75 feet to the most northerly corner of a tract of land
 19 described in Volume M77 Page 21083 of the Deed Records of Klamath County; thence
 20 South 59°41'57" East, 1,082.37 feet; thence North 30°18'03" East, 1,415.51 feet to the
 21 North boundary of Section 2, Township 35 South, Range 11 East of the Willamette
 22 Meridian; thence South 89°19'06" East, along the North boundary of Section 2, 2,197.85
 23 feet to the Northwest corner of Section 1; thence South 0°50'47" West, along the West
 24 boundary of Section 1 to the Northwest corner of the SW 1/4 of the NW 1/4 of Section 1;
 25 thence East, along the North boundary of the SW 1/4 of the NW 1/4 to the Northeast
 26 corner of the SW 1/4 of the NW 1/4 of said Section 1; thence South along the East
 27 boundary of the SW 1/4 of the NW 1/4 to the Northwest corner of the NE 1/4 of the SW
 28

1 1/4 of said Section 1; thence East, along the north boundary of the NE 1/4 of the SW 1/4
2 to the center of said Section 1; thence North, along the North-South centerline of Section
3 1 to the North 1/4 corner of said Section 1; thence South 89°00'44" East, along the north
4 boundary of Section 1, 2,643.21 feet to the Northeast corner of Section 1, the point of
5 beginning.

6
7 EXCEPTING THEREFROM the SE 1/4 of the NW 1/4 of Section 12, Township 35
8 South, Range 11 East of the Willamette Meridian.

9
10 ALSO EXCEPTING THEREFROM a tract of land situated in Section 2, Township 35
11 South, Range 11 East of the Willamette Meridian, in the County of Klamath, State of
12 Oregon described as follows:

13
14 Beginning at the Northwest corner of said Section 2; thence South 88°59'04" East along
15 the Northerly line of said Section 2, a distance of 276.30 feet to the centerline of an
16 existing Indian Service Road; thence South 33°06'52" West, along said centerline a
17 distance of 35.00 feet; thence South 59°41'57" East, a distance of 2,030.72 feet; thence
18 South 28°30'24" West, a distance of 665.02 feet to the northerly corner of a tract of land
19 described in a Contract to Keith R. Shannon, recorded October 19, 1977 in Volume M77
20 Page 20008, Deed Records and the true point of beginning of the tract of land herein to
21 be described; thence South 59°41'57" East along the boundary line of said Shannon tract
22 a distance of 1,310.08 feet to an angle corner therein; thence South 28°30'24" West, a
23 distance of 665.02 feet; thence South 32° 34'54" East a distance of 442.97 feet; thence
24 North 87°54'59" West, a distance of 1,573.32 feet to the most Westerly corner of said
25 Shannon tract; thence North 11 °43'00" East along the Westerly line of said Shannon tract
26 a distance of 997.83 feet to an angle corner therein; thence continuing along the Westerly
27 line of said Shannon tract North 28°30'24" East a distance of 665.02 feet to the true point
28

1 of beginning.

2
3 ALSO EXCEPTING THEREFROM a tract of land located in Section 2, Township 35
4 South, Range 11 East of the Willamette Meridian, more particularly described as follows:
5 Beginning at the Southeast corner of said Section 2; thence North 89°03'41" West along
6 the South boundary of Section 2, 661.44 feet; thence North 8°13'29" West, 2,107.74 feet
7 to the most easterly corner of a tract of land described in Volume M77 Page 20008 of
8 Deed Records of Klamath County, said point also being the most southerly corner of a
9 tract of land described in Deed Volume M78 Page 25362; thence along the boundaries of
10 tract described, in Volume M78 Page 25362 North 16°40'58" West, 446.58 feet; thence
11 North 40°53'10" West, 600.00 feet; thence North 49°06'50" East, 1,438.83 feet; thence
12 South 42°01'02" East, 667.26 feet to the East boundary of Section 2; thence South
13 0°50'47" West along the East boundary of Section 2, 3,424.73 feet to the Southeast
14 corner of Section 2.

15
16 ALSO EXCEPTING THEREFROM that portion of Sections 2, 3 and 11 deeded to Leo
17 B. Chadbourne and Charles D. Chadbourne in Warranty Deed recorded November 30,
18 2000 in Volume MOO Page 43079 Records of Klamath County, Oregon.

