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News Release

FOR IMMEDIATE RELEASE
Friday, Dec. 19, 2008

Eden Prairie man indicted for wire fraud, money laundering

A 55-year-old Eden Prairie man was indicted last week in federal court in connection with an alleged scheme to obtain money from investors for a fraudulent overseas development project.

On Dec. 9 in Minneapolis, John Jefferson was charged with six counts of wire fraud and 11 counts of money laundering. Jefferson's indictment was unsealed today following his initial court appearance.

Jefferson's indictment alleges that from at least Dec. 24, 2003, through Aug. 20, 2006, Jefferson did knowingly and unlawfully devise and participate in a scheme to defraud and to obtain money by means of materially false and fraudulent pretenses.

Jefferson allegedly told falsehoods about the scheme to an unwitting third person, who in turn solicited money from victims by repeating Jefferson's falsehoods. Victims were told that Jefferson was supposedly working on an overseas development project. Some victims were told that the project concerned extraction of natural resources from the African nation of Liberia, and that an investment would allegedly pay them high rates of return.

Victims were also told that Jefferson was a former senior United States government official in the national security field, and had connections with the governments of various African nations. Victims were told that the project had the backing of the U.S. government, as well as various present and former senior U.S. national security officials and/or senior officials of foreign governments.

In fact, the victims' money was allegedly used by Jefferson to support a lavish lifestyle for himself and his family, including luxury automobiles; overseas vacations; rent on townhomes for Jefferson's family members; and cash disbursements to Jefferson's spouse and adult children (in some cases exceeding \$100,000 per disbursement).

Victims of the scheme were initially drawn from a wide circle of acquaintances of professional contacts of the unwitting third party who was employed by Jefferson to solicit

money, according to the indictment. Victims were sometimes issued promissory notes that falsely represented that the victims would receive their money back several times over within a short time, sometimes as brief as 10 days. The unwitting person believed that s/he would share in the ultimate payout of the project, which the unwitting person believed would be approximately \$4.4 billion.

Victims gave money to the unwitting person through wire transfers, and the unwitting person sent the money to Jefferson through either a wire transfer, or by hand delivering cash, money orders and/or cashier's checks to Jefferson.

Jefferson, the indictment alleges, did knowingly and unlawfully engage in monetary transactions involving money derived from the wire fraud, including the purchase of two Toyota Camry XLEs and three Mercedes Benzes.

If convicted, Jefferson faces a potential maximum penalty of 20 years in prison on each wire fraud count, and 10 years on each of the money laundering counts. All sentences are determined by a federal district court judge.

This case is the result of an investigation by the Internal Revenue Service-Criminal Investigation Division, and is being prosecuted by Assistant U.S. Attorney John Docherty.

An indictment is a determination by a grand jury that there is probable cause to believe that offenses have been committed by a defendant. A defendant, of course, is presumed innocent until he or she pleads guilty or is proven guilty at trial.