

FILED IN OPEN COURT
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JAMES N. HATTEN, Clerk
By: *[Signature]*
Deputy Clerk

ORIGINAL

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

UNITED STATES OF AMERICA

v.

ANGELO ALLECA AND MARK
MORROW

Criminal Indictment

No. **1 : 15 - CR - 4 5 8**

UNDER SEAL

THE GRAND JURY CHARGES THAT:

COUNT ONE

(Conspiracy to Commit Mail and Wire Fraud Relating to Summit Wealth
Management Hedge Funds)

18 U.S.C. § 1349

1. Beginning on a date unknown, but from in or about January 2003, and continuing through in or about September 2012, in the Northern District of Georgia and elsewhere, the defendants, ANGELO ALLECA and MARK MORROW, together with others known and unknown to the Grand Jury, did knowingly combine, conspire, confederate, agree and have a tacit understanding with each other and others known and unknown to the Grand Jury, to commit certain offenses against the United States, namely:

Objects of the Hedge Funds Conspiracy

2. The objects of this conspiracy included:

a. To knowingly devise and intend to devise a scheme and artifice to defraud, and to deprive others of money and property by means of materially false and fraudulent pretenses, representations, and promises, and in furtherance thereof utilize the United States mails, in violation of Title 18, United States Code, Section 1341.

b. To knowingly devise and intend to devise a scheme and artifice to defraud, and to deprive others of money and property by means of materially false and fraudulent pretenses, representations, and promises, and in furtherance thereof utilize interstate wire communications, in violation of Title 18, United States Code, Section 1343.

Background of Hedge Fund Conspiracy

At relevant times during this Indictment:

3. ALLECA acted as the founder, President and Chief

Operating Officer of Summit Wealth Management, Inc. (Summit Wealth).

Summit Wealth was an investment adviser registered with the Securities and Exchange Commission and headquartered in Atlanta, Georgia. Summit Wealth was wholly owned by National Advisory Services, Inc., a holding company,

which, in turn, was controlled by ALLECA. Summit Wealth had more than 2,000 clients and reportedly managed as much as \$1 billion in assets.

4. ALLECA created, managed and controlled several hedge funds that were primarily sold to Summit Wealth clients, including: the Summit Investment Fund, LP (Summit Fund); Asset Class Diversification Fund, LP (Asset Class Fund); Private Credit Opportunities Fund, LLC (Private Credit Fund); and, the Summit Capital Long Short Fund, LLC (Summit Capital Fund).

5. MORROW was the administrator of the Summit Fund.

As, the the administrator, MORROW's duties included wiring funds to investors and receiving subscription documents. MORROW was also the authorized signer on bank accounts for the Summit Fund and Asset Class Fund. MORROW was also the managing member of Detroit Memorial Partners, LLC (Detroit Memorial), a Delaware limited liability company.

Manner and Means of Summit Wealth Hedge Funds Conspiracy

6. In or about 2003, ALLECA and MORROW started the Summit Fund and the Summit Capital Fund and solicited investments. ALLECA falsely misrepresented to investors that the fund would operate as a "fund of funds," which would pool investor funds and invest in hedge funds. Instead of operating as a fund-of-funds, the Summit Fund's assets were used to trade securities and

the fund incurred substantial losses. ALLECA and MORROW also fraudulently used assets of the Summit Fund to operate other businesses, pay redemptions and cover losses and interest payments on other investments.

7. In or about March 2005, ALLECA created the Asset Class Fund. The Asset Class Fund's PPM stated that it would undertake nontraditional investment strategies through carefully selected and monitored professional investment managers with the goal of establishing returns greater than that of the Standard & Poor's ("S&P") 500 stock index. These and other statements made in the PPM about the Asset Class Fund were fraudulently misleading because ALLECA primarily used capital raised to pay for investor redemptions in the Summit Fund, Asset Class Fund and other Summit Wealth investment products. ALLECA and MORROW also fraudulently used assets of the Asset Class Fund to operate other businesses, pay redemptions and cover losses and interest payments on other investments

