

FILED IN THE
U.S. DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON

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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON

7 UNITED STATES OF AMERICA,

8 Plaintiff,

9 vs.

10 GREGORY D. JEFFREYS,
11 KIMBERLY JEFFREYS, and
12 SHANNON STILTNER,

13 Defendants.

THE COURT
CR-13-12-RMP
INDICTMENT

Vio: 18 U.S.C. § 1349
Conspiracy to Commit
Bank and Wire Fraud
(Count 1)

Vio: 18 U.S.C. §§ 1344
Bank Fraud
(Counts 2-5)

Vio: 18 U.S.C. § 641
Theft/Conversion of
Government Property
(Count 6)

Vio: 18 U.S.C. § 1349
Conspiracy to Commit
Wire Fraud
(Count 7)

Vio: 18 U.S.C. §§ 1343
Wire Fraud
(Counts 8-29)

Vio: 18 U.S.C. § 1957
Money Laundering
(Counts 30-73)

Notice of Criminal
Forfeiture Allegations

24 The Grand Jury charges that:

25 GENERAL ALLEGATIONS

26 At all time material to this Indictment

27 1. Washington Trust Bank ("WTB") was a financial institution with
28 offices located throughout the United States, including in the State of Washington,

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1 and whose accounts were insured by the Federal Deposit Insurance Corporation
2 (“FDIC”).

3 2. Phoenix Life Insurance Company, also doing business as PHL
4 Variable Insurance Company (collectively “Phoenix Life Insurance”), was a
5 Connecticut and New York corporation engaging in mortgage lending business
6 throughout the United States, including in the State of Washington.

7 3. Wells Fargo Bank (“Wells Fargo”) was a financial institution with
8 offices located throughout the United States, including in the State of Washington,
9 and whose accounts were insured by the FDIC. Wells Fargo also operated as a
10 trustee and escrow agent for Phoenix Life Insurance.

11 4. The term “lenders” refers collectively to the financial and lending
12 institutions set forth in the preceding paragraphs 1 through 3 each of which
13 extended and disbursed construction and mortgage loan proceeds to GREGORY
14 D. JEFFREYS and KIMBERLY JEFFREYS to fund the construction and
15 financing of the Military Entrance Processing Station located at or near 8510 W.
16 SR 2, Spokane, Washington (“MEPS facility”).

17 5. Genesis Financial, Inc. (“Genesis Financial”) was a Washington and
18 Idaho corporation doing business as a broker and lender throughout the United
19 States, including in the State of Washington.

20 6. The General Services Administration (“GSA”) was an agency of the
21 United States, doing business as a manager of federal property throughout the
22 United States, including in the State of Washington. GSA executed lease
23 contracts in relation to the construction and occupancy of the MEPS facility.

24 7. Campus Group LLC was a Washington limited liability company,
25 incorporated on or about August 14, 2006, with its registered address listed as 505
26 Union Ave, Ste. 120, Olympia, WA 98501.

27 8. An “assignment” is the transfer or assignment of any part of a claim,
28 and any interest in the claim, including the authorization to receive payment for

1 any part of the claim. Amounts due from the United States government under a
2 lease or contract may be assigned to banks, trust companies, federal lending
3 agencies, or other financing institutions.

4 9. A Ponzi scheme is a financial fraud that induces investments by
5 promising high, low-risk returns from allegedly legitimate business ventures. In a
6 Ponzi scheme, new investor proceeds are falsely and fraudulently converted to an
7 operator's own personal use and benefit and funneled to previous investors, under
8 the guise of legitimate profits and returns. A Ponzi scheme cultivates an illusion
9 that legitimate profit-making business opportunities exist, thereby inducing further
10 investment.

11 10. GJ LLC was a Washington limited liability company, incorporated on
12 or about March 19, 1997, with its registered address listed as 5312 N. Vista Ct.,
13 Spokane, WA, 99212.

14 11. Cougar Palouse LLC was a Washington limited liability company,
15 incorporated on or about October 17, 2005, with its registered address listed as
16 5312 N. Vista Ct., Spokane, WA, 99212.

17 12. Sundevil Investments LLC, a/k/a "Sundevil Development"
18 (hereinafter "Sundevil LLC") was a Washington limited liability company,
19 incorporated on or about October 3, 2005, with a registered address listed as 5312
20 N. Vista Ct., Spokane, WA, 99212.

21 13. Russell Heights LLC was a Washington limited liability company,
22 incorporated on or about January 31, 2005, with a registered address listed as 5312
23 N. Vista Ct., Spokane, WA, 99212.

24 14. Garfield Group LLC was a Washington limited liability company,
25 incorporated on or about December 11, 2006, with a registered address listed as
26 5312 N. Vista Ct., Spokane, WA, 99212.

27 15. Sound Crest LLC was a Washington limited liability company,
28 incorporated on or about March 6, 2012, with a registered address listed as 1719

1 N. Rim View St., Spokane, WA, 99224.

2 16. Urban Sound Properties LLC was a Washington limited liability
3 company, incorporated on or about March 7, 2012, with a registered address listed
4 as 1719 N. Rim View St., Spokane, WA, 99224.

5 17. Buckhead LLC was a Nevada limited liability company, incorporated
6 on or about January 9, 2012, with a registered address listed as 5312 N. Vista Ct.,
7 Spokane, WA, 99212.

8 18. Ocotillo K LLC was a Nevada limited liability company, incorporated
9 on or about February 16, 2012, with a registered address listed as 26218 S.
10 Buttonwood Drive, Sun Lakes, AZ 85248.

11 19. Tech-Rock LLC was an Alaska limited liability company,
12 incorporated on or about May 2, 2007, with a registered address listed as 5312 N.
13 Vista Ct., Spokane, WA, 99212.

14 20. Poacher's Rock LLC was an Alaska limited liability company,
15 incorporated on or about August 20, 2007, with a registered address listed as 5312
16 N. Vista Ct., Spokane, WA, 99212.

17 21. MedRock LLC was an Alaska limited liability company, incorporated
18 on or about June 12, 2007, with a registered address listed as 5312 N. Vista Ct.,
19 Spokane, WA, 99212.

20 22. Defendant GREGORY D. JEFFREYS, an individual who resided in
21 Spokane County, Washington, worked as a real estate developer and investor in
22 Spokane, Washington, and elsewhere. GREGORY D. JEFFREYS was a
23 construction loan applicant with WTB, and a mortgage loan applicant with Wells
24 Fargo and Phoenix Life Insurance, relating to the MEPS facility. GREGORY D.
25 JEFFREYS was a listed officer, member, and manager of GJ LLC, Cougar Palouse
26 LLC, Sundevil Investments LLC, Russell Heights LLC, Garfield Group LLC,
27 Tech-Rock LLC, Poacher's Rock LLC, MedRock LLC, and Buckhead LLC,
28 among others. GREGORY D. JEFFREYS also operated a Ponzi scheme in

1 Spokane County, Washington, and elsewhere.

2 23. Defendant KIMBERLY JEFFREYS, an individual who resided
3 Spokane County, Washington, was the wife of GREGORY D. JEFFREYS.
4 KIMBERLY JEFFREYS was a construction loan applicant with WTB, and a
5 mortgage loan applicant with Wells Fargo and Phoenix Life Insurance, relating to
6 the MEPS facility. KIMBERLY JEFFREYS, was a listed officer, member, and
7 manager of GJ LLC, Cougar Palouse LLC, Sundevil Investments LLC, Russell
8 Heights LLC, Garfield Group LLC, Tech-Rock LLC, Poacher's Rock LLC,
9 MedRock LLC, Buckhead LLC, and Ocotillo K LLC, among others. KIMBERLY
10 JEFFREYS also participated in the Ponzi scheme operated by GREGORY D.
11 JEFFREYS, SHANNON STILTNER, and others.

