



Department of Justice

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FOR IMMEDIATE RELEASE
TUESDAY, AUGUST 18, 2009
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JURY CONVICTS OWNER OF DYNUS CORPORATION OF CONSPIRACY, FRAUD

CINCINNATI – A United States District Court jury here today convicted Orlando Carter, 43, of Mason of 11 counts of fraud and conspiracy for misleading lenders in order to secure more than \$10 million in loans and lines of credit for the purchase of personal real estate and the operation of his business, the Dynus Corporation.

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio, and Keith L. Bennett, Special Agent in Charge, Federal Bureau of Investigation, announced the verdict returned today after a trial that began July 27 before Senior United States District Sandra S. Beckwith.

The jury convicted Carter of five counts of bank fraud, and one count each of mail fraud, conspiracy to commit mail and wire fraud, conspiracy to commit bank fraud, making false statements to the Small Business Administration, bankruptcy fraud, and making false oaths in a bankruptcy proceeding.

Testimony presented during the trial showed that between September 2004 and February 2006, Carter misrepresented his income to secure a mortgage on a \$1.2 million home, misled banks about business deals with Butler County and lied on a bankruptcy petition. Carter claimed that Dynus had contracts with and received revenues from Butler County when no such contracts existed.

Carter filed for bankruptcy in January 2006 and attempted to hide assets in order to avoid repayment to the creditors and that he wrongfully tried to discharge his debt to a financial institution.

Bank fraud and conspiracy to commit bank fraud are punishable by up to 30 years imprisonment. Mail fraud and conspiracy to commit mail fraud are punishable by up to 20 years imprisonment. Making false statements to the Small Business Administration has a maximum penalty of two years imprisonment. Bankruptcy fraud and making false oaths in a bankruptcy proceeding are punishable by up to five years imprisonment. Each crime also carries possible punishments of fines, restitution and periods of supervised release.

Judge Beckwith placed Carter on electronic monitoring and restricted his travel to the Southern District of Ohio pending sentencing. Judge Beckwith will set a date for sentencing.

Former Dynus executives Karin Verbruggen, 50, of Loveland, and James Smith, 40, of Lebanon, have entered guilty pleas in connection with the case. Verbruggen pleaded guilty on February 2, 2007 to one count of bank fraud. Smith pleaded guilty on February 16, 2007 to one count of bank

fraud and one count of failure to file a federal income tax return. Both are awaiting sentencing. Both testified in Carter's trial.

Lockhart commended the FBI agents who conducted the investigation along with Assistant U.S. Attorneys J. Richard Chema and Jennifer Barry, who are prosecuting the case.

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