8. In 2008, ALLECA created the Private Credit Fund with the stated investment objective of maximizing the total return through capital appreciation and interest income from investments in public and private investment grade and noninvestment grade debt securities, direct loans, Municipal Bonds, mortgages, collateralized mortgage obligations (CMO), collateralized debt

obligations (CDO), asset backed securities (ABS), bridge lending, equity securities, warrants, options and convertible debt of companies, and other special situation investments. Instead of investing the funds as represented in the Private Credit Fund offering documents, ALLECA and MORROW used Private Credit Fund assets to pay redemptions and interest to investors in other funds.

9. In 2008, MORROW improperly transferred or caused the transfer of \$100,000 from Asset Class Fund's bank account to Detroit Memorial's bank account.

10. In 2009, ALLECA improperly transferred or caused the transfer of \$3.3 million dollars from the Private Credit Fund's bank account to Detroit Memorial's bank account.

11. In October and November 2011, MORROW improperly withdrew \$50,000 from the Asset Class Fund's bank account.

12. In November 2011, ALLECA improperly transferred or caused the transfer of \$100,000 from the Private Credit Fund's bank account to Detroit Memorial's bank account.

13. From at least 2007 until 2012, ALLECA provided and directed others to provide fabricated account valuations to investors, Sterling Trust, TD Ameritrade, Mutual Shareholder Services, that were used to value the

Summit Fund, the Asset Class Fund, the Private Credit Fund and the Summit Capital Fund. As a result, the account statements that were mailed to investors showed principal gains, when, in reality, investors lost more than \$15 million as a result of the scheme to defraud.

14. From at least 2007 until 2012, ALLECA and MORROW misappropriated funds that were invested with the Summit Fund, Asset Class Fund, Private Credit Fund, and the Summit Capital Fund in order to pay interest and redemption requests in other investments, cover securities trading losses, and to pay personal expenses, including personal vacations, property renovations and other personal expenses.

All in violation of Title 18, United States Code, Section 1349.

COUNTS TWO through SEVEN

(Mail Fraud Relating to Summit Wealth Management Hedge Funds)
18 U.S.C. § 1341

15. The Grand Jury re-alleges and incorporates by reference paragraphs 3 through 14 of this Indictment as if fully set forth herein.

16. On or about the dates specified in Column A, the defendants, ANGELO ALLECA and MARK MORROW, aided and abetted by each other and others known and unknown to the Grand Jury, knowingly devised the scheme and artifice to defraud described in Count One, and for obtaining money and

property by means of materially false and fraudulent pretenses, representations and promises, for the purpose of executing and attempting to execute the same, with intent to defraud did, in the Northern District of Georgia and elsewhere, cause to be delivered by United States Postal Service and by a private or commercial interstate carrier, and knowingly cause to be delivered by mail and such carrier according to the direction thereon, the mail matter described in

Column B, to the investor whose initials appear in Column C, from the state listed in Column D:

Count	A	B	C	D
2	6/30/11	Summit Investment Fund, L.P. Account Statement showing balance of \$240,117.24	G.H.	Georgia
3	12/30/11	Summit Investment Fund, L.P. Account Statement showing balance of \$330,373.43	W.K.	Georgia
4	12/31/11	Summit Investment Fund, L.P. Account Statement showing balance of \$130,898.50	R.N.	Georgia
5	3/31/12	Summit Investment Fund, L.P. Account Statement showing balance of \$344,783.41	W.K.	Georgia
6	3/31/12	Summit Investment Fund, L.P. Account Statement showing balance of \$220,847.98	G.H.	Georgia
7	3/31/12	Summit Investment Fund, L.P. Account Statement showing balance of \$120,393.98	R.N.	Georgia

All in violation of Title 18, United States Code, Sections 1341 and 2.

COUNTS EIGHT through ELEVEN

(Wire Fraud Relating to Summit Wealth Management Hedge Funds)

18 U.S.C. § 1343

17. The Grand Jury re-alleges and incorporates by reference paragraphs 3

through 14 of this Indictment as if fully set forth herein.