12 24. Defendant SHANNON STILTNER was an individual who resided in
13 Spokane County, Washington, and elsewhere. STILTNER participated in the
14 Ponzi scheme operated by GREGORY D. JEFFREYS and others.

15 25. J.J., an individual who resided in Spokane, Washington, was solicited
16 by GREGORY D. JEFFREYS, KIMBERLY JEFFREYS, and others as a private
17 investor in the MEPS facility. J.J. was also a listed officer, member, and manager
18 of Urban Sound Properties LLC and Sound Crest LLC.

19 26. The term "private MEPS investors" refers collectively to the
20 individuals, identified below by initials and residence, each who were solicited by,
21 and extended funds to, GREGORY D. JEFFREYS and KIMBERLY JEFFREYS
22 purportedly for the construction and financing of the MEPS facility:

<u>NAME</u>	<u>RESIDENCE</u>
G.S.	Valleyford, WA
J.B.	Spokane, WA
S.S.	Coeur d'Alene, ID
K.T.	Liberty Lake, WA
J.T.	Austin, TX, & Liberty Lake, WA

C.T.	San Diego, CA
D.B.	Tacoma, WA
B.B.	Sun Lakes, AZ
R.B.	Sun Lakes, AZ

27. J.M. and M.M., individuals who resided in Spokane, Washington, were utilized, without their knowledge and authorization, by GREGORY D. JEFFREYS, in the Ponzi scheme operated GREGORY D. JEFFREYS, SHANNON STILTNER, and others.

28. M.U., an individual who resided in Costa Mesa, California, participated in the in the Ponzi scheme operated by GREGORY D. JEFFREYS, SHANNON STILTNER, and others.

29. The term "Ponzi investors" refers collectively to the individuals, identified below by initials and residence, each who were solicited by, and extended funds to, GREGORY D. JEFFREYS, SHANNON STILTNER, and others believing the investments to be legitimate business ventures:

<u>NAME</u>	<u>RESIDENCE</u>
J.G.	Dallas, TX
I.G.	Carrollton, TX
J.R.	Goldendale, WA
C.Z.	Olympia, WA
D.J.B.	New Richmond, WI
S.F.	Costa Mesa, CA
J.P.G.	Wichita, KS
R.Y.	Dallas, TX
M.A.	San Diego, CA
T.A.	San Diego, CA
E.A.	Boca Raton, FL
S.L.	San Diego, CA
L.S.	San Diego, CA

D.W.	San Diego, CA
V.P.	Fallbrook, CA
W.S.	Honolulu, HI
R.C.	Spokane, WA

COUNT 1

CONSPIRACY TO COMMIT BANK AND WIRE FRAUD

(18 U.S.C. § 1349)

1. Paragraphs 1-8, 10-23, and 25-26 of the General Allegations section of this Indictment are re-alleged and fully incorporated herein by reference.

2. From in and around September 2009 and continuing through on or about June 10, 2011, the exact dates being unknown to the Grand Jury, in the Eastern District of Washington, and elsewhere, defendants GREGORY D. JEFFREYS and KIMBERLY JEFFREYS did willfully, that is, with the intent to further the objects of the conspiracy, and knowingly combine, conspire, confederate, and agree together and with others known and unknown to the Grand Jury:

a) to knowingly and with intent to defraud, execute and cause the execution of a scheme and artifice to defraud one or more financial institutions, as defined by 18 U.S.C. 20, which scheme and artifice would employ a material falsehood, and to knowingly and with intent to defraud, execute, and cause the execution of a scheme and artifice to obtain moneys, funds, credits, assets, and other property owned by, and under the custody and control of one or more said financial institutions, by means of false and fraudulent pretenses, representations, and promises relating to a material fact, in violation of 18 U.S.C. §§ 1344(1) and (2); and

b) to 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, and promises,

1 knowing that they were false and fraudulent when made, and transmitting and
2 causing to be transmitted in interstate commerce, by means of wire
3 communication, certain writings, signs, signals, pictures and sounds, for the
4 purpose of executing the scheme and artifice, in violation of 18 U.S.C. § 1343.

5 PURPOSE OF THE CONSPIRACY

6 3. It was the purpose of the conspiracy for the defendants and their
7 co-conspirators to unlawfully enrich themselves by, among other things: (a)
8 submitting and executing false and fraudulent loan documents to financial and
9 lending institutions, thereby inducing the financial and lending institutions to
10 make loans for the construction and financing of the MEPS facility; (b) causing
11 the financial and lending institutions to loan more money than they otherwise
12 would have loaned by falsely and fraudulently executing various loan documents,
13 including documents acknowledging that the defendants' right, title, and interest
14 in \$1,855,076.46 in GSA tenant improvement funds ("\$1.8 million in GSA TI
15 funds") had been transferred and assigned to the financial and lending institutions;
16 (c) falsely and fraudulently causing the \$1.8 million in GSA TI funds to be wired
17 to the defendants, instead of the financial and lending institutions; (d) concealing
18 the fraudulent scheme by providing false and fraudulent information to the
19 financial and lending institutions and others as to the true status, payment, and
20 location of the \$1.8 million in GSA TI funds; and (e) diverting fraud proceeds for
21 their personal use and benefit, all to further the fraud scheme.

22 MANNER AND MEANS OF CONSPIRACY

23 The manner and means by which the defendants and their co-conspirators
24 sought to accomplish the objects and purpose of the conspiracy included, among
25 others, the following:

26 4. Beginning in and around September 2009, GREGORY D. JEFFREYS
27 and KIMBERLY JEFFREYS applied with GSA to secure approval to construct
28

1 and manage the MEPS facility. GSA solicited bids for the MEPS facility pursuant
2 to the American Recovery and Reinvestment Act of 2009, Pub. L. No. 115-1, 123
3 Stat. 115. GREGORY D. JEFFREYS and KIMBERLY JEFFREYS made
4 numerous false and fraudulent statements and representations to GSA in order to
5 secure approval to construct and manage the MEPS facility. The statements and
6 representations contained false and fraudulent information relating to their ability
7 to secure construction financing, ownership interest in the surrounding property,
8 and other information necessary for GSA to assess their ability and qualifications
9 to complete the MEPS facility. The false and fraudulent statements and
10 representations were used to induce GSA to award the MEPS project to
11 GREGORY D. JEFFREYS and KIMBERLY JEFFREYS.

12 5. GREGORY D. JEFFREYS and KIMBERLY JEFFREYS also falsely
13 and fraudulently represented to GSA, Genesis Financial, and the general
14 contractor that they had secured full construction financing for the MEPS facility.
15 Based on the false and fraudulent representations, the general contractor initiated
16 construction on the MEPS facility. The general contractor was later forced to
17 maximize its own line of credit with WTB until construction of the MEPS facility
18 was seventy-five percent (75%) completed.

19 6. Beginning in and around April 2010, GREGORY D. JEFFREYS and
20 KIMBERLY JEFFREYS executed lease contracts with GSA in relation to
21 construction and management of the MEPS facility. Pursuant to Lease No. GS-
22 10B-0753, GSA ultimately agreed to pay GREGORY D. JEFFREYS and
23 KIMBERLY JEFFREYS monthly rent beginning in and around January 2011.
24 GSA also agreed to pay \$1.8 million in GSA TI funds to GREGORY D.
25 JEFFREYS and KIMBERLY JEFFREYS upon completion, certification, and
26 occupancy of the MEPS facility.

