

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

|                          |   |                                   |
|--------------------------|---|-----------------------------------|
| UNITED STATES OF AMERICA | ) | No.                               |
|                          | ) |                                   |
| v.                       | ) | Violations: Title 18, United      |
|                          | ) | States Code, Sections 1341, 1343, |
| JEFFERY LOWRANCE         | ) | and 1956(a)(2)(A)                 |

**COUNT ONE**

The SPECIAL AUGUST 2009-2 GRAND JURY charges:

1. At times material to this Indictment:

a. Defendant JEFFERY LOWRANCE was a United States citizen and resided at various times in Panama, and Peru. Defendant JEFFERY LOWRANCE held himself out as the owner of Mentor Investing Group, Inc. ("Mentor"), and as the Chairman, CEO and owner of First Capital Savings & Loan, Ltd. ("First Capital").

b. Mentor was initially located in San Diego, California, and subsequently moved to Panama City, Panama. Mentor purportedly was in the business of buying and selling foreign currencies (Forex trading) and offered and sold investments in Forex trading to the public, through a network of salesmen and investor referrals.

c. First Capital was incorporated in or about February 2007 in New Zealand, and took over Mentor's purported business, including Mentor's investor accounts.

d. Defendant JEFFERY LOWRANCE, through Mentor and First Capital (hereinafter collectively referred to as "First Capital"), and a network of salesmen obtained more than \$25,000,000 from at least 400 investors to participate in First Capital's Forex trading program.

2. Beginning in or about August 2004, and continuing until in or about at least June 2009, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, devised and intended to devise, and participated in, a scheme to defraud investors, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and by material omissions, which scheme is further described below.

3. It was part of the scheme that defendant JEFFERY LOWRANCE, through First Capital, and others acting at his direction, fraudulently obtained at least \$25,000,000 from at least 400 investors to participate in First Capital's Forex trading program. In soliciting investments in First Capital's Forex trading program, the defendant made, and caused to be made, material misrepresentations about the profitability of First Capital's Forex trading, the expected return on investments, the risk involved with investments, and the use of proceeds raised from investors. In order to further the scheme and conceal the fraud, the defendant, among other things, made Ponzi-type payments to investors and provided investors with fraudulent account statements.

4. It was further part of the scheme that defendant JEFFERY LOWRANCE falsely represented, and caused to be falsely represented, to prospective investors and investors that First Capital's Forex trading was highly profitable. Defendant JEFFERY LOWRANCE knew that First Capital's Forex trading was unprofitable.

5. It was further part of the scheme that defendant JEFFERY LOWRANCE

falsely represented, and caused to be falsely represented, to prospective investors and investors that, from First Capital's Forex trading profits, investors would be and were paid high fixed rates of returns, of as much as 4% to 7% per month. Defendant JEFFERY LOWRANCE knew that First Capital's Forex trading was not profitable and there were no trading profits to pay the promised high fixed rates of return.

6. It was further part of the scheme that defendant JEFFERY LOWRANCE falsely represented, and caused to be falsely represented, to prospective investors and investors that their funds would be used exclusively for Forex trading. In fact, defendant JEFFERY LOWRANCE used only a small portion of investors' funds to do Forex trading. The defendant misappropriated a significant portion of the investors' funds to make Ponzi-type payments of returns to investors. That is, to the extent that the defendant paid promised returns to investors, he did so out of funds invested by investors, and needed to continually raise more funds from investors to make payments of promised returns to earlier investors.

7. It was further part of the scheme that defendant JEFFERY LOWRANCE intended to and did misappropriate investors' funds for other purposes, including to pay First Capital's expenses, to pay expenses of unrelated business ventures that the defendant controlled including a newspaper, and to make payments for the defendant's own benefit and the benefit of his family and associates.

8. It was further part of the scheme that defendant JEFFERY LOWRANCE caused information to be provided to prospective investors and investors through e-mails and through postings on First Capital's website, which falsely reported profitable Forex trades

purportedly made by First Capital using investors' funds. In fact, the defendant knew that First Capital did not make those trades.