18. On or about the date set forth below, in the Northern District of Georgia and elsewhere, the defendants, ANGELO ALLECA and MARK MORROW, aided and abetted by each other and others known and unknown to the Grand Jury, for the purpose of executing and attempting to execute the scheme and artifice to defraud described in Count One, and for obtaining money and property by means of materially false and fraudulent pretenses, representations and promises, did knowingly with intent to defraud, cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs and signals, to the banking institutions shown below:

COUNT	DATE	DESCRIPTION OF WIRE COMMUNICATION
8	5/13/11	Wire transfer of \$30,000 from Private Credit Opportunities Fund's banking institution in Georgia to Detroit Memorial Partners' banking institution in Ohio.
9	10/14/11	Wire transfer of \$50,000 from Private Credit Opportunities Fund's banking institution in Georgia to Asset Class Diversification Fund's banking institution in Ohio.
10	11/14/11	Wire transfer of \$100,000 from Private Credit Opportunities Fund's banking institution in Georgia to Detroit Memorial Partners' banking institution in Ohio.
11	11/21/11	Wire transfer of \$92,625 from Private Credit Opportunities Fund's banking institution in Georgia to Detroit Memorial Partners' banking institution in Ohio.

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS TWELVE through FIFTEEN

(Wire Fraud Relating to Summit Wealth Management Hedge Funds)
 18 U.S.C. § 1343

19. The Grand Jury re-alleges and incorporates by reference paragraphs 3 through 14 of this Indictment as if fully set forth herein.

20. On or about the date set forth below, in the Northern District of Georgia and elsewhere, the defendant, ANGELO ALLECA, aided and abetted by others known and unknown to the Grand Jury, for the purpose of executing and attempting to execute the scheme and artifice to defraud described in Count One, and for obtaining money and property by means of materially false and fraudulent pretenses, representations and promises, did knowingly with intent to defraud, cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs and signals, to the recipient and at the location shown below:

COUNT	DATE	DESCRIPTION OF WIRE COMMUNICATION
12	3/14/11	Wire transfer of \$450,000 from S.H.'s banking institution in Florida to Private Credit Opportunity Fund's banking institution in Georgia.
13	3/30/11	Wire transfer of \$500,000 from S.H.'s banking institution in Florida to Private Credit Opportunity Fund's banking institution in Georgia.
14	11/28/11	Wire transfer of \$12,000 from Private Credit Opportunity Fund's banking institution in Georgia to Angelo Alleca's banking institution in New York.
15	11/30/11	Wire transfer of \$52,000 from Private Credit

		Opportunity Fund's banking institution in Georgia to Angelo Alleca's banking institution in New York.
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All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT SIXTEEN

(Conspiracy to Commit Wire Fraud Relating to Detroit Memorial)
18 U.S.C. § 1349

21. Beginning on a date unknown, but from at least in or about October 2007, and continuing through in or about September 2012, in the Northern District of Georgia, the defendants, ANGELO ALLECA and MARK MORROW, and others known and unknown to the Grand Jury, did knowingly combine, conspire, confederate, and agree with each other to violate Title 18, United States Code, Section 1343, namely, to knowingly devise and intend to devise a scheme and artifice to defraud note holders and equity investors in Detroit Memorial Partners, LLC, and to obtain money and property from the aforesaid investors by means of materially false and fraudulent pretenses and representations, and by omission of material facts, well knowing and having reason to know that said pretenses and representations were and would be false and fraudulent when made and caused to be made and that said omissions were and would be material, by causing certain writings, signs, sounds, and signals to be transmitted in interstate communications.

