IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	**:**	**CRIMINAL NO.**
v.	**:**	**DATE FILED: _____**
ROBERT BRADBURY	**:**	**VIOLATIONS:** **18 U.S.C. § 1341 (mail fraud - 8 counts)** **15 U.S.C. §§ 77q(a) and 77(x) (securities fraud - 1 count)**

I N D I C T M E N T

COUNTS ONE THROUGH EIGHT

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

The Defendant

1. Defendant ROBERT BRADBURY was the chairman, chief operating officer, and a principal shareholder of Dolphin & Bradbury, Inc., ("D&B"), a Pennsylvania corporation with its principal place of business at 1617 JFK Boulevard in Philadelphia, Pennsylvania.

2. Defendant ROBERT BRADBURY, through D&B, specialized in underwriting municipal securities, that is, in purchasing a new issue of municipal securities from an issuer and offering such securities for sale to investors, and provided investment banking services and investment advice to municipalities and school districts.

Other Relevant Entities

3. The Dauphin County General Authority ("DCGA") was a municipal

authority incorporated by Dauphin County pursuant to the Pennsylvania Municipality Authorities Act, 53 Pa. C.S. § 5601, et seq., and governed by a board of directors appointed by the Dauphin County commissioners.

4. The Hummelstown General Authority ("HGA") was a municipal authority incorporated in 1998 by the Borough of Hummelstown, Dauphin County, Pennsylvania, pursuant to the Municipal Authorities Act, and governed by a board of directors appointed by the Hummelstown Borough Council.

5. First Financial Bank was a small, Pennsylvania-chartered bank with its principal offices in Downingtown, Pennsylvania.

6. Boyertown Area School District was a public school district located primarily in Berks County, Pennsylvania, with its principal office at 911 Montgomery Avenue, Boyertown, Pennsylvania.

7. Red Lion Area School District was a public school district located in York County, Pennsylvania, with its principal office at 696 Delta Road, Red Lion, Pennsylvania.

8. Perkiomen Valley School District was a public school district located in Montgomery County, Pennsylvania, with its principal office at 3 Iron Bridge Drive, Collegeville, Pennsylvania.

9. North Penn School District was a public school district located in Montgomery County, Pennsylvania, with its principal office at401 East Hancock Street, Lansdale, Pennsylvania.

Defendant ROBERT BRADBURY'S Relationship With The School Districts

10. Pennsylvania school districts on occasion borrow money to finance

various capital projects, including the construction of new school buildings and the renovation of existing school facilities. To finance such projects, school districts sometimes issue and sell long-term bonds, and temporarily invest bond proceeds, and proceeds of other borrowings, that are not immediately needed to pay construction costs. The proceeds of bonds issued by Pennsylvania school districts to finance capital projects are commonly held by the relevant school district in one or more construction funds and temporarily invested by or on behalf of the school district, pending the ultimate expenditure of those funds on the relevant capital project.

11. The investment of school district funds is governed primarily by the requirements set forth in Section 440.1(c) of the School Code, 24 P.S. § 4-440.1(c) (the "School Code"), which limits the investment of such funds to certain categories of conservative investments. Pursuant to the School Code, school districts are permitted invest in obligations of a political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities only if those obligations were backed by the full faith and credit of the political subdivision or agency, that is, obligations guaranteed by the tax or other revenue of the political subdivision or agency.

12. Defendant ROBERT BRADBURY underwrote the bond issues and other borrowings of the Boyertown, Red Lion, Perkiomen Valley, and North Penn school districts. As their underwriter, defendant BRADBURY, acting through D&B, purchased the entire bond issues from the school districts and sold the bonds to other investors. Defendant ROBERT BRADBURY also invested the proceeds of those borrowings on behalf of the school districts.

13. These school districts authorized defendant ROBERT BRADBURY to make all investment decisions for their bond proceeds, and relied on defendant BRADBURY to

invest their bond proceeds in safe and suitable investments in accordance with Pennsylvania law, including the School Code.

14. With very few exceptions, defendant ROBERT BRADBURY did not seek approval or even contact school district personnel regarding an investment prior to the purchase or sale of a particular investment, and did not directly notify the school districts after a transaction. Instead, the school districts learned of the investment of their funds after the fact when they received a confirmation generated and sent by a third-party clearing house used by D&B.

15. Account opening documents that D&B used to establish new accounts for proceeds from bond issues or other borrowings by the Boyertown, Red Lion, Perkiomen Valley, and North Penn school districts, recognized that all investments on behalf of the school districts by D&B were to be in the most conservative investment category.

