UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

NO. 03-CR-80474-DT

-vs-

HON. ARTHUR J. TARNOW

D-1 GARY L. MONROE,
D-2 WILLIAM J. RAUWERDINK, and
D-3 JOHN R. MESSINGER,

Defendants.
_____________________________________/

FIRST SUPERSEDING INDICTMENT

THE GRAND JURY CHARGES:

GENERAL ALLEGATIONS

1. At all times relevant to this First Superseding Indictment, *LASON, INC.* was a Delaware corporation with its headquarters in Troy, Michigan. *LASON, INC.* carried out its business through a number of different subsidiaries, including but not limited to *LASON SYSTEMS, INC.* and *LASON SERVICES, INC.*, both also Delaware corporations. LASON, INC. and its subsidiaries are hereinafter referred to as "Lason." Lason's operations included printing and mail-processing services. Lason was also engaged in the business of document and information management, which primarily involved document and data capture, data management through electronic storage and

retrieval, and the output of information digitally or in print. Lason had dozens of operating units located throughout the United States and in other countries, and served hundreds of business customers, including automobile manufacturers.

2. Defendant **GARY L. MONROE** joined Lason in September 1995, assuming the positions of Executive Vice President and Director. He was the Chief Executive Officer (CEO) of Lason from February 1996 to July 2000, the President from April 1997 to January 1999, and the Chairman of Lason's Board of Directors from April 1998 to July 2000.

3. Defendant **WILLIAM J. RAUWERDINK** joined Lason in May 1996, assuming the positions of Executive Vice President, Chief Financial Officer (CFO), Treasurer, and Secretary. He remained in those positions until May 2000. He was a Director of Lason from approximately May 1999 to August 2000.

4. Defendant **JOHN R. MESSINGER** joined Lason in July 1997, assuming the positions of Executive Vice President and President of Lason's Imaging Services Group. He was the President and Chief Operating Officer (COO) of Lason from January 1999 to March 2001.

5. ROBERT T. BASSMAN joined Lason in September 1996, assuming the position of Assistant Controller. He was the Controller of Lason from early 1997 to October 2000.

6. In October 1996, Lason made its initial public offering (IPO) of common

stock and became a publicly held company. Lason made additional public offerings of its common stock in August 1997 and August 1998. From October 1996 to October 2000, Lason's common stock was listed on the National Association of Securities Dealers Automated Quotation ("NASDAQ") National Market System (under the symbol LSON), and traded "over the counter."

7. At all times relevant to this First Superseding Indictment, the U.S. Securities and Exchange Commission ("Securities and Exchange Commission" or "SEC") was a federal agency located within the executive branch of the government of the United States. The SEC administered (and administers) federal laws relating to securities, mutual funds, brokers, dealers, investment advisers, and related subjects.

8. As the issuer of publicly traded stock, Lason was required to comply with federal securities statutes and rules and regulations promulgated by the SEC pursuant to those statutes. These laws were designed to protect members of the investing public and the integrity and efficiency of the national securities market by, among other things, requiring that all material financial information about an issuer of securities is accurately recorded and fairly presented and fully disclosed to the investing public.

9. Under federal securities laws, Lason had a duty to make and keep books, records, and accounts that fairly and accurately reflected Lason's business

transactions, and file with the SEC registration statements (Forms S-1), quarterly reports (Forms 10-Q), and annual reports (Forms 10-K) containing financial statements (including but not limited to balance sheets and statements of income) that conformed with Generally Accepted Accounting Principles ("GAAP").

10. At all times relevant to this First Superseding Indictment, Lason's financial statements set forth a "Summary of Significant Accounting Policies," one of which related to when revenues of Lason were to be recognized. The policy in question stated:

> "*Revenue Recognition*. Revenues are recorded when the services are provided."

11. At all times relevant to this First Superseding Indictment, each of Lason's fiscal years began on January 1 and ended on December 31.

12. Coopers & Lybrand, LLP was a major accounting firm that performed corporate audits. Coopers & Lybrand provided other services for its corporate clients, one of which was conducting "due diligence" examinations of companies about to be merged into or acquired by one of its corporate clients. On or about July 1, 1998, Coopers & Lybrand merged with Price Waterhouse, LLP, another major accounting firm, and became PricewaterhouseCoopers, LLP. Lason retained Coopers & Lybrand and then PricewaterhouseCoopers to be its outside, or independent, auditor, i.e., to audit its financial statements and related financial

information and documents. Lason also retained Coopers & Lybrand and then PricewaterhouseCoopers to perform "due diligence" on companies Lason was interested in acquiring.

13. From 1996 through the end of 1999, Lason engaged in a business growth strategy of acquiring similar information management companies or companies in businesses believed to be complementary to Lason's. During this period, Lason purchased all or substantially all of the assets of, or a controlling stock interest in, more than 60 companies in the United States as well as other countries.

14. Lason's business acquisitions in this period were primarily funded by credit facilities provided by a group (or consortium or syndicate) of banks, initially led by *First Union National Bank* and subsequently led by *Bank One, Michigan*.