19
20 ALSO EXCEPTING THEREFROM that portion of Section 2 deeded to Mike Groves and
21 Cheryl Groves in Warranty Deed recorded December 31, 1998 in Volume M98 Page
22 47996 Deed records of Klamath County, Oregon.

23
24 **Parcel 2:**

25 The following described tract of land located in Section 3, Township 35 South, Range 11
26 East of the Willamette Meridian, Government Lots 2 and 3, the NE 1/4 of the SW 1/4
27 and, beginning at the Northwest corner of the SW 1/4 of the NE 1/4 of said Section 3;
28

1 thence South 88°52'34" East, along the North boundary of the SW 1/4 of the NE 1/4,
2 661.37 feet; thence South 0°46'36" West, along the west boundary of property described
3 in Volume M78 Page 24280 and Volume M78 Page 23204, 2,652.69 feet to the South
4 boundary of the NW 1/4 of the SE 1/4 of said Section 3; thence North 88°50'56" West
5 along the South boundary of the NW 1/4 of the SE 1/4 of said Section 3, 660.35 feet to
6 the Southwest corner of the NW 1/4 of the SE 1/4; thence northerly along the West
7 boundary of the NW 1/4 of the SE 1/4 and the West boundary of the SW 1/4 of the NE
8 1/4, 2,652.38 feet, more or less to the point of beginning.

9
10 **Parcel 3:**

11 Beginning at the Northeast corner of Lot 4, Block 12, Oregon Pines Subdivision; said lot
12 corner being North 88°47'27" West, 1,082.16 feet from the center of Section 10,
13 Township 35 South, Range 11 East of the Willamette Meridian; thence along the
14 northerly boundary of said Subdivision as follows: South 1°12'48" West, 593.91 feet;
15 thence South 59°41'46" East, 856.24 feet; thence South 13°15'05" East, 464.43 feet;
16 thence South 38°36'03" West, 320.24 feet; thence South 31 °35'19" East, 168.65 feet;
17 thence North 76°33'23" East, 791.53 feet; thence South 62°26'30" East, 1,578.54 feet;
18 thence North 27°27'19" East, 503.39 feet; thence North 61 °27'50" East, 425.00 feet;
19 thence North 39°04'20" East, 43.26 feet to the center of the Fuego Fire Road; thence
20 leaving the boundary of Oregon Pines Subdivision, northerly, along the centerline of the
21 Fuego Fire Road to the Southeast corner of a tract of land described in Volume M81 Page
22 11515 of the Deed Records of Klamath County, Oregon; thence South 88°12'19" West,
23 along said Deed boundary 1,045.42 feet; thence North 04°53'43" West, along said deed
24 boundary, to the East-West centerline of Section 10, Township 35 South, Range 11 East
25 of the Willamette Meridian; thence North 88°47'27" West, along the East-West centerline
26 of Section 10 to the point of beginning.

1 Tax Parcel Number: R275062 and R276748 and R274152 and R274606 and R290964
2 and R277569 and R280305 and R277827 and R278648 and R274937 and R279175
3

4 • **Legal description for Needles Parcels**

5 Real property in the unincorporated area of the County of San Bernardino, State of
6 California, described as follows: that portion of section 21, township 8 north, range 23
7 East, San Bernardino base and meridian, in the county of San Bernardino, state of
8 California, according to government township plat thereof, lying easterly of the following
9 described lines:

10 Beginning at the intersection of the north line of said section 16 and a line parallel with
11 and distant 260.00 feet easterly, measured at right angles from the monumented
12 centerline of improvement of state road 08-sbd-40 as shown on county surveyor's filed
13 map nos. 7668-9 and 10, on file in the office of the county surveyor of said county;
14 thence along said parallel line, south 16 deg. 31'04" east, 7436.10 feet, more or less, to a
15 point opposite engineer's station 184+31.68 in said centerline, said point being the
16 beginning of a tangent curve, concave northeasterly having a radius of 9740 feet and
17 being concentric with the 10,000-foot radius curve in said centerline between said
18 engineer's station 184+31.68 and station 219+65.93; thence southeasterly along said
19 tangent curve, through a central angle of 16 deg. 16' 09" an arc distance of 2737.35 feet
20 to a point opposite engineer's station 212+42.10, last said point being the beginning of a
21 compound curve concave northeasterly and having a radius of 1080 feet; thence
22 southeasterly along said compound curve through a central angle of 44 deg. 57' 47", an
23 arc distance of 847.53 feet; thence tangent to last said curve, south 77 deg. 35' 00" east,
24 109.37 feet, more or less, to the east line of said section 21.