27 7. Beginning in and around April 2010, GREGORY D. JEFFREYS and
28 KIMBERLY JEFFREYS obtained \$700,000 in loans from Genesis Financial to

1 purportedly assist in construction of the MEPS facility. GREGORY D.
2 JEFFREYS and KIMBERLY JEFFREYS also falsely and fraudulently solicited,
3 and received, approximately \$1.35 million from private MEPS investors to
4 construct and finance the MEPS facility. Among other misrepresentations,
5 GREGORY D. JEFFREYS and KIMBERLY JEFFREYS falsely and fraudulently
6 promised eighteen percent (18%) to twenty-four percent (24%) investment profits
7 and returns to the private MEPS investors. GREGORY D. JEFFREYS and
8 KIMBERLY JEFFREYS only paid approximately \$480,000 to the general
9 contractor for MEPS construction costs. GREGORY D. JEFFREYS and
10 KIMBERLY JEFFREYS falsely and fraudulently diverted remaining portions of
11 the Genesis and private MEPS investor funds for their own use and benefit, and to
12 further the fraud scheme.

13 8. In and around November 2010, GREGORY D. JEFFREYS and
14 KIMBERLY JEFFREYS applied with WTB for a \$6.5 million construction loan
15 for the MEPS facility. GREGORY D. JEFFREYS and KIMBERLY JEFFREYS
16 falsely and fraudulently concealed the private MEPS investor funds from WTB.
17 As part of the WTB construction loan process, GREGORY D. JEFFREYS and
18 KIMBERLY JEFFREYS falsely and fraudulently executed, and caused to be
19 executed, numerous loan documents, including but not limited to, written
20 assignments, security agreements, and promissory notes. GREGORY D.
21 JEFFREYS and KIMBERLY JEFFREYS falsely and fraudulently assigned the
22 \$1.8 million in GSA TI funds to WTB as collateral and security for the
23 construction loan and agreed to authorize and direct GSA to pay the \$1.8 million
24 directly to WTB. GREGORY D. JEFFREYS and KIMBERLY JEFFREYS also
25 falsely and fraudulently agreed to preserve the \$1.8 million in GSA TI funds,
26 promptly notify WTB of any material changes, and to not sell, dispose, or transfer
27 the \$1.8 million without prior WTB approval. The false and fraudulent statements
28 and representations were material and used to induce WTB to fund the \$6.5

1 million construction loan.

2 9. GREGORY D. JEFFREYS and KIMBERLY JEFFREYS applied
3 with Wells Fargo and Phoenix Life Insurance for a \$5.12 million mortgage loan
4 for the MEPS facility. GREGORY D. JEFFREYS and KIMBERLY JEFFREYS
5 falsely and fraudulently concealed the private MEPS investor funds from Wells
6 Fargo and Phoenix Life Insurance. As part of the mortgage loan process,
7 GREGORY D. JEFFREYS and KIMBERLY JEFFREYS falsely and fraudulently
8 executed, and caused to be executed, numerous loan documents, including but not
9 limited to, written assignments and servicing and escrow agreements. GREGORY
10 D. JEFFREYS and KIMBERLY JEFFREYS falsely and fraudulently assigned the
11 \$1.8 million in GSA TI funds to Wells Fargo and Phoenix Life Insurance, and
12 falsely and fraudulently agreed that Wells Fargo and Phoenix Life Insurance
13 would directly receive the \$1.8 million in GSA TI funds from GSA and provide
14 the funds to WTB. GREGORY D. JEFFREYS and KIMBERLY JEFFREYS also
15 falsely and fraudulently agreed and acknowledged that their right, title, and
16 interest in the \$1.8 million in GSA TI funds was subject and subordinate to WTB.
17 The false and fraudulent statements and representations were material and used to
18 induce WTB to release its assignment as to the \$1.8 million in GSA TI funds and
19 to induce Wells Fargo and Phoenix Life Insurance to fund the \$5.12 million
20 mortgage loan.

21 10. In and around November 2010, GREGORY D. JEFFREYS and
22 KIMBERLY JEFFREYS falsely and fraudulently entered into an agreement with
23 Campus Group LLC (“November 2010 agreement”). Pursuant to the November
24 2010 agreement, GREGORY D. JEFFREYS and KIMBERLY JEFFREYS falsely
25 and fraudulently agreed, by on or about March 15, 2011, to pay \$250,000 to
26 Campus Group LLC and to purchase Campus Group LLC’s remaining seventy-
27 five percent (75%) interest in the property in and around the MEPS facility, among
28 other promises and representations. The November 2010 agreement was material

1 and used to induce Campus Group LLC to release its seventy-five percent (75%)
2 interest in the property and to induce the lenders to fund construction and
3 mortgage loans.

4 11. The lenders approved the construction and mortgage loans based on
5 the false and fraudulent loan documents, representations, and November 2010
6 agreement. Beginning on or about December 7, 2010 and continuing through
7 February 5, 2011, WTB disbursed approximately \$6.2 million in construction loan
8 proceeds to an escrow agent in Spokane, Washington, for distribution relating to
9 the MEPS facility. On or about February 3, 2011, Wells Fargo wired
10 \$5,125,473.28 in the mortgage loan proceeds to an escrow account in Spokane,
11 Washington, for distribution relating to the MEPS facility.

12 12. Beginning in and around January 2011, GREGORY D. JEFFREYS
13 and KIMBERLY JEFFREYS, falsely and fraudulently caused the \$1.8 million in
14 GSA TI funds to be wired from Fort Worth, Texas, directly to their personal bank
15 account in Spokane, Washington, instead of to the lenders. GREGORY D.
16 JEFFREYS and KIMBERLY JEFFREYS falsely and fraudulently concealed from
17 the lenders that they had successfully invoiced with GSA for the \$1.8 million in
18 GSA TI funds. GREGORY D. JEFFREYS and KIMBERLY JEFFREYS also
19 falsely and fraudulently concealed from the lenders that \$1.8 million in GSA TI
20 funds would be sent directly to their personal bank account, instead of to the
21 lenders. The false and fraudulent statements, representations, and concealments
22 were material and used to induce WTB to release its assignment as to the \$1.8
23 million in GSA TI funds and to induce Wells Fargo and Phoenix Life Insurance to
24 fund the \$5.12 million mortgage loan.

25 13. Beginning in and around February 2011, to further conceal the fraud
26 scheme, GREGORY D. JEFFREYS and KIMBERLY JEFFREYS falsely and
27 fraudulently provided false information to the lenders, GSA, Campus Group LLC,
28 the general contractor, and others as to the true status, payment, and location of the

1 \$1.8 million in GSA TI funds. GREGORY D. JEFFREYS and KIMBERLY
2 JEFFREYS falsely and fraudulently diverted the \$1.8 million to multiple bank
3 accounts for their own personal use and benefit, including reimbursing private
4 MEPS investors, and to further the fraud scheme. Ultimately, GREGORY D.
5 JEFFREYS and KIMBERLY JEFFREYS caused the construction and mortgage
6 loans to enter default and foreclosure, and also violated the November 2010
7 agreement with Campus Group LLC, resulting in substantial losses.

8 All in violation of 18 U.S.C. § 1349.

9 **COUNTS 2-5**

10 **BANK FRAUD**

11 **(18 U.S.C. § 1344)**

12 1. Paragraphs 1-8, 10-23, and 25-26 of the General Allegations section
13 of this Indictment are re-alleged and incorporated fully herein by reference.