15. Over the course of the period relevant to this First Superseding Indictment, the bank group described above in ¶ 14 also included at various times *Comerica Bank, Hibernia National Bank, Bank of America, National City Bank, Michigan National Bank, Fuji Bank, Ltd., Union Bank of California, N.A., AmSouth Bank, BankBoston, N.A., Chase Manhattan Bank, Mellon Bank, N.A., Fleet National Bank,* and *ABN AMRO Bank, N.V.* At all times relevant to this First Superseding Indictment, the deposits of the financial institutions named in this paragraph and those of *First Union National Bank* and *Bank One, Michigan* were insured by the Federal Deposit Insurance Corporation.

16. The credit facilities provided to Lason by the bank group were also used by Lason for general corporate purposes.

17. Lason's growth-by-acquisition strategy was a failure: the cost of acquiring other companies was huge; little effort went into the task of successfully integrating the operations of the acquired companies into Lason's operations; economies of scale and operational synergies were not achieved; and Lason's increasing size was not accompanied by any corresponding increase in Lason's overall efficiency, productivity, or profitability.

THE SCHEME TO DEFRAUD

18. From approximately 1997 until approximately early to mid 2000, several Lason officers and employees knowingly devised, executed, and participated in a scheme to defraud and to obtain money by means of materially false and fraudulent pretenses and representations.

19. It was a part of the scheme that Lason would make materially false and fraudulent representations in its financial statements to manipulate and increase its reported revenues and earnings per share. It did so principally, but not exclusively, through accounting practices referred to at Lason as "Tailwind" and through the fabrication of "WIP," a component of Lason's revenue.

Tailwind

"Tailwind" was created in connection with Lason's acquisition (i.e., purchase) of smaller, privately held companies (which were not required to file with the SEC or otherwise make public their financial statements) and involved fraudulent accounting practices that violated GAAP and Lason's publicly stated significant accounting policy that "[r]evenues are recorded when the services are provided." Those practices are described as follows: some of the revenues earned by the acquired company prior to its acquisition by Lason were shifted into the period following the acquisition and reported as the revenues of Lason even though they were the pre-acquisition revenues of the acquired company; some of the expenses incurred by Lason following the acquisition were shifted to the period preceding the acquisition and not reported as the post-acquisition expenses of Lason even though they were; and some revenues and expenses were improperly recognized or classified in Lason's accounting records. The Tailwind fraud boosted Lason's reported revenues and lowered Lason's reported expenses, which resulted in a higher reported net income, or earnings, and thus a higher reported earnings per share. All of this was reflected on Lason's statements of income. The Tailwind fraud also had the effect of boosting Lason's accounts receivable (an asset) and lowering its accounts payable (a liability), thereby improving its balance sheet and increasing its stockholders' equity.

Lason executive officers approached a number of acquired companies about Tailwind, including but not limited to *RACOM Corporation, American Presort, Inc. (API Systems, Inc.), Consolidated Reprographics, Digital Imaging & Technologies, Inc. (DIT),* and *Crest Information Technologies, Inc.*

WIP

One of Lason's revenue items was "work-in-process" (sometimes referred to as "work-in-progress"), or WIP. Lason would regularly fabricate, or make up, WIP numbers, which were added to and thereby fraudulently inflated its reported revenues. This, in turn, resulted in a higher reported net income, or earnings, and thus a higher reported earnings per share. All of this was reflected on Lason's statements of income. The fictitious WIP also had the effect of boosting Lason's accounts receivable (an asset), thereby improving its balance sheet and increasing its stockholders' equity.

20. It was also a part of the scheme that the accounting fraud described above in ¶ 19 would be directed, supervised, managed, carried out, aided and abetted, and otherwise participated in by **GARY L. MONROE**, **WILLIAM J. RAUWERDINK**, and **JOHN R. MESSINGER**, among others.

21. It was also a part of the scheme that Lason would include its materially false financial statements in periodic reports (Forms 10-Q and 10-K) and other documents filed with the SEC; in its annual reports, which were mailed and otherwise distributed to Lason's shareholders, among others; and in materials provided to financial institutions from which Lason had obtained or was seeking lines of credit or other credit facilities.

22. It was also a part of the scheme that through its financial statements and press releases, statements by its executive officers, and other means, Lason would disseminate materially false information about its financial condition and performance to deceive professionals in the securities industry, such as stock analysts, underwriters, and broker-dealers; Lason shareholders; the investing public; lenders and potential lenders; the media; and other persons about Lason's true financial condition and performance, which were materially and significantly worse

than represented by Lason.

23. It was also a part of the scheme that the accounting fraud described above in ¶ 19 would inflate Lason's reported revenues and earnings per share to a point where they would meet or slightly exceed the estimates of stock analysts familiar with Lason based on, among other things, the statements and representations of **GARY L. MONROE** and **WILLIAM J. RAUWERDINK**. The analysts' estimates were reduced to a consensus estimate by Thomson Financial/First Call and published on a quarterly basis.

