

MASON

**United States District Court
Northern District of Illinois - CM/ECF LIVE, Ver 4.2 (Chicago)
CRIMINAL DOCKET FOR CASE #: 1:09-cr-00578 All Defendants**

Case title: USA v. Lowrance

Date Filed: 07/01/2009

Assigned to: Honorable Charles R. Norgle, Sr

Defendant (1)

Jeffery Alan Lowrance

Pending Counts

Disposition

FRAUD BY WIRE, RADIO, OR TELEVISION

(1)

FRAUDS AND SWINDLES

(2-6)

MONEY LAUNDERING - FRAUD, OTHER AND 18:2 AID AND ABET

(7-10)

Highest Offense Level (Opening)

Felony

Terminated Counts

Disposition

None

Highest Offense Level (Terminated)

None

Complaints

Disposition

18:1343.F FRAUD BY WIRE, RADIO, OR TELEVISION

Plaintiff

USA

represented by **Jacqueline O. Stern**
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Date Filed	#	Docket Text
07/01/2009	<u>1</u>	COMPLAINT signed by Honorable Michael T. Mason as to Jeffery Alan Lowrance (1) (las,) (Entered: 02/09/2011)
07/01/2009	<u>2</u>	MOTION by USA to seal complaint, affidavit, and arrest warrant as to Jeffery Alan Lowrance (las,) (Entered: 02/09/2011)
07/01/2009	<u>3</u>	MINUTE entry before the Honorable Michael T. Mason as to Jeffery Alan Lowrance: Arrest warrant issued as to Jeffery Alan Lowrance. Government's motion to seal complaint, affidavit and arrest warrant until the arrest of the defendant in this case or until further order of the court is granted <u>2</u> . Enter order. (las,) (Entered: 02/09/2011)
08/05/2010	<u>4</u>	MOTION by USA to dismiss and quash the pending complaint and arrest warrant as to Jeffery Alan Lowrance (las,) (Entered: 02/09/2011)
08/05/2010	<u>5</u>	INDICTMENT as to Jeffery Alan Lowrance (1) count(s) 1, 2-6, 7-10 (las,) (Entered: 02/09/2011)
08/05/2010	<u>6</u>	DESIGNATION Sheet: FELONY (Category 3). (las,) (Entered: 02/09/2011)
08/05/2010	<u>7</u>	MINUTE entry before the Honorable Geraldine Soat Brown as to Jeffery Alan Lowrance: To issue bench warrant. The government will seek to have the defendant detained without bond pursuant to Title 18, United States Code, Section 3142. The District Court Clerk's Office is directed to disclose to the Assistant U.S. Attorney assigned to this case for the government, the name of the judge, magistrate judge, and docket number assigned to this case, in order

		to expedite arraignment of the arrested defendant. This information is to remain sealed until the arrest of the defendant, or by further order of the court, which ever occurs first. Do not seal arrest warrants. (las,) (Entered: 02/09/2011)
08/06/2010		Judge update in case as to Suppressed. Judge Honorable Michael T. Mason no longer assigned to case. (nsf,) (Entered: 08/06/2010)
08/09/2010	<u>9</u>	MOTION by USA to dismiss and quash the pending complaint and arrest warrant as to Jeffery Alan Lowrance (las,) (Entered: 02/09/2011)
08/09/2010	<u>10</u>	MINUTE entry before the Honorable Geraldine Soat Brown as to Jeffrey Lowrance: Government's motion to dismiss and quash the pending complaint and arrest warrant is granted <u>4 9</u> . Government's request to allow the indictment to be disclosed to law enforcement authorities and personnel and to the U.S. Securities and Exchange Commission ("SEC") and the U.S. Commodities Futures Trading Commission ("CFTC") is granted. This motion shall remain sealed until the time of the defendant's arrest or further order of the Court. Mailed notice (las,) (Entered: 02/09/2011)
02/04/2011	<u>11</u>	MINUTE entry before the Honorable Charles R. Norgle, Sr as to Jeffery Alan Lowrance: The court has been advised that the defendant in this case has been arrested in Peru. The clerk of court shall unseal the indictment and court file in this case. Mailed notice (las,) (Entered: 02/09/2011)

PACER Service Center			
Transaction Receipt			
02/15/2011 15:23:15			
PACER Login:	hf0133	Client Code:	
Description:	Docket Report	Search Criteria:	1:09-cr-00578
Billable Pages:	2	Cost:	0.16

AO 91 (REV.5/85) Criminal Complaint

AUSA Jacqueline Stern (312) 353-5329

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

MAGISTRATE JUDGE MASON

UNITED STATES OF AMERICA

CRIMINAL COMPLAINT

v.

CASE NUMBER:

JEFFERY ALAN LOWRANCE

UNDER SEAL CR 578

I, the undersigned complainant, being duly sworn on oath, state that the following is true and correct to the best of my knowledge and belief: Beginning in or about early 2004, and continuing until in or about June 2009, in the Northern District of Illinois, Eastern Division, and elsewhere, JEFFERY ALAN LOWRANCE, defendant herein, did knowingly devise and intend to devise, and participated in, a scheme and artifice to defraud investors, and to obtain money and property by means of materially false and fraudulent pretenses, representations, promises, and material omissions, and that on or about January 29, 2007, for the purpose of executing this scheme, and attempting to do so, defendant did knowingly cause to be transmitted by means of wire communication in interstate commerce signals and sounds, namely, a fax sent by an investor, from Oakbrook, Illinois to California, which was a document entitled "Return Dividend Form for Forex Dividend Plus," in violation of Title 18, United States Code, Section 1343. I further state that I am a Special Agent with the Federal Bureau of Investigation, and that this complaint is based on the facts contained in the Affidavit which is attached hereto and incorporated herein.



Signature of Complainant
GREGORY A. LABERTA
Special Agent, Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,

July 1, 2009
Date

at Chicago, Illinois
City and State

MICHAEL T. MASON, U.S. Magistrate Judge
Name & Title of Judicial Officer


Signature of Judicial Officer

FILED
7-1-09
JUL 01 2009 **NE**

MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT

have been conducted, the review of records, the review of draft transcripts of recorded conversations, and from other evidence.

Summary

4. Based on the facts set forth below, there is probable cause to believe that the following occurred:

a. Beginning no later than early 2004, and continuing until in or about June 2009, in the Northern District of Illinois, Eastern Division, and elsewhere, Lowrance did knowingly devise and intend to devise, and participated in, a scheme and artifice to defraud investors, and to obtain money and property by means of materially false and fraudulent pretenses, representations, promises, and material omissions, and Lowrance caused interstate wires to be used in furtherance of the scheme, in violation of 18 U.S.C. § 1343.

b. Lowrance fraudulently obtained funds from investors by falsely representing that the investors' funds would be traded and were traded in the Foreign Exchange Currency Market ("Forex"), and that investors would be, and were, paid returns based on profits from trading in the Forex market. Lowrance falsely represented to investors that his company had six traders who were actively and successfully trading with the investors' funds. Moreover, Lowrance provided investors with details of Forex trades, and falsely represented that those trades had been made with investors' funds. In fact, Lowrance knew that no such trading was done, and that payments to investors came out of investors' funds.

