

ALWATP

DEFENDANT Donald L. James 1510047 2015-1891 CHARGE Theft PC 31.03 F1
 ADDRESS 1758 La Playa Drive, Lafayette, California 94549 CAUSE# 3008930-2015
 DESCRIPTION W/M; DOB: 01/04/1965 AGENCY# State Securities Board
California DL #B649866
 ARREST INFORMATION GJR
 C/C Richard Hubert Gray, Wendy L. Rogers, Michael C. McDermott, Ronald L. James Witness: Letha Sparks

TRUE BILL OF INDICTMENT

IN THE NAME AND BY AUTHORITY OF THE STATE OF TEXAS: The Grand Jury of Collin County, State of Texas, duly organized at the January Term, A.D., 2015 of the 417th

District Court of said county, in said court at said term, do present that _____

DONALD L. JAMES, hereinafter "defendant"

on or about the dates listed below, and before the presentment of this indictment, in Collin County, Texas, did then and there unlawfully appropriate, to wit: acquire and exercise control over property, other than real property, to wit: current money of the United States of America, from the following owners, and in the following amounts:

<u>Owner</u>	<u>Date of Appropriation</u>	<u>Amount Appropriated</u>
Ronald C. Harrison, Jr.	May 28, 2009	\$25,000.00
Lola Mae Grospron	July 10, 2009	\$584,078.73
A. Samuel & Ruth Pavlak	July 14, 2009	\$50,000.00
Duwayne Adams	August 4, 2009	\$35,000.00
Margaret Kathleen Meyer	August 19, 2009	\$30,049.63
Charles W. & Shirley A Beck	August 26, 2009	\$85,000.00
Jerry Holick	August 31, 2009	\$50,000.00
Thomas L. Borok	September 7, 2009	\$25,000.00
Monique VanDamme Wildt	September 16, 2009	\$35,000.00
Carla J. Workman	September 16, 2009	\$25,000.00

James Jones	September 22, 2009	\$30,000.00
Isabel R. Chacon	September 25, 2009	\$49,875.00
A. Samuel & Ruth Pavlak	October 13, 2009	\$30,000.00
Steven J. Bettison	October 15, 2009	\$50,000.00
Elaine S. Traylor	October 16, 2009	\$12,500.00
Deborah Jones	October 20, 2009	\$60,000.00
Thomas L. Borok	October 22, 2009	\$25,000.00
Jason C. Traylor	October 23, 2009	\$15,000.00
Deborah Jones	October 27, 2009	\$79,862.12
Thomas L. Borok	October 28, 2009	\$10,000.00
Nelda Hammett	October 28, 2009	\$50,000.00
Michael T. Krueger	November 3, 2009	\$25,000.00
Thomas L. Borok	November 6, 2009	\$25,000.00
Dirk Wildt	November 6, 2009	\$31,715.48
Kip & Maura Souza	November 10, 2009	\$12,000.00
Kathy Creel	November 12, 2009	\$100,000.00
Ira Allen	November 16, 2009	\$239,627.50
Burford Darrell & Barbara Gotcher	November 17, 2009	\$20,859.21
Dirk Wildt	November 17, 2009	\$15,117.98
Burford Darrell Gotcher	November 30, 2009	\$73,615.98
Walter B. Hayes	December 3, 2009	\$70,000.00
Tanner L. Mattison	December 21, 2009	\$50,000.00
David L. Allen	December 21, 2009	\$25,000.00