24. It was also a part of the scheme that in causing its revenues and earnings per share figures to meet or exceed the estimates of stock analysts, Lason would bring about or make more likely the occurrence of the following events: (1) the price per share of Lason common stock would increase, making the stock more attractive to the investing public and more valuable to Lason, which used the stock as a means of paying for the companies it acquired; (2) the value of the Lason stock and stock options held by **GARY L. MONROE**, **WILLIAM J. RAUWERDINK**, **JOHN R. MESSINGER**, and others Lason officers would rise, and (3) institutional lenders would regard Lason as a highly creditworthy company. Failing to meet the consensus estimates would have caused or made more likely the occurrence of these events: (1) the share price of Lason stock would decrease; (2) the value of the Lason stock and stock options held by Lason executives would fall; and (3) Lason's

creditworthiness would be substantially impaired, resulting in higher borrowing costs or the inability to obtain credit sufficient to continue its acquisition of other companies and its business operations.

25. It was also a part of the scheme that **GARY L. MONROE** and **WILLIAM J. RAUWERDINK** would exercise stock options and sell Lason stock while in the possession of material, nonpublic information about Lason's finances, realizing a substantial gain.

26. It was also a part of the scheme that the accounting fraud described above in ¶ 19 would allow Lason to remain an ongoing business entity and enable **GARY L. MONROE**, **WILLIAM J. RAUWERDINK**, and **JOHN R. MESSINGER** to receive and continue to receive generous salaries, bonuses, stock options, low interest loans, and other fringe benefits from Lason.

27. It was also a part of the scheme that Lason would mislead and withhold accurate information and otherwise conceal its accounting fraud from its outside auditor.

CRIMINAL CHARGES

COUNT ONE
(Conspiracy – 18 U.S.C. § 371)

D-1 GARY L. MONROE
D-2 WILLIAM J. RAUWERDINK
D-3 JOHN R. MESSINGER

The Conspiracy

28. From approximately 1997 until approximately the middle of 2000, in the Eastern District of Michigan, Southern Division, and elsewhere, **GARY L. MONROE**, **WILLIAM J. RAUWERDINK**, and **JOHN R. MESSINGER**, defendants herein, and others individuals, did knowingly agree and conspire

> to devise, execute, and participate in a scheme to defraud and to obtain money by means of materially false and fraudulent pretenses and representations and cause, in furtherance of the scheme, (1) the use of the U.S. Mail and commercial interstate carriers and (2) the use of interstate telephone calls, e-mails, faxes, and wire transfers, all of which would have been conduct constituting the federal crimes of mail fraud (18 U.S.C. § 1341) and wire fraud (18 U.S.C. § 1343),
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> to, in connection with the purchase and sale of securities, namely, Lason common stock, employ a scheme to defraud, make untrue statements of material facts and omit to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, and engage in acts and practices that would operate as a fraud and deceit upon individuals and business entities by the use of instrumentalities of interstate commerce and of the mails, all of which would be conduct constituting the federal crime of securities fraud under the Securities Exchange Act of 1934 (15 U.S.C. §§ 78j(b), 78ff; 17 C.F.R. § 240.10b-5),
>
> to, in the offer or sale of securities, namely, Lason common stock, to

employ a scheme to defraud, obtain money by means of untrue statements of material fact and omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and engage in practices that would operate as a fraud and deceit upon the purchasers of Lason common stock by the use of instruments of transportation and communication in interstate commerce and by use of the mails, all of which would be conduct constituting the federal crime of securities fraud under the Securities Act of 1933 (15 U.S.C. §§ 78q(a), 77x),

to prepare, file, and cause to be filed with the Securities and Exchange Commission certain forms and reports that contained false and fraudulent statements and representations, and omitted material facts, concerning the financial condition and performance of Lason, all of which would be conduct constituting the federal crime of making false statements in a matter within the jurisdiction of a federal executive agency (18 U.S.C. § 1001); and

to defraud financial institutions whose deposits were insured by the Federal Deposit Insurance Corporation and obtain moneys, funds, and credits owned by and under the custody and control of such financial institutions by means of false and fraudulent pretenses and representations, all of which would be conduct constituting the federal crime of bank fraud (18 U.S.C. § 1344).

Manner and Means of the Conspiracy

29. The manner and means of the conspiracy are set forth above in ¶¶ 18-27, which are hereby realleged and incorporated by reference.

Overt Acts

30. The following overt acts were committed by members of the conspiracy or brought about by members of the conspiracy during and in furtherance of the

conspiracy:

31. On or about February 17, 1998, Lason issued a press release whose headline read, "Lason Reports Record Results for 1997."

32. On or about February 24, 1998, Lason acquired *Southern Microfilm Associates, Inc.*, including its *RACOM Corporation* subsidiary, a business based in Metairie, Louisiana. Prior to or following the closing of the acquisition, or both, **MONROE**, **RAUWERDINK**, and **MESSINGER** encouraged, asked, or requested *RACOM* officers to engage in certain accounting practices known at Lason as *Tailwind*.