c. In or about April 2008, Lowrance stated to federal agents, who were acting in an undercover capacity, that Lowrance's company had approximately 400 investors, and that his company was managing approximately \$37 million.

d. Beginning in or about July 2008, Lowrance stopped sending funds to certain investors, and those investors were unable to obtain either principal or interest from Lowrance after July 2008.

e. Between approximately February and June 2009, Lowrance told three individuals that investors' funds had not been used for Forex trading, as promised, and that no profits had been generated for investors through Forex trading. Lowrance also stated that all of the investors' funds were gone.

f. A letter addressed to investors, which indicated that it had been written by Lowrance on February 7, 2009, as an update, was sent to certain investors in February 2009 (hereinafter referred to as the "2/09 Update"). That letter stated that investors' funds had not been used for Forex trading. It also stated that Lowrance had hired two people who charted out trades which were made in the Forex market, and that Lowrance had falsely represented to investors that those trades were actual trades made with investors' funds, when, in fact, those trades had not actually been made with investors' funds. The letter stated that although Lowrance had initially used some investors' funds to trade in the Forex market, that trading resulted in losses, and thereafter, no actual trades were made. That letter also stated that all of the investors' funds were gone.

Background

5. Between in or about early 2004 and in or about February 2007, Lowrance controlled and operated a company known as Mentor Investing Group, Inc. ("Mentor"), located in San Diego, California. Lowrance and Mentor obtained funds from investors by representing that Mentor would use the investors' funds to trade in the Forex market, and that Mentor would pay returns of 4% per month or more. In or about September 2006, the California Corporations Commissioner issued an order directing Lowrance and Mentor to desist and refrain from the further offer or sale of foreign currency contracts.

6. After that order was issued, Lowrance moved to Panama and began operating a company, known as First Capital Savings & Loan Ltd. ("First Capital" or "FCSL"), which had its main office in Panama City, Panama. First Capital claimed to invest funds in the Forex market and to pay high returns to investors.

7. Lowrance held himself out as being the CEO of First Capital. Lowrance represented to investors and others that First Capital was a bank, which was incorporated in New Zealand. Lowrance controlled and operated First Capital from in or about February 2007 through in or about June 2009.

8. After Lowrance opened First Capital, at least two Mentor investors were switched to being investors in First Capital. Although Lowrance provided information to investors showing that First Capital began in 2007, Lowrance also provided information to investors showing that First Capital had been trading in the Forex market since 2005.

Phone Conversation with Jeff Lowrance

9. On or about June 6, 2007, Lowrance spoke to a Special Agent from the Internal Revenue Service ("IRS"), who was acting in an undercover capacity. The agent recorded that call. Based on a review of a draft transcript, it appears that Lowrance stated that he had been operating for approximately 2½ years; Lowrance's company traded in the Forex market; Lowrance had six people doing the trading, and he paid investors returns of approximately 4% to 7% per month; Lowrance also stated that he had operated one company, [which appears to be a reference to Mentor] and that company was going to pass the baton on to First Capital in August, and First Capital would go on from there.

Meeting with Jeff Lowrance

10. On or about April 2, 2008, two federal agents from the IRS, acting in an undercover capacity, met in Panama with Lowrance and another representative from First Capital. The meeting was not recorded. During the meeting, Lowrance made the following statements:

a. First Capital was a bank formed under the laws and jurisdiction of New Zealand, and had been in business for approximately 3½ years. At that time, First Capital had 419 clients, and was managing approximately \$37 million.

b. First Capital paid interest rates of 3% to 5% per month. The interest payments were generated through First Capital's Forex trading program. First Capital had six traders who actively traded the investors' funds in the Forex market.

c. First Capital had a website, and there were spreadsheets detailing First Capital's Forex trading history on the website. Information provided by the traders concerning daily trades were sent by e-mail to First Capital's clients.

First Capital Website

11. First Capital had a website, which was still on the internet as of July 1, 2009, which described First Capital. The website states, in relevant part: "At First Capital Savings & Loan (FCSL) we aim to achieve and protect financial prosperity for our clients. Funds deposited into First Capital are traded in the Foreign Exchange Currency Market, otherwise known as the FOREX Spot Market. The monthly deposit bonuses offered below are produced from the rock-solid trading skills of our well-established trading professionals. All bonus percentages are locked in at a fixed rate to provide a predictable monthly income." The website also includes a section identified as "Trade History", which has a link to trades that were purportedly made by FCSL.

Investors

12. James S.: James S., who resides in Oakbrook Terrace, Illinois, is a self-employed architect. He provided the following information:

a. In or about December 2006, James S. spoke to an account representative from Mentor. The account representative stated that Mentor invested in the Forex market and offered rates of approximately 4% to 7% a month, which dividends were generated from Forex trading.

b. In or about December 2006, James S. had a conference call with the account representative and an individual who identified himself as Jeff Lowrance. Lowrance said that Mentor had six traders managing the Forex trading accounts, and the trading method they were using was almost fool proof. Lowrance directed James S. to a website where he could download Mentor's historical trading activity which showed Mentor's success. James S. also received, via e-mail, a record of all Forex trades that were placed initially by Mentor, and later by First Capital.

c. In or about December 2006, after talking to Lowrance and the account representative, James S. invested \$50,000 with Mentor. James S. subsequently invested another \$35,315 with First Capital in July 2007. James S. caused those funds to be transferred by wire from his bank account to First Capital's account based on instructions provided by the account representative.

d. After James S. invested \$50,000, the Mentor account representative directed James S. to send a form providing information concerning where dividends should be sent. On or about January 29, 2007, James S. faxed a document from Oak Brook, Illinois, to Mentor, in California, which document was entitled "Return Dividend Form for Forex Dividend Plus", providing banking information to Mentor, so that Mentor could send dividends to James S. on his investment. James S. faxed the document to Mentor's fax number, 619-566-2122, and retained a fax history report showing that the fax had gone through. That fax number was listed on the bottom of the Mentor form that James S. sent.

e. From in or around February 2007 through in or around May or June 2008, James S. received monthly payments that were returns on his investment. The Mentor account representative called the payments bonuses. The payments were wire transferred to James S.'s bank account. James S. received payments that totaled approximately the same amount as James S. invested. After in or about June 2008, James S. did not receive any further payments, or any return of capital as of June 29, 2009.

13. **David P.:** David P., who is the President of a commercial real estate company in Memphis, Tennessee, provided the following information to the Securities and Exchange Commission ("SEC") in San Francisco, California in a Declaration:

a. In or about late December 2008 or early January 2009, David P. invested approximately \$10,000 with First Capital. Prior to investing he spoke to a First Capital representative who said that First Capital was involved in Forex trading, and that First Capital would pay 15.5% interest per year.

b. In approximately late November or early December 2008, he spoke to an individual on the phone who identified himself as Jeff Lowrance. David P. understood from the conversation that Lowrance was the owner of First Capital. Lowrance said that First Capital employed two or three Forex traders who were among the best in the industry and had significant experience trading foreign currency.

c. David P. also received a letter on First Capital stationery which stated, "we are specialists in the Forex Currency Market....The way in which we pay our 13.25% to 18.70% annual returns on our Fixed Exchange Currency Deposits is from the

gains that we generate in the Forex Currency Market." The letter also stated: "We have a PDF File Spreadsheet that shows the several thousand trades that we have done over the last few years. These are the trades that we have done up until this date and we keep the trading statistics current on our website."

d. Before David P. invested, he also received e-mails identifying trades that First Capital had purportedly done. He believed that First Capital had actually made the trades identified in those e-mails. He also reviewed First Capital's website before he invested.

e. Prior to investing, David P. was not informed that First Capital had lost earlier investors' money trading foreign currency, or that First Capital had not been making monthly return payments to earlier investors. He was not informed that First Capital was not profitable. If he had known those facts, he would not have invested money with First Capital.

f. As of early June 2009, First Capital had not paid David P. any return on his investment and had not repaid his investment of \$10,000.