Thomas L. Borok	January 1, 2010	\$15,000.00
Lucian Marquez	January 4, 2010	\$474,000.00
Walter E. Beebe	January 15, 2010	\$100,000.00
Andrew M. Kozusko	January 21, 2010	\$30,000.00
Reid Curtis Rasmussen	January 27, 2010	\$79,325.74
Thomas L. Borok	January 29, 2010	\$10,000.00
Thomas L. Borok	February 1, 2010	\$5,000.00
Dean S. & Lyn C. Robinson	February 3, 2010	\$125,000.00
Janice Wildberger	February 3, 2010	\$25,000.00
Trista C. Collins	February 11, 2010	\$23,183.13
Adi Danous	February 16, 2010	\$25,000.00
Thomas L. Borok	February 19, 2010	\$5,000.00
Nancy M. Malia	February 25, 2010	\$90,078.15
Dirk Wildt	February 25, 2010	\$21,781.50
Thomas L. Borok	March 1, 2010	\$10,000.00
Thomas L. Borok	March 1, 2010	\$5,000.00
Thomas L. Borok	March 11, 2010	\$15,000.00
Chris Slay	March 12, 2010	\$55,000.00
Stephen Mullet	March 16, 2010	\$39,875.00
Billy Ed Powell	March 17, 2010	\$30,000.00
Bruce B. Kufferath	March 17, 2010	\$300,000.00
John J. Johnson	March 29, 2010	\$30,000.00

And said appropriations were without the effective consent of said owners in that consent was induced by deception, to wit: said defendant created and confirmed by words and conduct false impressions of fact that were likely to affect the judgment of said owners in the transactions and the defendant did not believe to be true; and said defendant failed to correct false impressions of fact that were likely to affect the judgment of said owners in the transactions, that said defendant previously created and confirmed by words and conduct, and said defendant did not at the time believe to be true; and said defendant promised performance that affected the judgment of said owners in said transactions that said defendant did not intend to perform and knew would not be performed; And said defendant acted with the intent to deprive said owners of said property by withholding said property permanently and for so extended a period of time that a major portion of the value and enjoyment of said property was lost to said owners, and by disposing of said property in a manner that made recover of said property by said owners unlikely;

And all of said amounts were obtained, as alleged, as part of one scheme and continuing course of conduct, and the aggregate value of the property so appropriated was \$200,000.00 or more;

Against the peace and dignity of the State.


FOREPERSON OF THE GRAND JURY

FILED

FEB 26 PM 2:27

ANDREA KAY BAIRD
DISTRICT CLERK
COLLIER COUNTY, TEXAS
BY: 

DEFENDANT Donald L. James CHARGE Money Laundering >\$200K
1510047; 2015-1589 Sec. 34.02 Texas Penal Code

ADDRESS 1758 La Playa Drive, Lafayette, California 94549 CAUSE# 1510047-2015

DESCRIPTION W/M; DOB: 01/04/1965; California DL #B6498668 AGENCY# State Securities Board

ARREST INFORMATION GJR

C/C Richard Hubert Gray, Wendy L. Rogers, Michael C. McDermott, Ronald L. James Witness: Letha Sparks

TRUE BILL OF INDICTMENT

IN THE NAME AND BY AUTHORITY OF THE STATE OF TEXAS: The Grand Jury of Collin County, State of Texas, duly organized at the January Term, A.D., 2015 of the 417th

District Court of said county, in said court at said term, do present that

DONALD L. JAMES, hereinafter "defendant"

On or about and between the dates of April 1, 2009, and April 15, 2010, in Collin County, Texas, did then and there

knowingly acquire and maintain an interest in, possess, conduct, supervise and facilitate transactions involving the proceeds of criminal activity, to wit: current money of the United States of America, in the aggregated amount of two hundred thousand dollars (\$200,000.00) or more; and said proceeds were generated from the commission of the offense of Theft of Property in the aggregated amount of \$200,000.00 or more, a felony under the laws of the State of Texas; and the commission of fraud in connection with the sale and offer for sale of securities in the aggregated amount of \$100,000.00 or more, a felony under the laws of the State of Texas;

Against the peace and dignity of the State.