33. On or about March 5, 1998, Lason acquired *American Presort, Inc.* (renamed *API Systems, Inc.* by Lason), a business based in New York City. Prior to or following the closing of the acquisition, or both, **MONROE** and **RAUWERDINK** encouraged, asked, or requested *American Presort* officers to engage in certain accounting practices known at Lason as *Tailwind*.

34. In the weeks prior to March 5, 1998, **MONROE** and **RAUWERDINK** asked or requested *American Presort* officers to withhold certain information from Coopers & Lybrand, an accounting firm that had been retained by Lason to perform "due diligence" on *American Presort* before Lason committed itself to purchasing *American Presort*.

35. On or about March 30, 1998, **MONROE** signed Lason's Form 10-K (annual report) for the fiscal year ending December 31, 1997, as Lason's President, Chief

Executive Officer, and Director, and **RAUWERDINK** signed the document as Lason's Executive VP, Chief Financial Officer, Treasurer, and Secretary.

36. On or about April 22, 1998, Lason issued a press release whose headline read, "Lason Announces Record First Quarter Results."

37. On or about May 1, 1998, **MONROE** signed a document entitled "Third Amendment to Amended and Restated Loan Agreement" as Lason's Chief Executive Officer.

38. On or about May 14, 1998, **RAUWERDINK** signed Lason's Form 10-Q (quarterly report) for the 1st quarter of 1998 (the quarter ending March 31, 1998) as Lason's Executive VP and Chief Financial Officer.

39. On or about June 17, 1998, **RAUWERDINK** signed a document entitled "Fourth Amendment to Amended and Restated Loan Agreement" as Lason's Executive VP.

40. On or about June 29, 1998, **MONROE** signed a document entitled "Second Amended and Restated Loan Agreement" as Lason's President and Chief Executive Officer.

41. On or about July 22, 1998, Lason issued a press release whose headline read, "Lason Reports Record Second Quarter Results."

42. During the period April to July 1998, **MESSINGER** discussed *Tailwind* in the

office of the Vice President for Finance of *Consolidated Reprographics*, and **MONROE** discussed *Tailwind* in the boardroom of *Consolidated Reprographics*.

43. On or about July 24, 1998, Lason acquired *Consolidated Reprographics*, a business based in Irvine, California. Prior to or following the closing of the acquisition, or both, **MONROE** encouraged, asked, or requested *Consolidated Reprographics* officers to engage in certain accounting practices known at Lason as *Tailwind*.

44. On or about July 30, 1998, **MONROE** signed Lason's Form S-1 (registration statement), relating to a secondary offering for sale to the general public of Lason common stock, as Lason's President, Chief Executive Officer, and Chairman, and **RAUWERDINK** signed the document as Lason's Executive VP, Chief Financial Officer, Treasurer, and Secretary.

45. On or about August 5, 1998, **MESSINGER** signed a document entitled "Lender Addition and Acknowledgment Agreement" as Lason's Executive VP.

46. On or about August 14, 1998, **RAUWERDINK** signed Lason's Form 10-Q (quarterly report) for the 2nd quarter of 1998 (the quarter ending June 30, 1998) as Lason's Executive VP and Chief Financial Officer.

47. On or about August 17, 1998, **RAUWERDINK** signed Lason's Amendment No. 1 to Form S-1 (registration statement), relating to a secondary offering for sale

to the general public of Lason common stock, as Lason's Executive VP, Chief Financial Officer, Treasurer, and Secretary.

48. On or about October 21, 1998, Lason issued a press release whose headline read, "Lason Reports Record Third Quarter Results."

49. On or about November 13, 1998, **RAUWERDINK**, signed Lason's Form 10-Q (quarterly report) for the 3rd quarter of 1998 (the quarter ending September 30, 1998) as Lason's Executive VP and Chief Financial Officer.

50. On or about November 17, 1998, Lason acquired *Digital Imaging & Technologies, Inc.* ("*DIT*"), a business based in Anaheim, California. Prior to or following the closing of the acquisition, or both, **MONROE** encouraged, asked, or requested *DIT* officers to engage in certain accounting practices known at Lason as *Tailwind*.

51. On or about December 30, 1998, **RAUWERDINK** signed a document entitled "Lender Addition and Acknowledgment Agreement" as Lason's Executive VP.

52. On or about February 16, 1999, Lason issued a press release whose headline read, "Lason Reports Record Results for 1998."

53. In early 1999, Lason caused the Ford Motor Credit Company to issue a check payable to Lason, dated March 9, 1999, in the amount of $400,000. The Lason invoice on which the check was based was not valid. The $400,000 was

improperly recorded in Lason's accounting records and fraudulently included in figures contained in Lason's financial statements.

54. On or about March 31, 1999, **MONROE** signed Lason's Form 10-K (annual report) for the fiscal year ending December 31, 1998, as Lason's Chief Executive Officer and Chairman, and **RAUWERDINK** signed the document as Lason's Executive VP, Chief Financial Officer, Treasurer, and Secretary.