16. In or about September 1998, the Boyertown School District informed defendant ROBERT BRADBURY in writing that all future investments must comply with Section 440.1 of the School Code; and defendant BRADBURY assured Boyertown in writing that: 1) he would liquidate certain investments and invest the funds in securities as outlined in Section 440.1 of the School Code; and 2) that Boyertown's Debt Service Fund account had been invested in direct obligations or guaranteed obligations of the United States.

17. In or about January 2002, Boyertown School District's business manager sent to defendant ROBERT BRADBURY a copy of Boyertown's newly adopted investment policy that emphasized as primary objectives the legality and safety of all investments, and specifically referenced the School Code.

18. In or about September 2003, defendant ROBERT BRADBURY reviewed and commented on a draft of the North Penn School District's investment policy that, among other items, emphasized as primary objectives the legality and safety of all investments, and specifically referenced the School Code.

The DCGA Notes

19. In or about 1998, the DCGA agreed to build and operate an 18-hole golf course adjacent to the Whitetail Ski Resort in Franklin County, Pennsylvania (the "Whitetail project"). In or about 1998 and 1999, the DCGA issued five separate series of short-term bond anticipation notes totaling approximately $7.5 million to purchase the land and finance the construction of the Whitetail project. The DCGA bond anticipation notes were intended to provide interim financing until long-term municipal bonds could be sold to investors. The DCGA notes were unrated and secured solely by a pledge of proceeds resulting from the anticipated sale of long-term bonds for the Whitetail project. These notes were not secured by the full faith and credit of Dauphin County of any other political subdivision or agency, and therefore were not permitted investments for school districts under the School Code and Pennsylvania law.

20. All of the DCGA Whitetail notes were underwritten, that is purchased for resale to investors, by defendant ROBERT BRADBURY acting through D&B.

21. In or about February 1998, the DCGA issued $2.4 million in Whitetail notes. In or about December 1998, defendant ROBERT BRADBURY resold $2.35 million of the 1998 DCGA notes to First Financial Bank. At the time he sold the DCGA notes to First Financial Bank, defendant BRADBURY was on the board of directors of the bank, was one of its

largest shareholders, and had discretionary authority over certain portions of the bank's investment portfolio. Defendant BRADBURY also engaged First Financial Bank to act as the registrar and paying agent for all of the DCGA notes.

22. In or about March 1999, defendant ROBERT BRADBURY, acting through D&B, repurchased from First Financial Bank $2.15 million of the DCGA notes and immediately resold them to the Boyertown School District, even though the notes were not permitted investments for school districts under the School Code and Pennsylvania law.

23. In or about 1999, DCGA issued four additional series of short-term bond anticipation notes to finance the ongoing costs of constructing the Whitetail Project, all of which were underwritten by defendant ROBERT BRADBURY:

a) On or about June 1, 1999, DCGA issued $600,000 in Whitetail notes, which defendant ROBERT BRADBURY, acting through D&B, purchased and resold to First Financial Bank.

b) On or about June 25, 1999, DCGA issued $1.5 million in Whitetail notes, which defendant ROBERT BRADBURY, acting through D&B, purchased and resold to the Boyertown School District.

c) In or about July 1999, DCGA issued $1.5 million in Whitetail notes, which defendant ROBERT BRADBURY, acting through D&B, purchased and resold sold to the Red Lion School District.

d) In or about October 1999, DCGA issued $1.5 million in Whitetail notes, which defendant ROBERT BRADBURY, acting through D&B, purchased and resold sold to the Boyertown School District.

24. Defendant ROBERT BRADBURY did not provide to either the Boyertown or Red Lion school districts material information regarding the nature of the Whitetail investment or the risks associated with the investment:

a. although defendant BRADBURY told the business supervisor of the Boyertown School District that Boyertown had invested in a golf course, he did not provide any details about the investment, including the fact that the golf course was under construction and not operational;

b. defendant BRADBURY did not provide to the Red Lion School District any information regarding the Whitetail project and the Whitetail notes, including the fact that the notes were issued to finance the acquisition and construction of a golf course;

c. defendant BRADBURY did not provide to either school district any documentation regarding the investment, or otherwise inform the school districts of the risks associated with the investment, including that the notes were secured solely by the proceeds of an anticipated future bond issue and were not backed by the full faith and credit of Dauphin County or any other political subdivision or agency, and therefore were not permitted investments for school districts under the School Code and Pennsylvania law.

The 1999 HGA Notes

25. In or about December 1999, the HGA purchased the partially-completed Whitetail golf course from the DCGA, and issued $8.5 million of unrated bond anticipation notes, which would mature on September 1, 2001, to finance the acquisition of the Whitetail golf course and to fund additional construction costs. The HGA bond anticipation notes were intended to provide interim financing until long-term municipal bonds could be sold to investors.