Andrea Kay Beard
FOREPERSON OF THE GRAND JURY

FILED

2015 FEB 26 PM 2:27

ANDREW S. HARRISON
CLERK OF DISTRICT COURT
COLLIN COUNTY, TEXAS
BY B. Roberts DEPUTY

ALINAPP

DEFENDANT Donald L. James

CHARGE Securities Fraud >\$100K
Article 581 Sec. 29C Texas
Securities Act

1510047 2015-1590

ADDRESS 1758 La Playa Drive, Lafayette, California 94549

CAUSE# 300-80429-2015

DESCRIPTION W/M; DOB: 01/04/1965; California DL #B6498668

AGENCY# State Securities Board

ARREST INFORMATION GJR

C/C Richard Hubert Gray, Wendy L. Rogers, Michael C. McDermott, Ronald L. James Witness: Letha Sparks

TRUE BILL OF INDICTMENT

IN THE NAME AND BY AUTHORITY OF THE STATE OF TEXAS: The Grand Jury of Collin County, State of Texas, duly organized at the January Term, A.D., 2015 of the 417th

District Court of said county, in said court at said term, do present that

DONALD L. JAMES, hereinafter "defendant"

On or about the dates listed below, and before the presentment of this indictment, in Collin County, Texas, did then and there, directly and through agents, sell and offer for sale interests in the Resale Life Insurance Policy Program (hereinafter referred to as the "RSLIP Program"), being a security, to wit: an evidence of indebtedness, promissory note, and an investment contract, to each of the persons listed below, and in the following amounts:

<u>Person</u>	<u>Date</u>	<u>Amount</u>
Ronald C. Harrison, Jr.	May 28, 2009	\$25,000.00
Lola Mae Grospiron	July 10, 2009	\$584,078.73
A. Samuel & Ruth Pavlak	July 14, 2009	\$50,000.00
Duwaine Adams	August 4, 2009	\$35,000.00
Margaret Kathleen Meyer	August 19, 2009	\$30,049.63
Charles W. & Shirley A Beck	August 26, 2009	\$85,000.00
Jerry Holick	August 31, 2009	\$50,000.00
Thomas L. Borok	September 7, 2009	\$25,000.00

Monique VanDamme Wildt	September 16, 2009	\$35,000.00
Carla J. Workman	September 16, 2009	\$25,000.00
James Jones	September 22, 2009	\$30,000.00
Isabel R. Chacon	September 25, 2009	\$49,875.00
A. Samuel & Ruth Pavlak	October 13, 2009	\$30,000.00
Steven J. Bettison	October 15, 2009	\$50,000.00
Elaine S. Traylor	October 16, 2009	\$12,500.00
Deborah Jones	October 20, 2009	\$60,000.00
Thomas L. Borok	October 22, 2009	\$25,000.00
Jason C. Traylor	October 23, 2009	\$15,000.00
Deborah Jones	October 27, 2009	\$79,862.12
Thomas L. Borok	October 28, 2009	\$10,000.00
Nelda Hammett	October 28, 2009	\$50,000.00
Michael T. Krueger	November 3, 2009	\$25,000.00
Thomas L. Borok	November 6, 2009	\$25,000.00
Dirk Wildt	November 6, 2009	\$31,715.48
Kip & Maura Souza	November 10, 2009	\$12,000.00
Kathy Creel	November 12, 2009	\$100,000.00
Ira Allen	November 16, 2009	\$239,627.50
Burford Darrell & Barbara Gotcher	November 17, 2009	\$20,859.21
Dirk Wildt	November 17, 2009	\$15,117.98
Burford Darrell Gotcher	November 30, 2009	\$73,615.98
Walter B. Hayes	December 3, 2009	\$70,000.00
Tanner L. Mattison	December 21, 2009	\$50,000.00
David L. Allen	December 21, 2009	\$25,000.00