25 Excepting therefrom the northerly 3033.57 feet measured along the easterly line thereof.

26 Also excepting therefrom all minerals, oil, gases and other hydrocarbons by whatsoever
27 name known that may be within or under the parcel of land hereinabove described,
28 without, however, the right to drill, dig or mine through the surface thereof as excepted

1 by the State of California, in deed recorded May 31, 1968, in book 7035, page 473,
2 official records of said county.

3
4 • **Legal Description for 1927 Aztec Road, Fort Mohave, AZ:**

5 The Southwest quarter of the Southwest quarter of the Southeast quarter of the Northeast
6 quarter (SW ¼ of SW ¼ of SE ¼ of NE ¼).and the West half of the Southeast quarter of
7 the Southwest quarter of the Southeast quarter of the Northeast quarter (W ½ of SE ¼ of
8 SW ¼ of SE ¼ of NE ¼) of Section 23, Township 19 North, Range 22 West of the Gila
9 and Salt River Base and Meridian, Mohave County, Arizona.

10
11 EXCEPT all gas, oil, minerals and other hydrocarbon substances lying 500 feet below the
12 surface, as reserved in instrument recorded in Book 916 of Official Records, Page 713.

13
14 • **Legal Description for 1951 Aztec Road, Fort Mohave, AZ:**

15 The East half of the Southeast quarter of the Southwest quarter of the Southeast quarter
16 of the Northeast quarter (E ½ SE ¼ SW ¼ SE ¼ NE ¼) of Section 23, Township 19
17 North, Range 22 West of the Gila and Salt River Base and Meridian, Mohave County,
18 Arizona.

19
20 EXCEPT all oil, gas, minerals and other hydrocarbon substances below 500 feet, as
21 reserved in Deed recorded in Book 916 of Official Records, page 713.

22
23 • **9 Avenue De La Bourdonnais, in Paris, France 75007**

24 The United States is seeking the forfeiture of the above described apartment and all
25 furnishings contained therein. Venue is proper pursuant to 28 U.S.C. §1355(b)(2) because
26 the defendant property is located in a foreign country and will be detained or seized
27 pursuant to legal process or assistance from a competent authority of a foreign
28

1 government.

2
3 **Money Judgment**

4 \$20,000,000 in U.S. currency and all interest and proceeds traceable thereto, in that such
5 sum in aggregate is property of Title 18, United States Code, Section § 981(a)(1)(c) and
6 28 U.S.C. § 2461.

7 135. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title
8 18, United States Code, Section 982(b), and 28 U.S.C. Section 2461, the Defendants shall
9 forfeit substitute property, up to the value of the amount described above, if by any act or
10 omission of the Defendants, the property described above, or any portion thereof, cannot
11 be located upon the exercise of due diligence; has been transferred, sold to or deposited
12 with a third party; has been placed beyond the jurisdiction of the court; has been
13 substantially diminished in value; or has been commingled with other property which
14 cannot be divided without difficulty.

15 All in accordance with Title 18, United States Code, Sections 981 and 982(a)(1);
16 28 United States Code, Sections 1355(b)(2) and 2461; 19 U.S.C. Section 1343 and Rule
17 32.2(a), Federal Rules of Criminal Procedure.

18
19 A TRUE BILL

20 S/
21 FOREPERSON OF THE GRAND JURY
22 Date: April 14, 2015

23 JOHN S. LEONARDO
24 United States Attorney
District of Arizona

25 S/
26 KEVIN M. RAPP
27 Assistant U.S. Attorney
JENNIFER A. GIAIMO
Special Assistant U.S. Attorney

06/13/16
I hereby attest and certify on
that the foregoing document is a full, true and correct
copy of the original on file in my office and in my cus-
tody.

CLERK, U.S. DISTRICT COURT
DISTRICT OF ARIZONA

by [Signature] Deputy