The DCGA utilized the sale proceeds to pay the principal of and interest on the DCGA notes. The 1999 HGA notes were secured solely by a pledge of the proceeds resulting from the anticipated sale of long-term bonds for the Whitetail project and were not secured by the full faith and credit of Hummelstown Borough or any other political subdivision or agency, and therefore were not permitted investments for school districts under the School Code and Pennsylvania law. The 1999 HGA notes were underwritten by defendant ROBERT BRADBURY.

26. On or about December 15, 1999, defendant ROBERT BRADBURY sold the 1999 HGA notes as follows: $5.75 million to the Boyertown School District, $1.5 million to the Red Lion School District, and $1.25 million to First Financial Bank.

27. On or about December 23, 1999, defendant ROBERT BRADBURY executed a closing certificate entitled "Underwriter's Certificate as to Limited Placement Exemption" in connection with the settlement on the HGA notes. In that document, defendant BRADBURY certified that the issuance and sale of the 1999 HGA Notes complied with the "limited placement exemption" contained in subsection (d)(1)(i) of the Exchange Act Rule 15c2-12, in that the notes were "being sold to not more than thirty-five (35) persons, each of whom the Underwriter reasonably believes: (A) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment; and (B) is not purchasing for more than one account or with a view to distributing the securities."

28. Absent this certification, defendant ROBERT BRADBURY would have been required to obtain, review, and distribute to prospective investors an extensive disclosure

document that would have described the risks associated with purchasing the HGA notes. By executing this certification, defendant BRADBURY concealed from the school districts the true nature of the investment, and concealed from the HGA and others involved in the Whitetail project that the 1999 HGA notes were sold to school districts.

29. Defendant ROBERT BRADBURY knew that the business manager of the school districts did not have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the prospective investment. Moreover, defendant BRADBURY did not provide the school districts with any information that would have allowed them to evaluate the investment. Had the appropriate disclosure been made by defendant BRADBURY, the school districts would not have purchased the notes, which were not a permissible investment under the School Code and Pennsylvania law.

30. Defendant ROBERT BRADBURY did not inform the school districts of the purchase of the 1999 HGA notes, did not provide any information regarding the HGA notes, and did not disclose any risks associated with the investment, including that: 1) the notes funded the acquisition and construction of a golf course; 2) that the golf course was under construction and not yet operational; and 3) the notes were secured only by the proceeds of a future bond issue and were not backed by the full faith and credit of Hummelstown Borough or any other political subdivision or agency, and therefore were not permitted investments for school districts under the School Code and Pennsylvania law.

31. The only notice that the school districts received in connection with the purchase of the 1999 HGA notes was a one-page confirmation generated and sent by a third-party clearing house used by D&B, that identified the security as "Hummelstown Gen Auth Dauphin

Cnty Pa Rev Bond Series 1999." A similar general description of the HGA notes appeared on the monthly account statements that were generated and sent to the school districts by the third-party clearing house, which listed all investments made by defendant ROBERT BRADBURY on behalf of the districts.

The 2000 Bond Offering

32. In or about April 2000, the HGA attempted to permanently finance the Whitetail project by issuing long-term bonds . The HGA publicly offered $15,905,000 in long-term, fixed-rate bonds, secured solely by revenues to be generated by the Whitetail project. Defendant ROBERT BRADBURY was the underwriter for the proposed 2000 bond issue, and as such, was responsible for marketing and selling the bonds.

33. In connection with the 2000 bond offering, a Preliminary Official Statement was prepared by counsel and distributed for review to all parties involved in the bond offering, including the HGA and defendant ROBERT BRADBURY, but not to the school districts. The Preliminary Official Statement described the proposed 2000 bond issue and the Whitetail project and was distributed to potential investors. The cover page of the statement highlighted that the proposed 2000 bonds were "subject to significant investment risk," and contained a four-page section that identified the risks, which included: a) that the golf course had not yet opened; and b) that the projected revenues derived from the operation of the golf course would not be sufficient to pay the principal of and interest on the proposed 2000 bonds, which would instead depend upon the sale of surplus land and fees paid from the development of neighboring residential housing units, which in turn depended on the construction of water and sewer services.

34. Although some high-yield mutual fund investors expressed some interest in investing in the project, defendant ROBERT BRADBURY was unable to sell the 2000 bonds.

