



Department of Justice

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FOR IMMEDIATE RELEASE
Wednesday, September 18, 2013
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Davenport Man Pleads Guilty to Wire Fraud and Money Laundering

DAVENPORT, IA – On September 17, 2013, Charles Arthur Ruhl, Jr., age 59, of Davenport, Iowa, pled guilty pursuant to a plea agreement to one count of wire fraud and one count of money laundering, announced United States Attorney Nicholas A. Klinefeldt. Ruhl will appear for sentencing at the United States Courthouse in Davenport, Iowa, on a date to be determined. As part of the plea agreement, Ruhl and the government jointly recommended that Ruhl be sentenced to a term of imprisonment somewhere within the range of one day and twenty-four months.

From the end of 2008 through early 2012, Ruhl engaged in a scheme and artifice to defraud, by unlawfully withdrawing funds from several limited liability companies that he managed, including Lincoln Healthcare Building, LLC, Caxton on Bass St., LLC, Biaggi's West Des Moines, LLC, and Crow Valley Park Venture, LLC. In total Ruhl unlawfully withdrew approximately \$1.3 million from these entities' accounts. Ruhl then spent the money on Ruhl & Ruhl Commercial expenses and personal expenses. Ruhl concealed his fraud by directing his chief financial officers to omit his withdrawals from financial statements provided to the investors or to enter false deposits on the statements to offset his withdrawals. These doctored statements showed large cash balances when in actuality the balances were depleted because of

Ruhl's withdrawals. Ruhl directed Ruhl & Ruhl Commercial property managers to distribute the doctored financial statements to the investors/members of the involved LLCs. Ruhl and his staff created notes payable to document the withdrawals. Some of these notes were not created and/or signed until well after Ruhl had withdrawn the funds documented in the notes. None of the notes payable had been disclosed to the other members of the LLC's at the time they were created.

On January 15 and January 17, 2011, Ruhl directed an employee of Ruhl & Ruhl commercial to email financial statements to the investors/members of the Lincoln Healthcare LLC. Ruhl knew that the emails contained false financial statements for the Lincoln tax escrow account. The financial statements had been altered at Ruhl's direction to conceal his withdrawals of \$75,000 from the account over the time period reflected in the statements. The statements also misrepresented and inflated the ending balance in the tax escrow account to conceal Ruhl's withdrawals. Ruhl directed the transmittal of the altered statements via interstate wire facilities in furtherance of his scheme to defraud and with the intent to defraud.

Ruhl engaged in multiple financial transactions involving the proceeds of his wire fraud scheme. As part of the wire fraud scheme, on or about August 3, 2010, Ruhl directed Ruhl & Ruhl Commercial employees to issue a check drawn on the Lincoln Healthcare tax escrow account at Wells Fargo bank, made out to Ruhl personally for \$47,000. Ruhl deposited the check or caused the deposit of the check into his personal account at U.S. Bank. Ruhl deposited the check or caused the deposit of the check with the intent to defraud and in furtherance of his wire fraud scheme to defraud the members/investors of Lincoln Healthcare LLC.

Ruhl's personal account balance was approximately \$350 as of August 3, 2010, the date of the \$47,000 deposit. Ruhl deposited the \$47,000 check for the purpose of paying property taxes on a personal vacation home in Gogebic County, Michigan. On August 4, 2010, a check written by Ruhl to the Gogebic County treasurer was processed in the amount of \$46,735.10.

The check would not have cleared if it were not for Ruhl's deposit of Lincoln funds into his account on August 3, 2010. Ruhl engaged in the payment of his Michigan property taxes via check knowing that the transaction involved the proceeds of a criminal offense, wire fraud. Since the financial transaction involved property of a value greater than \$10,000 derived from wire fraud, the financial transaction violated Section 1957 of Title 18 of the United States Code.

This case was investigated by the Federal Bureau of Investigation and the Internal Revenue Service-Criminal Investigation, and the case is being prosecuted by the United States Attorney's Office for the Southern District of Iowa.

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