55. On or about April 29, 1999, **RAUWERDINK** approved and initialed a Lason accounting department journal entry relating to quarter-end adjustments that were fraudulent. The journal entry added $4.39 million to Lason's reported net income for the 1st quarter of 1999. The $4.39 million figure included $1.5 million in WIP that was attributed to corporate office operations.

56. On or about April 29, 1999, Lason issued a press release whose headline read, "Lason Announces Record First Quarter Results."

57. On or about April 30, 1999, Lason acquired *Crest Information Technologies, Inc.*, a business based in Cedar Rapids, Iowa. Prior to or following the closing of the acquisition, or both, **MESSINGER** encouraged, asked, or requested *Crest* officers to create Tailwind for Lason.

58. On or about May 17, 1999, **RAUWERDINK** signed Lason's Form 10-Q (quarterly report) for the 1st quarter of 1999 (the quarter ending March 31, 1999) as Lason's Executive VP and Chief Financial Officer.

59. On or about May 21, 1999, ROBERT BASSMAN signed a Form of Compliance Certificate that Lason sent to *First Union National Bank* along with Lason's financial statements for the 1st quarter of 1999.

60. On or about May 27, 1999, Lason issued a press release in which **MONROE** is quoted as saying:

> We have agreed with a syndicate of major banks to the terms of an increase in our senior credit facilty to $400 million from $200 million. The credit agreement includes provisions to fix the interest rate on approximately $170 million of our existing variable rate debt at attractive terms. This expanded credit facility will provide us with sufficient capital resources for the foreseeable future.

At the time, Lason and the "syndicate of major banks," led by *First Union National Bank*, were negotiating an increase in the credit facility but had not reached any agreement to increase the credit facility.

61. On or about June 1, 1999, **MONROE** signed a document entitled "Credit Agreement" as Lason's Chief Executive Officer and Chairman.

62. In late July 1999, **RAUWERDINK** approved and initialed Lason accounting department journal entries relating to quarter-end adjustments that were fraudulent. The journal entries added over $3.6 million to Lason's reported net income for the 2nd quarter of 1999. The $3.6 million figure included $1.5 million in WIP that was attributed to corporate office operations.

63. On or about July 27, 1999, Lason issued a press release whose headline

read, "Lason Reports Record Second Quarter Results."

64. On or about August 16, 1999, **RAUWERDINK** signed Lason's Form 10-Q (quarterly report) for the 2nd quarter of 1999 (the quarter ending June 30, 1999) as Lason's Executive VP and Chief Financial Officer.

65. On or about August 16, 1999, **RAUWERDINK** signed a document entitled "Third Amended and Restated Credit Agreement" as Lason's Chief Financial Officer.

66. On or about August 25, 1999, **RAUWERDINK** signed a document entitled "First Amendment to Third Amended and Restated Credit Agreement" as Lason's Chief Financial Officer.

67. On or about October 20, 1999, **RAUWERDINK**, **MESSINGER**, and BASSMAN discussed Lason's financial performance and results for the 3rd quarter of 1999 and how they would be reported.

68. On or about October 20, 1999, **RAUWERDINK** approved and initialed a Lason accounting department journal entry relating to a quarter-end adjustment that was fraudulent. The journal entry added $1.5 million in WIP that was attributed to corporate office operations to Lason's reported revenues for the 3rd quarter of 1999.

69. On or about October 21, 1999, **MONROE**, **RAUWERDINK**, **MESSINGER**, and BASSMAN discussed Lason's financial performance and results for the 3rd quarter of 1999 and how they would be reported.

70. Over the course of that weekend, October 22-24, 1999, **MESSINGER** and other Lason employees acting under his direction created fraudulent WIP worksheets by assigning fictitious WIP to some of the largest customers in each of Lason's business units.

71. On or about October 25, 1999, **RAUWERDINK** approved and initialed Lason accounting department journal entries relating to quarter-end adjustments based on the fraudulent WIP worksheets created under the direction of **MESSINGER**. The journal entries added over $11.5 million in WIP to Lason's reported revenues for the 3rd quarter of 1999.

72. On or about October 27, 1999, Lason issued a press release whose headline read, "Lason Reports Record Third Quarter Results."

73. On or about October 28, 1999, **MONROE** and **RAUWERDINK** announced Lason's third quarter results in a conference call with stock analysts.

74. On or about November 15, 1999, **RAUWERDINK** signed Lason's Form 10-Q (quarterly report) for the 3rd quarter of 1999 (the quarter ending September 30, 1999) as Lason's Executive VP and Chief Financial Officer.

75. On or about December 9, 1999, Lason issued a press release in which **MONROE** is quoted as saying, "We are concerned about our stock price drop and its volatility, and we are not aware of any reason for Lason's share price decline."

76. On or about December 17, 1999, Lason issued a press release whose headline read in part, “Outlook for Fourth Quarter 1999 and 2000 Affected by Business Results and Repositioning.” According to the press release, Lason would soon “discontinue, by sale or exit from the market, its activities providing traditional (rather than Internet enabled) litigation support, software development and other analog services” and would focus instead on “digital information management.” Lason also announced that it expected its 4th quarter revenues and earnings per share to fall short of consensus estimates, blaming, among other things, “the sale or elimination of discontinued operations” and “Y2K-related purchasing delays by some or our customers.”