The 2000 HGA Note Issues

35. From in or about June through in or about December 2000, HGA issued three separate series of bond anticipation notes totaling $3.65 million to provide additional funding for the Whitetail project, each underwritten by defendant ROBERT BRADBURY, and each secured solely by a pledge of the proceeds resulting from the anticipated sale of long-term bonds for the Whitetail project, and were not backed by the full faith and credit of Hummelstown Borough or any other political subdivision or agency, and therefore were not permitted investments for school districts under the School Code and Pennsylvania law:

a. On or about June 1, 2000, the HGA issued notes in the amount of $500,000, which defendant ROBERT BRADBURY, acting through D&B, purchased and resold to First Financial Bank.

b. On or about July 26, 2000, the HGA issued notes in the amount of $1 million, which defendant ROBERT BRADBURY, acting through D&B, purchased and resold to the Boyertown School District.

c. On or about December 19, 2000, the HGA issued notes in the amount of $2.15 million, which defendant ROBERT BRADBURY, acting through D&B, purchased and resold to the Boyertown School District.

36. As he did with the 1999 HGA notes, defendant ROBERT BRADBURY

executed an "Underwriter's Certificate as to Limited Placement Exemption" in connection with the 2000 HGA notes, knowing that the Boyertown School District did not meet the criteria for the limited placement exemption. By executing this document, defendant BRADBURY was able to avoid providing to the school districts any official statement, private placement memorandum, or other written disclosure document with respect to the 2000 HGA notes.

37. Defendant ROBERT BRADBURY did not inform the Boyertown School District of the HGA note purchases in 2000, nor did defendant BRADBURY disclose any risks associated with the investment, including the fact that the notes were not backed by the full faith and credit of Hummelstown Borough or any other political subdivision or agency, and therefore were not permitted investments for school districts under the School Code and Pennsylvania law.

38. The only notification sent to the Boyertown School District in connection with the purchase of the HGA notes in 2000 was a standard one-page confirmation generated and sent by D&B's third-party clearing house, which described the investment as "Hummelstown Gen Auth Dauphin Cnty PA Rev Bnd Series 1999" or "Hummlestown PA Gen Auth Rev Bd Antic Nts - Whitetail Proj A."

The 2001 Bond Offering

39. In or about April 2001, the Whitetail golf course opened to the public and started to generate revenues.

40. In or about April 2001, the HGA again attempted to issue long-term bonds to finance the Whitetail project, by offering to prospective investors four series of long-term, fixed-rate bonds totaling $14.6 million to be secured solely by revenues generated by the Whitetail project. Defendant ROBERT BRADBURY was the underwriter for the proposed 2001

bond issue.

41. In connection with the 2001 bond offering, two Preliminary Official Statements, one for the Series A and B bonds, and one for the Series C and D bonds, were prepared by counsel and distributed for review to all parties involved in the bond offering, including the HGA and defendant ROBERT BRADBURY. The Preliminary Official Statements described the proposed 2001 bond issue and the Whitetail project and were distributed to potential investors, which did not include any of the investors. The 2001 Preliminary Official Statements again highlighted that the bonds were subject to "significant investment risk," and identified numerous risks associated with the investment. In addition, the statements indicated that the bonds could only be sold to accredited investors within the meaning of Rule 501(a) of the Securities Act, 17 CFR § 230.501(a), and set forth the definition of an accredited investor.

42. Although several high-yield mutual funds initially indicated some interest, defendant ROBERT BRADBURY was unable to sell the bonds.

The 2001 HGA Notes

43. Because the HGA Whitetail notes were scheduled to mature on September 1, 2001, the HGA, in order to avoid a default, issued on or about August 31, 2001, three series of unrated bond anticipation notes totaling $14.165 million, which matured on September 1, 2004. The proceeds from the sale of these notes were used to refinance all of HGA's pre-existing Whitetail notes and to provide additional funding for the project. These notes were secured solely by a pledge of any revenues to be generated by the Whitetail project, as well as the proceeds resulting from any future bond issue for the Whitetail project. These notes were not secured by the full faith and credit of Hummelstown Borough or any other political subdivision

or agency, and therefore were not permitted investments for school districts under the School Code and Pennsylvania law.

44. Defendant ROBERT BRADBURY was the underwriter of the 2001 HGA notes, and engaged First Financial Bank to act as the trustee and paying agent for the notes.

45. The 2001 HGA Whitetail note issue contained the same restrictions as had been contemplated for the 2001 bond issue; i.e., that the 2001 notes could be sold only to accredited investors within the meaning of Rule 501(a) of the Securities Act.