Background

22. At relevant times during this Indictment:

a. Detroit Memorial Partners, LLC (Detroit Memorial) is a Delaware limited liability company. Detroit Memorial owns a 49% interest in Midwest Memorial Group, LLC (Midwest Memorial), which owns and operates 28 cemetery properties in Michigan. Westminister Memorial Group, LLC

(Westminister Memorial) owns a 51% interest in Midwest Memorial.

b. MORROW was the managing member of Detroit Memorial and he currently resides in Cincinnati, Ohio.

c. MORROW owned a 39% membership interest in Detroit Memorial and pursuant to Detroit Memorial's operating agreement maintained complete operational control over the company.

d. The Midwest Memorial operating agreement contains a "waterfall" provision with respect to Midwest Memorial distributions of profit that gives Westminister Memorial certain preferences over Detroit Memorial, including the right of Westminister Memorial to recoup 100% of its capital contribution before Detroit Memorial was entitled to any distributions.

23. In 2007, MORROW sought \$10 million dollars to make a

successful bid to acquire cemeteries. MORROW and ALLECA initially raised \$10 million from Summit Wealth clients.

24. From October 2007 until September 2009, ALLECA and advisors at Summit Wealth sold approximately \$17 million dollars of Detroit Memorial promissory notes to over 100 Summit Wealth clients.

25. ALLECA and MORROW reviewed drafts of the PPM that was circulated to potential Detroit Memorial promissory note investors.

26. Detroit Memorial's PPM contained the following material misrepresentations and omissions, among others:

- a. "The Notes . . . will be secured by real property and equity interest in 28 Michigan cemeteries." In fact, no security interest was ever perfected or recorded with respect to the notes. Detroit Memorial had no real property or ownership interest in the cemeteries with which to secure the notes.
- b. "Independent of the amounts raised in this offering, [Detroit Memorial] will, after completing the purchase transaction, have equity in real property and cemeteries and other assets available to use to pay principal or interest on the Notes." In fact, Detroit

Memorial had no assets at all at the time of the Initial Offering.

Moreover, the private placement memorandum did not disclose that Westminster Memorial would have a preference to distributions from Midwest Memorial's cemetery operations.

- c. "The Company is in the business of owning and managing cemeteries." In fact, Detroit Memorial never owned or managed any cemeteries. It was merely a holding company owning a minority stake in Midwest Memorial.
- d. "The Company has recently purchased the assets of twenty eight cemeteries located throughout the state of Michigan." In fact, at the time of the Initial Offering, no cemetery properties had been purchased by any entity affiliated with Detroit Memorial. Moreover, Detroit Memorial never purchased the assets of the cemeteries. Instead, Midwest Memorial bought those assets.
- e. "The use of the proceeds will be to acquire and manage cemeteries." In fact, approximately \$5.8 million of the proceeds from the note offering were used to purchase Morrow's 39% equity share of Detroit Memorial and his subsequent capital contributions.

27. In March 2012, ALLECA and MORROW participated in the sale of

additional Detroit Memorial promissory notes. Detroit Memorial raised approximately \$1.3 million dollars from 18 investors.

28. Detroit Memorial used a “Fact Sheet” in connection with the 2012 offering that contained material misrepresentations and omissions, including:

- a. “Detroit Memorial Partners (DMP) LLC owns 28 cemeteries in the state of Michigan.” In fact, Detroit Memorial did not own any cemeteries and instead owned a minority interest in Midwest Memorial, which actually owned the cemeteries.
- b. The Fact Sheet failed to disclose that Westminster Memorial had a preference with regard to distributions from Midwest Memorial’s cemetery operations.

29. In 2012, based on these material misrepresentations and omissions, the Detroit Memorial note investors used interstate wire communications to electronically send funds to bank accounts controlled by MORROW.

30. In addition to note offerings, Detroit Memorial raised approximately \$4.5 million from four investors in 2008 for a combined equity interest of 61% in Detroit Memorial.

31. ALLECA and MORROW misrepresented and omitted certain

information to equity investors on Detroit Memorial's outstanding debts, including that Detroit Memorial had substantial debt given the note offerings.

32. From at least 2007 until 2012, ALLECA and MORROW misappropriated Detroit Memorial note proceeds by transferring funds to bank accounts they controlled, withdrawing funds from Detroit Memorial's bank accounts, and using the proceeds to pay interest and redemption requests to investors in Summit Wealth Funds and to pay for personal expenses, including vacations, property renovations and living expenses.