77. In an interview for a *Crain’s Detroit Business* article, which was published on January 17, 2000, **RAUWERDINK** stated that Lason’s revenues for the 4th quarter of 1999 were caused in part by Y2K purchasing delays by some Lason customers. In the same interview, **RAUWERDINK** also stated that when its December 9 press release was issued, which announced that “we are not aware of any reason for Lason’s share price decline,” Lason did not know that its November and December 1999 business would not meet the estimates of stock analysts; and he stated that Lason did not know it would miss analysts’ 4th quarter estimates until just before it issued its December 17 press release.

78. On or about March 23, 2000, Lason issued a press release whose

headline read, "Lason Reports 1999 Results; Restructuring of Business Expected to Help Future Performance." The press release announced that 4th quarter revenues were less than expected and blamed "delays in certain integrated system sales due to customer Y2K concerns, several contracts not reaching expected revenue estimates, and the performance of discontinued operations and other operations to be sold or eliminated."

79. On or about March 30, 2000, **MONROE** signed Lason's Form 10-K (annual report) for the fiscal year ending December 31, 1999, as Lason's Chief Executive Officer and Chairman, and **RAUWERDINK** signed the document as Lason's Executive VP, Chief Financial Officer, Treasurer, Secretary, and Director.

80. On or about March 30, 2000, **RAUWERDINK** signed a document entitled "Second Amendment to Third Amended and Restated Credit Agreement" as Lason's Executive VP, Chief Financial Officer, Treasurer, and Secretary.

81. In an interview for a *Crain's Detroit Business* article, which was published on July 3, 2000, **MONROE** stated, "I think absolutely, *API* [*American Presort*] was an unfortunate situation where we were all blindsided." **MONROE** also stated that he learned of the *API* investigation after the arrests of *API* officers were made (in April 1999).

All in violation of Section 371 of Title 18 of the United States Code.

COUNT TWO

(False Statements to a Federal Agency – 18 U.S.C. § 1001)

D-1 GARY L. MONROE
D-2 WILLIAM J. RAUWERDINK
D-3 JOHN R. MESSINGER

82. On or about May 15, 1998, in the Eastern District of Michigan, Southern Division, **GARY L. MONROE**, **WILLIAM J. RAUWERDINK**, and **JOHN R. MESSINGER**, defendants herein, did, in a matter within the jurisdiction of the Securities and Exchange Commission, knowingly and willfully make, cause to be made, and aid and abet in the making of materially false and fraudulent statements and representations in Lason's Form 10-Q (quarterly report) for the 1st quarter of 1998 (the quarter ending March 31, 1998), all in violation of Sections 1001 and 2 of Title 18 of the United States Code.

COUNT THREE

(Insider Trading – 15 U.S.C. §§ 78j(b) 78ff; 17 C.F.R. § 240.10b-5)

D-2 WILLIAM J. RAUWERDINK

83. As an officer of Lason, **WILLIAM J. RAUWERDINK**, owed a fiduciary duty to Lason and its shareholders to abstain from trading in Lason common stock while in the possession of material, nonpublic information concerning Lason's true financial condition and performance.

84. On or about May 22, 1998, in the Eastern District of Michigan, Southern

Division, **WILLIAM J. RAUWERDINK**, defendant herein, did willfully engage in an act and practice that operated as a fraud and deceit upon Lason, its shareholders, and purchasers of Lason common stock in connection with the sale of certain securities, namely, Lason common stock, in that by the use of instrumentalities of interstate commerce he sold 7,000 shares of Lason common stock worth $279,990, on the basis of material, nonpublic information about Lason's true financial condition and performance, particularly its revenues and earnings per share, all of which had been misrepresented in Lason's financial statements, in violation of Sections 78j(b) and 78ff of Title 15 of the United States Code and Section 240.10-b5 of Title 17 of the Code of Federal Regulations.

COUNT FOUR

(False Statements to a Federal Agency – 18 U.S.C. § 1001)

D-1 GARY L. MONROE
D-2 WILLIAM J. RAUWERDINK
D-3 JOHN R. MESSINGER

85. On or about July 30, 1998, in the Eastern District of Michigan, Southern Division, **GARY L. MONROE**, **WILLIAM J. RAUWERDINK**, and **JOHN R. MESSINGER**, defendants herein, did, in a matter within the jurisdiction of the Securities and Exchange Commission, knowingly and willfully make, cause to be made, and aid and abet in the making of materially false and fraudulent statements and representations in Lason's Form S-1 (registration statement) relating to a secondary offering for sale

to the general public of Lason common stock, all in violation of Sections 1001 and 2 of Title 18 of the United States Code.

