

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	No.
v.)	
)	Judge
4260 HOBACK RIVER ROAD,)	
HOBACK JUNCTION, WYOMING)	
)	JURY TRIAL DEMANDED
Defendant.)	

VERIFIED COMPLAINT FOR FORFEITURE

The UNITED STATES OF AMERICA, by ZACHARY T. FARDON, United States Attorney for the Northern District of Illinois, for its verified complaint against the above-named defendant property alleges in accordance with Supplemental Rule G(2) of the Federal Rules of Civil Procedure as follows:

Nature of the Action

1. This is a verified complaint for Forfeiture In Rem brought pursuant to 18 U.S.C. § 981(a)(1)(C) for forfeiture of the defendant real property.
2. This complaint is verified by the attached affidavit of Special Agent Lisa Schmadtke of the Federal Bureau of Investigation, which is fully incorporated herein.

The Defendant In Rem

3. The defendant property consists of the following:

the real property commonly known as 4260 Hoback River Road, Hoback Junction, Wyoming, and legally described as:

LOT 11 & 12 OF THE HOBACK RIVER SUBDIVISION, TETON COUNTY, WYOMING, ACCORDING TO THAT PLAT RECORDED JULY 9, 1965 AS PLAT NO. 166

4. The record owner of the defendant property is Hoback River Properties, LLC.

5. The following may have interests in the defendant property: Jennie Nichols, Karen Matsen, and Dale Player.

6. The defendant real property has not been seized and is located outside of this district, but the defendant property is within the jurisdiction of this Court pursuant to 18 U.S.C. § 1355(b)(1)(A) and (d).

7. The United States does not request authority from the Court to seize the defendant real property at this time. The United States will, as provided by 18 U.S.C. § 985(b)(1) and (c)(1):

- a. post notice of this action and a copy of the Complaint on the defendant real property;
- b. serve notice of this action on the defendant real property owner, and any other person or entity who may claim an interest in the defendant, along with a copy of this Complaint; and
- c. file a Lis Pendens against the Defendant real property.

Jurisdiction and Venue

8. This Court has jurisdiction over an action commenced by the United States under 28 U.S.C. § 1345, and over an action for forfeiture under 28 U.S.C. § 1355(a).

9. This court has *in rem* jurisdiction over the defendant property under 28 U.S.C. § 1355(b)(1)(A), as certain of the acts giving rise to the forfeiture occurred within the Northern District of Illinois.

10. Venue is proper under 28 U.S.C. § 1395, as certain of the acts giving rise to the forfeiture occurred within the Northern District of Illinois.

Statutory Basis for Forfeiture

11. The defendant property is subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C) because it constitutes and is derived from proceeds obtained from violations of 18 U.S.C. §§ 1341, 1343, and 1344.

Specific Allegations

12. Equipment Acquisitions Resources, Inc. was a company based in Palatine, Illinois that purported to make semiconductor wafers and refurbish machinery used to make semiconductor wafers.

13. Beginning not later than 2006 and continuing through October 2009, EAR obtained approximately \$190 million in financing from financial institutions and finance companies based on false representations about EAR's business operations, financial status, independence from a company called Machine Tools Direct, and need for financing, resulting in losses to lenders of at least approximately \$100 million.

14. EAR obtained financing from financial institutions and finance companies by falsely stating to financial institutions and finance companies that the financing was needed so that EAR could purchase equipment from MTD. In fact, no such transactions existed. Instead, EAR and MTD arranged sham sales transactions between EAR and MTD, which transactions made it appear to financial institutions and finance companies that EAR was seeking and obtaining financing in order to purchase machinery from MTD.

15. EAR also obtained financing from financial institutions and finance companies by concealing Sheldon Player's role at and interest in EAR. Player was employed at EAR and was married to one of EAR's owners. On December 21, 1988, Player was convicted of two counts of Interstate Transportation of Money taken by Fraud and one count of Mail Fraud in the United

States District Court for the District of Arizona. Because of these convictions, Player hid his involvement and role at EAR from financial institutions and finance companies. Among other things, Player's wife was made an owner of EAR, along with Mark Anstett, to hide Player's involvement in the company.

16. Player and others at EAR caused various false documents to be submitted to financial institutions and finance companies to obtain financing, including: (a) false invoices that purported to reflect arms-length sales transactions between EAR and MTD; and (b) false and altered financial statements that inflated EAR's sales figures and removed certain information contained in versions of the financial statements prepared by EAR's auditors.

17. Based on the false statements and representations by EAR and others, financial institutions and finance companies wire transferred, mailed via U.S. mail, or otherwise provided financing to EAR.

18. MTD transferred the fraud proceeds it received from financial institutions and finance companies to various EAR bank accounts, including EAR bank accounts at Jackson State Bank.

19. Fraud proceeds deposited into EAR's Jackson State Bank accounts were transferred to other accounts at Jackson State Bank, including: (a) a joint account of Player and his wife; and (b) an account in the name of Gerald Investments, for which Player was a signatory.

20. Player used proceeds of the EAR fraud to pay down mortgages on the defendant property. More specifically, from 2006 through May 9, 2008, Player used approximately \$1,805,880.31 in fraud proceeds to pay off two mortgage loans from Jackson State Bank owed on the defendant property. These payments came from EAR's account at Jackson State Bank,

Player's joint account with his wife at Jackson State Bank, and Gerald Investments' account at Jackson State Bank.

21. For the reasons stated herein and in the attached affidavit, the defendant property constitutes and is derived from proceeds traceable to violations of 18 U.S.C. §§ 1341, 1343, and 1344, and therefore is subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C).

WHEREFORE, the United States of America requests:

a. That the defendant property be proceeded against for forfeiture and condemnation;

b. That due notice be given to all interested parties to appear and show cause why the forfeiture should not be decreed;

c. That this Court adjudge and decree that the defendant property be forfeit to the United States and disposed of according to law; and

d. The United States requests that any trial be before a jury.

Respectfully submitted,

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United States Attorney

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

AFFIDAVIT

Lisa Schmadtke, having first been duly sworn, upon oath, deposes and states as follows:

1. I am a Special Agent with the Federal Bureau of Investigation and have been so employed for approximately fourteen years. As a Special Agent with FBI, I investigate criminal violations relating to white collar crime, including mail, wire, and bank fraud.

2. I have read the complaint in this matter and the facts alleged are true and correct to the best of my knowledge and belief based upon my own personal knowledge as well as information I have received from other agents, persons and documents, and it does not include each and every fact known to me concerning this investigation but is submitted for the limited purpose of establishing a basis to believe the property identified is subject to forfeiture.

3. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

LISA SCHMADTKE
Special Agent
Federal Bureau of Investigation

SUBSCRIBED and SWORN to before me
this 27th day of February 2014.

NOTARY PUBLIC