

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)
)
) Case No.
)
) Violations: Title 18, United States Code,
MATTHEW STOEN) Sections 1341 and 1343
)

The SPECIAL MARCH 2013 GRAND JURY charges:

1. At times material to this indictment:

 a. In approximately February 2006, defendant MATTHEW STOEN and two other individuals formed Stone Rose, LP to serve as a vehicle for investment in real estate development.

 b. Driver 1, LLC was the managing general partner of Stone Rose, LP. Defendant STOEN was Driver 1, LLC's managing partner.

 c. Stone Rose offered and sold more than \$10,000,000 in limited partnership interests to more than 50 investors, many of whom resided in or around the Chicago area. Stone Rose also obtained funds through loans obtained by defendant STOEN.

2. Beginning in at least February 2006 and continuing through in or about September 2010, in the Northern District of Illinois, Eastern Division, and elsewhere,

MATTHEW STOEN,

defendant herein, knowingly devised, intended to devise, and participated in a scheme to defraud and to obtain money and property from investors and lenders by means of

materially false and fraudulent pretenses, representations, and promises, and by concealment of material facts, as described below.

3. It was part of the scheme that defendant STOEN carried out a fraudulent financing scheme designed to benefit himself to the financial detriment of investors and lenders in connection with Stone Rose-related activities by fraudulently raising and causing to be raised millions of dollars through the offer and sale of limited partnership interests and through loans. Defendant STOEN fraudulently obtained and retained these funds by making and causing to be made materially false representations regarding, among other things, the intended use of the funds raised for Stone Rose, the terms of Stone Rose's real estate transactions, Stone Rose's financial condition, defendant STOEN's financial condition, and defendant STOEN's personal interest in Stone Rose real estate transactions. In addition, defendant STOEN misappropriated Stone Rose funds for his own benefit, and concealed his scheme by causing to be created and distributed to investors a false and misleading financial review of Stone Rose.

4. It was further part of the scheme that defendant STOEN represented and caused to be represented to investors and lenders that funds invested in Stone Rose would be used for real estate investment projects in the vicinity of Kansas City, Missouri, and for certain Stone Rose fees and expenses, defendant STOEN knowing that he intended to misappropriate a portion of the proceeds for other purposes, including for his own use and benefit.

5. It was further part of the scheme that defendant STOEN falsely represented

and caused to be falsely represented to investors and lenders his personal background and financial condition, including that he was the beneficiary of a trust fund, defendant STOEN knowing that he was not the beneficiary of any trust fund.

6. It was further part of the scheme that defendant STOEN caused Stone Rose to enter into an agreement to purchase a property in Edwardsville, Kansas, referred to as the 17-Acre Property, defendant STOEN knowing that Stone Rose did not have sufficient funds to close on the property because defendant STOEN had misappropriated funds raised from limited partnership investors for his own use and benefit.

7. It was further part of the scheme that defendant STOEN obtained approximately \$1,000,000 in loans from Individuals A and B to have sufficient funds for Stone Rose to purchase the 17-Acre Property, defendant STOEN knowing that he intended to, and eventually partially did, repay the loans from Stone Rose funds.

8. It was further part of the scheme that on or about February 1, 2008, defendant STOEN caused Stone Rose to sell the 17-Acre Property purportedly for \$6,500,000 to Company A, defendant STOEN knowing that he had not disclosed to investors that he held an interest in Company A and that he had misappropriated \$1,400,000 from Stone Rose to complete the sale.

9. It was further part of the scheme that in or around November 2008, for the purpose of lulling investors and retaining investor funds, defendant STOEN caused a false and misleading financial review of Stone Rose, referred to as the November 2008 Financial Review, to be prepared and distributed to Stone Rose limited partnership investors,

defendant STOEN knowing that the November 2008 Financial Review falsely represented the financial condition of Stone Rose and the sale of the 17-Acre Property, including the following:

a. a balance sheet for the year ended March 31, 2008, that falsely represented that Stone Rose had cash of \$8,212,848, when Stone Rose actually had cash of approximately \$1,546,848;

b. monthly cash flow statements from February 2006 through March 2008 that falsely inflated the ending cash balances; and

c. a fraudulent HUD-1 settlement statement for the sale of the 17-Acre Property that concealed that defendant STOEN had misappropriated \$1,400,000, concealed his personal financial interest in the transaction, and falsely showed that Stone Rose's cash proceeds were approximately \$4,221,841, when Stone Rose actually received approximately \$2,545,152.

10. It was further part of the scheme that, for the purpose of lulling investors and lenders, in or about February 2010, defendant STOEN caused to be created and distributed to investors and lenders an executed real estate purchase contract for the sale of a Stone Rose real estate property in Wyandotte, Kansas, referred to as the 82-Acre Property, defendant STOEN knowing that the real estate purchase contract was phony, the purported buyer's signature on the contract had been forged, and that the purported buyer had not agreed to purchase the property.