All in violation of Title 18, United States Code, Section 1349.

COUNT SEVENTEEN
(Conspiracy to Commit Money Laundering)
18 U.S.C. § 1956(h)

33. The Grand Jury re-alleges and incorporates by reference paragraphs 3 through 14 and 22 through 32 of this Indictment as if fully set forth herein.

34. Beginning in or about January 2004, the exact date being unknown to the Grand Jury, and continuing thereafter until on or about September 2012, in the Northern District of Georgia and elsewhere, defendants ANGELO ALLECA and MARK MORROW, did knowingly combine, conspire, confederate, agree and have a tacit understanding with each other and others known and unknown to the Grand Jury, to commit money laundering by:

- a. knowingly conducting and attempting to conduct financial transactions involving the proceeds of specified unlawful activity affecting interstate commerce, that is, conspiracy to commit mail and wire fraud charged in Count One and conspiracy to commit wire fraud charged in Count Sixteen, knowing that the funds involved in those financial transactions represented the proceeds of some form of unlawful activity, and knowing that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of such specified unlawful activity, that is, conspiracy to commit mail and wire fraud charged in Count One and conspiracy to commit wire fraud charged in Count Sixteen, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i); and
- b. knowingly engaging, and attempting to engage, in monetary transactions by through or to a financial institution, affecting interstate commerce of a value greater than \$10,000.00, namely, transfers of the proceeds of specified unlawful activity to themselves and for their benefit, which transactions involved

proceeds of a specified unlawful activity, that is, conspiracy to commit mail and wire fraud charged in Count One and conspiracy to commit wire fraud charged in Count Sixteen, in violation of 18, United States Code, Section 1957.

35. The manner and means used to accomplish the objectives of the money laundering conspiracy included, among others, the following:

(a) ALLECA and MORROW used fraud proceeds to make interest payments and make redemptions for investors.

(b) ALLECA and MORROW deposited fraud proceeds into various bank accounts they controlled and then distributed the fraud proceeds by withdrawing cash, writing checks payable to themselves and cash, and wiring funds to various bank accounts they owned or controlled.

36. On or about the dates listed below, the defendants knowingly engaged in monetary transactions in criminally derived property as follows:

DATE	MONETARY TRANSACTION	AMOUNT
2/20/08	Wire transfer from U.S. Bank account #9232 in the name of Asset Class Diversification Fund to Bank of America account #6357 in the name of Detroit Memorial Partners	\$200,000.00
2/29/08	Wire transfer from Bank of America bank account #6357 in the name of Detroit Memorial Partners to RBS	\$1,600,000.00

	Citizens Bank account #8639 in the name of Summit Capital Holdings	
4/02/08	Wire transfer from Bank of America account #6357 in the name of Detroit Memorial Partners to RBS Citizens Bank account #8639 in the name of Summit Capital Holdings	\$1,100,000.00
2/05/09	Wire transfer from Bank of North Georgia account #9932 in the name of Private Credit Opportunities Fund to National City Bank account #7443 in the name of Detroit Memorial Partners	\$3,300,000.00
2/10/09	Wire transfer from National City Bank account #7443 in the name of Detroit Memorial Partners to RBS Citizens Bank account #8639 in the name of Summit Capital Holdings	\$780,000.00
3/06/09	Wire transfer from Bank of North Georgia account #9932 in the name of Private Credit Opportunities Fund to National City Bank account #7443 in the name of Detroit Memorial Partners	\$1,500,000.00
3/13/09	The deposit of a cashier's check drawn on National City Bank account #7443 in the name of Detroit Memorial Partners into the JP Morgan Chase Bank account #9865 in the name of Summit Investment Fund	\$1,700,000.00
7/23/09	Wire transfer from National City Bank account #7443 in the name of Detroit Memorial Partners to JP Morgan Chase Bank account #9865 in the name of Summit Investment Fund	\$1,206,638.64