Thomas L. Borok	January 1, 2010	\$15,000.00
Lucian Marquez	January 4, 2010	\$474,000.00
Walter E. Beebe	January 15, 2010	\$100,000.00
Andrew M. Kozusko	January 21, 2010	\$30,000.00
Reid Curtis Rasmussen	January 27, 2010	\$79,325.74
Thomas L. Borok	January 29, 2010	\$10,000.00
Thomas L. Borok	February 1, 2010	\$5,000.00
Dean S. & Lyn C. Robinson	February 3, 2010	\$125,000.00
Janice Wildberger	February 3, 2010	\$25,000.00
Trista C. Collins	February 11, 2010	\$23,183.13
Adi Danous	February 16, 2010	\$25,000.00
Thomas L. Borok	February 19, 2010	\$5,000.00
Nancy M. Malia	February 25, 2010	\$90,078.15
Dirk Wildt	February 25, 2010	\$21,781.50
Thomas L. Borok	March 1, 2010	\$10,000.00
Thomas L. Borok	March 1, 2010	\$5,000.00
Thomas L. Borok	March 11, 2010	\$15,000.00
Chris Slay	March 12, 2010	\$55,000.00
Stephen Mullet	March 16, 2010	\$39,875.00
Billy Ed Powell	March 17, 2010	\$30,000.00
Bruce B. Kufflerath	March 17, 2010	\$300,000.00
John J. Johnson	March 29, 2010	\$30,000.00

and said defendant committed fraud in connection with the sales and offers for sale of said securities by:

PARAGRAPH ONE

knowingly and intentionally representing investors would receive a 16.5% return per year on their investment for the entire life expectancy of the insured, said information being a misrepresentation of a relevant fact; and

PARAGRAPH TWO

knowingly and intentionally representing funds invested by investors in the RSLIP Program would be used for the purposes of purchasing specific life insurance policies associated with each investor's portfolio and that said investors' funds would be used to pay for the premiums of specific life insurance policies associated with each investor's portfolio, said information being misrepresentations of a relevant fact; and

PARAGRAPH THREE

intentionally failing to disclose funds invested by investors in the RSLIP Program would be comingled and that said funds would be misapplied by using said funds to pay premiums on any life insurance policy purchased by Retirement Value, L.L.C., when said premiums were due, regardless of the investors' portfolios, said information being a material fact; and

PARAGRAPH FOUR

intentionally failing to disclose funds invested by investors in the RSLIP Program would be comingled and that said funds would be misapplied by using said funds to purchase any life insurance policy purchased by Retirement Value, L.L.C., regardless of the investors' portfolios, said information being a material fact; and

PARAGRAPH FIVE

knowingly and intentionally representing that investor funds used to fund premium reserve accounts would be escrowed for the period of the life expectancy of the insured plus twenty-four (24) months, said information being a misrepresentation of a relevant fact; and

PARAGRAPH SIX

knowingly and intentionally representing that any unused premium reserve funds paid by investors and collected in connection with the operation of the RSLIP Program would be returned to investors, said information being a misrepresentation of a relevant fact; and

PARAGRAPH SEVEN

knowingly and intentionally representing that the law firm of Kiesling, Porter, Kiesling & Free, P.C. would act as an independent escrow agent in connection with the operation of the RSLIP Program, said information being a misrepresentation of a relevant fact; and

PARAGRAPH EIGHT

intentionally failing to disclose there were insufficient funds available in premium reserve accounts to pay premiums on life insurance policies for the life expectancy of the insured plus twenty-four (24) months, said information being a material fact; and

PARAGRAPH NINE

knowingly and intentionally representing to investors that Retirement Value, L.L.C., would employ a tracking service to track insureds whereupon the deaths of said insureds appropriate documentation could be filed in order to collect the death benefit on each such insured, said information being a misrepresentation of a relevant fact; and

PARAGRAPH TEN

intentionally failing to disclose that approximately 30% of investors' funds invested with the RSLIP Program were used to pay fees and commissions to sales agents selling the RSLIP Program, said information being a material fact; and