14 2. From in or around September 2009 and continuing through in or
15 around June 10, 2011, the exact dates being unknown to the Grand Jury, in the
16 Eastern District of Washington, and elsewhere, defendants GREGORY D.
17 JEFFREYS and KIMBERLY JEFFREYS, did knowingly, and with intent to
18 defraud, execute, and attempt to execute, and cause the execution of, a scheme and
19 artifice to defraud one or more financial institutions, as defined by 18 U.S.C. § 20,
20 which scheme and artifice employed a material falsehood, and did knowingly, and
21 with intent to defraud, execute, and attempt to execute, and cause the execution of,
22 a scheme and artifice to obtain moneys, funds, credits, assets, and other property
23 owned by, and under the custody and control of one or more said financial
24 institutions by means of false and fraudulent pretenses, representations, and
25 promises, relating to a material fact, in violation of 18 U.S.C. §§ 1344(1) and (2),
26 and 2.

27 **PURPOSE OF THE SCHEME AND ARTIFICE**

28 3. It was the purpose of the scheme and artifice for the defendants and

1 their accomplices to unlawfully enrich themselves by, among other things:(a)
2 submitting and executing false and fraudulent loan documents to financial and
3 lending institutions, thereby inducing the financial and lending institutions to
4 make loans for the construction and financing of the MEPS facility; (b) causing
5 the financial and lending institutions to loan more money than they otherwise
6 would have loaned by falsely and fraudulently executing documents
7 acknowledging that the defendant's right, title, and interest in \$1.8 million in GSA
8 TI funds had been transferred and assigned to the financial and lending
9 institutions; (c) falsely and fraudulently causing \$1.8 million in GSA TI funds to
10 be wired to the defendants, instead of the financial and lending institutions; (d)
11 concealing the fraudulent scheme by providing false and fraudulent information to
12 the financial and lending institutions, and others, as to the true status, payment,
13 and location of the \$1.8 million in GSA TI funds; and (e) diverting fraud proceeds
14 for their personal use and benefit, all to further the fraud scheme.

15 THE SCHEME AND ARTIFICE

16 Paragraphs 4 through 13 of the Manner and Means section of Count 1 of the
17 Indictment are re-alleged and incorporated by reference as though fully set forth
18 herein as a description of the scheme and artifice.

19 EXECUTION OF THE SCHEME AND ARTIFICE

20 14. On or about the dates specified as to each count below, in Spokane
21 County, in the Eastern District of Washington, and elsewhere, the defendants
22 specified as to each count below did execute and attempt to execute the aforesaid
23 scheme and artifice to defraud a financial institution and to obtain any moneys,
24 funds, credit, assets, and other property owned by, and under the custody and
25 control of, said financial institution, as more particularly described below:
26
27
28

2	11/30/10 through 1/12/2011	GREGORY D. JEFFREYS, and KIMBERLY JEFFREYS	Submission and execution of loan and other documents assigning \$1.8 million in GSA TI funds to WTB, for the purpose of a \$6.5 million construction loan from WTB, relating to the MEPS facility located at or near 8510 W. SR 2, Spokane, WA.
3	2/3/2011	GREGORY D. JEFFREYS, and KIMBERLY JEFFREYS	Submission and execution of loan and other documents assigning \$1.8 million in GSA TI funds to Wells Fargo, for the purpose of receiving \$5.12 million mortgage loan from Wells Fargo and Phoenix Life Insurance, relating to the MEPS facility located at or near 8510 W. SR 2, Spokane, WA.
4	2/3/2011	GREGORY D. JEFFREYS, and KIMBERLY JEFFREYS	Concealment from WTB as to receipt and transfer of \$1.8 million in GSA TI funds from Sterling Savings Bank account xxxx-8371 to Sterling Savings Bank account xxxx-5677, for the purpose of having WTB terminate its assignment as to the \$1.8 million in GSA funds, relating to the MEPS facility located at or near 8510 W. SR 2, Spokane, WA.

5	2/3/2011	GREGORY D. JEFFREYS, and KIMBERLY JEFFREYS	Concealment from Wells Fargo as to receipt and transfer of \$1.8 million in GSA TI funds from Sterling Savings Bank account xxxx-8371 to Sterling Savings Bank account xxxx-5677, for the purpose of receiving \$5.12 million mortgage loan from Wells Fargo and Phoenix Life Insurance, relating to the MEPS facility located at or near 8510 W. SR 2, Spokane, WA.
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In violation of 18 U.S.C. §§ 1344(1) and (2), and 2.

COUNT 6

THEFT OF GOVERNMENT FUNDS

(18 U.S.C. § 641)

On or about February 3, 2011, in the Eastern District of Washington, and elsewhere, the defendants GREGORY D. JEFFREYS and KIMBERLY JEFFREYS, did knowingly steal, purloin and convert to their own use without authority a thing or things of value of the United States and of a department or agency thereof, that is: \$1,855,076.46 in tenant improvement funds and which were then the property of the General Services Administration (GSA), all in violation of 18 U.S.C. § 641.

COUNT 7

CONSPIRACY TO COMMIT WIRE FRAUD

(18 U.S.C. § 1349)

1. Paragraphs 9-29 of the General Allegations section of this Indictment are re-alleged and fully incorporated herein by reference.

2. From in or around October 2011 and continuing through the return of

1 this Indictment, the exact dates being unknown to the Grand Jury, in the Eastern
2 District of Washington, and elsewhere, defendants GREGORY D. JEFFREYS and
3 SHANNON STILTNER did willfully, that is, with the intent to further the objects
4 of the conspiracy, and knowingly combine, conspire, confederate, and agree
5 together and with others known and unknown to the Grand Jury to devise and
6 intend to devise a scheme and artifice to defraud, and to obtain money and
7 property by means of materially false and fraudulent pretenses, representations,
8 and promises, knowing that they were false and fraudulent when made, and
9 transmitting and causing to be transmitted in interstate commerce, by means of
10 wire communication, certain writings, signs, signals, pictures and sounds, for the
11 purpose of executing the scheme and artifice, in violation of 18 U.S.C. § 1343.

12 PURPOSE OF THE CONSPIRACY

13 3. It was the purpose of the conspiracy for the defendants and their
14 co-conspirators to unlawfully enrich themselves by, among other things: (a)
15 operating a Ponzi scheme; (b) creating and distributing false and fraudulent
16 pro-forma proposals, financial statements, promissory notes, deeds of trust,
17 appraisals, and other documents in relation to allegedly legitimate business
18 investment ventures, thereby inducing the Ponzi investors to wire funds to the
19 defendants; (c) causing the Ponzi investors to invest more money than they
20 otherwise would have invested by falsely and fraudulently promising high interest
21 returns and profits; (d) providing false and fraudulent information to the Ponzi
22 investors and concealing that the ventures were not profitable to the extent of the
23 promised returns, did not exist, and that investors would receive payments from
24 moneys deposited by other investors; (e) funneling new Ponzi investor funds to
25 previous investors, under the guise of legitimate profits and returns, thereby
26 inducing further investment; and (f) diverting Ponzi investor proceeds for their
27 personal use and benefit, all to further the fraud scheme.