46. In connection with the 2001 HGA note issue, defendant ROBERT BRADBURY executed an "Underwriter's Certificate as to Accredited Investor Offering and Limited Placement Exemption," which certified that the notes were sold to purchasers with "such knowledge and experience in financial and business matters" as to be "capable of evaluating the merits and risks of the prospective investment," and that the notes were being offered only to accredited investors as defined in Rule 501(a). Absent this certification, defendant BRADBURY would have been required to obtain, review, and distribute to prospective investors an extensive disclosure document that described the risks associated with investing in the 2001 notes. By executing this certification, defendant BRADBURY concealed the nature of the investment from the school districts, and concealed from the HGA and others involved in the Whitetail project that the 2001 notes were sold to school districts.

47. On or about August 10, 2001, defendant ROBERT BRADBURY sold the 2001 HGA notes as follows: $9.49 million to the Boyertown School District; $2.055 million to the Red Lion School District; $120,000 to the North Penn School District, and $2.5 million to First Financial Bank.

48. Defendant ROBERT BRADBURY did not provide to the school districts any information regarding the Whitetail project or the 2001 HGA notes, and failed to disclose any of the risks associated with the notes, including that: a) the notes were in part intended to refinance and replace earlier HGA note issues; b) the notes were intended to finance the operation and continued development of a golf course project; and c) the notes were secured solely by the operating revenues of the golf course and proceeds of any future bond issue for the project, and were not secured by the full faith and credit of Hummelstown Borough or any other political subdivision or agency, and therefore were not permitted investments for school districts under the School Code and Pennsylvania law.

49. The only notification sent to the school districts in connection with the purchase of the 2001 HGA notes was a standard one-page confirmation generated and sent by D&B's third-party clearing house, which identified the investment as "Hummelstown PA Gen Auth Rev Bd Antic Nts - Whitetail Pj."

The Repurchase of the HGA Notes from First Financial Bank

50. In or about November 2001, senior management of the First Financial Bank directed defendant ROBERT BRADBURY to reduce the number of non-rated municipal securities held by the bank, which included the HGA Whitetail notes, in part due to a Federal Deposit Insurance Corporation ("FDIC") examination scheduled for late 2001.

51. On or about December 28, 2001, shortly before defendant ROBERT BRADBURY was scheduled to meet with FDIC examiners to answer questions about the unrated municipal securities in First Financial Banks' portfolio, defendant BRADBURY purchased through D&B the entire $2.5 million in HGA Whitetail notes held by First Financial Bank, and

simultaneously resold $1.5 million in notes to the Perkiomen Valley School District and $1 million in notes to the North Penn School District.

52. Defendant ROBERT BRADBURY did not provide to the Perkiomen Valley or North Penn school districts any information regarding the investment, including the information that defendant BRADBURY failed to disclose in connection with the earlier note purchases, and that the golf course failed to meet revenue projections during its first year of operation and was expected to generate operating losses during its second year of operation.

The Termination of the Golf Course Managers

53. During the fall of 2002, after a second year of operating losses at the Whitetail golf course, the HGA decided to terminate the golf course managers, and determined that under the trust indenture, a certain percentage of the note holders must direct this action. On or about December 19, 2002, as part of this process, defendant ROBERT BRADBURY signed a letter entitled "Registered Owner Letter of Request to Trustee," which represented falsely that D&B was the registered owner of not less than 25 per cent of the HGA Whitetail notes, and as such, requested the trustee to terminate the management agreement. Neither defendant BRADBURY nor D&B owned any Whitetail notes at this time, which were instead owned by the Boyertown, Red Lion, Perkiomen, and North Penn school districts. Defendant BRADBURY did not obtain permission from the school districts to take such action on their behalf.

54. As a result of the termination and temporary closure of the golf course, First Financial Bank, the trustee for the 2001 HGA Whitetail notes, declared a default and refused to disburse any funds without first obtaining explicit directions and indemnity from the note holders.

55. From in or about February 2003 through in or about June 2004, defendant ROBERT BRADBURY executed numerous letters directing the trustee to disburse funds to pay Whitetail bills, and falsely represented in these letters that defendant BRADBURY and D&B were the "Owners of $12,045,000 principal amount of the above-referenced Notes," or as were acting as the "Owners representative." Neither defendant BRADBURY nor D&B owned any of the Whitetail notes at this time , and defendant BRADBURY did not obtain permission from the school districts to take such action on their behalf.

56. In or about 2003, the Whitetail golf course failed to perform as expected and failed to generate the revenues necessary to pay operating expenses and cover its debt service. On or about August 29, 2003, in order to avoid disclosure of the fact that the HGA notes were owned by school districts and thus perpetuate his scheme, defendant ROBERT BRADBURY, acting through D&B, lent the HGA $850,000 so that the HGA could make the interest payments due in September 2003 and March 2004.