Count Five

(False Statements to a Federal Agency – 18 U.S.C. § 1001)

D-1 GARY L. MONROE
D-2 WILLIAM J. RAUWERDINK
D-3 JOHN R. MESSINGER

86. On or about August 14, 1998, in the Eastern District of Michigan, Southern Division, **GARY L. MONROE**, **WILLIAM J. RAUWERDINK**, and **JOHN R. MESSINGER**, defendants herein, did, in a matter within the jurisdiction of the Securities and Exchange Commission, knowingly and willfully make, cause to be made, and aid and abet in the making of materially false and fraudulent statements and representations in Lason's Form 10-Q (quarterly report) for the 2nd quarter of 1998 (the quarter ending June 30, 1998), all in violation of Sections 1001 and 2 of Title 18 of the United States Code.

Count Six

(False Statements to a Federal Agency – 18 U.S.C. § 1001)

D-1 GARY L. MONROE
D-2 WILLIAM J. RAUWERDINK
D-3 JOHN R. MESSINGER

87. On or about August 17, 1998, in the Eastern District of Michigan, Southern Division, **GARY L. MONROE**, **WILLIAM J. RAUWERDINK**, and **JOHN R.**

MESSINGER, defendants herein, did, in a matter within the jurisdiction of the Securities and Exchange Commission, knowingly and willfully make, cause to be made, and aid and abet in the making of materially false and fraudulent statements and representations in Lason's Amendment No. 1 to Form S-1 (registration statement) relating to a secondary offering for sale to the general public of Lason common stock, all in violation of Sections 1001 and 2 of Title 18 of the United States Code.

<u>COUNT SEVEN</u>

(Insider Trading – 15 U.S.C. §§ 78j(b) 78ff; 17 C.F.R. § 240.10b-5)

D-1 GARY L. MONROE

88. As an officer of Lason, **GARY L. MONROE**, owed a fiduciary duty to Lason and its shareholders to abstain from trading in Lason common stock while in the possession of material, nonpublic information concerning Lason's true financial condition and performance.

89. On or about August 25, 1998, in the Eastern District of Michigan, Southern Division, **GARY L. MONROE**, defendant herein, did willfully engage in an act and practice that operated as a fraud and deceit upon Lason, its shareholders, and purchasers of Lason common stock in connection with the sale of certain securities, namely, Lason common stock, in that by the use of instrumentalities of interstate commerce he sold 25,000 shares of Lason common stock worth $1,175,000.00, on

the basis of material, nonpublic information about Lason's true financial condition and performance, particularly its revenues and earnings per share, all of which had been misrepresented in Lason's financial statements, in violation of Sections 78j(b) and 78ff of Title 15 of the United States Code and Section 240.10-b5 of Title 17 of the Code of Federal Regulations.

COUNT EIGHT

(Insider Trading – 15 U.S.C. §§ 78j(b) 78ff; 17 C.F.R. § 240.10b-5)

D-2 WILLIAM J. RAUWERDINK

90. As an officer of Lason, **WILLIAM J. RAUWERDINK**, owed a fiduciary duty to Lason and its shareholders to abstain from trading in Lason common stock while in the possession of material, nonpublic information concerning Lason's true financial condition and performance.

91. On or about November 6, 1998, in the Eastern District of Michigan, Southern Division, **WILLIAM J. RAUWERDINK**, defendant herein, did willfully engage in an act and practice that operated as a fraud and deceit upon Lason, its shareholders, and purchasers of Lason common stock in connection with the sale of certain securities, namely, Lason common stock, in that by the use of instrumentalities of interstate commerce he sold 20,000 shares of Lason common stock worth $1,142,461, on the basis of material, nonpublic information about Lason's true financial condition and performance, particularly its revenues and

earnings per share, all of which had been misrepresented in Lason's financial statements, in violation of Sections 78j(b) and 78ff of Title 15 of the United States Code and Section 240.10-b5 of Title 17 of the Code of Federal Regulations.

COUNT NINE

(False Statements to a Federal Agency – 18 U.S.C. § 1001)

D-1 GARY L. MONROE
D-2 WILLIAM J. RAUWERDINK
D-3 JOHN R. MESSINGER

92. On or about November 16, 1998, in the Eastern District of Michigan, Southern Division, **GARY L. MONROE**, **WILLIAM J. RAUWERDINK**, and **JOHN R. MESSINGER**, defendants herein, did, in a matter within the jurisdiction of the Securities and Exchange Commission, knowingly and willfully make, cause to be made, and aid and abet in the making of materially false and fraudulent statements and representations in Lason's Form 10-Q (quarterly report) for the 3rd quarter of 1998 (the quarter ending September 30, 1998), all in violation of Sections 1001 and 2 of Title 18 of the United States Code.

COUNT TEN

(False Statements to a Federal Agency – 18 U.S.C. § 1001)

D-1 GARY L. MONROE
D-2 WILLIAM J. RAUWERDINK
D-3 JOHN R. MESSINGER

93. On or about March 31, 1999, in the Eastern District of Michigan,

Southern Division, **GARY L. MONROE**, **WILLIAM J. RAUWERDINK**, and **JOHN R. MESSINGER**, defendants herein, did, in a matter within the jurisdiction of the Securities and Exchange Commission, knowingly and willfully make, cause to be made, and aid and abet in the making of materially false and fraudulent statements and representations in Lason's Form 10-K (annual report) for the fiscal year ending December 31, 1998, all in violation of Sections 1001 and 2 of Title 18 of the United States Code.