1 6. On or about November 14, 2011, SHANNON STILTNER sent an
2 email to J.G. falsely and fraudulently representing the "Pro-Forma 11-01" venture
3 as: "1244 Speer Blvd (NW Corner of Building is on West 13th and Fox) in
4 downtown Denver . . . Small 9 Story Office Building, GSA sign on front . . . Just
5 hanging exterior curtain wall glass now." SHANNON STILTNER also sent
6 emails to J.G. and I.G. with wiring instructions relating to the "Pro-Forma 11-01"
7 venture. The wiring instructions listed Wells Fargo bank account xxxx-0146,
8 located in Spokane, Washington, that was co-owned by GREGORY D.
9 JEFFREYS and SHANNON STILTNER ("GREGORY D. JEFFREYS and
10 SHANNON STILTNER Wells Fargo account").

11 7. Based on the false and fraudulent pretenses, representations, and
12 promises, J.G. and I.G. invested in the "Pro-Forma 11-01" venture. On or about
13 November 15, 2011, J.G. wired \$100,000 from a bank account in Houston, Texas,
14 to the GREGORY D. JEFFREYS and SHANNON STILTNER Wells Fargo
15 account. On or about November 15, 2011, I.G. wired \$100,000 from a bank
16 account, via New York, to the GREGORY D. JEFFREYS and SHANNON
17 STILTNER Wells Fargo account.

18 8. GREGORY D. JEFFREYS falsely and fraudulently created, and
19 caused to be created, two (2) promissory notes for \$100,000 and caused them to be
20 sent to J.G. and I.G. Per the promissory notes, GREGORY D. JEFFREYS falsely
21 and fraudulently agreed to repay \$100,000 to J.G. and I.G., with fourteen percent
22 (14%) interest, by August 1, 2012. They also falsely and fraudulently represented
23 that the \$100,000 investments were each twenty percent (20%) of a \$500,000
24 "Master Note."

25 9. GREGORY D. JEFFREYS created, and caused to be created, a false
26 and fraudulent "Master Note and First Deed of Trust" document and caused it to
27 be sent to J.G. The document falsely and fraudulently noted that the total sum of
28 the note was \$2.85 million and that the project location was 1244 Speer Blvd.,

1 Denver, Colorado. The document also falsely and fraudulently stated that
2 GREGORY D. JEFFREYS was providing \$500,000 toward the note, that another
3 listed entity was providing the remaining \$2.35 million, and that GREGORY D.
4 JEFFREYS' investment would be paid back in full, with interest, by June 15,
5 2012, among other misrepresentations. The "Master Note and First Deed of
6 Trust," promissory notes, "Pro-Forma 11-01," email correspondence, and other
7 documents were falsely and fraudulently created and distributed to induce
8 investment and to further the fraud scheme.

9 10. GREGORY D. JEFFREYS and SHANNON STILTNER falsely and
10 fraudulently concealed from J.G. and I.G. that the venture identified in "Pro Forma
11 11-01" did not exist, that GREGORY D. JEFFREYS and SHANNON SHANNON
12 STILTNER did not possess authorization to solicit investments in the venture, and
13 that any moneys that J.G. and I.G. would receive would be from moneys deposited
14 by other investors, among other misrepresentations. GREGORY D. JEFFREYS
15 and SHANNON STILTNER also falsely and fraudulently utilized the investment
16 funds from J.G. and I.G. for their own use and benefit, and to further the fraud
17 scheme.

18 "Pro Forma 11-02"

19 11. Beginning in and around November 2011, GREGORY D.
20 JEFFREYS, utilizing cellular telephones, email, and other means of interstate and
21 foreign commerce, falsely and fraudulently proposed an investment venture to
22 J.R., C.Z., D.J.B., and J.G., among others. GREGORY D. JEFFREYS falsely and
23 fraudulently proposed a \$385,000 bridge loan to help fund construction of a
24 warehouse purportedly located in Denver, Colorado. GREGORY D. JEFFREYS
25 falsely and fraudulently promised J.R., C.Z., D.J.B., and J.G. a high rate of return
26 on the investment. GREGORY D. JEFFREYS also provided J.R. and J.G. with
27 personal financial statements, which GREGORY D. JEFFREYS falsely and
28 fraudulently created. The GREGORY D. JEFFREYS personal financial

1 statements grossly inflated his wealth and contained false and fraudulent
2 representations as to his account balances, income, liabilities, and ownership and
3 values for various properties (“hereinafter financial statements”).

4 12. GREGORY D. JEFFREYS falsely and fraudulently created, and
5 caused to be created, a “Pro-Forma 11-02” document, and caused it to be sent to
6 J.R., C.Z., D.J.B., and J.G. The “Pro Forma 11-02” document falsely and
7 fraudulently stated that a \$385,000 loan was needed for construction purposes and
8 that the project was located in Denver, Colorado, and for warehouse distribution.
9 It falsely and fraudulently stated that the project would cost \$2.8 million, had a
10 \$3.4 million appraisal value, and a \$1.95 million mortgage loan in place. The “Pro
11 Forma 11-02” document noted that there was a \$50,000 minimum to invest and
12 that GREGORY D. JEFFREYS was the point-of-contact for details.

13 13. Based on the false and fraudulent pretenses, representations, and
14 promises, J.R., C.Z., D.J.B., and J.G. invested in the “Pro-Forma 11-02” venture.
15 GREGORY D. JEFFREYS directed J.R., C.Z., D.J.B., and J.G. to wire investment
16 proceeds to the GREGORY D. JEFFREYS and SHANNON STILTNER Wells
17 Fargo account. On or about November 23, 2011, J.R. wired \$50,000 from a bank
18 account in Vancouver, Washington, to the GREGORY D. JEFFREYS and
19 SHANNON STILTNER Wells Fargo account. On or about November 28, 2011,
20 C.Z. wired \$35,000 from a bank in Los Angeles, California, to the GREGORY D.
21 JEFFREYS and SHANNON STILTNER Wells Fargo account. On or about
22 November 29, 2011, D.J.B. wired \$25,000 from a bank account in Menomonie,
23 Wisconsin, to the GREGORY D. JEFFREYS and SHANNON STILTNER Wells
24 Fargo account. On or about December 14, 2011, J.G. wired \$100,000 from a bank
25 account in Houston, Texas, to the GREGORY D. JEFFREYS and SHANNON
26 STILTNER Wells Fargo account. On or about January 10, 2012, J.G. wired
27 another \$75,000 from a bank account in Houston, Texas, to the GREGORY D.
28 JEFFREYS and SHANNON STILTNER Wells Fargo account.

1 14. GREGORY D. JEFFREYS created, and caused to be created, false
2 and fraudulent promissory notes and caused them to be sent to J.R., C.Z., D.J.B.,
3 and J.G. The promissory notes, signed by GREGORY D. JEFFREYS ,
4 memorialized their investment amounts, a fifteen percent (15%) interest guarantee,
5 and full repayment within one (1) year. The promissory notes, "Pro-Forma 11-
6 02," financial statements, and other documents were falsely and fraudulently
7 created and distributed to induce investment and to further the fraud scheme.

8 15. GREGORY D. JEFFREYS and SHANNON STILTNER falsely and
9 fraudulently concealed from J.R., C.Z., D.J.B., and J.G. that the venture identified
10 in "Pro Forma 11-02" did not exist, that GREGORY D. JEFFREYS and
11 SHANNON STILTNER did not possess authorization to solicit investments in the
12 venture, and that any moneys that J.R., C.Z., D.J.B., and J.G. would receive would
13 be from moneys deposited by other investors, among other misrepresentations.
14 GREGORY D. JEFFREYS and SHANNON STILTNER also falsely and
15 fraudulently utilized the investment funds from J.R., C.Z., D.J.B., and J.G. for
16 their own use and benefit, and to further the fraud scheme.