14. **Dr. Lee P.**: Lee P., a consultant, who lives in Texas, provided the following information to the FBI and to the SEC in San Francisco, California:

a. Lee P. works as an independent financial consultant. During the last three years, he was the President and CEO of a synthetic alternative energy company.

b. In approximately January 2008, Lee P. invested \$100,000 with First Capital.

c. Prior to investing, Lee P. reviewed First Capital's website, which stated that First Capital had been successful in the Forex trading business for over four years. The website also provided a history of First Capital's trading activity, and Lee P. believed that First Capital's trading history showed trades it actually made. A sales representative of First Capital told Lee P. that he would receive an interest rate of approximately 7% per month. That interest rate was also listed on the website.

d. In or about January 2008, Lee P. wired \$100,000 to a bank located in Maryland. Lee P. received interest payments of approximately \$8,650, for three months, during March, April, and May 2008. All payments stopped after May 2008. Lee P. had not received any additional payments or recovered his principal as of June 11, 2009.

e. Lee P. received a series of updates by e-mail, which stated that the updates were from Lowrance. In or around July 2008, Lee P. received an update entitled "Major Update - Summer 2008". That update stated that investors' payments were late because Lowrance had used the investors' trading profits for May, June, and July to pay for the expenses of a newspaper that Lowrance had opened. Lee P. received another e-mail update in January 2009, which indicated it was from Lowrance. The update stated that all of the investors would get their money back.

f. After Lee P. invested, he was able to monitor his account on the website on a daily basis. As of April 13, 2009, the website showed that Lee P. had approximately \$169,406 in his Forex account. Lee P. has not been able to obtain any of those funds.

15. **Patricia D.** Patricia D. provided a Declaration and various documents to the SEC in San Francisco, California. She provided the following information:

a. Patricia D., who lives in California, is 77 years old, and she runs a small business selling books and flags on eBay. On approximately December 31, 2008, she invested \$40,000 with First Capital.

b. Prior to investing, Patricia D. spoke on the phone with an individual who identified himself as being Jeff Lowrance. She also spoke to a First Capital representative before investing. Based on her conversations with the representative, she understood that she would earn an annual rate of return of approximately 15%, which would be paid on a monthly basis. Based on her conversation with Lowrance, it was her understanding that Lowrance was the founder of First Capital. Based on her telephone conversations with Lowrance and the First Capital representative, it was her understanding that First Capital traded foreign currency for a profit, and that First Capital would use her money only to buy or sell foreign currency. It was also her understanding that the returns paid to her would come from the profits First Capital generated from its foreign currency trading.

c. Before she invested, Patricia D. received e-mails showing trades purportedly entered into by First Capital. It was her understanding that those e-mails showed that First Capital was making profitable trades in foreign currency. She also reviewed First Capital's website before investing.

d. Patricia D. received a letter on First Capital stationery which stated: "We are specialists in the Forex Currency Market." It also stated : "The way in which we pay our 13.35% to 18.70% annual returns on our fixed Exchange Currency Deposits is from the gains that we generate in the Forex Currency Market.... We have a PDF File Spreadsheet that shows the several thousand trades that we have done over the last few years."

e. Prior to investing in December 2008, Patricia D. was not informed that First Capital had lost earlier investors' money trading foreign currency, or that First Capital had not been making return payments to earlier investors. She was also not informed that First Capital was not profitable. If she had known these facts, she would not have invested money with First Capital.

f. First Capital has not paid Patricia D. the returns it promised, and First Capital has not repaid the \$40,000 she invested, as of the spring of 2009.

16. **Richard H.**: Richard H. provided a Declaration and various documents to the SEC in San Francisco, California. He provided the following information:

a. Richard H., who is 78 years old, taught elementary school in Lincoln, Illinois for approximately 30 years, and is currently am retired.

b. In late September 2008, Richard H. invested \$10,000 with First Capital.

c. Prior to investing, he spoke on the phone two or three times with an individual who identified himself as being Jeff Lowrance. He also spoke with a representative from First Capital. Lowrance said that he started First Capital. Lowrance also

explained that he used the profits First Capital earned from trading foreign currency to pay investors' returns.

d. Based on his telephone conversations with Lowrance and the representative, Richard H. understood that First Capital traded foreign currency for a profit and that First Capital would use his investment money only to buy or sell foreign currency. He also understood that First Capital would pay him an annual rate of return of approximately 13% from the profits it generated from its foreign currency trading.

e. Prior to investing in September 2008, Richard H. was not informed that First Capital had lost earlier investors' money trading foreign currency, or that First Capital had not been making return payments to earlier investors. He was also not informed that First Capital was not profitable. If he had known these facts, he would not have invested money with First Capital.

f. First Capital has not paid Richard H. any money, and First Capital has not repaid the \$10,000 he invested.

Admissions Made by Lowrance to Investors

17. **Individual A:** Individual A provided the following information:

a. In or about July and October 2007, Individual A invested approximately \$50,000, and then invested another \$45,000. A First Capital sales representative said that Individual A's investment would be used only for Forex trading, and that First Capital had two years of trading history. First Capital listed numerous trades on First Capital's website that were purportedly made by First Capital. After he invested,

Individual A was able to view his purported account activity on line. He also received e-mails from First Capital showing Forex trades purportedly made by First Capital.

b. Individual A was told by a First Capital representative that he would be paid interest of 7% a month on his investment. In February 2008, Individual A received an interest payment of \$9,373, which was wired to him. That was the only payment he received through May 2009. Individual A repeatedly asked for his principal back, but he had not received it as of May 2009.

c. In or about February 2009, Individual A spoke to an individual on the phone who identified himself as Jeff Lowrance. Individual A had a series of phone conversations with Lowrance. Acting at the direction of the FBI, Individual A recorded several of those conversations. Individual A also left voice mails for Lowrance and received voice mails from Lowrance. One of the IRS agents who met with Lowrance in Panama in 2008, listened to portions of some of those recordings, and recognized the voice as being Lowrance's voice.

d. During the phone conversations with Individual A, Lowrance stated that all of the trades that Lowrance had sent via e-mail to investors were fake. Lowrance said that he had hired two Peruvian men to send out those e-mails. Lowrance said that he told those two men how to make the trades look real, even though the trades were fake. Lowrance said the trades could have been real but they were all fake. Lowrance said that he did some trading with investor money, but he lost that money, and he did not report those losses to the investors. Lowrance also said that all of the investors' money was gone. He said

that he used investors' funds, including Individual A's funds, to pay other investors, and to pay administrative expenses.

e. Individual A also received an e-mail, that indicated it was from Lowrance, saying that Lowrance had lost approximately \$42 million of investors' principal.

f. Lowrance said that he would return Individual A's principal by the end of May 2009. Lowrance said he was involved in various projects, and he would put money from the projects into trading, in order to pay investors back.

g. Lowrance said that he had been sending updates to investors by e-mail. On or about March 30, 2009, Lowrance sent an update to Individual A, and asked him to read the update.