PARAGRAPH ELEVEN

knowingly and intentionally representing to investors they retained an irrevocable co-beneficiary status in the life insurance policies maintained in their portfolio, when in fact the entity actually holding revocable beneficiary status for such policies was actually the law firm of Kiesling, Porter, Kiesling & Free, P.C., said information being a misrepresentation of a relevant fact; and

PARAGRAPH TWELVE

knowingly and intentionally continuing to represent to investors that the life expectancies on insureds provided by Midwest Medical Review, LLC, on policies sold to investors in the RSLIP program were approximately 92% accurate even after receiving information that a report conducted by an independent firm auditing the life expectancies prepared by Midwest Medical Review, L.L.C., determined that the life expectancies provided by Midwest Medical Review, LLC, used in the RSLIP Program were significantly lower than 92%. said information being a misrepresentation of a relevant fact; and

PARAGRAPH THIRTEEN

intentionally failing to disclose that on or about September 28, 2006, in the United States District Court for the Western District of Tennessee, Memphis Division, in case number CR. NO. 03-20433-B, styled *United States of America vs. George Kindness and Amスコ Medical Labs. Inc.*, George Kindness, the owner of Midwest Medical Review, LLC, was convicted of being aided and abetted in the introduction of a misbranded drug into interstate commerce with intent to mislead, said information being a material fact; and

PARAGRAPH FOURTEEN

intentionally failing to disclose that on or about August 23, 2007, in the United States District Court, Eastern District of California, Sacramento Division, in Case No. 2:07-cv-01724-GEB-CMK, styled *Securities and Exchange Commission v. Secure Investment Services, Inc., American Financial Services, Inc., Lyndon Group, Inc., Donald F. Neuhus, and Kimberly A. Snowden*, the Securities and Exchange Commission alleged Secure Investment Services, Inc., for which Richard H. Gray worked as a salesperson, misled investors by providing them unreliable life expectancy estimates certified by a physician from Amスコ Medical Labs. Inc. and Midwest Medical Review, LLC, companies controlled by George Kindness, among other things, said information being a material fact; and

PARAGRAPH FIFTEEN

intentionally failing to disclose that other life expectancy companies had provided life expectancy estimates for the insureds in the RSLIP Program that were longer than those made by Midwest Medical Review, L.L.C., said information being material fact; and

PARAGRAPH SIXTEEN

intentionally failing to disclose that on or about June 25, 2009, a Notice of Hearing in Docket No. 454-09-4867.C was issued by the Texas Department of Insurance to Richard H. Gray, among others, alleging Richard H. Gray committed fraudulent or dishonest acts or practices in violation of the Texas Insurance Act, and seeking the revocation of Richard H. Gray's license to sell insurance in the state of Texas, said information being a material fact; and

PARAGRAPH SEVENTEEN

intentionally failing to disclose on or about September 8, 2008, Richard H. Gray, individually and in his capacity as Managing Member of Hill Country Funding, LLC, signed an "Undertaking Filed with the Securities Commissioner of Texas" with the Texas State Securities Board, agreeing, among other things, to "comply with all provisions of the Texas Securities Act," said information being a material fact;

PARAGRAPH EIGHTEEN

intentionally failing to disclose that the defendant and Ronald L. James doing business as James Settlement Services, L.L.C., the provider of the policies to Retirement Value, L.L.C., marked up the price of each of the policies purchased by Retirement Value, L.L.C., by an average of approximately 233% above the purchase price paid by James Settlement Services, L.L.C., said information being material fact;

And all of said amounts were obtained pursuant to one scheme and continuing course of conduct, and the aggregate amount that was obtained was \$100,000.00 or more:

Against the peace and dignity of the State.


FOREPERSON OF THE GRAND JURY

2015 FEB 25 PM 2:20

PHILIP A. THOMPSON
DISTRICT CLERK
COUNTY CLERK
BY  DEPUTY