17 "Pro Forma 12-02"

18 16. Beginning in and around January 2012, GREGORY D. JEFFREYS ,
19 utilizing cellular telephones, email, and other means of interstate and foreign
20 commerce, falsely and fraudulently proposed an investment venture to J.G. and I.G.,
21 among others. GREGORY D. JEFFREYS falsely and fraudulently proposed a
22 \$610,000 bridge loan to help fund an apartment complex purportedly located in
23 Coeur d'Alene, Idaho. GREGORY D. JEFFREYS also falsely and fraudulently
24 promised J.G. and I.G. a high rate of return on the investment.

25 17. GREGORY D. JEFFREYS falsely and fraudulently created, and caused
26 to be created, a "Pro-Forma 12-02" document, and caused it to be sent to J.G. and I.G.
27 The "Pro Forma 12-02" document falsely and fraudulently stated that a \$610,000
28 loan was needed for a 200-unit apartment complex located in and around East Seltice

1 Way, Coeur d'Alene, Idaho. The document falsely and fraudulently stated that the
2 project was phased into dual 100-unit sites, had been purchased out of bankruptcy for
3 \$1.5 million, and that construction and mortgage loans were not yet in place. The
4 document falsely and fraudulently represented: "We will take a 100% undivided
5 interest in the First Phase . . . First Note & Deed of Trust on the 100 Unit Apartment
6 Site . . . We will be funded out of Construction Loan Proceeds." The "Pro Forma 12-
7 02" document noted that there was a \$50,000 minimum to invest and that GREGORY
8 D. JEFFREYS was the point-of-contact for details

9 18. Based on the false and fraudulent pretenses, representations, and
10 promises, J.G. and I.G. invested in the "Pro-Forma 12-02" venture. GREGORY D.
11 JEFFREYS directed J.G. and I.G. to wire investment proceeds to the GREGORY D.
12 JEFFREYS and SHANNON STILTNER Wells Fargo account. On or about January
13 24, 2012, J.G. wired \$205,000 from a bank account in Houston, Texas, to the
14 GREGORY D. JEFFREYS and SHANNON STILTNER Wells Fargo account. On
15 or about January 25, 2012, I.G. wired \$100,000 from a bank account in Ruston,
16 Louisiana, to the GREGORY D. JEFFREYS and SHANNON STILTNER Wells
17 Fargo account.

18 19. GREGORY D. JEFFREYS created, and caused to be created, false and
19 fraudulent promissory notes and caused them to be sent to J.G. and I.G. The
20 promissory notes, signed by GREGORY D. JEFFREYS, memorialized their
21 investment amounts, a fifteen percent (15%) interest guarantee, and full repayment
22 within one (1) year. The promissory notes, "Pro-Forma 12-02," and other documents
23 were falsely and fraudulently created and distributed to induce investment and to
24 further the fraud scheme.

25 20. GREGORY D. JEFFREYS and SHANNON STILTNER falsely and
26 fraudulently concealed from J.G. and I.G. that the venture identified in "Pro Forma
27 12-02" did not exist, that GREGORY D. JEFFREYS and SHANNON STILTNER did
28 not possess authorization to solicit investments in the venture, and that any moneys

1 that J.G. and I.G. would receive would be from moneys deposited by other investors,
2 among other misrepresentations. GREGORY D. JEFFREYS and STILTNER also
3 falsely and fraudulently utilized the investment funds from J.G. and I.G. for their own
4 use and benefit, and to further the fraud scheme.

5 “Oyster Point Office Building, San Francisco, CA”

6 21. Beginning in and around February 2012, GREGORY D. JEFFREYS ,
7 utilizing cellular telephones, email, and other means of interstate and foreign
8 commerce, falsely and fraudulently proposed an investment venture to J.G., among
9 others. GREGORY D. JEFFREYS falsely and fraudulently stated that GREGORY
10 D. JEFFREYS and other individuals had each invested \$2 million to purchase the
11 “Oyster Point Office Building” purportedly located in San Francisco, California, via
12 bankruptcy proceedings, for \$8 million. GREGORY D. JEFFREYS falsely and
13 fraudulently proposed to J.G. that another \$2 million was needed in reserves, for air
14 conditioning repairs and other work, in order to finalize the deal.

15 22. GREGORY D. JEFFREYS falsely and fraudulently provided J.G. with
16 a specific address in San Francisco, California where the “Oyster Point Office
17 Building” was purportedly located and a bogus California Superior Court bankruptcy
18 number. GREGORY D. JEFFREYS also falsely and fraudulently provided J.G. with
19 an “Oyster Point Office Building, San Francisco, CA” document. Among other
20 misrepresentations, the document falsely and fraudulently stated that the acquisition
21 cost was \$8 million, and \$2 million was needed in reserve for “future T.I., including
22 HVAC upgrade.” It also falsely and fraudulently represented that the building was
23 currently sixty-five percent (65%) occupied, with \$830,000 in rents, and at 100%
24 occupancy, rents would increase to \$1.9 million.

25 23. Based on the false and fraudulent pretenses, representations, and
26 promises, J.G. invested in the “Oyster Point Office Building, San Francisco, CA”
27 venture. GREGORY D. JEFFREYS directed J.G. to wire investment proceeds to the
28 GREGORY D. JEFFREYS and SHANNON STILTNER Wells Fargo account. On

1 or about February 17, 2012, J.G. wired \$600,000 from a bank account in Ruston,
2 Louisiana, to the GREGORY D. JEFFREYS and SHANNON STILTNER Wells
3 Fargo account.

4 24. GREGORY D. JEFFREYS created, and caused to be created, a false and
5 fraudulent promissory note and caused it to be sent to J.G. The promissory note,
6 signed by GREGORY D. JEFFREYS, memorialized J.G.'s investment amount, a
7 fifteen percent (15%) interest guarantee, and full repayment by June 1, 2012. The
8 promissory note falsely and fraudulently stated that J.G.'s \$600,000 was invested in
9 a \$2 million security interest in the property, which was being purchased out of
10 bankruptcy for \$8 million. It also falsely and fraudulently guaranteed that J.G. would
11 be listed on the Deed of Trust, with GREGORY D. JEFFREYS, until J.G.'s money
12 was repaid. The promissory note, "Oyster Point Office Building, San Francisco, CA"
13 document, and other documents were falsely and fraudulently created and distributed
14 to induce investment and to further the fraud scheme.

15 25. GREGORY D. JEFFREYS and SHANNON STILTNER falsely and
16 fraudulently concealed from J.G. that the venture identified in the "Oyster Point
17 Office Building, San Francisco, CA" document did not exist, that GREGORY D.
18 JEFFREYS and SHANNON STILTNER did not possess authorization to solicit
19 investments in the venture, and that any moneys that J.G. would receive would be
20 from moneys deposited by other investors, among other misrepresentations.
21 GREGORY D. JEFFREYS and SHANNON STILTNER also falsely and fraudulently
22 utilized the investment funds from J.G. for their own use and benefit, and to further
23 the fraud scheme.

24 "Pro Forma 12-04"

25 26. Beginning in and around April 2012, GREGORY D. JEFFREYS ,
26 utilizing cellular telephones, email, and other means of interstate and foreign
27 commerce, falsely and fraudulently proposed an investment venture to J.G., I.G.,
28 W.S., and R.Y., among others. GREGORY D. JEFFREYS falsely and fraudulently

1 proposed a \$2.8 million bridge loan to help fund construction of an apartment
2 complex purportedly located in Seattle, Washington. GREGORY D. JEFFREYS
3 falsely and fraudulently promised J.G., I.G., S.F., J.P.G., W.S., and R.Y. a high rate
4 of return on the investment. GREGORY D. JEFFREYS also provided J.G., I.G., S.F.,
5 J.P.G., W.S., and R.Y. with personal financial statements, which falsely and
6 fraudulently inflated his own wealth.