The 2003 and 2004 Note Transactions

57. In or about 2003 and 2004, some of the school districts holding the 2001 HGA notes needed to liquidate investments in order to pay construction bills. Defendant ROBERT BRADBURY, acting through D&B, repurchased the 2001 notes from the requesting school districts, and resold some of the notes to other school districts that held other HGA notes, as follows:

a) On or about February 10, 2003, in order to satisfy a liquidation request from the Perkiomen Valley School District, defendant BRADBURY repurchased $575,000 in HGA notes from the Perkiomen Valley School

District, and promptly resold $450,000 of the notes to the Red Lion School District.

b) On or about January 21, 2004, in order to satisfy a liquidation request from the North Penn School District, defendant BRADBURY repurchased $195,000 in HGA notes from the North Penn School District, and promptly resold the notes to the Red Lion School District.

c) On or about April 22, 2004, in order to satisfy a liquidation request from the North Penn School District, defendant BRADBURY repurchased $100,000 in HGA notes from the North Penn School District, and promptly resold the notes to the Boyertown School District.

d) On or about June 22, 2004, in order to satisfy a liquidation request from the North Penn School District, defendant BRADBURY repurchased $160,000 in HGA notes from the North Penn School District, and promptly resold the notes to the Boyertown School District.

58. Defendant ROBERT BRADBURY failed to inform the Boyertown and Red Lion school districts of the 2003 and 2004 note purchases, and failed to disclose the true nature of, and risks associated with, these investments, including the fact that the golf course in 2003 and 2004 did not generate enough income to pay its debt service, and that by at least the spring of 2004, it was highly likely that the there would be a default.

The Default

59. In or about 2003 and 2004, defendant ROBERT BRADBURY continued to conceal from the school districts the true nature of, and risks associated with, the Whitetail

investment by failing to provide any information regarding the status of the Whitetail project and the Whitetail investment, including that: a) the Whitetail golf course failed to perform as expected in 2001 and 2002; b) the golf course managers were terminated in January 2003, causing the golf course to close and causing the trustee to declare a default; c) golf course revenues were insufficient to cover the interest payments due on the HGA notes in August 2003 and March 2004, causing HGA to borrow money from D&B; d) that by 2004, it became apparent that HGA's attempt to sell the golf course would not be successful because the debt ratio was too high to obtain financing; and e) that by early 2004, it was evident that HGA would be forced to default on the notes that matured on September 1, 2004.

60. In or about August 2004, knowing that notes would default on the maturity date of September 1, 2004, defendant ROBERT BRADBURY, in response to an inquiry from the Red Lion School District, confirmed that Red Lion should wait until September 2, 2004, to liquidate the 2001 HGA notes.

61. At no time prior to 2004 did defendant ROBERT BRADBURY inform other entities involved in the Whitetail note issues, including the issuing authorities, the trustee, the financial advisor, and counsel for the note issues, that the notes were held by school districts, and actively misled them about the identity of the noteholders by improperly invoking the limited placement exemption, which was not applicable to these school districts.

62. On or about September 1, 2004, the HGA defaulted on the payment of $14.165 million of principal of the 2001 notes, and also defaulted on the payment of $424,950 of interest on the notes.

63. At the time of the default on September 1, 2004, the Boyertown School

District owned approximately $9.75 million in Whitetail notes, the Red Lion School District owned approximately $2.7 million in Whitetail notes, the Perkiomen Valley School District owned approximately $925,000 in Whitetail notes, and the North Penn School District owned approximately $665,000 in Whitetail notes.

64. In or about April 2006, the HGA sold the Whitetail golf course for a gross sales price of $3.75 million.

65. The school districts suffered a total loss of approximately $10,415,000 million.

THE SCHEME TO DEFRAUD

66. From in or about March 1999 to in or about September 2004, in the Eastern District of Pennsylvania and elsewhere, defendant

ROBERT BRADBURY

devised and intended to devise a scheme to defraud the Boyertown, Red Lion, Perkiomen Valley, and North Penn school districts, by selling to the school districts impermissible and inappropriate investments, that is, high-risk bond anticipation notes for the Whitetail, and by concealing from the school districts the true nature of and risks associated with these investments.

It was part of the scheme that:

67. Defendant ROBERT BRADBURY sold to the Boyertown, Red Lion, Perkiomen Valley, and North Penn school districts Whitetail notes issued by the DCGA and/or the HGA, knowing that the School Code and Pennsylvania law prohibited school districts from investing in these notes because they were not backed by the full faith and credit of a political subdivision or agency, and that the notes were an unsafe and inappropriate investment for the

school districts.