10/28/09	Withdrawal from National City Bank account #7443 in the name of Detroit Memorial Partners by Mark Morrow	\$100,000.00
11/12/09	The deposit of a cashier's check drawn on National City Bank account #7443 in the name of Detroit Memorial Partners into the U.S. Bank account #9232 in the name of Asset Class Diversification Fund	\$150,000.00
5/27/10	Withdrawal from PNC Bank account #2002 in the name of Detroit Memorial Partners by Mark Morrow	\$30,000.00
6/23/10	Wire transfer from PNC Bank account #2002 in the name of Detroit Memorial Partners to U.S. Bank account #9232 in the name of Asset Class Diversification Fund	\$250,000.00
10/14/11	Wire transfer from Bank of North Georgia account #9932 in the name of Private Credit Opportunities Fund to U.S. Bank account #9232 in the name of Asset Class Diversification Fund	\$50,000.00
11/7/11	Withdrawal from U.S. Bank account #9232 in the name of Asset Class Diversification Fund by Mark Morrow	\$30,000.00
12/1/11	Wire transfer from Bank of North Georgia account #9932 in the name of Private Credit Opportunities Fund to J.P. Morgan Chase Bank account #3607 in the name of Angelo Alleca	\$52,000.00
3/16/12	Wire transfer from PNC Bank account #2002 in the name of Detroit Memorial Partners to RBS Citizens Bank account # 6316 in the name of Angelo Alleca	\$250,000.00

4/18/12	Withdrawal from PNC Bank account #2002 in the name of Detroit Memorial Partners by Mark Morrow	\$100,010.00
4/23/12	Withdrawal from PNC Bank account #2002 in the name of Detroit Memorial Partners by Mark Morrow	\$100,000.00
5/02/12	Wire transfer from PNC Bank account #2002 in the name of Detroit Memorial Partners to RBS Citizens Bank account #8639 in the name of Summit Capital Holdings	\$40,000.00

All in violation of Title 18, United States code, Section 1956(h).

Forfeiture Provision

37. Upon conviction for one or more of the offenses alleged in Counts One Through Sixteen of this Indictment, the defendants shall forfeit to the United States, pursuant to Title 18, United States Code, Sections 981(a)(1)(D), 982(a)(2), and Title 28, United States Code, Section 2461(c), any property constituting or derived from proceeds obtained directly or indirectly as a result of said violations, including but not limited to the following:

(A) Money Judgment

- (1) A sum of money equal to the total amount of the illegal proceeds derived from the scheme to defraud that is alleged in this Indictment.

(B) Real Property

- (1) All that lot or parcel of land, together with its buildings, appurtenances,

improvements, fixtures, attachments and easements, located at 8643 Twilight Tear Lane, Cincinnati OH 45249.

38. Additionally, as a result of committing the offense alleged in Count Seventeen of this Indictment, the defendants, shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(A), Title 18, United States Code, Section 982(a)(1), and Title 28, United States Code, Section 2461(c),

all property, real and personal, involved in said offense, including but not limited to:

(A) Money Judgment

(1) A sum of money equal to the total amount of the illegal proceeds derived from the scheme to defraud that is alleged in this Indictment.

(B) Real Property

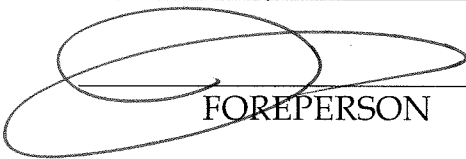
(1) All that lot or parcel of land, together with its buildings, appurtenances, improvements, fixtures, attachments and easements, located at 8643 Twilight Tear Lane, Cincinnati OH 45249.

39. If, as a result of any act or omission of the defendants, any property subject to forfeiture:

- a. Cannot be located upon the exercise of due diligence;
- b. Has been transferred or sold to, or deposited with, a third person;

- 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 subdivided without difficulty;

the United States intends, pursuant to Title 18, United States Code, Section 982 (b) and Title 21, United States Code, Section 853(p), and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of the defendants up to the value of the forfeitable property.

A True BILL

FOREPERSON

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