18. **Jason R.:** Jason R., an attorney who lives in South Dakota, provided the following information:

a. Lowrance told Jason R. that his investment would yield a guaranteed monthly risk-free rate of return of approximately 7% a month, based on Forex trading. Lowrance said that the actual monthly rate of return that he could generate was approximately 11% based on Lowrance's experience and knowledge of the Forex market.

b. Jason R. invested approximately \$50,000. He received approximately \$19,000 from First Capital in monthly interest payments. Those payments stopped in or about July 2008. Jason R. did not receive any payments of interest or principal between July 2008 and May 2009.

c. In early 2009, Lowrance called Jason R., after Jason R. posted a demand letter on the internet. Jason R. and Lowrance had a series of conversations, which included a meeting that took place in February 2009, in Kansas City, Missouri. Three other individuals were also at that meeting.

d. During the conversations with Jason R., Lowrance stated that First Capital had not done any trading during the last two or three years, and Lowrance had used investors' money to pay other investors their monthly interest payments. Lowrance stated that First Capital's Forex trading system did not work, and that First Capital had not made any trades since 2006. Lowrance stated that he started trading in or about 2005, and he lost approximately \$100,000 of the investor's money trading in the Forex market. Lowrance said that he had Peruvian traders, and he told them to stop trading in 2005. He told them to chart trades that occurred in the Forex market, but to do no real trading. Lowrance stated that he used investors' money to pay other investors and to fund a newspaper he was running.

e. After Jason R. started talking to Lowrance in February 2009, Lowrance drafted a lengthy update letter (the 2/09 Update discussed below), that he wanted to send to the investors, which Lowrance sent to Jason R. by e-mail. Between approximately February 7 and February 14, Jason R. had conversations with Lowrance about that update. Lowrance stated that he had written the Update, and he asked Jason R. to proofread the Update for grammatical errors, which Jason R. did.

f. In 2009, Jason R. spoke with two First Capital sales representatives. They said that the information they gave to investors came from Lowrance. Specifically,

Lowrance gave them a document they referred to as a "call sheet" that contained information that the sales representatives gave to investors.

g. Jason R. has communicated with Lowrance through e-mails sent to and received from Lowrance at ceo@firstcapitalsl.com.

h. In or about March 2009, Jason R.'s law firm filed a civil suit against Lowrance and First Capital alleging fraud. The Complaint, which names more than 100 investors as plaintiffs, asserts that First Capital has stopped making payments to the plaintiffs resulting in losses in excess of \$40 million, and seeks punitive damages of \$150 million or treble the actual damages. Jason R. is being compensated by the investor plaintiffs for his legal work.

19. Mike Z.: Mike Z., who lives in Eureka, Illinois, and works in the information technology sector for a school district, provided the following information:

a. In or about December 2006, Mike Z. and his father invested a total of approximately \$53,000 with Mentor. Mike Z. caused those funds to be wired transferred to Bank of America in New Jersey.

b. Mike Z. spoke to Lowrance two or three times before investing. Lowrance said that Mike Z.'s funds would be invested in the Forex market, and that Lowrance had six traders who were trading. Lowrance stated that the interest rates, which were approximately 4% to 7% per month, were generated by the Forex trading. Mike Z. spoke to Lowrance frequently after he invested.

c. Prior to investing, Mike Z. reviewed a spreadsheet that was posted on Mentor's website that purportedly showed Forex trades that Mentor had made. The same spreadsheet that had been available on Mentor's website was subsequently available on First Capital's website.

d. In or about 2006, Mike Z. began receiving e-mails from Mentor which purportedly showed Forex trades made by Mentor. Lowrance said that all of the trades shown in the e-mails were actual Forex trades made by Lowrance's traders. Mike Z. received monthly statements from Mentor via e-mail, which showed that Mike Z.'s investment was making money.

e. In or about the spring of 2007, Lowrance stopped operating Mentor and began operating First Capital. After the switch to First Capital, Mike Z. was able to obtain his account statements online through First Capital's website. The First Capital investment program was the same as the Mentor investment program.

f. Mike Z. provided to the FBI a First Capital Account Transaction Report. That Report, which included April and May 2007, shows that in April 2007, Mike Z.'s First Capital account had a \$0 balance. It also shows that on May 4, 2007, \$70,935 was credited to that account, and the credit was identified as "M.I.G. Balance Transferred". It appears that M.I.G. is a reference to Mentor Investment Group, and that the funds that were purportedly being held by Mentor were purportedly transferred to First Capital.

g. According to Mike Z., after the switch to First Capital, Lowrance began sending out company updates a couple of times per year via e-mail. The updates

described what was going on with First Capital. Lowrance listed himself as First Capital's CEO in e-mail correspondence.

h. In February 2009, Mike Z., his father, Jason R., and another investor met with Lowrance in Kansas City, Missouri. During that meeting, Lowrance stated that the Forex trades that were sent to investors via e-mail were never done. Lowrance said that he wanted investors to believe that these were actual trades that had taken place, but, in fact, Lowrance and his companies did not make those trades. Lowrance stated he followed Forex trading, but he never invested the investor's money as stated. The identified trades were only demo trades. Lowrance stated that the trades listed in the e-mails that he sent to investors were not live trades. Lowrance stated that he had two traders in Panama. Lowrance stated that there were occasions when he traded in real accounts, but he failed every time he invested.

i. At that meeting, Lowrance gave Mike Z. administrative rights to access certain financial information concerning First Capital. According to Mike Z., based on certain financial information, it appears that First Capital took in approximately \$22 million from investors. It also appears that the money that came into First Capital from investors was going out to pay other investors.

j. In or about May 2009, Lowrance said that he wanted a trading account so that he and his two Peruvian traders could prove to investors that they know how to trade foreign currencies in the Forex market. Lowrance asked Mike Z. for money so Lowrance could start trading. Mike Z. agreed, and Lowrance directed Mike Z. to open a

trading account at a specific broker firm, which Mike Z. did. Mike Z. opened a trading account in Mike Z.'s name, and he funded the account with approximately \$3000 via a credit card transaction. Mike Z., Lowrance, and the two Peruvian traders have access to the account. On or around June 9, 2009, approximately four Forex trades had been made in the account, and the account had lost approximately \$5.

k. According to Mike Z., in or about February 2009, Lowrance sent Mike Z. and Lowrance a draft of an Update letter, written on February 7, 2009, addressed to First Capital's investors, (which Update is discussed below). Mike Z. and Jason R. proofread the Update for grammatical errors, and sent the corrected copy back to Lowrance.

l. Mike Z. has communicated with Lowrance through e-mails sent to and received from Lowrance at ceo@firstcapitalsl.com. On or about June 26, 2009, Mike Z. received an e-mail from Lowrance at ceo@firstcapitalsl.com, in which Lowrance stated that he was currently in Peru, and Lowrance asked Mike Z. to send \$315 to Peru for him.