68. Defendant ROBERT BRADBURY fraudulently concealed from the school districts the true nature of and risks associated with the investment in the Whitetail notes.

69. In order to facilitate the scheme to conceal from the school districts the true nature of and risks associated with the investment in the Whitetail notes, defendant ROBERT BRADBURY knowingly executed documents containing false statements of material facts.

70. In order to facilitate the scheme to conceal from the school districts the true nature of and risks associated with the investment in the Whitetail notes, defendant ROBERT BRADBURY also misled others involved in the Whitetail project about the identity of the noteholders.

The DCGA Notes

71. In connection with the sale of the DCGA notes to the Boyertown and Red Lion school districts in 1999, defendant ROBERT BRADBURY failed to provide any information or documentation regarding the investment, other than an isolated comment to Boyertown's business supervisor that Boyertown had invested in a golf course, and failed to disclose any of the risks associated with the investment, including the fact that the golf course was under construction and not yet operational, and the notes were secured solely by the proceeds of an anticipated future bond issue and were not backed by the full faith and credit of Dauphin County or any other political subdivision or agency.

The 1999 and 2000 HGA Notes

72. In connection with the sale of the HGA notes to the Boyertown and Red

Lion school districts in 1999 and 2000, defendant ROBERT BRADBURY failed to provide any information or documentation regarding the investment, and failed to disclose any of the risks associated with the investment, including that : a) the notes were used to finance the purchase of the Whitetail golf course from the DCGA; b) the HGA notes were used to pay off the DCGA notes held by the districts ; b) the golf course was under construction and not yet operational; c) the notes were secured solely by the proceeds of an anticipated future bond issue and were not backed by the full faith and credit of the Hummelstown Borough, Dauphin County, or any other political subdivision or agency; and d) with respect to the note sales in 2000, failed to disclose that the attempt to issue long-term bonds in 2000 had failed.

73. In connection with the 1999 and 2000 HGA note issues, defendant ROBERT BRADBURY fraudulently executed an "Underwriters Certificate of Limited Placement Exemption," knowing that the school districts did not meet this criteria, and as result of this false certification, was able to avoid providing a disclosure document that described the material risks associated with the purchase of the notes, and concealed from the HGA and others involved with the Whitetail project that the notes were sold to school districts.

The 2001 HGA Notes

74. In connection with the HGA note issue in August 2001, and the sale of approximately $9.49 million of the notes to the Boyertown School District, $2.055 million of the notes to the Red Lion School District, and $120,000 of the notes to the North Penn School District, defendant ROBERT BRADBURY failed to provide any information or documentation regarding the investment, and failed to disclose any of the risks associated with the investment, including that: a) the 2001 HGA notes were issued to replace the 1999 and 2000 HGA; b) the

notes were issued after two attempts to issue long-term bonds to finance the Whitetail project were unsuccessful; c) that the notes, like the proposed bonds offered in 2001, were subject to significant investment risk, and that the official statements for the bond offerings identified numerous investment risks; and d) the 2001 notes were secured only by the operating revenues of the Whitetail golf course and proceeds from any future bond issue and were not backed by the full faith and credit of any political subdivision or agency.

75. In connection with the 2001 HGA note issue, defendant ROBERT BRADBURY fraudulently executed an ""Underwriter's Certificate as to Accredited Investor Offering and Limited Placement Exemption," knowing that the school districts did not meet the criteria for the limited placement exemption, and as result of this false certification, was able to avoid providing a disclosure document that described the material risks associated with the purchase of the notes.

76. In connection with the sale of $1.5 million of the 2001 HGA notes to the Perkiomen Valley School District and $1 million of the 2001 HGA notes to the North Penn School District on December 28, 2001, defendant ROBERT BRADBURY failed to inform the school districts of these purchases, and specifically failed to inform them that the notes had been repurchased from First Financial Bank due to the bank's determination, in anticipation of an FDIC examination, that it should not own this type of high-risk security.

The 2004 Note Transactions

77. From in or about January through in or about July 2004, knowing that the HGA notes were in imminent danger of default, defendant ROBERT BRADBURY, acting through D&B, repurchased notes from the North Penn School Districts and the Perkiomen Valley

School Districts in order to satisfy their liquidation requests, promptly resold the notes to the Boyertown and Red Lion School Districts, and failed to inform the Boyertown and Red Lion school district of the risks associated with the purchase of the notes, including the likelihood of a default.

