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UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA  
October 2000 Grand Jury

UNITED STATES OF AMERICA, ) NO. SA CR 01-\_\_\_\_\_  
 )  
Plaintiff, )  
 )  
v. ) I N D I C T M E N T  
 )  
WILLIAM ANTHONY LLOYD, ) [18 U.S.C. §§ 1343, 1346:  
 ) Honest Services Wire Fraud; 18  
 ) U.S.C. § 1956(a)(1)(B); Money  
Defendant. ) Laundering; 18 U.S.C. § 2:  
 ) Aiding and Abetting]

The Grand Jury charges:

COUNTS ONE THROUGH FIFTEEN

[18 U.S.C. §§ 1343, 1346, 2]

A. INTRODUCTION

At all times relevant to this indictment:

1. Targus Group International Incorporated ("Targus"), is a company that designs, produces and sells business luggage for computers and computer accessories. Targus is a global company with offices in North America, Europe, Asia and Australia. Targus headquarters is located at 1211 North Miller Street, in Anaheim, California.

JCH:jch

1           2. WILLIAM ANTHONY LLOYD had been employed by Targus since  
2 September 6, 1993. On October 1, 1995, defendant WILLIAM ANTHONY  
3 LLOYD was promoted to the position of Chief Financial Officer.

4           3. As Chief Financial Officer, defendant WILLIAM ANTHONY  
5 LLOYD reported directly to the Chief Executive Officer of Targus.  
6 In his role as Chief Financial Officer, defendant WILLIAM ANTHONY  
7 LLOYD was entrusted with all Targus financial matters.

8 Targus Accounts

9           4. Under the direction of defendant WILLIAM ANTHONY LLOYD,  
10 Targus on January 13, 1998 entered into an amended credit agreement  
11 ("Credit Agreement") with BHF-Bank Aktiengesellschaft, now known as  
12 BHF (USA) Capital Corporation ("BHF"). One of the purposes of the  
13 Credit Agreement was to provide Targus with a \$25 million revolving  
14 credit line ("Targus Revolving Credit Line") for use in the  
15 business operations of Targus.

16           5. As Chief Financial Officer, WILLIAM ANTHONY LLOYD was an  
17 authorized signatory on the Targus Revolving Credit Line. As such,  
18 WILLIAM ANTHONY LLOYD was entrusted to borrow money from the Targus  
19 Revolving Credit Line expressly for the business purposes of  
20 Targus.

21           6. Additionally, as Chief Financial Officer, defendant  
22 WILLIAM ANTHONY LLOYD was entrusted with the authority to cause the  
23 transfer of funds from all other Targus corporate business accounts  
24 expressly for the business purposes of Targus (collectively, the  
25 "Targus Accounts").

26 Smartestates.com

27           7. Smartestates.com is a company incorporated in the United  
28 Kingdom that engages primarily in the internet listing of real

1 estate for sale or rent in the United Kingdom. Defendant WILLIAM  
2 ANTHONY LLOYD was an owner of Smartestates.com and its Chairman.  
3 At all relevant times, Targus had no business dealings with  
4 Smartestates.com.

5 The Roundhouse Acquisition

6 8. In or about August 31, 2000, Targus completed its  
7 acquisition of a company named Roundhouse Corporation. Roundhouse  
8 Corporation produced carrying cases for compact discs, digital  
9 video discs, and computer software.

10 B. THE DUTY OF HONEST SERVICES

11 9. As the Chief Financial Officer of Targus, defendant  
12 WILLIAM ANTHONY LLOYD was placed in a position of trust and owed a  
13 duty of honest services to his employer, Targus. This duty of  
14 honest services included an obligation on the part of WILLIAM  
15 ANTHONY LLOYD to conduct his duties as Chief Financial Officer in  
16 an honest, faithful and disinterested manner, free from self  
17 dealing.

18 C. THE WIRE FRAUD SCHEME

19 10. Beginning no later than June 1998 and continuing through  
20 at least August 2001, in Orange County, within the Central District  
21 of California, and elsewhere, defendant WILLIAM ANTHONY LLOYD  
22 devised, intended to devise and knowingly participated in a scheme  
23 and artifice to defraud Targus and to obtain money from Targus by  
24 means of false and fraudulent pretenses, representations and  
25 promises, and the concealment of material facts. The objects of  
26 this scheme and artifice to defraud were as follows:

1           a. To divert approximately \$20 million from the Targus  
2 Revolving Credit Line to defendant WILLIAM ANTHONY LLOYD's personal  
3 stock brokerage accounts;

4           b. To cause the transfer of approximately \$4.8 million  
5 from the Targus Accounts to Smartestates.com;

6           c. To conceal from Targus and its auditors the movement  
7 of money from the Targus Accounts to defendant's stock brokerage  
8 accounts;

9           d. To conceal from Targus and its auditors the fact that  
10 the transfers of money to Smartestates.com were not for the benefit  
11 of Targus.

12           11. Defendant WILLIAM ANTHONY LLOYD defrauded Targus by the  
13 following means and methods, among others:

14           a. Between June 1998 and June 2000, defendant  
15 WILLIAM ANTHONY LLOYD defrauded Targus of his honest services by  
16 diverting approximately \$20 million from the Targus Revolving  
17 Credit Line to his personal stock brokerage accounts.

18           b. Between October 1999 and August 2001, defendant  
19 WILLIAM ANTHONY LLOYD defrauded Targus of his honest services by  
20 transferring approximately \$4.8 million from the Targus Accounts to  
21 Smartestates.com., a company with no business relationship with  
22 Targus.

23           12. In carrying out his scheme, defendant WILLIAM ANTHONY  
24 LLOYD concealed material facts from Targus and the Targus auditors,  
25 to include the fact that at all relevant times defendant WILLIAM  
26 ANTHONY LLOYD was Chairman and an owner of Smartestates.com.

1 13. To conceal his fraud from Targus and Targus auditors,  
2 defendant WILLIAM ANTHONY LLOYD made the following false,  
3 fraudulent, and misleading representations, among others:

4 a. Defendant WILLIAM ANTHONY LLOYD caused the books and  
5 records of Targus to reflect that he had diverted no money from the  
6 Targus accounts to his personal stock brokerage accounts when, in  
7 truth and in fact, as defendant WILLIAM ANTHONY LLOYD well knew, he  
8 had diverted approximately \$20 million from the Targus Accounts to  
9 his personal stock brokerage accounts.

10 b. Defendant WILLIAM ANTHONY LLOYD caused the books and  
11 records of Targus to reflect that Targus had paid Smartestates.com  
12 approximately \$4.8 million for costs relating the Roundhouse  
13 Acquisition when, in truth and in fact, as defendant WILLIAM  
14 ANTHONY LLOYD well knew, the Roundhouse Acquisition had no  
15 relationship to Smartestates.com.

16 D. WIRE TRANSMISSIONS

17 14. On or about the dates listed below, within the Central  
18 District of California, defendant WILLIAM ANTHONY LLOYD, for the  
19 purpose of executing the scheme and artifice to defraud, knowingly  
20 and willfully caused to be transmitted by wire in interstate and  
21 foreign commerce the following items:

COUNT	DATE	WIRE TRANSMISSION	ITEM WIRED
1	7/13/98	Facsimile from San Juan Capistrano, CA, to BHF in New York, New York	Notice of Borrowing \$1,226,842 from Targus Revolving Credit Loan and instructions for credit to Bear Stearns Securities Corp.

COUNT	DATE	WIRE TRANSMISSION	ITEM WIRED
2	9/2/98	Facsimile from San Juan Capistrano, CA, to BHF in New York, New York	Notice of Borrowing \$750,000 from Targus Revolving Credit Loan and instructions for credit to Bear Stearns Securities Corp.
3	2/17/99	Facsimile from San Juan Capistrano, CA, to BHF in New York, New York	Notice of Borrowing \$1,500,000 from Targus Revolving Credit Loan and instructions for credit to Bear Stearns Securities Corp.
4	4/1/99	Facsimile from San Juan Capistrano, CA, to BHF in New York, New York	Notice of Borrowing \$4,100,000 from Targus Revolving Credit Loan and instructions for credit to Bear Stearns Securities Corp.
5	4/1/99	Facsimile from San Juan Capistrano, CA, to BHF in New York, New York	Notice of Borrowing \$855,000 from Targus Revolving Credit Loan and instructions for credit to Bear Stearns Securities Corp.
6	5/19/99	Facsimile from San Juan Capistrano, CA, to BHF in New York, New York	Notice of Borrowing \$5,750,000 from Targus Revolving Credit Loan and instructions for credit to Bear Stearns Securities Corp.
7	7/30/99	Facsimile from San Juan Capistrano, CA, to BHF in New York, New York	Notice of Borrowing \$350,000 from Targus Revolving Credit Loan and instructions for credit to Southwest Securities
8	10/6/99	Facsimile from San Juan Capistrano, CA, to BHF in New York, New York	Notice of Borrowing \$4,250,000 from Targus Revolving Credit Loan and instructions for credit to Bear Stearns Securities Corp.

COUNT	DATE	WIRE TRANSMISSION	ITEM WIRED
9	11/9/99	Facsimile from San Juan Capistrano, CA, to BHF in New York, New York	Notice of Borrowing \$1,500,000 from Targus Revolving Credit Loan and instructions for credit to Bear Stearns Securities Corp.
10	3/2/00	Facsimile from San Juan Capistrano, CA, to BHF in New York, New York	Notice of Borrowing \$300,000 from Targus Revolving Credit Loan and instructions for credit to BNY Clearing Services LLC
11	4/18/00	Facsimile from San Juan Capistrano, CA, to BHF in New York, New York	Notice of Borrowing \$350,000 from Targus Revolving Credit Loan and instructions for credit to Smartestates.co.uk Limited
12	10/18/00	Facsimile from Hounslow, United Kingdom, to Targus in Anaheim, CA.	Copies of e-mail directing transfer of Targus monies to Smartestates.com
13	11/20/00	Electronic transmission from Hounslow, United Kingdom, to Targus in Anaheim, CA.	E-mail requesting confirmation that transfers of Targus monies to Smartestates.com should be attributed to Roundhouse.
14	7/27/01	Electronic transmission through Phoenix, AZ to Targus in Anaheim, CA.	E-mail attempting to reconcile Targus payments to Smartestates.com.
15	7/5/01	Electronic transmission through Phoenix, AZ to Targus in Anaheim, CA.	E-mail attributing Smartestates.com payments to Roundhouse

COUNTS SIXTEEN THROUGH TWENTY FIVE

[18 U.S.C. §§ 1956(a) (1) (b); 2]

15. On or about the dates set forth below, in Orange County within the Central District of California and elsewhere, defendant WILLIAM ANTHONY LLOYD, knowing that the funds involved in the transactions represented the proceeds of some form of unlawful activity, did knowingly and willfully conduct, aid, abet, and cause to be conducted financial transactions involving the proceeds of honest services mail fraud, knowing that the transaction was designed in whole and in part to conceal and disguise the nature, location, source, and ownership of the proceeds. That is, defendant WILLIAM ANTHONY LLOYD further concealed the nature, location, source and ownership of the proceeds of his honest services wire fraud by transferring the proceeds of stock trading funded with Targus money to his personal bank account at City National Bank as set forth below:

COUNT	DATE	AMOUNT	TRANSACTION
16	7/22/99	\$225,000	Wire Transfer from GBI Capital Partners Inc., New York, to City National Bank, California
17	8/13/99	\$200,000	Wire Transfer from GBI Capital Partners Inc., New York, to City National Bank, California
18	11/30/99	\$220,000	Wire Transfer from GBI Capital Partners Inc., New York, to City National Bank, California
19	1/12/00	\$700,000	Wire Transfer from GBI Capital Partners Inc., New York, to City National Bank, California



20	1/27/00	\$250,000	Wire Transfer from GBI Capital Partners Inc., New York, to City National Bank, California
21	2/16/00	\$1,500,000	Wire Transfer from GBI Capital Partners Inc., New York, to City National Bank, California
22	3/15/00	\$200,000	Wire Transfer from GBI Capital Partners Inc., New York, to City National Bank, California
23	4/18/00	\$300,000	Wire Transfer from GBI Capital Partners Inc., New York, to City National Bank, California
24	4/19/00	\$100,000	Wire Transfer from GBI Capital Partners Inc., New York, to City National Bank, California
25	7/13/99	\$90,000	Wire Transfer from GBI Capital Partners Inc., New York, to City National Bank, California

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