7 27. GREGORY D. JEFFREYS falsely and fraudulently created, and caused
8 to be created, a "Pro-Forma 12-04" document, and caused it to be sent to J.G., I.G.,
9 S.F., J.P.G., W.S., and R.Y. The "Pro Forma 12-04" document falsely and
10 fraudulently stated that a \$2.8 million bridge loan was needed for a 400-unit
11 apartment site in Seattle, Washington. It falsely and fraudulently stated that the
12 overall project cost was \$4 million, with a fund date of on or about May 18, 2012, and
13 that "we will be funded out of Construction Loan Proceeds." The document falsely
14 and fraudulently stated there was a \$100,000 minimum to invest and that "[w]e will
15 take a 100% undivided interest in the property . . . First Note and Deed of Trust on
16 100% of the 400-Unit Apartment Site."

17 28. On or about June 6, 2012, SHANNON STILTNER sent a false and
18 fraudulent email to R.Y. regarding the "Pro Forma 12-04" venture. STILTNER
19 falsely and fraudulently stated that the property address was "4406 132nd Street SE,
20 Millcreek, WA 98012." As to the property owner, STILTNER falsely and
21 fraudulently stated: "Legal owner is GJ LLC . . . A WA State LLC, owned and
22 managed by [GREGORY D. JEFFREYS]." As to the developer, STILTNER falsely
23 and fraudulently noted: "Developer and eventual owner is Milford Development Inc.,
24 out of San Francisco and San Diego." As to first lien holder, STILTNER falsely and
25 fraudulently stated: "As stated above, GJ LLC, a WA State LLC."

26 29. Based on the false and fraudulent pretenses, representations, and
27 promises, J.G., I.G., S.F. and J.P.G. invested in the "Pro-Forma 12-04" venture.
28 GREGORY D. JEFFREYS falsely and fraudulently told J.G. and I.G. that the venture

1 identified as "Pro-Forma 11-01" has successfully funded and J.G. and I.G. agreed to
2 rollover and reinvest their purported "Pro-Forma 11-01" proceeds into the venture
3 identified in "Pro-Forma 12-04." GREGORY D. JEFFREYS directed S.F. and J.P.G.
4 to wire investment proceeds to the GREGORY D. JEFFREYS and SHANNON
5 STILTNER Wells Fargo account. On or about May 14, 2012, S.F. wired \$50,000
6 from a bank account in Costa Mesa, California, to the GREGORY D. JEFFREYS and
7 SHANNON STILTNER Wells Fargo account. On or about June 7, 2012, J.P.G.
8 wired \$100,000 from a bank account in Overland Park, Kansas, to the GREGORY D.
9 JEFFREYS and SHANNON STILTNER Wells Fargo account.

10 30. GREGORY D. JEFFREYS created, and caused to be created, false and
11 fraudulent promissory notes and caused them to be sent to J.G., I.G., S.F., and J.P.G.
12 The promissory notes, signed by GREGORY D. JEFFREYS, memorialized the "Pro
13 Forma 12-04," their investment amounts, a fifteen to seventeen percent (15%-17%)
14 interest guarantee, and full repayment by September 1, 2013. The promissory notes,
15 "Pro-Forma 12-04," financial statements, and other documents were falsely and
16 fraudulently created and distributed to induce investment and to further the fraud
17 scheme.

18 31. GREGORY D. JEFFREYS and SHANNON STILTNER falsely and
19 fraudulently concealed from J.G., I.G., S.F., J.P.G., W.S., and R.Y. that the venture
20 identified in "Pro Forma 12-04" did not exist, that GREGORY D. JEFFREYS and
21 SHANNON SHANNON STILTNER did not possess authorization to solicit
22 investments in the venture, and that any moneys that J.G., I.G., S.F., J.P.G., W.S., and
23 R.Y. would receive would be from moneys deposited by other investors, among other
24 misrepresentations. GREGORY D. JEFFREYS and STILTNER also falsely and
25 fraudulently utilized the investment funds from J.G., I.G., S.F., and J.P.G. for their
26 own use and benefit, and to further the fraud scheme.

27 "Pro Forma 12-05"

28 32. Beginning in and around July 2012, GREGORY D. JEFFREYS,

1 utilizing cellular telephones, email, and other means of interstate and foreign
2 commerce, falsely and fraudulently proposed an investment venture to M.A., E.A.,
3 T.A., S.L., L.S., and D.W., among others. GREGORY D. JEFFREYS falsely and
4 fraudulently proposed a \$875,000 bridge loan to purchase two (2) condominiums
5 purportedly located in San Francisco, California. GREGORY D. JEFFREYS falsely
6 and fraudulently promised M.A., E.A., T.A., S.L., L.S., and D.W. a high rate of return
7 on the investment. GREGORY D. JEFFREYS also provided M.A., E.A., T.A., S.L.,
8 L.S., and D.W. with personal financial statements, which falsely and fraudulently
9 inflated his own wealth.

10 33. GREGORY D. JEFFREYS falsely and fraudulently created, and caused
11 to be created, a "Pro-Forma 12-05" document, and caused it to be sent to M.A., E.A.,
12 T.A., S.L., L.S., and D.W. The "Pro Forma 12-05" document falsely and fraudulently
13 stated that a \$875,000 bridge loan was needed for two (2) residential condominiums
14 "atop 5-story Building in San Francisco, CA." It falsely and fraudulently represented
15 that the condominiums recently appraised for \$875,000 and \$837,500; and that both
16 were "being purchased directly from Lending Bank Receiver" for a total of \$867,000.
17 The "Pro Forma 12-05" document also falsely and fraudulently noted: "We will fund
18 \$675,000 and be in First Lien Position . . . We will be issued a First Deed of Trust .
19 . . . I am funding \$175,000 personally and will issue Personal Guarantees . . . All
20 Lending Parties will be named as an Undivided Interest Holder on Deed of Trust."

21 34. GREGORY D. JEFFREYS also falsely and fraudulently created, and
22 caused to be created, an appraisal for the units, and caused it to be sent to M.A., E.A.,
23 T.A., S.L., L.S., and D.W. The false and fraudulent appraisal listed a specific address
24 in San Francisco, California, but contained a photograph of a condominium, owned
25 by GREGORY D. JEFFREYS, located at or near 417 W. 1st St. Spokane, Washington.
26 Among other false and fraudulent misrepresentations, the appraisal contained
27 comparable sales that were, in fact, Spokane, Washington, addresses, with the city
28 and state changed to San Francisco, California. GREGORY D. JEFFREYS also

1 falsely and fraudulently represented to M.A., E.A., T.A., S.L., L.S., and D.W. that he
2 had personally toured the condominiums, that the condominiums appraised well
3 below market value, and that he was also personally investing in the venture with a
4 family member.