11. It was further part of the scheme that defendant STOEN concealed, and

attempted to conceal his misappropriations from Stone Rose and other fraudulent activities, in part, by obtaining loans, including the following:

a. on or about May 31, 2007, defendant STOEN obtained a \$500,000 loan from Individual A, defendant STOEN knowing that he falsely represented his financial status to Individual A by claiming to be the beneficiary of a trust fund; and

b. on or about December 10, 2008, defendant STOEN obtained a \$350,000 loan from Individual C, defendant STOEN knowing that he falsely represented his financial status to Individual C by claiming to be the beneficiary of a trust fund and that he would repay the loan from the trust fund.

12. It was further part of the scheme that defendant STOEN concealed, misrepresented, and hid, and caused to be concealed, misrepresented, and hidden, the existence of the scheme, the purposes of the scheme, and the acts done in furtherance of the scheme.

13. On or about November 29, 2008, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

MATTHEW STOEN,

defendant herein, for the purpose of executing the scheme to defraud, knowingly caused to be delivered by U.S. mail, according to the directions thereon, an envelope, containing a copy of the November 2008 Financial Review, addressed to limited partnership investor A in Chicago, Illinois;

In violation of Title 18, United States Code, Section 1341.

COUNT TWO

The SPECIAL MARCH 2013 GRAND JURY further charges:

1. Paragraphs 1 through 12 of Count One of this indictment are incorporated here.

2. On or about November 29, 2008, at St. Charles, in the Northern District of Illinois, Eastern Division, and elsewhere,

MATTHEW STOEN,

defendant herein, for the purpose of executing the scheme to defraud, knowingly caused to be delivered by U.S. mail, according to the directions thereon, an envelope, containing a copy of the November 2008 Financial Review, addressed to limited partnership investor B in St. Charles, Illinois;

In violation of Title 18, United States Code, Section 1341.

COUNT THREE

The SPECIAL MARCH 2013 GRAND JURY further charges:

1. Paragraphs 1 through 12 of Count One of this indictment are incorporated here.

2. On or about November 29, 2008, at St. Charles, in the Northern District of Illinois, Eastern Division, and elsewhere,

MATTHEW STOEN,

defendant herein, for the purpose of executing the scheme to defraud, knowingly caused to be delivered by U.S. mail, according to the directions thereon, an envelope, containing a copy of the November 2008 Financial Review, addressed to limited partnership investor C in St. Charles, Illinois;

In violation of Title 18, United States Code, Section 1341.

COUNT FOUR

The SPECIAL MARCH 2013 GRAND JURY further charges:

1. Paragraphs 1 through 12 of Count One of this indictment are incorporated here.

2. On or about November 29, 2008, at Wheaton, in the Northern District of Illinois, Eastern Division, and elsewhere,

MATTHEW STOEN,

defendant herein, for the purpose of executing the scheme to defraud, knowingly caused to be delivered by U.S. mail, according to the directions thereon, an envelope, containing a copy of the November 2008 Financial Review, addressed to limited partnership investor D in Wheaton, Illinois;

In violation of Title 18, United States Code, Section 1341.

COUNT FIVE

The SPECIAL MARCH 2013 GRAND JURY further charges:

1. Paragraphs 1 through 12 of Count One of this indictment are incorporated here.

2. On or about November 3, 2008, at St. Charles, in the Northern District of Illinois, Eastern Division, and elsewhere,

MATTHEW STOEN,

defendant herein, for the purpose of executing the scheme to defraud, knowingly caused to be transmitted by means of a wire communication in interstate commerce certain writings, signs, and signals, namely, an interstate email transmission from the email address “mstoen@utcfincial.com” to the email address “markkozial2000@yahoo.com” for the purpose of transmitting portions of the November 2008 Financial Review to an accountant;

In violation of Title 18, United States Code, Section 1343.

COUNT SIX

The SPECIAL MARCH 2013 GRAND JURY further charges:

1. Paragraphs 1 through 12 of Count One of this indictment are incorporated here.

2. On or about February 10, 2010, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

MATTHEW STOEN,

defendant herein, for the purpose of executing the scheme to defraud, knowingly caused to be transmitted by means of a wire communication in interstate commerce certain writings, signs, and signals, namely, an interstate email transmission from the email address “joel@jbrllc.com” to the email address “ds@sfp-cre.com” for the purpose of transmitting the purported executed contract for the sale of the 82-Acre Property to a limited partnership investor in Chicago, Illinois;

In violation of Title 18, United States Code, Section 1343.

FORFEITURE ALLEGATION

The SPECIAL MARCH 2013 GRAND JURY alleges:

1. The allegations in this indictment are incorporated here for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. As a result of his violations of Title 18, United States Code, Sections 1341 and 1343, as alleged in this indictment,

MATTHEW STOEN,

defendant herein, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any and all right, title, and interest in property, real or personal, which constitutes or is derived from proceeds traceable to the charge offense.

3. The interest of the defendant subject to forfeiture pursuant to Title 18, United States Code, Section 982(a)(2), includes funds of at least approximately \$10,000,000.

4. If any of the forfeitable property described above, as a result of any act or omission by the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (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 divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c);

All pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

A TRUE BILL

FOREPERSON

UNITED STATES ATTORNEY