9. It was further part of the scheme that defendant JEFFERY LOWRANCE caused First Capital to create and distribute fraudulent monthly account statements to investors, which made it falsely appear that First Capital's trading had been profitable, and that investors had earned the promised returns on their investments.

10. It was further part of the scheme that after approximately April 2007, defendant JEFFERY LOWRANCE directed, and caused others to direct, First Capital investors to send their investment funds to a company in Rockville, Maryland, which in turn wired the money overseas to a bank account in Amsterdam, Netherlands, that was maintained by a company on behalf of First Capital.

11. It was further part of the scheme that in or about June 2007, defendant JEFFERY LOWRANCE caused credit cards to be issued to certain investors through a company located in Oakbrook, Illinois, for the purpose of making Ponzi-type payments of purported returns to those investors through the credit cards.

12. It was further part of the scheme that even after defendant JEFFERY LOWRANCE stopped making payments to investors in or about July 2008, the defendant lulled investors by falsely representing, and causing others to falsely represent that First Capital was still earning profits from Forex trading, that investors would continue to receive the promised returns, that the investors' principal was safe, and that all investors would be repaid.

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

14. As a result of this scheme, defendant JEFFERY LOWRANCE fraudulently obtained at least \$25,000,000 from investors, made millions of dollars of ponzi-type payments to investors to keep his scheme operating, and ultimately caused a loss to investors of at least \$5,000,000.

15. On or about December 18, 2006, at Oakbrook Terrace, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted in interstate commerce from JP Morgan Chase Bank, in Wilmington, Delaware, through the Fedwire Funds Transfer System in New Jersey, to Bank of America, N.A., in Richmond Virginia, by means of wire and radio communications, certain writings, signs, and signals, namely: a wire transfer of approximately \$50,000, made by investor Ja.Smi., who resided in Oakbrook Terrace, Illinois, and which the investor directed be sent to an account at Bank of America, in order to invest with Mentor Investing Group, Inc.;

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

## **COUNT TWO**

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

1. Paragraphs 1 through 14 of Count One are realleged and incorporated by reference as if fully restated herein.

2. On or about September 4, 2007, at Oakbrook, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be deposited with FedEx, a commercial interstate carrier, an envelope containing two letters, a membership card, and a credit card, to be delivered from a company located in Oakbrook, Illinois, to a First Capital investor, Ca.Shel., in Utah, which credit card was set up in a manner that allowed First Capital to make payments of purported returns to the investor through the credit card;

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

### **COUNT THREE**

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

1. Paragraphs 1 through 14 of Count One are realleged and incorporated by reference as if fully restated herein.

2. On or about December 4, 2007, at Oakbrook, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be deposited with FedEx, a commercial interstate carrier, an envelope containing two letters, a membership card, and a credit card, to be delivered from a company located in Oakbrook, Illinois, to a First Capital investor, Bri.Bow., in California, which credit card was set up in a manner that allowed First Capital to make payments of purported returns to the investor through the credit card;

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

#### **COUNT FOUR**

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

1. Paragraphs 1 through 14 of Count One are realleged and incorporated by reference as if fully restated herein.

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

JEFFERY LOWRANCE,

defendant herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be deposited with FedEx, a commercial interstate carrier, an envelope containing two letters, a membership card, and a credit card, to be delivered from a company in Oakbrook, Illinois, to a First Capital investor, Fr.Ben., in California, which credit card was set up in a manner that allowed First Capital to make payments to the investor of purported returns through the credit card;

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

## **COUNT FIVE**

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

1. Paragraphs 1 through 14 of Count One are realleged and incorporated by reference as if fully restated herein.

2. On or about April 15, 2008, at Oakbrook, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be deposited with FedEx, a commercial interstate carrier, an envelope containing three checks, to be delivered from a company in Oakbrook, Illinois, to a First Capital investor, Bru.Esk., in California, which checks constituted payments of purported returns from First Capital;