First Capital Updates

20. Periodically investors received e-mails which were called "Updates", including the 2/09 Update, which appeared to be from Lowrance, in that the Updates were ordinarily written in the first person, and the e-mail ended with the name Jeff Lowrance, who was identified as the CEO of First Capital. Lowrance told some investors that he sent out Updates.

21. On or about July 22, 2008, Lowrance spoke on the phone to one of the undercover IRS agents who attended the meeting with Lowrance in April 2008, and that

call was recorded. During that call, Lowrance stated that he had sent out an Update to investors in July 2008. In that Update, Lowrance admitted that he had misappropriated money that was supposed to be distributed to investors'. Lowrance stated in the Update that he had used investors' funds to pay expenses for producing a newspaper.

22. The 2/09 Update, which states that it was prepared on or about February 7, 2009, which was on First Capital Letterhead, was addressed to First Capital S&L Clients, and ended "Sincerely, Jeff Lowrance, CEO - First Capital S&L". The 2/09 Update stated:

a. All of the investors' funds were gone. There was no money left. Lowrance mismanaged the investors' funds. He did not manage the money correctly and the principal no longer existed.

b. The Update said that Lowrance thought he had taken in approximately \$26 million in principal from investors, and acknowledged that there were at least 370 investors.

c. Lowrance owed millions to investors. Seventeen or eighteen people invested everything they had. Approximately one-third of them got all of their principal back. Some investors made 200% of their investments. Lowrance used some investor funds to pay First Capital's bills.

d. By September 2008, First Capital had no money. Lowrance could not pay back the clients and the principal was not in tact. By September 2008, First Capital was out of money, and the investors' principal was gone. After the money was gone,

Lowrance brought in 24 clients between September and December 2008, and raised \$480,000.

e. First Capital lost the two condominiums that they had in Panama, and they closed the offices in Panama. There was no money in any offshore accounts, or anywhere else.

f. Attorneys told Lowrance to leave Panama, just to be safe. Lowrance's wife knew that something was not right, obviously, since they had to move out of Panama.

g. Lowrance tried to find a trading program that worked, but he could not find one. He tried to earn a profit in First Capital S&L, but that did not happen. In August 2004, he established Mentor Investing, Inc. He tried various Forex systems and trading signal services. None of them made a profit. He tried for a year, without success. He did online seminars, and signed up for a trading course. He bought trading signal services from at least twenty companies. He looked at strategies offered by four or five traders, and none of them worked. The Update stated: "So everything we tried failed. All of it in vain. Everything."

h. Lowrance gave Forex trading classes in Peru, and hired two people from the class, who then reviewed Forex trades, but did not trade. They started reviewing Forex trades in approximately August 2005. The Update referred to the review of Forex trades as "chart reading". The company was not trading live all this time. He tested the two Peruvians on real trades, and they lost money. He could not get it to work.

i. The Update said that Lowrance was the only human asset, so everyone needed to seriously think about it before going to the Feds, or the SEC, or taking any legal action whatsoever against Lowrance or First Capital. The Update said that Lowrance is not a fraud, or a thief. If Lowrance is locked up, it will greatly hinder or eliminate investors' chances of getting their money back .

23. On or about March 29, 2009, an e-mail was sent to certain investors, entitled "FCSL Weekly Update, March 29th, 2009", from ceo@firstcapitalsl.com, that began "Dear FCSL Clients", and ended "Sincerely "JeffLowrance, CEO - First Capital S&L". That Update stated that:

a. First Capital had 402 clients.

b. Lowrance had checked with state and federal law enforcement agencies to find out whether there was an existing warrant for his arrest, and had determined that no arrest warrant had been issued. The Update also stated that Lowrance did not intend to defraud anyone of their money.

c. On February 12, 2009, Lowrance met an attorney, Jason [R.], together with an auditor [which appears to be a reference to Mike Z.] and another individual, in Kansas City, for approximately 4 hours, and Lowrance answered all of the questions that were raised concerning First Capital.


d. Lowrance had prepared an Update in February 2009, and the Update had been published on the internet before Lowrance had a chance to send it to investors. The Update stated that Lowrance had reviewed the February Update on the internet, and it was

accurate and it correctly reflected what Lowrance had written. The Update stated that although the February Update was sent out prematurely, "it did contain everything that I wanted to say, without any needed corrections. I read the version that was posted on the blog and it was not changed at all....I am comfortable with what I had to say."

e. The Update stated: "Please also note that the return email address for the Weekly Updates is my personal email address of ceo@firstcapitalsl.com."


24. I verify that the information in this affidavit is true to the best of my knowledge and belief.

FURTHER AFFIANT SAYETH NOT.



GREGORY A. LABERTA
Special Agent, Federal Bureau of Investigation

SUBSCRIBED AND SWORN to before me on July 1, 2009.



MICHAEL T. MASON
United States Magistrate Judge

FILED
7-1-09
JUL 01 2009 NF

MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA

CASE NUMBER:

v.

UNDER SEAL **09 CR 578**

JEFFERY ALAN LOWRANCE

MAGISTRATE JUDGE MASON

GOVERNMENT'S MOTION TO SEAL
COMPLAINT, AFFIDAVIT, AND ARREST WARRANT

Now comes the UNITED STATES OF AMERICA, by PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois, and states as follows in support of its Motion to Seal Complaint, Affidavit, and Arrest Warrant:

The public filing of the Complaint, Affidavit, and Arrest Warrant in this matter before the arrest warrant can be executed could alert the defendant and result in his flight and the destruction of evidence.

For this reason, the government respectfully requests that the Complaint, Affidavit, and Arrest Warrant, as well as this Motion to Seal, be sealed until the time of arrest of the defendant in this case or further order of the Court, whichever occurs earlier.

Respectfully submitted,
PATRICK J. FITZGERALD
United States Attorney

By: ss//*Jacqueline Stern*
Jacqueline Stern
Assistant United States Attorney
219 S. Dearborn Street, Rm. 500
Chicago, Illinois 60604
(312) 353-5329

DATE: July 1, 2009

LS

United States District Court, Northern District of Illinois

Name of Assigned Judge or Magistrate Judge	Michael T. Mason	Sitting Judge if Other than Assigned Judge	
CASE NUMBER	09 CR 578	DATE	7/1/09
CASE TITLE	USA vs. Jeffery Alan Lowrance		

DOCKET ENTRY TEXT

Arrest warrant issued as to Jeffery Alan Lowrance. Government's motion to seal complaint, affidavit and arrest warrant until the arrest of the defendant in this case or until further order of the court is granted. Enter Order.

[For further detail see separate order(s).]

Courtroom Deputy Initials:	rbf
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FILED

8-5-10
AUG 05 2010 NF

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT
JUDGE NORGLÉ

UNITED STATES OF AMERICA)

v.)

JEFFERY LOWRANCE)

No. 09 CR 578
Magistrate Judge Geraldine Soat Brown

UNDER SEAL

MAGISTRATE JUDGE MASON

**GOVERNMENT'S MOTION TO DISMISS AND QUASH
THE PENDING COMPLAINT AND ARREST WARRANT**

The UNITED STATES OF AMERICA, by and through its attorney, PATRICK F. FITZGERALD, United States Attorney for the Northern District of Illinois, hereby respectfully requests that this Court dismiss and quash the pending Complaint and Arrest Warrant.