5 35. Based on the false and fraudulent pretenses, representations, and
6 promises, M.A., E.A., T.A., S.L., L.S., and D.W. invested in the "Pro-Forma 12-05"
7 venture. GREGORY D. JEFFREYS directed M.A., E.A., T.A., S.L., L.S., and D.W.
8 to wire investment proceeds to the GREGORY D. JEFFREYS and SHANNON
9 STILTNER Wells Fargo account. On or about July 11, 2012, E.A. wired \$90,000
10 from a bank account in Coral Gables, Florida, to the GREGORY D. JEFFREYS and
11 SHANNON STILTNER Wells Fargo account. That same day, L.S. wired \$30,000
12 from a bank in New York, New York, to the GREGORY D. JEFFREYS and
13 SHANNON STILTNER Wells Fargo account. On or about July 12, 2012, S.L. wired
14 \$25,000 from a bank account in Portland, Oregon, to the GREGORY D. JEFFREYS
15 and SHANNON STILTNER Wells Fargo account. That same day, T.A., located in
16 California, deposited \$25,000 into the GREGORY D. JEFFREYS and SHANNON
17 STILTNER Wells Fargo account. On or about July 13, 2012, D.W. wired \$25,000
18 from a bank account in San Diego, California to the GREGORY D. JEFFREYS and
19 SHANNON STILTNER Wells Fargo account.

20 36. GREGORY D. JEFFREYS created, and caused to be created, false and
21 fraudulent promissory notes and caused them to be sent to M.A., E.A., T.A., S.L.,
22 L.S., and D.W. The promissory notes, signed by GREGORY D. JEFFREYS,
23 memorialized the "Pro Forma 12-05," their investment amounts, a fifteen percent
24 (15%) interest guarantee, and full repayment by July 1, 2013. The promissory notes,
25 "Pro-Forma 12-05," financial statements, and other documents were falsely and
26 fraudulently created and distributed to induce investment and to further the fraud
27 scheme.

28 37. GREGORY D. JEFFREYS and SHANNON STILTNER falsely and

1 fraudulently concealed from M.A., E.A., T.A., S.L., L.S., and D.W. that the venture
2 identified in "Pro Forma 12-05" did not exist, that GREGORY D. JEFFREYS and
3 SHANNON STILTNER did not possess authorization to solicit investments in the
4 venture, and that any moneys that M.A., E.A., T.A., S.L., L.S., and D.W. would
5 receive would be from moneys deposited by other investors, among other
6 misrepresentations. GREGORY D. JEFFREYS and SHANNON STILTNER also
7 falsely and fraudulently utilized the investment funds from M.A., E.A., T.A., S.L.,
8 L.S., and D.W. for their own use and benefit, and to further the fraud scheme.

9 "Pro Forma 12-25"

10 38. Beginning in and around July 2012, GREGORY D. JEFFREYS, utilizing
11 cellular telephones, email, and other means of interstate and foreign commerce,
12 falsely and fraudulently proposed an investment venture to J.P.G. and V.P., among
13 others. GREGORY D. JEFFREYS falsely and fraudulently proposed a \$220,000
14 bridge loan for purported friends, J.M. and M.M., that allegedly had a family member
15 in drug rehabilitation. GREGORY D. JEFFREYS falsely and fraudulently promised
16 J.P.G. and V.P. a high rate of return on the investment.

17 39. GREGORY D. JEFFREYS falsely and fraudulently created, and caused
18 to be created, a "Pro-Forma 12-25" document, and caused it to be sent to J.P.G. and
19 V.P. The "Pro Forma 12-25" document falsely and fraudulently stated that a
20 \$220,000 bridge loan was needed for a "long time friend," and that GREGORY D.
21 JEFFREYS was looking for a "50% partner: \$110,000." The document falsely and
22 fraudulently noted that the loan collateral was: "First Lien & Deed of Trust on
23 \$400,000 Single Family Residence (Spokane, WA)." GREGORY D. JEFFREYS also
24 attached color photos of the J.M. and M.M. residence with the "Pro-Forma 12-25"
25 document.

26 40. On or about August 3, 2012, GREGORY D. JEFFREYS also falsely and
27 fraudulently created, and caused to be created, "Deed of Trust" and promissory note
28 documents and caused them to be sent, via email, to V.P., among others. The "Deed

1 of Trust” falsely and fraudulently stated that the J.M. and M.M. “Living Trust” was
2 assigning their residence to GREGORY D. JEFFREYS and V.P. The promissory
3 note falsely and fraudulently stated that the J.M. and M.M. “Living Trust” promised
4 to repay \$220,000 to GREGORY D. JEFFREYS and V.P., with sixteen percent (16%)
5 interest, by February 2013. The promissory notes, “Pro-Forma 12-25,” and other
6 documents were falsely and fraudulently created and distributed to induce investment
7 and to further the fraud scheme.

8 41. GREGORY D. JEFFREYS falsely and fraudulently concealed from
9 J.P.G. and V.P. that the venture identified in “Pro Forma 12-25” did not exist, that
10 GREGORY D. JEFFREYS did not possess authorization to solicit investments in the
11 venture, and that any moneys that J.P.G. and V.P. would receive would be from
12 moneys deposited by other investors, among other misrepresentations.

13 “Pro Forma 12-14”

14 42. Beginning in and around December 2012, GREGORY D. JEFFREYS,
15 utilizing cellular telephones, email, and other means of interstate and foreign
16 commerce, falsely and fraudulently proposed an investment venture to W.S., among
17 others. GREGORY D. JEFFREYS falsely and fraudulently proposed a \$410,000
18 bridge loan to purchase an eight-unit condominium building, entitled the “Mullan
19 Midnight Condo’s,” located at or near 306 Second Street, Mullan, Idaho. GREGORY
20 D. JEFFREYS falsely and fraudulently promised W.P. a high rate of return on the
21 investment.

22 43. On or about December 17 and 18, 2012, GREGORY D. JEFFREYS sent
23 a false and fraudulent emails to W.S. regarding the “Pro Forma 12-14” venture.
24 GREGORY D. JEFFREYS falsely and fraudulently stated that the \$410,000 bridge
25 loan was for an undetermined party that was purchasing the eight-unit condominium
26 building. GREGORY D. JEFFREYS falsely and fraudulently stated that he would
27 take title to the entire property. GREGORY D. JEFFREYS informed W.S. that he
28 owned one (1) of the units, 306 Second Street, #1, Mullan, Idaho, and attached

1 various documents relating to the property. GREGORY D. JEFFREYS also falsely
2 and fraudulently stated that the units were valued at \$45,000 and \$160,000 each, and
3 that the \$410,000 bridge loan was a worthy venture because lodging was necessary
4 in the area for the burgeoning mining industry. The false and fraudulent emails,
5 representations, and documents were used to induce investment and to further the
6 fraud scheme.

7 44. GREGORY D. JEFFREYS falsely and fraudulently concealed from W.S.
8 that the venture identified as "Pro Forma 12-14" did not exist, that GREGORY D.
9 JEFFREYS did not possess authorization to solicit investments in the venture, and
10 that any moneys that W.S. would receive would be from moneys deposited by other
11 investors, among other misrepresentations.

12 All in violation of 18 U.S.C. § 1349.

13 **COUNTS 8-29**

14 **WIRE FRAUD**

15 **(18 U.S.C. § 1343)**

16 1. Paragraphs 9-29 of the General Allegations section of this Indictment are
17 re-alleged and incorporated fully herein by reference.

18 2. From in or around October 2011 and continuing through the return of
19 this Indictment, the exact dates being unknown to the Grand Jury, in the Eastern
20 District of Washington, and elsewhere, defendants GREGORY D. JEFFREYS and
21 SHANNON STILTNER, did knowingly and with intent to defraud, devise and intend
22 to devise a scheme and artifice to defraud, and to obtain money and property by
23 means of materially false and fraudulent pretenses, representations, and promises,
24 knowing that they were false and fraudulent when made, and transmitting and causing
25 to be transmitted in interstate commerce, by means of wire communication, certain
26 writings, signs, signals, pictures and sounds, for the purpose of executing the scheme
27 and artifice, in violation of 18 U.S.C. § 1343.