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

## **COUNT SIX**

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

1. Paragraphs 1 through 14 of Count One are realleged and incorporated by reference as if fully restated herein.

2. On or about June 6, 2008, at Oakbrook, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, for the purpose of executing the above-described scheme, and attempting to do so, did knowingly cause to be deposited with FedEx, a commercial interstate carrier, an envelope containing a check to be delivered from a company in Oakbrook, Illinois, to a First Capital investor, Rus.Mil., in Utah, which check constituted payment of purported returns from First Capital;

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

**COUNT SEVEN**

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

On or about June 14, 2007, at Lombard, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, did knowingly cause funds to be transported, transmitted, and transferred from a place outside the United States to and through a place inside the United States, with the intent to promote the carrying on of specified unlawful activities, those being, wire fraud and mail fraud; namely, a wire transfer of approximately \$3,475 from funds held for First Capital Savings & Loan, Ltd. in a bank account in Amsterdam, Netherlands, to West Suburban Bank in Lombard, Illinois, which funds were credited to the bank account of victim investor Ja.Smi.;

In violation of Title 18, United States Code, Sections 1956(a)(2)(A) and 2.

**COUNT EIGHT**

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

On or about March 4, 2008, at Oakbrook, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, did knowingly cause funds to be transported, transmitted, and transferred from a place outside the United States to and through a place inside the United States, with the intent to promote the carrying on of specified unlawful activities, those being, wire fraud and mail fraud; namely, a wire transfer of approximately \$220,000 from funds held for First Capital Savings & Loan, Ltd. in a bank account in Amsterdam, Netherlands, to JP Morgan Chase Bank, N.A., in the United States, which funds were credited to the bank account of a company located in Oakbrook, Illinois;

In violation of Title 18, United States Code, Sections 1956(a)(2)(A) and 2.

**COUNT NINE**

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

On or about May 5, 2008, at Oakbrook, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, did knowingly cause funds to be transported, transmitted, and transferred from a place outside the United States to and through a place inside the United States, with the intent to promote the carrying on of specified unlawful activities, those being, wire fraud and mail fraud; namely, a wire transfer of \$150,000 from funds held for First Capital Savings & Loan, Ltd. in a bank account in Amsterdam, Netherlands, to JP Morgan Chase Bank, N.A., in the United States, which funds were credited to the bank account of a company located in Oakbrook, Illinois;

In violation of Title 18, United States Code, Sections 1956(a)(2)(A) and 2.

**COUNT TEN**

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

On or about May 28, 2008, at Oakbrook, in the Northern District of Illinois, Eastern Division, and elsewhere,

JEFFERY LOWRANCE,

defendant herein, did knowingly cause funds to be transported, transmitted, and transferred funds from a place outside the United States to and through a place inside the United States, with the intent to promote the carrying on of specified unlawful activities, that is, wire fraud and mail fraud; namely, a wire transfer of \$40,000 from funds held for First Capital Savings & Loan, Ltd. in Amsterdam, Netherlands, to JP Morgan Chase Bank, N.A., in the United States, which funds were credited to the bank account of a company located in Oakbrook, Illinois;

In violation of Title 18, United States Code, Sections 1956(a)(2)(A) and 2.

## **FORFEITURE ALLEGATION**

The SPECIAL AUGUST 2009-2 GRAND JURY further charges:

1. The allegations contained in Counts One through Six of this Indictment are realleged and incorporated herein by reference for the purpose of alleging that certain property is subject to 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 the foregoing Indictment,

JEFFERY LOWRANCE,

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 and personal, which constitutes and is derived from proceeds traceable to the charged offense(s).

3. The interests of the defendant subject to forfeiture pursuant to Title 18, United States Code, Section, 981(a)(1)(C) and Title 28, United States Code, Section 2461(c) include but are not limited to funds in the amount of at least \$5,000,000.

4. If any of the property subject to forfeiture and described above, as a result of any act or omission of 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:

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FOREPERSON

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UNITED STATES ATTORNEY