On July 1, 2009, a complaint and arrest warrant pertaining to Jeffery Lowrance were signed by Magistrate Judge Michael T. Mason, in *U.S. v. Jeffery Alan Lowrance*, and the case was assigned number 09 CR 578.

Law enforcement agents have not been able to arrest the defendant. Based on evidence obtained during the investigation, including e-mails from the defendant and statements made by the defendant, it appears that the defendant is located in Peru.

The Complaint charged a single count of wire fraud, in violation of 18 U.S.C. § 1343.

The Indictment returned on August 5, 2010, charges the defendant with one count of wire fraud, five counts of mail fraud, and four counts of money laundering, in violation of 18 U.S.C. §§ 1341, 1343, and 1956(a)(2)(A), respectively.

The government respectfully requests that the pending Complaint be dismissed, and the pending arrest warrant be quashed. The government also respectfully requests that an

arrest warrant be issued based on the Indictment, which more fully sets forth the defendant's criminal conduct.

The public filing of this Motion before the new arrest warrant can be executed could alert the defendant and result in his flight and the destruction of evidence. For this reason, the government respectfully requests that this Motion, as well as the Indictment and the new arrest warrant be sealed until the time of arrest of the defendant in this case or further order of the Court, whichever occurs earlier.

The government further requests that the Court allow the Indictment and arrest warrant to be disclosed to law enforcement personnel - in order to locate and arrest the defendant - and to the U.S. Securities and Exchange Commission ("SEC") and the U.S. Commodities Futures Trading Commission ("CFTC"), which have parallel civil cases concerning the defendant, Jeffery Lowrance.

Respectfully submitted,
PATRICK F. FITZGERALD
United States Attorney

BY: S/ Jacqueline Stern
JACQUELINE STERN
Assistant United States Attorney
219 South Dearborn, Suite 5000
Chicago, Illinois 60604
312/353-5300

FILED IS RECEIVED

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

AUG 05 2010
8-5-10
MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT

UNITED STATES OF AMERICA)	No. 09 CR 578
)	
v.)	Violations: Title 18, United
)	States Code, Sections 1341, 1343,
JEFFERY LOWRANCE)	and 1956(a)(2)(A)
)	
)	<u>UNDER SEAL</u>

COUNT ONE

JUDGE NORGLÉ

The SPECIAL AUGUST 2009-2 GRAND JURY charges: **MAGISTRATE JUDGE MASON**

1. At times material to this Indictment:
 - a. Defendant JEFFERY LOWRANCE was a United States citizen and resided at various times in Panama, and Peru. Defendant JEFFERY LOWRANCE held himself out as the owner of Mentor Investing Group, Inc. ("Mentor"), and as the Chairman, CEO and owner of First Capital Savings & Loan, Ltd. ("First Capital").
 - b. Mentor was initially located in San Diego, California, and subsequently moved to Panama City, Panama. Mentor purportedly was in the business of buying and selling foreign currencies (Forex trading) and offered and sold investments in Forex trading to the public, through a network of salesmen and investor referrals.
 - c. First Capital was incorporated in or about February 2007 in New Zealand, and took over Mentor's purported business, including Mentor's investor accounts.
 - d. Defendant JEFFERY LOWRANCE, through Mentor and First Capital (hereinafter collectively referred to as "First Capital"), and a network of salesmen obtained

more than \$25,000,000 from at least 400 investors to participate in First Capital's Forex trading program.

2. Beginning in or about August 2004, and continuing until in or about at least June 2009, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, devised and intended to devise, and participated in, a scheme to defraud investors, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and by material omissions, which scheme is further described below.

3. It was part of the scheme that defendant JEFFERY LOWRANCE, through First Capital, and others acting at his direction, fraudulently obtained at least \$25,000,000 from at least 400 investors to participate in First Capital's Forex trading program. In soliciting investments in First Capital's Forex trading program, the defendant made, and caused to be made, material misrepresentations about the profitability of First Capital's Forex trading, the expected return on investments, the risk involved with investments, and the use of proceeds raised from investors. In order to further the scheme and conceal the fraud, the defendant, among other things, made Ponzi-type payments to investors and provided investors with fraudulent account statements.

4. It was further part of the scheme that defendant JEFFERY LOWRANCE falsely represented, and caused to be falsely represented, to prospective investors and

investors that First Capital's Forex trading was highly profitable. Defendant JEFFERY LOWRANCE knew that First Capital's Forex trading was unprofitable.

5. It was further part of the scheme that defendant JEFFERY LOWRANCE falsely represented, and caused to be falsely represented, to prospective investors and investors that, from First Capital's Forex trading profits, investors would be and were paid high fixed rates of returns, of as much as 4% to 7% per month. Defendant JEFFERY LOWRANCE knew that First Capital's Forex trading was not profitable and there were no trading profits to pay the promised high fixed rates of return.

6. It was further part of the scheme that defendant JEFFERY LOWRANCE falsely represented, and caused to be falsely represented, to prospective investors and investors that their funds would be used exclusively for Forex trading. In fact, defendant JEFFERY LOWRANCE used only a small portion of investors' funds to do Forex trading. The defendant misappropriated a significant portion of the investors' funds to make Ponzi-type payments of returns to investors. That is, to the extent that the defendant paid promised returns to investors, he did so out of funds invested by investors, and needed to continually raise more funds from investors to make payments of promised returns to earlier investors.

7. It was further part of the scheme that defendant JEFFERY LOWRANCE intended to and did misappropriate investors' funds for other purposes, including to pay First Capital's expenses, to pay expenses of unrelated business ventures that the defendant controlled including a newspaper, and to make payments for the defendant's own benefit and

the benefit of his family and associates.

8. It was further part of the scheme that defendant JEFFERY LOWRANCE caused information to be provided to prospective investors and investors through e-mails and through postings on First Capital's website, which falsely reported profitable Forex trades purportedly made by First Capital using investors' funds. In fact, the defendant knew that First Capital did not make those trades.

9. It was further part of the scheme that defendant JEFFERY LOWRANCE caused First Capital to create and distribute fraudulent monthly account statements to investors, which made it falsely appear that First Capital's trading had been profitable, and that investors had earned the promised returns on their investments.

10. It was further part of the scheme that after approximately April 2007, defendant JEFFERY LOWRANCE directed, and caused others to direct, First Capital investors to send their investment funds to a company in Rockville, Maryland, which in turn wired the money overseas to a bank account in Amsterdam, Netherlands, that was maintained by a company on behalf of First Capital.

11. It was further part of the scheme that in or about June 2007, defendant JEFFERY LOWRANCE caused credit cards to be issued to certain investors through a company located in Oakbrook, Illinois, for the purpose of making Ponzi-type payments of purported returns to those investors through the credit cards.

12. It was further part of the scheme that even after defendant JEFFERY

LOWRANCE stopped making payments to investors in or about July 2008, the defendant lulled investors by falsely representing, and causing others to falsely represent that First Capital was still earning profits from Forex trading, that investors would continue to receive the promised returns, that the investors' principal was safe, and that all investors would be repaid.

13. It was further part of the scheme that defendant JEFFERY LOWRANCE misrepresented, concealed, and hid, and caused to be misrepresented, concealed, and hidden, the existence of the scheme, the purposes of the scheme, and acts done in furtherance of the scheme.