Other Misrepresentations and Omissions by Defendant BRADBURY

78. Defendant ROBERT BRADBURY knowingly executed documents that contained false representations regarding the ownership of the notes, and thus concealed from the school districts the true nature of, and risks associated with, the investment in the HGA notes, and concealed from the HGA and others involved in the Whitetail project that the notes were held by school districts:

a. in connection with the termination of the golf course managers in December 2002, defendant BRADBURY misrepresented that D&B was the registered owner of 25 per cent or more of the notes, and as such, directed the trustee to terminate the managers, knowing that neither D&B nor defendant BRADBURY owned any of the notes;

b. in or about 2003 and 2004, defendant BRADBURY signed numerous letters directing the trustee to disburse funds to pay bills of the Whitetail golf course, in which he fraudulently represented that he was either the owner of approximately $12 million in Whitetail notes, or that he was acting as the "owner's representative," knowing that neither he nor D&B owned any Whitetail notes, that the school districts did not authorize defendant BRADBURY to take any such action on their behalf, and were

not aware that any such action was being taken.

79. Defendant ROBERT BRADBURY continued to conceal from the school districts the nature of, and risks associated with, the Whitetail investment until the default in September 2004, by failing to provide any information regarding the status of the Whitetail project and the Whitetail investment, including that: a) the Whitetail golf course failed to perform as expected in 2001 and 2002; b) the golf course managers were terminated in January 2003, causing the golf course to close and causing the trustee to declare a default; c) golf course revenues were insufficient to cover the interest payments due on the HGA notes in August 2003 and March 2004, causing HGA to borrow money from D&B; d) HGA's attempt to sell the golf course in 2003 and 2004 would not be successful because the debt ratio was too high to obtain financing; and e) it was evident in or about early 2004 that HGA would be forced to default on the notes.

80. In or about August 2004, knowing that notes would default on the maturity date of September 1, 2004, defendant ROBERT BRADBURY, in response to an inquiry from the Red Lion School District, confirmed that Red Lion should wait until September 2, 2004, to liquidate the 2001 HGA notes.

The Mailings

81. On or about the dates shown below, in the Eastern District of Pennsylvania and elsewhere, defendant

ROBERT BRADBURY,

for the purpose of executing the scheme described above, and attempting to do so, knowingly caused to be delivered by United States mail, according to the directions thereon, to the recipients identified below, the following documents relating to the HGA Whitetail notes, each mailing constituting a separate count:

Count	Date	Document	Recipient	Address
1	1/30/03	Notice of Default	HGA	HGA 136 S. Hanover, St., Hummelstown, PA
2	2/10/03	Confirmation of Sale of $575,000 in HGA Notes	Perkiomen Valley School District	3 Iron Bridge Drive, Collegeville, PA
3	1/21/04	Confirmation of Sale of $195,000 in HGA Notes	North Penn School District	401 E. Hancock Street, Lansdale, PA
4	4/22/04	Confirmation of Sale of $100,000 in HGA Notes	North Penn School District	401 E. Hancock Street, Lansdale, PA
5	4/22/04	Confirmation of Purchase of $100,000 in HGA Notes	Boyertown School District	911 Montgomery Avenue, Boyertown, PA
6	6/22/04	Confirmation of Sale of $160,000 in HGA Notes	North Penn School District	401 E. Hancock Street, Lansdale, PA

7	6/22/04	Confirmation of Purchase of $160,000 in HGA Notes	Boyertown School District	911 Montgomery Avenue, Boyertown, PA
8	8/23/04	Letter from Red Lion School District confirming discussion that HGA notes should be liquidated on September 2, 2004	Robert Bradbury	Dolphin Bradbury Inc., 1617 JFK Blvd., Suite 1140, Philadelphia, PA

All in violation of Title 18, United States Code, Section 1341.

COUNT NINE

THE GRAND JURY FURTHER CHARGES:

1. The allegations of paragraphs 1 through 65 and 67 through 80 of Counts One through Eight of this indictment are realleged here.

2. From in or about March 1999 through in or about September 2004, in the Eastern District of Pennsylvania and elsewhere, defendant

ROBERT BRADBURY

willfully, by the use of the means and instrumentalities of interstate commerce and the mails, in the offer and sale of securities, namely, the DCGA and HGA Whitetail bond anticipation notes, directly and indirectly, (a) used and employed a device, scheme and artifice to defraud, (b) obtained money and property by means of untrue statements of material facts and omissions to state material facts necessary in order to make statements made, in the light of the circumstances under which they were made, not misleading, and (c) engaged in transactions, practices and ourses of business which operated as a fraud and deceit upon the school districts that purchased the DCGA and HGA Whitetail notes.

In violation of Title 15, United States Code, Sections 77q(a) and 77x.

A TRUE BILL:

_____
GRAND JURY FOREPERSON

_____
PATRICK L. MEEHAN
United States Attorney