COUNT 11
(False Statements to a Federal Agency – 18 U.S.C. § 1001)

D-1 GARY L. MONROE
D-2 WILLIAM J. RAUWERDINK
D-3 JOHN R. MESSINGER

94. On or about May 17, 1999, in the Eastern District of Michigan, Southern Division, **GARY L. MONROE**, **WILLIAM J. RAUWERDINK**, and **JOHN R. MESSINGER**, defendants herein, did, in a matter within the jurisdiction of the Securities and Exchange Commission, knowingly and willfully make, cause to be made, and aid and abet in the making of materially false and fraudulent statements and representations in Lason's Form 10-Q (quarterly report) for the 1st quarter of 1999 (the quarter ending March 31, 1999), all in violation of Sections 1001 and 2 of Title 18 of the United States Code.

COUNT 12

(False Statements to a Federal Agency – 18 U.S.C. § 1001)

D-1 GARY L. MONROE
D-2 WILLIAM J. RAUWERDINK
D-3 JOHN R. MESSINGER

95. On or about August 16, 1999, in the Eastern District of Michigan, Southern Division, **GARY L. MONROE**, **WILLIAM J. RAUWERDINK**, and **JOHN R. MESSINGER**, defendants herein, did, in a matter within the jurisdiction of the Securities and Exchange Commission, knowingly and willfully make, cause to be made, and aid and abet in the making of materially false and fraudulent statements and representations in Lason's Form 10-Q (quarterly report) for the 2nd quarter of 1999 (the quarter ending June 30, 1999), all in violation of Sections 1001 and 2 of Title 18 of the United States Code.

COUNT 13

(False Statements to a Federal Agency – 18 U.S.C. § 1001)

D-1 GARY L. MONROE
D-2 WILLIAM J. RAUWERDINK
D-3 JOHN R. MESSINGER

96. On or about November 15, 1999, in the Eastern District of Michigan, Southern Division, **GARY L. MONROE**, **WILLIAM J. RAUWERDINK**, and **JOHN R. MESSINGER**, defendants herein, did, in a matter within the jurisdiction of the Securities and Exchange Commission, knowingly and willfully make, cause to be

made, and aid and abet in the making of materially false and fraudulent statements and representations in Lason's Form 10-Q (quarterly report) for the 3rd quarter of 1999 (the quarter ending September 30, 1999), all in violation of Sections 1001 and 2 of Title 18 of the United States Code.

COUNT 14

(False Statements to a Federal Agency – 18 U.S.C. § 1001)

D-1 GARY L. MONROE
D-2 WILLIAM J. RAUWERDINK
D-3 JOHN R. MESSINGER

97. On or about March 30, 2000, in the Eastern District of Michigan, Southern Division, **GARY L. MONROE**, **WILLIAM J. RAUWERDINK**, and **JOHN R. MESSINGER**, defendants herein, did, in a matter within the jurisdiction of the Securities and Exchange Commission, knowingly and willfully make, cause to be made, and aid and abet in the making of materially false and fraudulent statements and representations in Lason's Form 10-K (annual report) for the fiscal year ending December 31, 1999, all in violation of Sections 1001 and 2 of Title 18 of the United States Code.

COUNT 15

(Bank Fraud – 18 U.S.C. § 1344)

D-1 GARY L. MONROE
D-2 WILLIAM J. RAUWERDINK
D-3 JOHN R. MESSINGER

98. From approximately early 1998 to approximately June 1999, in the Eastern District of Michigan, Southern Division, and elsewhere, **GARY L. MONROE**, **WILLIAM J. RAUWERDINK**, and **JOHN R. MESSINGER**, defendants herein, did knowingly execute a scheme to defraud a group of financial institutions led by *First Union National Bank* and to obtain moneys, funds, and credits owned by and under the custody and control of such financial institutions by means of false and fraudulent pretenses and representations, in violation of Section 1344 of Title 18 of the United States Code.

COUNT 16

(Bank Fraud – 18 U.S.C. § 1344)

D-1 GARY L. MONROE
D-2 WILLIAM J. RAUWERDINK
D-3 JOHN R. MESSINGER

99. From approximately June 1999 to approximately mid 2000, in the Eastern District of Michigan, Southern Division, and elsewhere, **GARY L. MONROE**, **WILLIAM J. RAUWERDINK**, and **JOHN R. MESSINGER**, defendants herein, did knowingly execute a scheme to defraud a group of financial institutions led by *Bank One, Michigan* and

to obtain moneys, funds, and credits owned by and under the custody and control of such financial institutions by means of false and fraudulent pretenses and representations, in violation of Section 1344 of Title 18 of the United States Code.

THIS IS A TRUE BILL.

____
Foreperson

JEFFREY G. COLLINS
United States Attorney

____
BLONDELL L. MOREY (P23396)
Assistant United States Attorney
Chief, Economic Crimes Unit

____
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Date: