

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

ISREAL OWEN HAWKINS, Jr.,
[DOB: 07/26/1955],

TERESA BROWN,
[DOB: 02/25/1958],

JOHNNY HEURUNG
[DOB: 01/26/1954],

CLARENCE D. MOORE
[DOB: 05/17/1948]

Defendants.

) No. _____

) **COUNT ONE: CONSPIRACY**

) All Defendants

) 18 U.S.C. § 371

) NMT: 5 Years Imprisonment

) NMT: \$250,000 Fine

) NMT: 3 Years Supervised Release

) Class D Felony

) **COUNT TWO: SECURITIES FRAUD**

) Defendants Brown and Hawkins

) 15 U.S.C. § 77q and 18 U.S.C. § 2

) NMT: 5 Years Imprisonment

) NMT: \$250,000 Fine

) NMT: 3 Years Supervised Release

) Class D Felony

) **COUNT THREE: AGGRAVATED CURRENCY**

) **STRUCTURING**

) Defendant Hawkins

) 31 U.S.C. §§ 5324(a) & (d)(2); & 18 U.S.C. § 2

) NMT 10 Years Imprisonment

) NMT \$500,000 Fine

) NMT 3 Years Supervised Release

) Class C Felony

) **COUNT FOUR: MONEY LAUNDERING**

) Defendant Hawkins

) 18 U.S.C. §§ 1957 and 2

) NMT 10 Years Imprisonment

) NMT \$250,000 Fine

) NMT 3 years Supervised Release

) Class C Felony

) **COUNTS FIVE THROUGH FOURTEEN:**

) **WIRE FRAUD**

) Defendant Brown: 18 U.S.C. §§ 1343 and 2

) Defendants Hawkins and Heurung: 18 U.S.C. § 1343

) NMT: 20 Years Imprisonment

) NMT: \$250,000 Fine

) NMT: 3 Years Supervised Release

) Class C Felony

) \$100 Mandatory Special Assessment per Count

-) Forfeiture Allegation
-) 28 U.S.C. § 2461(c) and 21 U.S.C. § 853
-)
-) Order of Restitution

INDICTMENT

THE GRAND JURY CHARGES THAT:

1. At all times material herein:

a. **Isreal Owen HAWKINS** registered Petro America Corporation with the state of Kansas in 2007. Petro America Corporation (“Petro America” or “Petro”) maintains bank accounts and a mailing address in Kansas City, Missouri, where it states that its world corporate headquarters is located.

b. In the fall of 2008, **Teresa BROWN** began doing some work on Petro’s behalf. She helped **HAWKINS** keep track of Petro’s affairs. They also began conducting weekly Thursday night conference calls where they would speak to investors about Petro America.

c. **HAWKINS** and **BROWN** have never been licensed to sell securities. Nonetheless, in August 2008, they began an unregistered offering of Petro America shares to investors. **HAWKINS** did not register the offering with government regulatory authorities prior to selling shares. **BROWN** did not ascertain whether it was legal for her to sell Petro shares. They did not ensure that investors had full disclosure regarding the securities sold. They never delivered a prospectus to investors prior to selling shares.

d. In the fall of 2008, a representative of Petro America sent out a general solicitation e-mail inviting initial investors to buy stock at a price of \$100 for 100,000 shares. The e-mail stated that the shares were currently valued at \$2 per share.

e. On November 12, 2008, the Missouri Securities Commissioner issued a cease and desist order against Petro America, Owen **HAWKINS**, and others, barring them from selling the

unregistered Petro stock to investors in Missouri. The order was posted online and was discussed widely among the conspirators and Petro's shareholders. On April 7, 2009, the Missouri Securities Commissioner took **HAWKINS'** deposition regarding the unregistered offering.

f. **HAWKINS** and **BROWN** received further notice that the shares were not registered and could not be sold when the SEC began investigating Petro America, leading to **HAWKINS'** deposition in August 2009.

g. On February 18, 2010, the Office of the Kansas Securities Commissioner initiated an action against Petro due to its selling of unregistered shares. It issued a consent order two months later, including sanctions, requiring Petro to cease and desist selling unregistered shares, which **HAWKINS** signed.

h. During the scheme, **HAWKINS** and Petro secretary M.P. opened and maintained multiple Petro America bank accounts. **HAWKINS** would visit the banks multiple times per week. Sometimes he or M.P. made big deposits of multiple checks. On most visits, they withdrew \$7,500 to \$9,800, often on consecutive days. The cash was normally given in \$100 bills, and **HAWKINS** normally put the cash into his jacket pocket. Sometimes **HAWKINS** was accompanied by other parties to whom he handed cash after withdrawing it.

i. **HAWKINS** opened a U.S. Bank account, account number ending in 4487, on March 18, 2008. From September 30, 2008 through October 24, 2008, \$767,170 in deposits were received from investor proceeds. Deposits ranged from \$14,300 to \$180,000.

j. On November 6, 2008, a \$158,796.02 cashier's check was made payable to Petro America from Petro's U.S. Bank account. It was deposited into a Bank of America account ending in 4186, which was opened on March 21, 2008, with **HAWKINS** as the authorized signer. From

September 24, 2008, to January 26, 2009, **HAWKINS** deposited 798 checks and money orders totaling \$192,506. All appear to be from Petro America investors.

k. On February 26, 2009, **HAWKINS** opened Petro America business checking account ending in 0301 at Brotherhood Bank & Trust. After the initial \$250,650.40 wire transfer on February 27, 2009, no other deposit was made until May 21, 2009. From February 27, 2009, through March 31, 2010, \$81,500 in checks were written for cash.

l. **HAWKINS** opened an account at Mazuma Credit Union, ending in 3566, in the name of Petro America Financial Services, on May 9, 2009. **HAWKINS** and Petro Secretary M.P. were authorized signers. Seventy checks and money orders totaling \$13,615 from Petro investors were deposited into this account from May 9, 2009 through January 22, 2010. They were in \$100 increments, mostly in money orders. Seventy-one additional investor checks totaling \$4,824.95 were deposited in the spring and summer of 2009. Many bore the notation "Petro defense fund." In addition to the investor proceeds, \$830,000 in checks from Windsong Ventures were deposited from July 16, 2009, to March 27, 2010. Another \$172,310 was wired in from D.P., an attorney in Colorado, from wires that originated from **BROWN**. From July 2, 2009, to May 12, 2010, **HAWKINS** wrote 65 checks to cash from the Mazuma account, totaling \$425,700. For the same dates, M.P. wrote 47 checks to cash, totaling \$116,615.

m. On June 16, 2009, **BROWN** opened a J.P. Morgan checking account ending in 8569 in Texas in the name Windsong Ventures. On April 1, 2010, **BROWN** opened J.P. Morgan savings account in Texas ending in 0480 in the name Sunstar Investment Group, LLC. **BROWN** is the only authorized signer on both accounts.

COUNT ONE: CONSPIRACY
ALL DEFENDANTS

A. INTRODUCTION

2. The United States Attorney hereby repeats and realleges every allegation contained in paragraph 1 of this Indictment.

B. THE CONSPIRACY

3. From on or about September 1, 2008, until the date of this indictment, in the Western District of Missouri and elsewhere, defendants Owen **HAWKINS**, Teresa **BROWN**, Johnny **HEURUNG**, Clarence **MOORE**, and others known and unknown to the Grand Jury, did knowingly, willfully and with intent to defraud, conspire and agree amongst themselves to commit and to conceal offenses against the United States, that is: to commit the crimes of securities fraud in violation of Title 15, United States Code, Section 77q, and of wire fraud in violation of Title 18, United States Code, Section 1343. The object of the conspiracy was to obtain money for the defendants through the fraudulent sale of Petro America stock by making fraudulent material misrepresentations and omissions to investors, and concealing the coconspirators' individual compensation, while using interstate wire communications to further essential steps of the scheme.

C. MANNER AND MEANS

4. It was part of the conspiracy and in furtherance of it, that in order to induce persons to invest money in Petro America, the defendants made and caused to be made false and fraudulent statements, and material omissions, as set forth below in paragraphs 24 to 63, which are incorporated herein by this reference as though fully set forth at this point.

Sale of Petro America Stock

5. It was further part of the conspiracy that **HAWKINS** began an unregistered offering of Petro America stock around August 2008. On September 1, 2008, **HAWKINS** filed a Form D with the SEC, claiming that Petro America intended to raise up to \$1,000,000 from the sale of equity in \$100 increments, purportedly under the Rule 504(b)(1)(ii) offering exemption. This rule exempts transactions from registration and allows for a general solicitation of potential investors if the offering has been registered in at least one state that provides for registration and delivery of a disclosure document before sale. **HAWKINS** and Petro America did not deliver the required document to purchasers prior to sale.

6. It was further part of the conspiracy that Petro America did not comply with the Rule 504(b)(1) exemption that it claimed. Instead, it engaged in a general solicitation for the sale of a security – through its website and presentations to church congregations – which was not limited to accredited investors, that is, investors who meet certain minimum requirements including at least \$1,000,000 in net worth and \$200,000 in annual income. Finally, in the first four months alone, Petro raised about \$1,000,000 through its unregistered and non-exempt public common stock offering, and continued raising money afterwards, further nullifying any claim of exemption under Rule 504(b)(1).

7. It was further part of the conspiracy that **HAWKINS, BROWN, HEURUNG** and others cultivated loyalty, gained credibility, and bought time from their shareholders through a variety of calculated means. For example, they used religious language and made frequent references to the “Petro America Family.” The conspirators often recruited through churches and used religious language in their pitches. For example, they promoted Petro America as a once-in-a-lifetime

opportunity to “share the blessing.” They also gave payments to church figures, who recruited members of their congregations to invest.

8. It was further part of the conspiracy that, in order to enable Petro to continue selling its stock in circumvention of the Missouri cease and desist order issued November 12, 2008, and to enable the conspirators to profit, **HAWKINS** “gifted” **BROWN** and others billions of shares of Petro stock. These secondary sellers agreed to sell the stock to investors, and they returned some of the proceeds to Petro and **HAWKINS**. Usually, the secondary sellers represented that they were merely investors selling their own shares. The secondary sellers sold millions of Petro shares, including to investors in Missouri. In most cases, they did not disclose the source of the shares and that most of the shares had been gifted. In all cases, they did not disclose the specific amount of compensation they would receive.

9. It was further part of the conspiracy that, often, other secondary sellers forwarded a percentage of the proceeds to **BROWN**, who deposited it in her accounts. Sometimes the secondary sellers instructed investors to wire payments directly to **BROWN**'s Windsong account. From September 1, 2008 to April 30, 2010, **BROWN** received checks and wires totaling at least \$3,047,202.96, derived from Petro stock sales by her and by other secondary sellers. Deposits were made at J.P. Morgan bank branches across the United States up to eight times per day. **BROWN** received at least \$5,500 from Petro investors located in Missouri. **BROWN** sent a portion of the proceeds from Texas to Petro's accounts in Kansas City, Missouri. **BROWN** mailed checks to **HAWKINS** and sometimes provided him with envelopes of cash. On other occasions from July to October 2009, **BROWN** wired \$172,500 in proceeds from Texas to an attorney's bank account in

Greeley, Colorado. Within a few days, the attorney would wire all but \$30 to \$70 of the proceeds to Petro's accounts in Kansas City, Missouri.

10. It was further part of the conspiracy that, from October 2009 through February 2010, a shareholder from Texas purchased 7,000,000 shares from **BROWN** for \$70,000. In October 2009, while in Texas, **BROWN** held an interstate conference call to discuss Petro with that shareholder and other investors, all of whom were then located in Louisiana. **BROWN** did not disclose to the investor that **BROWN** was the source of the shares. **BROWN** represented that Petro had set aside shares to sell to get the audit done, and that the shares were available through **BROWN** because Petro needed to raise \$180,000 to get money to have an accountant do an audit to compute the book value. She represented that since the mines were not generating cash, the stock sales were supposed to raise the cash. **BROWN** represented that she was selling shares to raise money for the Petro accounting because she was "someone who believes in the dream," and she wanted to help the company grow and get to the market. **BROWN** told the shareholder in an e-mail that she had written the check to the accountant. **BROWN** did not tell this shareholder that she would personally be receiving a large portion of the \$70,000 investment.

11. It was further part of the conspiracy that in December 2009, three shareholders in Texas pooled their money together to purchase Petro shares from **BROWN**. The group sent \$7,000 via wire transfers to Windsong Ventures to purchase the shares. Prior to the purchase, the three shareholders held a conference call with **BROWN**. **BROWN** told the shareholders that she was selling her Petro shares to raise funds to help with accounting and transfer agents for Petro. **BROWN** told them the previous transfer agent quit, so Petro needed money for new transfer agents. **BROWN** did not disclose that she would be taking a share from the sale for herself. Instead, she

told the shareholders that she was taking a loss by selling her shares to them at \$0.01 per share. She did not make clear to the investors whether they were purchasing PTRZ shares or Petro America shares. Prior to the call with **BROWN** the shareholder looked up the value of PTRZ and at the time it looked like it was trading at approximately \$0.25 per share. The shareholder asked **BROWN** why the shares were being sold to them for around \$0.01 to \$0.02 per share. She told the group that they should “be thankful for the gift you got.”

Putting Assets on Petro’s Books

12. It was further part of the conspiracy that, in order to keep early investors placated and to attract new investors, **HAWKINS**, **BROWN**, **HEURUNG** and others attempted to swap additional Petro stock in order to claim that Petro had tangible assets.

13. It was further part of the conspiracy that, in October 2008, **BROWN** approached **HEURUNG** because she heard he had experience with mines and oil. **BROWN** told **HEURUNG** about Petro America. From that point forward, **HEURUNG** and **BROWN** obtained interests in various gold mines to “put them on Petro’s books,” including by writing contracts with the mine interest owners. For each deal, 50% stayed with the mine owner, 24.5% went to Petro and 24.5% went to a third entity. **BROWN** acquired 24.5% interests in four or five of the mines in the name of her shell company, Sunstar. In other deals, 24.5% went to Money Investment, Inc., a company owned by **HEURUNG**. All of Petro’s purported mine interests were paid for with shares of Petro stock and no money was exchanged. **BROWN** and **HEURUNG** subsequently failed to disclose to investors that they had personal interests in the mines, that stock was used to acquire the interests and not cash, and that Petro’s “mine interests” would not vest unless and until Petro America was listed on a public exchange.

14. It was further part of the conspiracy that **HAWKINS, BROWN, HEURUNG** and **MOORE** claimed that Petro America was worth up to \$284 billion and Petro stock was worth \$24 per share in order to induce people to invest. In February 2010, **HAWKINS** and a purported C.P.A. from Atlanta named Clarence **MOORE** worked together to determine valuations for Petro America its stock. Together, they reached the figure of \$24 per share. Subsequently, **HAWKINS** circulated a letter from **MOORE** as evidence that Petro America had been valued, by an accountant, at \$284 billion and \$24 per share. The letter described **MOORE** as “the first African-American accountant for Gulf Oil and also a former auditor for Exxon.” In actuality, **MOORE** is not and has never been a CPA. He worked briefly as an accounting clerk for Gulf Oil in the 1970s, but never for any accounting firms. In 1972, he worked for Exxon, where he audited cash registers at service stations.

15. It was further part of the conspiracy that from June 2009 forward, **HAWKINS, BROWN, HEURUNG** and others falsely claimed to investors that Petro America had conducted “reverse mergers” with two companies that had, at some time, traded publicly: World Transport Authority (“WTAI”) and American Southwest Music Distribution, Inc. (“ASWD”). **HAWKINS** bought ASWD in his own name but with Petro America investor funds. He then changed the name of ASWD to Petro America-Delaware (“PTRZ”), of which he then, individually, became the largest shareholder. The purpose of Petro America’s two attempted (but not concluded) reverse mergers was to make it appear that Petro America had value. In truth, these companies had marginal or negative value. But **HAWKINS, BROWN, HEURUNG** and others frequently misrepresented that Petro America, PTRZ and WTAI were somehow related, when in fact they were not related.

Petro America's Offices and Website

16. It was further part of the conspiracy that, beginning July 15, 2008, **HAWKINS** contracted with Regus Management Group LLC located at Two Pershing Square, 2300 Main Street, Suite 900, Kansas City, Missouri. According to the initial contract, Regus agreed to provide Petro America with a "Virtual Office: Telephone answering in your company's name, fax and mail handling, use of our prestigious address and 16 hours of office usage" in exchange for a monthly fee of \$225. Later, Petro upgraded its contract for additional office and meeting time. Mail and calls to Petro America were received by Regus, which forwarded them to **HAWKINS** or his associates. On multiple occasions, **HAWKINS** and his associates did not disclose to investors that their "headquarters" was actually a secretarial service. Regus informed Petro in August 2010 that it would not be renewing Petro's contract past November 2010.

17. It was further part of the conspiracy that the conspirators created an online website, Petroamericacorp.com, around October 2008. The site stated that the company seeks to be the "premier global crude oil marketer and energy arbitrageur," and its mission is to acquire oil fields and leases in emerging markets in developing countries such as Chad, Equatorial Guinea, Sao Tome Principe, and Cameroon. There is no evidence that Petro America seriously pursued any such opportunities, at least in a realistic fashion. But the website pledged that "Profitable growth in a visionary atmosphere will allow the Company to achieve its Corporate objectives. The company seeks optimum returns on invested capital for meteoric returns that maintain and ensure shareholder value." The website included a prominent photograph of the building where Petro's secretarial service is located.

Petro America Press Releases and Emails

18. It was further part of the conspiracy that Petro America's website also included links to news releases published via Group WebMedia e-mails. **HAWKINS** approved all Petro America news releases. Most or all of the releases were materially misleading and failed to disclose material facts related to investing in Petro America. Some of the press releases included:

Petro America receives irrevocable corporate purchase order for 2 million barrels of crude oil from a firm in Dubai (May 2008);

Petro America receives \$40 million in assets in exchange for stock (August 2008);

Petro America receives \$28 million in assets in exchange for stock (September 2008); and

Petro America acquires underground storage facility.... Petro America Corp acquires seven year-old underground multi-million dollar outsourcing firm for an undisclosed amount. This strategically allows Petro America the opportunity to offer storage facility services for commercial, state and federal agencies that have needs and requirements to store barrels of crude oil in a secured environmental climate-controlled environment. (November 2008).

19. It was further part of the conspiracy that on June 12, 2009, **HEURUNG's** secretary sent out an e-mail reading "Everyone....Johnny and I have incredible news for you. We are all truly blessed and abundant. Today Petro announced and went public! Many of you are now MILLIONAIRES! We congratulate you and love that we have this great achievement together! GET ALL THE DETAILS ON THE CALL THIS THURSDAY NIGHT!!! THIS INFORMATION IS CRITICAL TO YOUR FINANCIAL FUTURE!!!" She included the number for **HEURUNG's** weekly conference call. The e-mail was signed "yours in light and blessings! [secretary] & Johnny".

20. It was further part of the conspiracy that on June 13, 2009, **BROWN** worked with another person to send an e-mail to investors in multiple states announcing that Petro had gone

public the previous day, that Petro closed at \$1.01, that the stock symbol was PTRZ, and that many shareholders were now millionaires. At the time, Petro America had not been publicly listed on any exchange. It had not merged with any company that was publicly traded. In fact, none of Petro's stockholders had been made millionaires, and Petro did not close at \$1.01 on June 12, 2009.

Compensation, Taxes and Payments

21. It was further part of the conspiracy that **HAWKINS** pays himself a yearly salary of \$595,000 pursuant to an "Executive Employment Agreement" dated July 24, 2007. The contract also grants **HAWKINS** a guaranteed bonus of \$175,000; 500 million shares that are immediately exercisable; "all expenses necessarily and reasonably incurred;" a company car; a company apartment in Missouri; and a "Gold Management Dining Card," which he is also allowed to retain and use for meal expenses for the five years following his termination. In June 2010, **HAWKINS** admitted that only two people were aware of his compensation agreement. **HAWKINS** did not disclose his compensation to investors.

22. It was further part of the conspiracy that, in the spring of 2010, **MOORE** drove from Atlanta to Kansas City to prepare tax returns for Petro America. **HAWKINS** and **MOORE** prepared the returns together, working from Petro's incomplete financial records and from information that **HAWKINS** provided orally to **MOORE**. Nonetheless, both **HAWKINS** and **MOORE** signed and filed the returns, which contained false, misleading, and incomplete information. They also provided copies to the U.S. Attorney's office. **HAWKINS** paid **MOORE** for the work. Petro's 2007 return showed \$150,000 in assets and taxable income of \$3,545. Petro's 2008 return showed \$81,101,654 in assets and a loss of \$104,642. Petro's 2009 return showed \$284 billion in assets but taxable income of only \$9,334. For the three years in total, **MOORE** and **HAWKINS** listed a loss of

\$91,763 in aggregated income totals for Petro. The returns fraudulently included income actually generated by Performance Packaging that was not distributed to Petro America.

23. It was further part of the conspiracy that **HAWKINS** distributed at least \$303,200 of investor money to at least thirty-six friends and shareholders of his choosing. In addition to the cash payments to certain friends and shareholders, **HAWKINS** also made cash payments totaling \$217,859 to twenty-one “vendors and consultants.”

D. OVERT ACTS

1. OWEN HAWKINS

24. In June 2008 and August 2008, Petro America entered into stock agreements with American Marketing Complex (AMC). Petro sold a total of 34 million shares of its common stock, with a purported value of \$2 per share, for \$68 million AMC cash equivalent media credits. In the stock agreements, which **HAWKINS** signed on June 30, 2008 and August 20, 2008, he listed unaffiliated accounting firms, Ernst & Young and KPMG, as if they represented Petro America.

25. On October 9, 2008, **HAWKINS** spoke to shareholders through a conference call, which was heard by investors across the United States and Canada. During the call, he made the following false and misleading statements:

- a. “God has really opened up a lot of opportunities for this business;”
- b. The stock has a book value of \$2.00 per share;
- c. His goals are to receive the Nobel Peace Prize for doing good work, and “to create as many billionaires in this as I, as I possibly can, shareholders, people that have taken the risk and chance with us they deserve the rewards;” and
- d. “We want to bless others and change others’ lives.”

26. On October 24, 2008, Petro announced on its website (in the “Resent Press Releases” section [sic]) that it had entered into a negotiation to acquire a construction company, HMC Enterprises, for its “exploration division.” **HAWKINS** did not disclose in the news release that the individual he was negotiating with at HMC was his sister.

27. On December 3, 2008, the Missouri Securities Division spoke to **HAWKINS** regarding the Missouri cease and desist order. **HAWKINS** falsely claimed that Petro had barrels of oil stored in Hallmark Cards’ facilities.

28. On December 17, 2009, **HAWKINS** participated in a meeting with shareholders in Kansas City, Missouri, which was broadcast via conference call with Petro shareholders across the United States and Canada. During the meeting, **HAWKINS** made the following false and misleading statements:

a. “Johnny and Teresa have brought gold mines to the table of Petro America, which is very exciting because it’s brought a lot of book value to the company, which means that your stock is backed by gold [crowd applauds];”

b. “We are looking to get this closed out, we’re hoping to get this done within 30 days or sooner. We’ve talked to the attorney, we’ve put pressure on the accountants. We did the 15c211 done the thing I am most proud about is that the evaluation on the company is going to be tremendous;” and

c. “In only two and a half years, you’ve been able to create a multi-billion company in assets and that’s not even including the market value that we are creating at Petro America.”

29. On December 18, 2009, **HAWKINS** approached a Mazuma teller with a large check written to cash, drawn on “Petro America Financial Services.” The teller explained to **HAWKINS**

that bank policy required her to file a currency transaction report, or CTR, for large cash withdrawals over \$10,000. **HAWKINS** lowered the amount of his withdrawal to evade the bank reporting requirements.

30. On January 14, 2010, **HAWKINS** participated in a conference call with Petro shareholders across the United States and Canada, during which he made the following false and misleading statement: “Again, we are very, very close to getting this all finalized and I’m looking for the stock to be trading very, very soon.”

31. On February 11, 2010, **HAWKINS** participated in a conference call with Petro shareholders across the United States and Canada, during which he made the following false and misleading statement: “I’m very proud of the fact that we’ve been able to build shareholder value over \$2 a share. We will be releasing those numbers, uh, fairly soon, but I am very proud that we have exceeded \$2 a share, um, 10 times, so I’m very proud of that. We got the opinion letter from the accountant.”

32. On February 18, 2010, **HAWKINS** participated in a conference call with Petro shareholders across the United States and Canada, during which he made the following false and misleading statements:

- a. “We have also acquired a construction company;”
- b. “As you will be notified very soon about the valuation on your stockholder equity, we can proudly say it’s well over \$2 per share, that is the book value, it’s way over that;”
- c. “I’ll even step out and say that our book value we have been able to get from our accountant is \$24 a share;”

d. “So what we’re proud to say is that we’ve created a lot of wealth just in shareholder equity at Petro America;” and

e. “It’s always beautiful to have your stock backed by gold.”

33. On March 5, 2010, **HAWKINS** attempted to withdraw \$9,800 cash from the Petro account at Mazuma. The teller notified **HAWKINS** that the transaction put the Petro account over \$10,000 in currency withdrawals for the day and that this would generate a CTR. **HAWKINS** told the teller he did not want a CTR filed, so he changed the withdrawal amount to \$8,500 by writing another check in front of the teller.

34. On or about June 8, 2010, **HAWKINS** signed Petro America’s 2007 tax return even though he knew information on the return was false, incomplete and misleading.

35. On or about June 8, 2010, **HAWKINS** signed Petro America’s 2008 tax return even though he knew information on the return was false, incomplete and misleading.

36. On or about June 8, 2010, **HAWKINS** signed Petro America’s 2009 tax return even though he knew information on the return was false, incomplete and misleading.

37. On June 11, 2010, **HAWKINS** filed three false Petro tax returns with the IRS.

38. On October 1, 2009, **HAWKINS** participated in a conference call with Petro shareholders across the United States and Canada, during which he made the following statement: “I have talked to a Hollywood producer that’s interested in doing a story on Petro America, The People’s Company, and a documentary on how we’ve gone from where we have in such a short time, and the great uh, shareholder base that we have and also the humanitarian projects that we are looking forward to doing. Uh, the producers said that they do believe that we will get that Nobel

peace prize and that would mean so much to me personally, and as well uh to the corporation to show that we have done a great corporate work and good corporate will.”

39. On October 24, 2010, **HAWKINS** participated in a conference call with Petro shareholders across the United States and Canada, during which he made the following false and misleading statements:

a. “We employ 100 people or more in that company [Performance Packaging] and a lot of our employees work on . . . our client’s site, as well as our operations in the caves;”

b. “So if we are averaging \$2 million sales a year and you take that times 12, the conservative figure, that company has a book value of \$24 million. Petro America and it has a lot of upside, so we have producing income;”

c. “We purchased ASWD, a subsidiary of Petro America. We have purchased that company and we went public through that company;” and

d. “Petro America has controlling interest of PTRZ and that’s a Delaware Corp., I want to get that straight.”

40. From September 2008 through April 10, 2010, **HAWKINS** received at least \$1,980,425.95 from Petro investors into accounts he controlled. Very little of these funds were reinvested into the company. Instead, **HAWKINS** used the investor money to purchase:

a. a Natural Cat Lynx Coat with Fox Trim from Alaskan Fur Company for \$5,700;

b. a Hummer H3;

c. a 2004 Mercedes S430;

d. a Chrysler 300; and

e. sixteen designer suits totaling \$8,709, which **HAWKINS** purchased on eBay from December 17, 2008 to January 14, 2009, including: a Ralph Lauren three-piece Purple Label suit for \$675; a Brioni Flamino Italy Gray suit for \$1056.15; a Brioni wool charcoal pinstripe suit for \$799.99; Kinton men's double-breasted cashmere business suit for \$848; a Brioni Neiman Marcus wool suit for \$575; and a Brioni Flamino side-vent, double-breasted suit.

41. On October 1, 2009, **HAWKINS** participated in a conference call with Petro shareholders across the United States and Canada, during which he made the following misleading statement: "I have talked to a Hollywood producer, that's interested in doing a story on Petro America the people's company, and a documentary on how we've gone from where we have in such a short time, and the great uh, shareholder base that we have, and also the humanitarian projects that we are looking forward to doing. Uh, the producers said that they do believe that we will get that Nobel peace prize and that would mean so much to me personally, and as well, uh, to the corporation, to show that we have done a great corporate work and good corporate will."

42. In October 2009, **HAWKINS** attempted to purchase a house by a lake located at 3405 N. 128th Terrace, Kansas City, Kansas for over \$300,000. The purchase fell through, but **HAWKINS** continued to make monthly rental payments of \$3,025, which totaled at least \$42,815.

43. On May 13, 2010, **HAWKINS** participated in a conference call with Petro shareholders across the United States and Canada, during which he made the following false and misleading statement: "We want this stock trading, but we also want it to trade at a good value, we want you to get a great return. We know the book value is good, but we want the market value to reflect the same and you all can do that by blogging and saying some good things about Petro America."

2. TERESA BROWN

44. On October 9, 2008, **BROWN** participated in a conference call with Petro shareholders and prospective shareholders across the United States and Canada. She began by telling investors that “I need to let everybody know that I am a shareholder of this company And so we are not licensed brokers, we are not investment counselors, we are not here to give you any kind of investment advice at all. We’re just here to share something with you we think is an awesome opportunity.” During the conference call, **BROWN** made the following false and misleading statements:

a. “Petro America is a one-and-a-half-year-old oil trading company that will be going on the stock market within the next six months;”

b. “According to the information I have from D&B, Dunn and Bradstreet, this company reported a \$1.9 million profit last year and has 11 employees. Their website which we heard from him this evening is still in process . . . they [Petro America] are moving all of their offices from New York and from uh Los Angeles to Kansas City to consolidate and to make sure they have a better real estate market, I guess that’s a way to term that . . . he has also confirmed that he has [Petro America] \$68 million on the books which has been verified with the SEC and has been notarized by the attorney. He has two attorneys that are working with him to take this company public, hopefully within the next six months. Being that, we do not want to violate any kind of insider trading, SEC rules, we don’t have the information as to when it’s gonna go public, we don’t wanna know, and we wanna make sure we stay within the rules and regulations. So, I don’t know. I’m not going to ask. I can’t answer it;”

c. "I did not want to bring this up, um . . . but I had a friend of mine was in a meeting yesterday and we have heard via the grapevine that the price of these shares [Petro America] may be going up between \$200 to \$300. We will get a heads up before the official, the official word and when the official word does come out, we'll have two to three days before it goes into effect . . . so I am letting everybody know now that the [inaudible] of \$100 for 100,000 shares is not going to last. My suggestion is that if this is something you wish to do, we need to have everything in the mail no later than a week tomorrow;"

d. "The other thing I do need to clarify is that I have verified the office, I had a friend of mine walk into the office buildings, go into their office space, talk to their/his secretary. . . . have attended several of their meetings. This is not a hole in the wall. It is not a mail drop. This is a real office in a very prestigious part of town;"

e. "The other thing I have to say is this is a blessing. Please if you can look around you. Look at home, your neighborhood, your church, see who you can bless and pay it forward;"

f. "A hundred thousand shares at this moment is worth \$200,000;"

g. In response to a question concerning which underwriter was taking the company [Petro America] public, **BROWN** responded "No, it's not. . . . One of the reasons I did not want that, uh, asked was because that is private company business and we, uh, that's not available for public consumption."

h. The caller responded to her answer by asking further if that is a violation of the SEC stuff. **BROWN** responded, "Ya, we don't want to get into any of that;" and

i. In response to an investor's question regarding what the shares might be worth when the company goes public, **BROWN** responded, "The speculation is that when they go public, is \$10 to \$20. The speculation at a year's time is \$60."

45. In June 2009, a person in Georgia e-mailed **BROWN** in Texas asking about PTRZ stock purchased by his client and his client's family. The person asked whether it was possible that PTRZ "may not be allowed to trade on the OTC and/or NASDAQ." **BROWN** responded on June 25, 2009 that "All I can say is that we would never have received the symbol in the first place if every 'I' had not been dotted and every 'T' not been crossed. They wanted additional info [t]o prove that we indeed did have the assets on the books that we said we do. We have those documents. I know because I helped to get them to the company. . . ."

46. On July 31, 2009, **BROWN** sent a false and misleading e-mail from Texas to a Petro investor in Florida misrepresenting Petro's legal woes in Missouri and with the SEC:

Back in Oct or Nov of last year someone, trying to create problems, made a complaint to the Missouri SEC. MO then ordered Petro to stop selling stock. Petro had already stopped the first of Oct. The problem seems to stem from the fact that Petro filed a form 506 which allows unaccredited investors like to buy stock. Missouri did not like that and wanted Petro to file a form 504 which only allowed accredited investors. Accredited investors are those who make over \$200,000 a year or who have over 1 million in assets. The SEC has stepped in as well but can find no one to complain. Even with all of the set backs and hold ups Petro has still managed to go public and get the new symbol, but now there is more paperwork being required. I can say that all assets will be able to be verified and Petro should be able to move forward shortly.

47. On October 30, 2009, **BROWN** sent an e-mail to investors making the following false and misleading statements:

a. Petro is getting ready to go to the Pink Sheets and then within a very short period of 30-45 days they could go to NASDAQ (if not sooner);

b. “Last year this company showed assets of \$68 million and since then, because of investments in gold mines, gas, oil, etc., their assets now exceed \$200 billion. *Our ship is coming in very soon!*”; and

c. Johnny is in negotiations with the World Bullion Bank, which would back Petro America shares with gold for 50 years. In the next 4-7 months, share values could easily go to \$50 to \$100 per share.

48. On December 8, 2009, **BROWN** e-mailed a solicitation from Texas to numerous recipients:

We have a small window of opportunity for all the shareholders who have been desiring some extra shares. We have an individual who has some private shares that is willing to sell some to assist in raising money for Petro. This will help pay for some of the additional costs that have been accrued over the last month with the problems with the other transfer agent and also help all of us get our shares in a timely manner. The shares will be available at the price of \$1000.00 for 100,000 shares. This is well below the current market price and a great opportunity for all those looking for some extra. If you are interested in purchasing any, please reply to this email and we will get back to you shortly.

BROWN did not disclose that she was the private individual who would be providing the shares.

In addition, she did not disclose that she would be taking a portion of the proceeds from the sale.

Further, **BROWN** did not disclose that the price of these shares was arbitrarily determined by

BROWN.

49. From December 14, 2009 through March 25, 2010, **BROWN** sent eleven checks, constituting Petro proceeds, to Petro and **HAWKINS** in Kansas City, Missouri from her Windsong

Ventures account in Texas totaling \$830,000, as described below:

	Date	Amount	Payee	Memo
a.	12/14/09	\$125,000.00	Petro America Corp	
b.	12/16/09	\$ 10,000.00	Petro America Corp	legal opinion
c.	12/17/09	\$ 25,000.00	Petro America Corp	
d.	12/18/09	\$ 5,000.00	Owen Hawkins	Merry Christmas
e.	12/18/09	\$ 55,000.00	Petro America Corp	
f.	01/22/10	\$ 40,000.00	Petro America Corp	
g.	02/04/10	\$ 50,000.00	Petro America Corp	
h.	02/12/10	\$100,000.00	Petro America Corp	
i.	02/24/10	\$140,000.00	Owen Hawkins	Petro
j.	03/16/10	\$180,000.00	Petro America Corp	
k.	03/25/10	\$100,000.00	Petro America Corp	
	TOTAL	\$830,000.00		

50. **BROWN** also sent \$265,922 to Johnny **HEURUNG**, or at his direction she sent money to other entities, including:

a. On July 27, 2009, **HEURUNG**'s company, Money Investment, Inc. received a \$14,000 check from Windsong Ventures;

b. On August 20, 2009, another **HEURUNG** entity, Money Trust Company, received a \$100,000 wire from Windsong Ventures;

c. On September 15, 2009 **BROWN** wired \$7,500 from her Windsong account in Texas to a company called Exmin, LLC in Nevada. The wires bore references "for Petro America per Johnny;" and

d. On January 4, 2010, **BROWN** wired \$100,000 from her Windsong account in Texas to a company called Exodus 15 LLC in New York, referencing "Johnny Heurung commissions."

51. From June 2009 through April 2010, **BROWN** spent at least \$542,197 of Petro investor proceeds on personal expenditures, including:

- a. A new boat for \$37,335;
- b. A new SUV for \$32,750;
- c. Travel, including \$25,274 for air travel to locations including Switzerland, Kansas City, Arizona, Cape Cod, Europe and Panama, and \$32,378 for hotels;
- d. A new computer;
- e. Several expensive handbags;
- f. Louis Vuitton luggage for \$5,262, which she bought in Zurich, Switzerland;
- g. Louis Vuitton items for \$3,152, which she bought in San Antonio, Texas;
- h. Beauty supplies for \$7,557;
- i. Home design items for \$41,128;
- j. Jewelry for \$81,187; and
- k. The mortgage on a \$14,327 timeshare in Virginia Beach.

3. JOHNNY HEURUNG

52. On October 29, 2009, **HEURUNG** participated in a conference call from Washington State with Petro shareholders across the United States and Canada, during which he made the following false and misleading statements:

- a. "I believe they're going to open up somewhere between \$5 and \$10 per share and right now we're sitting at a value of about, let's just say approximately \$200 billion or better, okay, which means it's going to drive the shares up higher;"

b. “Now, when I met with Vanessa [from Island Stock Transfer] today, let me say this ladies and gentlemen, we are closer than it’s ever been in our lifetime, okay, there’s only one other item they need and I believe after I talk to Owen, it will be there and it’ll be fantastic, okay;”

c. “The value of this stock is also going to be driven even higher than what I’m saying. Gold is projected to go to \$2,000 plus a year, okay, within the next 17 months. Our mines are 13 strong. We’re in gold, platinum and silver, which is phenomenal, okay, that’s another plus. The other thing we got to remember is that over the next 5, 10,15 months, this stock is going to take people to a whole new life, and by not being greedy and getting by with what you need, will literally change your life;”

d. “The other thing people got to remember, this stock is forecasted to do better than Microsoft. We’ve already beat Microsoft’s number one record already, since we’ve already opened. . . .”;

e. “I can’t tell you everything, okay, but read between my lips, there’s things that are coming out on each mine that’ll raise the value weekly, monthly and yearly for the next 100 years;” and

f. “The monthly reports that will come out will be finding additional things going on with each mine and oil and gas and the other projects that we have, so don’t be, as I say, ready to jump the gun too fast, because literally, this stock is going to do *very, very* well.”

53. On December 17, 2009, **HEURUNG** participated in a meeting with investors in Kansas City, Missouri that was listened to via telephone conference by Petro investors across the United States and Canada. During the meeting, he made the following false and misleading statements:

- a. “We are now going to become a major oil-producing company, we picked up 28 pumping fields, that’ll be coming on board next week [applause];”
- b. “We picked up another approximately \$350 billion in solid mines with all the reports;”
- c. “We also picked up 450,000 acres in the valley of Montana off one of the number one shelves and we’ll have the opportunity to put up another 150 wells over the next 50 years;”
- d. “We will be signing a no less than a 100 year contract with the Bullion Bank, so everything that Petro produces over the next 100 years, there is a saying ‘champagne dreams will be met and caviar’ – it’s coming, we have it, okay;”
- e. “So, we will be able to probably put the unemployment roll over the next few years back to zero;”
- f. “The longer you keep your stock, the better it’s gonna become;”
- g. “Once we hit the American and the NASDAQ it’s going to jump to 60 to 90 percent [par value], okay, and that’ll probably be within six months or less;” and
- h. “This next year for each and every one of you out there, is gonna be probably the most excitement that’s ever come for our country. . . . I am looking at a room of more millionaires in one place than I’ve been in a long time and I can honestly say that it is gonna happen and I can honestly say there’s gonna be some major billionaires in here too, cause I already know where this is going to be going and what’s happening, so this is very, very exciting.”

54. On June 10, 2010, **HEURUNG** participated in a conference call from Washington State with Petro investors across the United States and Canada, during which he made the following false and misleading statements:

a. “Uh, the value of this will open somewhere very close to about \$279 billion, the accountants are in Kansas City right now with Owen arranging for this to be all finished and that will be our opening value;”

b. “Now people have been asking me are we valued at a higher amount, um, yes we are;”

c. “Petro with the right management team will be around for the next 500 years. And the stock, at the opening value, right now we’re larger than Coca-Cola, okay, so don’t sell your shares too fast;” and

d. “I can’t tell you everything in the mines. I can’t tell you everything in the oil fields. But let me tell you, I’ve seen this, and it is fantastic, and I’m still seeing more so just tread water a little bit, pay off your bills, enjoy life a little bit, and then take the ride because you’re going to enjoy it for many, many years to come. . . .”

55. On July 1, 2010, **HEURUNG** participated in a conference call with Petro investors across the United States and Canada, during which he made the following false and misleading statements:

a. “Now I’ll talk about a little bit about Petro. There was some more exciting news;”

b. “The documentation has now been all certified. It is in the lawyers’ hands, and it will be moving forward;”

c. “I think it’s gonna be a very, very short time and the opening par value, just to let you know, came in higher than what I said before at 279 billion so this is going to be very, very good. We are gonna be in multiple, multiple gold mines, gas fields, and oil fields. And we will have

our oil fields up and running in approximately 30 to 60 days so it is not gonna take long at all and that's gonna be even more exciting when that happens;" and

d. "And the values that this is gonna generate will be phenomenal."

56. On August 5, 2010, **HEURUNG** participated in a conference call with Petro investors across the United States and Canada, during which he made the following false and misleading statement: "There's an opportunity here with all the mines, all the oil fields that everybody will be very, very successful beyond their needs and whims that you ever need and some of you will never be able to spend the money. But you will be able to help so many prospects, so many charities, so many foundations and I just wanted to remind you to be careful that people do not take advantage of you."

57. On September 9, 2010, **HEURUNG** was interviewed in Arlington, Virginia by federal agents regarding Petro America. But that night, he still participated in a telephone conference with investors across the United States and Canada, during which he made the following false and misleading statement: "At no time have I ever taken funds, monies or literally taken any cash payments or anything from Petro or Petro investors. Everything that I did went through Teresa and [**HEURUNG's** secretary] and myself with Owen."

4. CLARENCE D. MOORE

58. In February 2010, **MOORE** was hired by **HAWKINS** to work on a valuation for Petro America and its stock. They came up with a figure of \$24 per share and \$284 billion in value. There was no basis for these numbers, which were subsequently used to promote and sell Petro America stock.

59. On or about June 9, 2010, **MOORE** signed Petro America's 2007 tax return even though he knew information on the return was false, incomplete and misleading.

60. On or about June 9, 2010, **MOORE** signed Petro America's 2008 tax return even though he knew information on the return was false, incomplete and misleading.

61. On or about June 6, 2010, **MOORE** signed Petro America's 2009 tax return even though he knew information on the return was false, incomplete and misleading.

62. On June 11, 2010, **MOORE** caused to be filed with the IRS three false Petro tax returns.

63. **MOORE** knowingly signed a resignation letter dated July 5, 2010. It contained false information regarding his background, including that he had been a CPA.

COUNT TWO: SECURITIES FRAUD
TERESA BROWN AND OWEN HAWKINS

64. The allegations contained in paragraphs 1 through 63 are realleged and reincorporated herein.

65. From at least on or about October 9, 2008 to the date of the indictment, in the Western District of Missouri and elsewhere, defendants **Teresa BROWN** and **Isreal Owen HAWKINS**, did willfully violate, and aid and abet violations of, provisions of Title 15, United States Code, Section 77q, in that in they offered and sold securities, by the use of a means or instrument of interstate commerce, and they employed a device, scheme or artifice to defraud, to obtain money by means of untrue statements of material facts, and omitted 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 they engaged in transactions, practices and courses of business which operated as a fraud and deceit upon the purchasers of the securities; that they used a means of interstate commerce and the mails to

publish, give publicity to, and to circulate notices, circulars, advertisements, articles, investment services and communications which, though not purporting to offer securities for sale, described securities, for consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, without fully disclosing the past or prospective receipt of such consideration, and the amount thereof; in violation of Title 15, United States Code, Section 77q and Title 18, United States Code, Section 2.

COUNT THREE: AGGRAVATED CURRENCY STRUCTURING
OWEN HAWKINS

66. The allegations contained in paragraphs 1 through 65 are realleged and reincorporated herein.

67. For seven weeks, from March 16, 2010 up to and including May 1, 2010, in the Western District of Missouri and elsewhere, defendant **Isreal Owen HAWKINS**, for the purpose of evading the reporting requirements of Title 31 United States Code, Sections 5313 (a) and 5325 and any regulation prescribed under any such section, the reporting or record keeping requirements imposed by any order issued under Title 31, United States Code, Section 5326, and the record keeping requirements imposed by any regulation prescribed under section 21 of the Federal Deposit Insurance Act or section 123 of Public Law 91–508, as part of a pattern of illegal activity involving more than \$100,000 in a 12-month period, knowingly and willfully structured and assisted in structuring, and attempted to structure and assist in structuring, and caused and aided and abetted the structuring, of the following transactions with one or more domestic financial institutions, that is:

Twenty-seven cash withdrawals totaling \$180,000, ranging from \$1,500 to \$9,500, all in amounts under \$10,000.01, from Mazuma Credit Union account ending in 3566 in the name of Petro America Financial Services, which account is located in Kansas City, Western District of Missouri, with all monies originating from a \$180,000

March 16, 2010 check drawn upon J.P. Morgan Chase account ending in 8569 in the name Windsong Ventures;

in violation of Title 31, United States Code, Sections 5324(a)(3) and (d)(2), and Title 18, United States Code, Section 2.

COUNT FOUR: MONEY LAUNDERING
OWEN HAWKINS

68. The allegations contained in paragraphs 1 through 67 are realleged and reincorporated herein.

69. On or about the dates listed below, at Kansas City, in the Western District of Missouri, and elsewhere, in furtherance of the conspiracy and as a result of the conspiracy and scheme to defraud set forth in Count One of this Indictment, the defendant, Isreal Owen **HAWKINS**, knowingly engaged in, attempted to engage in, and aided and abetted, a monetary transaction in interstate commerce in criminally derived property worth \$10,000.00 or more, which had been derived from the specified unlawful activity of wire fraud, in that:

a. In connection with the wire fraud scheme described in Count One, the factual allegations of which are incorporated by reference as if fully set forth herein, defendant **HAWKINS** received interstate wires of proceeds from the sale of Petro America stock into his Mazuma Credit Union account ending in 3566;

b. On March 29, 2010, defendant **HAWKINS** wrote a check from the same Mazuma Credit Union account ending in 3566 to State Line Nissan in Kansas City, Missouri to purchase a 2006 Chrysler 300C for \$19,952.45.

All in violation of Title 18, United States Code, Sections 1957 and 2.

COUNT FIVE: WIRE FRAUD
OWEN HAWKINS

70. The allegations contained in paragraphs 1 through 68 are realleged and reincorporated herein.

71. On or about October 9, 2008, defendant Isreal Owen **HAWKINS**, having devised the above-described scheme and artifice to defraud and to obtain money by means of false pretenses, with the intent to defraud and for the purpose of executing and in order to effect the scheme and artifice to defraud and to obtain money or property, did knowingly cause to be sent by interstate wire among multiple states, including between the Western District of Missouri and the District of Kansas, a false statement that Petro stock has a book value of \$2.00 per share; in violation of Title 18, United States Code, Sections 1343.

COUNT SIX: WIRE FRAUD
OWEN HAWKINS

72. The allegations contained in paragraphs 1 through 71 are realleged and reincorporated herein.

73. On or about October 24, 2010, defendant Isreal Owen **HAWKINS**, having devised the above-described scheme and artifice to defraud and to obtain money by means of false pretenses, with the intent to defraud and for the purpose of executing and in order to effect the scheme and artifice to defraud and to obtain money or property, did knowingly cause to be sent by interstate wire among multiple states, including between the Western District of Missouri and the District of Kansas, a false statement that Petro America employs 100 people or more through Performance Packaging; in violation of Title 18, United States Code, Sections 1343.

COUNT SEVEN: WIRE FRAUD
TERESA BROWN

74. The allegations contained in paragraphs 1 through 73 are realleged and reincorporated herein.

75. On or about September 3, 2009, defendant Teresa **BROWN**, having devised the above-described scheme and artifice to defraud and to obtain money by means of false pretenses, with the intent to defraud, for the purpose of executing, and in order to effect the scheme and artifice to defraud and to obtain money or property, did knowingly cause to be transmitted, and did knowingly aid and abet the sending of, a \$52,465 interstate wire from a U.S. Bank account ending in 5858 in Greeley, Colorado to a Mazuma Credit Union account ending in 3566 in the Western District of Missouri; in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT EIGHT: WIRE FRAUD
TERESA BROWN

76. The allegations contained in paragraphs 1 through 75 are realleged and reincorporated herein.

77. On or about February 19, 2010, defendant Teresa **BROWN**, having devised the above-described scheme and artifice to defraud and to obtain money by means of false pretenses, with the intent to defraud, for the purpose of executing, and in order to effect the scheme and artifice to defraud and to obtain money or property, did knowingly cause to be transmitted, and did knowingly aid and abet the sending of, a \$1,000 interstate wire from an investor's Bank of America account ending in 7352 in the Western District of Missouri, to a Bank of America account in New York, New York, which was ultimately delivered to **BROWN**'s J.P. Morgan Chase account in the name of Windsong Ventures; in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT NINE: WIRE FRAUD
TERESA BROWN

78. The allegations contained in paragraphs 1 through 77 are realleged and reincorporated herein.

79. On or about February 19, 2010, defendant Teresa **BROWN**, having devised the above-described scheme and artifice to defraud and to obtain money by means of false pretenses, with the intent to defraud, for the purpose of executing, and in order to effect the scheme and artifice to defraud and to obtain money or property, did knowingly cause to be transmitted, and did knowingly aid and abet the sending of, a \$1,000 interstate wire from an investor's Bank of America account ending in 3494 in the Western District of Missouri, to a Bank of America account in New York, New York, which was ultimately delivered to **BROWN**'s J.P. Morgan Chase account in the name of Windsong Ventures; in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT TEN: WIRE FRAUD
TERESA BROWN

80. The allegations contained in paragraphs 1 through 79 are realleged and reincorporated herein.

81. On or about February 19, 2010, defendant Teresa **BROWN**, having devised the above-described scheme and artifice to defraud and to obtain money by means of false pretenses, with the intent to defraud, for the purpose of executing, and in order to effect the scheme and artifice to defraud and to obtain money or property, did knowingly cause to be transmitted, and did knowingly aid and abet the sending of, a \$1,000 interstate wire from a NASB account ending in 8219 in the Western District of Missouri to a J.P. Morgan Chase account in New York, New York, which

was ultimately delivered to **BROWN's** J.P. Morgan Chase account in the name of Windsong Ventures; in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT ELEVEN: WIRE FRAUD
TERESA BROWN

82. The allegations contained in paragraphs 1 through 81 are realleged and reincorporated herein.

83. On or about February 23, 2010, defendant Teresa **BROWN**, having devised the above-described scheme and artifice to defraud and to obtain money by means of false pretenses, with the intent to defraud, for the purpose of executing, and in order to effect the scheme and artifice to defraud and to obtain money or property, did knowingly cause to be transmitted, and did knowingly aid and abet the sending of, a \$1,500 interstate wire from First State Bank of Purdy in the Western District of Missouri, to a J.P. Morgan Chase account in New York, New York, which was ultimately delivered to **BROWN's** J.P. Morgan Chase account in the name of Windsong Ventures; in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT TWELVE: WIRE FRAUD
TERESA BROWN

84. The allegations contained in paragraphs 1 through 83 are realleged and reincorporated herein.

85. On or about August 28, 2009, defendant Teresa **BROWN**, having devised the above-described scheme and artifice to defraud and to obtain money by means of false pretenses, with the intent to defraud, for the purpose of executing, and in order to effect the scheme and artifice to defraud and to obtain money or property, did knowingly cause to be transmitted, and did knowingly aid and abet the sending of, a \$1,000 interstate wire from an investor's Liberty Bank

account ending in 2835 in the Western District of Missouri, to a J.P. Morgan Chase account in New York, New York, which was ultimately delivered to **BROWN's** J.P. Morgan Chase account in the name of Windsong Ventures; in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT THIRTEEN: WIRE FRAUD
JOHNNY HEURUNG

86. The allegations contained in paragraphs 1 through 85 are realleged and reincorporated herein.

87. On or about October 29, 2009, defendant Johnny **HEURUNG**, having devised the above-described scheme and artifice to defraud and to obtain money by means of false pretenses, with the intent to defraud and for the purpose of executing and in order to effect the scheme and artifice to defraud and to obtain money or property, did knowingly cause to be sent by interstate wire among multiple states, including from Washington State to the Western District of Missouri, a false statement that “the stock, at the opening value, right now we’re larger than Coca-Cola, okay, so don’t sell your shares too fast;” in violation of Title 18, United States Code, Sections 1343.

COUNT FOURTEEN: WIRE FRAUD
JOHNNY HEURUNG

88. The allegations contained in paragraphs 1 through 87 are realleged and reincorporated herein.

89. On or about December 17, 2009, defendant Johnny **HEURUNG**, having devised the above-described scheme and artifice to defraud and to obtain money by means of false pretenses, with the intent to defraud and for the purpose of executing and in order to effect the scheme and artifice to defraud and to obtain money or property, did knowingly cause to be sent by interstate wire among multiple states, including from Kansas City, Missouri to the District of Kansas, a false

statement that “we are now going to become a major oil-producing company, we picked up 28 pumping fields;” in violation of Title 18, United States Code, Sections 1343.

FORFEITURE ALLEGATION

90. By this reference the allegations contained in paragraphs 1 through 89 are re-alleged and incorporated for the purpose of alleging forfeiture to the United States pursuant to Title 28, United States Code, Section 2461(c), Title 18, United States Code, Section 981(a)(1)(C), Title 18, United States Code, Section 1956(a)(1)(C), Title 18, United States Code, Section 1956(c)(7)(A), Title 18, United States Code, Section 1961(1), and 21 United States Code, Section 853.

91. As a result of the offense alleged in Counts One through Fourteen of the indictment, Isreal Owen **HAWKINS**, Teresa **BROWN**, and Johnny **HEURUNG** defendants herein, shall forfeit to the United States all property, real and personal, constituting, or derived from proceeds traceable to these offenses, including but not limited to the following property: a) \$28,918.13 in United States currency seized from account number CA2-158011 in the name of Teresa **BROWN** and her husband at J.P. Morgan Chase Bank, Columbus, Ohio; b) \$3,860.25 in United States currency seized from account number ending in 6212 in the name of Windsong Ventures, LLC., at Bank of Colorado, Fort Lupton, Colorado; c) \$53,232.78 in United States currency seized from account number ending in 9174 in the name of Uniti Capital Corporation at Bank of America, Seattle, Washington; d) \$53,030.77 in United States currency seized from account number ending in 8569 in the name of Windsong Ventures, LLC., at J.P. Morgan Chase Bank, Columbus, Ohio; e) \$9,950 in United States currency seized from account number ending in 4216 in the name of Windsong Ventures, LL., at J.P. Morgan Chase Bank, Columbus, Ohio; f) \$1,000 in United States currency seized from account number ending in 0480 in the name of Sunstar Investment Group, LLC., at J. P. Morgan Chase Bank,

Columbus, Ohio; g) \$3,975.00 in United States currency seized from account number ending in 3356 in the name of Sunstar Investment Group, LLC., at J.P. Morgan Chase Bank, Columbus, Ohio; h) 2006 Chevrolet Equinox LT, VIN: ending in 034196; i) 2008 Chevrolet Suburban K1500, VIN: ending in 185303, j) 2010 Mercruiser Tahoe 215 XI, Hull: ending in L910; k) Trailstar Trailer, VIN: ending in 001193; l) 3 Piece set of Louis Vuitton Luggage, approximately 35 pieces of assorted jewelry; m) \$54,609.42 in United States currency seized from account number ending in 486982-7 in the name of Hope United, Inc. at J.P. Morgan Chase Bank, Columbus, Ohio; n) \$138,682.21 in United States Currency seized from account number 193566 in the name of Petro America Financial Services, Inc. at Mazuma Credit Union in Kansas City, Missouri; o) \$10,000 in United States Currency seized from account number ending in 6370 in the name of L.C. and K.C. at Bellco Credit Union in Greenwood Village, Colorado; p) \$4,052.14 in United States Currency seized from account number ending in 9348 in the name of Crystal Clear Ventures LLC at Mercantile Bank in Quincy, Illinois; q) \$130,129.07 in United States Currency seized from account number ending in 0463 in the name of John F. **HEURUNG** and his mother at Home Savings of America in Little Falls, Minnesota; and p) a money judgment in the amount of at least \$4,394,231 or more, representing the proceeds of Counts One through Fourteen.

92. If any of the property described above as being subject to forfeiture, as a result of any act or omission of the defendants:

- 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; it is the intent of the United States pursuant to 21 U.S.C. § 853(p) to seek forfeiture of any other property of **BROWN** up to the value of the forfeitable property.

A TRUE BILL.

/s/ Alex White III
FOREPERSON OF THE GRAND JURY

/s/ Daniel M. Nelson
Daniel M. Nelson #53885
Assistant United States Attorney

Date: 11/19/10
Kansas City, Missouri