14. As a result of this scheme, defendant JEFFERY LOWRANCE fraudulently obtained at least \$25,000,000 from investors, made millions of dollars of ponzi-type payments to investors to keep his scheme operating, and ultimately caused a loss to investors of at least \$5,000,000.

15. On or about December 18, 2006, at Oakbrook Terrace, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted in interstate commerce from JP Morgan Chase Bank, in Wilmington, Delaware, through the Fedwire Funds Transfer System in New Jersey, to Bank of America, N.A., in Richmond Virginia, by means of wire and radio communications, certain writings,

signs, and signals, namely: a wire transfer of approximately \$50,000, made by investor Ja.Smi., who resided in Oakbrook Terrace, Illinois, and which the investor directed be sent to an account at Bank of America, in order to invest with Mentor Investing Group, Inc.;

In violation of Title 18, United States Code, Section 1343.

COUNT TWO

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

1. Paragraphs 1 through 14 of Count One are realleged and incorporated by reference as if fully restated herein.

2. On or about September 4, 2007, at Oakbrook, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be deposited with FedEx, a commercial interstate carrier, an envelope containing two letters, a membership card, and a credit card, to be delivered from a company located in Oakbrook, Illinois, to a First Capital investor, Ca.Shel., in Utah, which credit card was set up in a manner that allowed First Capital to make payments of purported returns to the investor through the credit card;

In violation of Title 18, United States Code, Section 1341.

COUNT THREE

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

1. Paragraphs 1 through 14 of Count One are realleged and incorporated by reference as if fully restated herein.

2. On or about December 4, 2007, at Oakbrook, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be deposited with FedEx, a commercial interstate carrier, an envelope containing two letters, a membership card, and a credit card, to be delivered from a company located in Oakbrook, Illinois, to a First Capital investor, Bri.Bow., in California, which credit card was set up in a manner that allowed First Capital to make payments of purported returns to the investor through the credit card;

In violation of Title 18, United States Code, Section 1341.

COUNT FOUR

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

1. Paragraphs 1 through 14 of Count One are realleged and incorporated by reference as if fully restated herein.

2. On or about January 29, 2008, at Oakbrook, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be deposited with FedEx, a commercial interstate carrier, an envelope containing two letters, a membership card, and a credit card, to be delivered from a company in Oakbrook, Illinois, to a First Capital investor, Fr.Ben., in California, which credit card was set up in a manner that allowed First Capital to make payments to the investor of purported returns through the credit card;

In violation of Title 18, United States Code, Section 1341.

COUNT FIVE

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

1. Paragraphs 1 through 14 of Count One are realleged and incorporated by reference as if fully restated herein.

2. On or about April 15, 2008, at Oakbrook, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be deposited with FedEx, a commercial interstate carrier, an envelope containing three checks, to be delivered from a company in Oakbrook, Illinois, to a First Capital investor, Bru.Esk., in California, which checks constituted payments of purported returns from First Capital;

In violation of Title 18, United States Code, Section 1341.

COUNT SIX

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

1. Paragraphs 1 through 14 of Count One are realleged and incorporated by reference as if fully restated herein.

2. On or about June 6, 2008, at Oakbrook, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be deposited with FedEx, a commercial interstate carrier, an envelope containing a check to be delivered from a company in Oakbrook, Illinois, to a First Capital investor, Rus.Mil., in Utah, which check constituted payment of purported returns from First Capital;

In violation of Title 18, United States Code, Section 1341.

COUNT SEVEN

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

On or about June 14, 2007, at Lombard, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, did knowingly cause funds to be transported, transmitted, and transferred from a place outside the United States to and through a place inside the United States, with the intent to promote the carrying on of specified unlawful activities, those being, wire fraud and mail fraud; namely, a wire transfer of approximately \$3,475 from funds held for First Capital Savings & Loan, Ltd. in a bank account in Amsterdam, Netherlands, to West Suburban Bank in Lombard, Illinois, which funds were credited to the bank account of victim investor Ja.Smi.;

In violation of Title 18, United States Code, Sections 1956(a)(2)(A) and 2.

COUNT EIGHT

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

On or about March 4, 2008, at Oakbrook, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, did knowingly cause funds to be transported, transmitted, and transferred from a place outside the United States to and through a place inside the United States, with the intent to promote the carrying on of specified unlawful activities, those being, wire fraud and mail fraud; namely, a wire transfer of approximately \$220,000 from funds held for First Capital Savings & Loan, Ltd. in a bank account in Amsterdam, Netherlands, to JP Morgan Chase Bank, N.A., in the United States, which funds were credited to the bank account of a company located in Oakbrook, Illinois;

In violation of Title 18, United States Code, Sections 1956(a)(2)(A) and 2.

COUNT NINE

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

On or about May 5, 2008, at Oakbrook, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, did knowingly cause funds to be transported, transmitted, and transferred from a place outside the United States to and through a place inside the United States, with the intent to promote the carrying on of specified unlawful activities, those being, wire fraud and mail fraud; namely, a wire transfer of \$150,000 from funds held for First Capital Savings & Loan, Ltd. in a bank account in Amsterdam, Netherlands, to JP Morgan Chase Bank, N.A., in the United States, which funds were credited to the bank account of a company located in Oakbrook, Illinois;

In violation of Title 18, United States Code, Sections 1956(a)(2)(A) and 2.

COUNT TEN

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

On or about May 28, 2008, at Oakbrook, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, did knowingly cause funds to be transported, transmitted, and transferred funds from a place outside the United States to and through a place inside the United States, with the intent to promote the carrying on of specified unlawful activities, that is, wire fraud and mail fraud; namely, a wire transfer of \$40,000 from funds held for First Capital Savings & Loan, Ltd. in Amsterdam, Netherlands, to JP Morgan Chase Bank, N.A., in the United States, which funds were credited to the bank account of a company located in Oakbrook, Illinois;

In violation of Title 18, United States Code, Sections 1956(a)(2)(A) and 2.

FORFEITURE ALLEGATION

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

1. The allegations contained in Counts One through Six of this Indictment are realleged and incorporated herein by reference for the purpose of alleging that certain property is subject to forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. As a result of his violations of Title 18, United States Code, Sections 1341 and 1343, as alleged in the foregoing Indictment,

JEFFERY LOWRANCE,

defendant herein, shall forfeit to the United States, pursuant to Title 18, United States Code, Section, 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any and all right, title and interest in property, real and personal, which constitutes and is derived from proceeds traceable to the charged offense(s).

3. The interests of the defendant subject to forfeiture pursuant to Title 18, United States Code, Section, 981(a)(1)(C) and Title 28, United States Code, Section 2461(c) include but are not limited to funds in the amount of at least \$5,000,000.

