

ALUNAP

DEFENDANT Michael Charles McDermott 1510043 CHARGE Theft PC 31.03 F1
 ADDRESS _____ 2015-1587 CAUSE# 380-80457-2015
 DESCRIPTION W/M; DOB: 08/03/1947 AGENCY# State Securities Board
 ARREST INFORMATION GJR
 C/C Richard Hubert Gray, Wendy L. Rogers, Ronald L. James, Donald 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 _____

MICHAEL CHARLES MCDERMOTT, 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

2019 FEB 26 PM 2: 26

ANDREW DEAN WILSON
DISTRICT CLERK
COLLIER COUNTY, TEXAS
BY  DEPUTY

DEFENDANT Michael Charles McDermott

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

1510043; 2015-1586

ADDRESS _____

CAUSE# 389-8-457-2015

DESCRIPTION W/M; DOB: 08/03/1947;

AGENCY/# State Securities Board

ARREST INFORMATION GJR

C/C Richard Hubert Gray, Wendy L. Rogers, Ronald L. James, Donald 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 _____

MICHAEL CHARLES MCDERMOTT, 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
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James Jones	September 22, 2009	\$30,000.00
Isabel R. Chacon	September 25, 2009	\$49,875.00
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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
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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 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

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 THREE

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 FOUR

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 FIVE

intentionally failing to disclose that on or about September 28, 2006, in the United States District Court for the Western District of Tennessee, Western Division, in case number CR. NO. 03-20433-B, styled *United States of America vs. George Kindness and Amscot 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 SIX

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-LEW-CMK, styled *Securities and Exchange Commission v. Secure Investment Services, Inc., American Financial Services, Inc., Lyndon Group, Inc., Donald F. Neuhas, 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 life expectancy estimates certified by a physician from Amscot Medical Labs, Inc. and Midwest Medical Review, LLC, among other things, said information being a material fact; and

PARAGRAPH SEVEN

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 fraudulent acts 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

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

FILED

2015 FEB 26 PM 2:26

CLERK OF DISTRICT COURT
DISTRICT 10
COLLEEN COUNTY TEXAS
BY *B. [Signature]*

★ LINDA

DEFENDANT Michael Charles McDermott CHARGE EOCA > \$200K; 71.02 (1) & (10) TPC
1971 DOB: 2009-1584

ADDRESS _____ CAUSE# 380-80441-2015

DESCRIPTION W/M; DOB: 08/03/1947; AGENCY# State Securities Board

ARREST INFORMATION GJR

C/C Richard Hubert Gray, Wendy L Rogers, Ronald L. James, Donald 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 _____

MICHAEL CHARLES MCDERMOTT, hereinafter "defendant"

On or about and between the dates of April 9, 2009, and March 29, 2010, in Collin County, Texas, and elsewhere, with the intent to establish, maintain, and participate in a combination and in the profits of a combination, said combination consisting of the defendant; Richard Hubert Gray; Wendy Lynn Rogers; Ronald Llewellyn James; Donald L. James; Michael Timothy Beste; Bruce Gordon Collins; and others, who collaborated in carrying on the hereinafter-described criminal activity, did then and there commit the following offenses, to wit: Theft of Property, pursuant to one scheme and continuing course of conduct, which in the aggregate, involved property of the value of \$200,000.00 or more in violation of Section 31.03 of the Texas Penal Code; and Money Laundering, pursuant to one scheme and continuing course of conduct, which in the aggregate, involved criminal proceeds in the amount of \$200,000.00 or more, in violation of Section 34.02 of the Texas Penal Code; all in violation of Section 71.02(a)(1) and (a)(10) of the Texas Penal Code;

Against the peace and dignity of the State.

2015 FEB 26 PM 2:26

ADDL. COUNTY CLERK
COLLIN COUNTY, TEXAS
BY [Signature] DEPUTY

[Signature]
FOREPERSON OF THE GRAND JURY

ALWAPP

DEFENDANT Michael Charles McDermott CHARGE Money Laundering >\$200K
1510043 ; 2015-1585 Sec. 34.02 Texas Penal Code

ADDRESS _____ CAUSE# 360-30440-2015

DESCRIPTION W/M; DOB: 08/03/1947 AGENCY# State Securities Board

ARREST INFORMATION GJR

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

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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 _____

MICHAEL CHARLES MCDERMOTT, hereinafter "defendant"

On or about and between the dates of April 9, 2009, and March 29, 2010, in Collin County, Texas, did then and there

knowingly acquire an interest in and possess 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 Burd
FOREPERSON OF THE GRAND JURY

FILED

2015 FEB 26 PM 2:26

CLERK OF DISTRICT COURT
COLLIN COUNTY, TEXAS
BY *B. P. [Signature]* DEPUTY