4. If any of the property subject to forfeiture and described above, as a result of any act or omission of the defendant:

- (a) Cannot be located upon the exercise of due diligence;
- (b) Has been transferred or sold to, or deposited with, a third party;
- (c) Has been placed beyond the jurisdiction of the Court;

- (d) Has been substantially diminished in value; or
- (e) Has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property, under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

All pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY

5

FELONY

15

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS**

JUDGE NORGLE

DESIGNATION SHEET FOR CRIMINAL PROCEEDINGS

- 1) Is this an indictment or information arising out of offenses charged in one or more previously-filed magistrate's complaints? **YES**
If the answer is "Yes", list the case number and title of the earliest filed complaint:
09 CR 578 U.S. v. Jeffery Lowrance Mag. Judge Mason
- 2) Is this an indictment or information that supersedes one or more previously-filed indictments or informations? **NO**
MAGISTRATE JUDGE MASON
- 3) Is this a re-filing of a previously dismissed indictment or information? **NO**
- 4) Is this a case arising out of the failure of the defendant to appear in a criminal proceeding in this Court? **NO**
- 5) Is this a transfer of probation supervision from another district to this District? **NO**
- 6) What level of offense is this indictment or information? **FELONY**
- 7) Does this indictment or information involve eight or more defendants? **NO**
- 8) Does this indictment or information include a conspiracy count? **NO**
- 9) Identify the type of offense that describes the count, other than any conspiracy count, with the most severe penalty:
Other Fraud (III)
- 10) List the statute of each of the offenses charged in the indictment or information.
18 U.S.C. §§ 1343, 1341, and 1956(a)(2)(A)

FILED

8-5-10
AUG 05 2010 **NF**

Jacqueline Stern
Jacqueline Stern
Assistant United States Attorney

**MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT**

Order Form (01/2005)

United States District Court, Northern District of Illinois
MAGISTRATE JUDGE MASON

Name of Assigned Judge or Magistrate Judge	JUDGE NORGLE	Sitting Judge if Other than Assigned Judge	MAGISTRATE JUDGE GERALDINE SOAT BROWN
CASE NUMBER	09 CR 578	DATE	AUGUST 5, 2010
CASE TITLE	U. S. v. JEFFERY LOWRANCE.		

UNDER SEAL

DOCKET ENTRY TEXT

Grand Jury Proceeding

The Grand Jury for SPECIAL AUGUST 2009-2 the Session, a quorum being present, returns the above-entitled indictment in open Court this date before

Judge or Magistrate Judge Geraldine Soat Brown

TO ISSUE BENCH WARRANT. THE GOVERNMENT WILL SEEK TO HAVE THE DEFENDANT DETAINED WITHOUT BOND PURSUANT TO TITLE 18, UNITED STATES CODE, SECTION 3142. THE DISTRICT COURT CLERK'S OFFICE IS DIRECTED TO DISCLOSE TO THE ASSISTANT U.S. ATTORNEY ASSIGNED TO THIS CASE FOR THE GOVERNMENT, THE NAME OF THE JUDGE, MAGISTRATE JUDGE, AND DOCKET NUMBER ASSIGNED TO THIS CASE, IN ORDER TO EXPEDITE ARRAIGNMENT OF THE ARRESTED DEFENDANT. THIS INFORMATION IS TO REMAIN SEALED UNTIL THE ARREST OF THE DEFENDANT, OR BY FURTHER ORDER OF THE COURT, WHICH EVER OCCURS FIRST. DO NOT SEAL ARREST WARRANTS.

FILED

AUG 05 2010 NF

MICHAEL W. DOBBINS
 CLERK, U.S. DISTRICT COURT

SIGNATURE OF JUDGE
 or MAGISTRATE JUDGE

Geraldine Soat Brown
 (ONLY IF FILED
 UNDER SEAL)

BW issued
 8/6/10

Courtroom Deputy Initials:

MB

15

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FILED
8-9-10
AUG 09 2010
MAGISTRATE JUDGE
GERALDINE SOAT BROWN
UNITED STATES DISTRICT COURT

UNITED STATES OF AMERICA)

v.)

JEFFREY LOWRANCE)

No. 09 CR 578

Magistrate Judge Geraldine Soat Brown

UNDER SEAL

**GOVERNMENT'S MOTION TO DISMISS AND QUASH
THE PENDING COMPLAINT AND ARREST WARRANT**

The UNITED STATES OF AMERICA, by and through its attorney, PATRICK F. FITZGERALD, United States Attorney for the Northern District of Illinois, hereby respectfully requests that this Court dismiss and quash the pending Complaint and Arrest Warrant.

On July 1, 2009, a complaint and arrest warrant pertaining to Jeffery Lowrance were signed by Magistrate Judge Michael T. Mason, in *U.S. v. Jeffery Alan Lowrance*, and the case was assigned number 09 CR 578.

Law enforcement agents have not been able to arrest the defendant. Based on evidence obtained during the investigation, including e-mails from the defendant and statements made by the defendant, it appears that the defendant is located in Peru.

The Complaint charged a single count of wire fraud, in violation of 18 U.S.C. § 1343.

The Indictment returned on August 5, 2010, charges the defendant with one count of wire fraud, five counts of mail fraud, and four counts of money laundering, in violation of 18 U.S.C. §§ 1341, 1343, and 1956(a)(2)(A), respectively.

The government respectfully requests that the pending Complaint be dismissed, and the pending arrest warrant be quashed. An arrest warrant was issued on August 6, 2010

based on the Indictment, which more fully sets forth the defendant's criminal conduct.

The public filing of this Motion before the new arrest warrant can be executed could alert the defendant and result in his flight and the destruction of evidence. For this reason, the government respectfully requests that this Motion be sealed until the time of arrest of the defendant in this case or further order of the Court, whichever occurs earlier.

The indictment in this case has been sealed, based on the government's request. The government now requests that the Court allow the Indictment to be disclosed to law enforcement authorities and personnel - in order to locate and arrest the defendant - and to the U.S. Securities and Exchange Commission ("SEC") and the U.S. Commodities Futures Trading Commission ("CFTC"), which have parallel civil cases concerning the defendant, Jeffery Lowrance.

Respectfully submitted,
PATRICK F. FITZGERALD
United States Attorney

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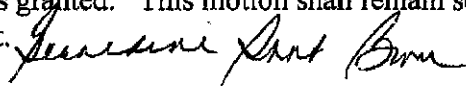
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United States District Court, Northern District of Illinois

Name of Assigned Judge or Magistrate Judge	Michael T. Mason	Sitting Judge if Other than Assigned Judge	Geraldine Soat Brown
CASE NUMBER	09 CR 578	DATE	8/9/2010
CASE TITLE	USA vs. Jeffrey Lowrance		

DOCKET ENTRY TEXT

Government's motion to dismiss and quash the pending complaint and arrest warrant is granted. Government's request to allow the indictment to be disclosed to law enforcement authorities and personnel and to the U.S. Securities and Exchange Commission ("SEC") and the U.S. Commodities Futures Trading Commission ("CFTC") is granted. This motion shall remain sealed until the time of the defendant's arrest or further order of the Court.



Docketing to mail notices.

	Courtroom Deputy Initials:	NTP
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United States District Court, Northern District of Illinois

Name of Assigned Judge or Magistrate Judge	Charles R. Norgle	Sitting Judge if Other than Assigned Judge	
CASE NUMBER	09 CR 578	DATE	2/4/2011
CASE TITLE	SUPPRESSED vs. SUPPRESSED		

DOCKET ENTRY TEXT

The court has been advised that the defendant in this case has been arrested in Peru. The clerk of court shall unseal the indictment and court file in this case.



Docketing to mail notices.

Courtroom Deputy Initials:	EF
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