

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. <u>10-</u>
v.	:	DATE FILED: <u>November 4, 2010</u>
ROBERT STINSON JR.	:	VIOLATIONS:
	:	18 U.S.C. § 1343 (wire fraud - 5 counts)
	:	18 U.S.C. § 1341 (mail fraud - 4 counts)
	:	18 U.S.C. § 1957 (money laundering - 9
	:	counts)
	:	18 U.S.C. § 1344 (bank fraud - 1
	:	count)
	:	26 U.S.C. § 7206 (filing false tax
	:	returns - 3 counts)
	:	18 U.S.C. § 1505 (obstruction of justice
	:	- 2 counts)
	:	18 U.S.C. § 1001 (false statements to
	:	the federal government- 2 counts)
	:	18 U.S.C. § 2 (aiding and abetting)
	:	Notice of forfeiture

INDICTMENT

COUNTS ONE THROUGH FIVE

THE GRAND JURY CHARGES THAT:

BACKGROUND

At all times material to this indictment:

1. Defendant ROBERT STINSON JR. claimed to operate several real estate hedge funds. In fact, defendant STINSON executed a “Ponzi” scheme, obtaining millions of dollars from investors and diverting much of these funds for his own benefit and to perpetuate the scheme.

2. Defendant ROBERT STINSON JR., and S.S. and D.B., formed Life’s Good Inc. (“Life’s Good”), and Keystone State Corporation (“Keystone”), to operate the hedge

funds. Defendant STINSON stole at least \$17 million from more than 260 investors. Defendant STINSON falsely told investors that the hedge funds made short-term commercial mortgage loans, when defendant STINSON diverted the money for his own use.

THE SCHEME

3. From in or about September 2006 to in or about June 2010, defendant

ROBERT STINSON JR.

devised and intended to devise a scheme to defraud, and to obtain money by means of false and fraudulent pretenses, representations, and promises.

MANNER AND MEANS

It was a part of the scheme that:

4. In 2006, using Life's Good, defendant ROBERT STINSON JR. began soliciting individuals to invest in real estate hedge funds. In marketing materials, defendant STINSON falsely claimed to have degrees from the Massachusetts Institute of Technology and Pennsylvania State University and a long history of employment in currency trading, investment management, and other businesses. Defendant STINSON concealed that he had been convicted of fraud numerous times, permanently enjoined by the United States Securities and Exchange Commission ("SEC") from engaging in securities fraud, and had twice filed for bankruptcy.

5. Defendant ROBERT STINSON JR. described Life's Good as the "portfolio manager" and "fund manager" for the hedge funds and said Keystone was the funds' financial consultant and administrator. Defendant STINSON hired numerous employees to work at Life's Good, Keystone, and other companies to perpetuate the fraud, but did not tell them about the fraudulent nature of the hedge funds.

6. Defendant ROBERT STINSON JR. claimed to operate at least four funds, including: (a) the “Life’s Good S.T.A.B.L. Mortgage Fund, LLC;” (b) the “Life’s Good Capital Growth Fund, LLC;” (c) the “Life’s Good High Yield Mortgage Fund, LLC;” and (d) the “Life’s Good I.A. Capital Fund, LLC.” In an “offering memorandum,” defendant STINSON promised annual returns of between ten and 16 percent for the funds.

7. Defendant ROBERT STINSON JR. solicited individuals in various ways, including in telephone calls using telemarketers and through investment advisors. Defendant STINSON paid telemarketers commissions based on the amount of investor funds they obtained. Defendant STINSON directed telemarketers to claim that the funds returned up to 16 percent annually, that the funds’ investments were secured by first mortgages on real estate, and that the funds would not lose money because they could repossess the collateral and sell it at a profit.

8. Defendant ROBERT STINSON JR. directed employees to send fraudulent monthly statements to investors reflecting purported growth in their investments.

9. Defendant ROBERT STINSON JR. also used self-directed Individual Retirement Account (“IRA”) companies to solicit investors for the funds. Self-directed IRA companies, or IRA custodians as they are also commonly called, allow individuals with IRAs to invest in nontraditional investments such as real estate, personal loans, private businesses, and hedge funds.

10. In 2007, defendant ROBERT STINSON JR. gave an online presentation as part of a webinar sponsored by an IRA custodian. This presentation and a corresponding PowerPoint presentation were publicly available on the IRA custodian’s website. During the webinar, defendant STINSON falsely stated that “every single dollar” of one of the hedge funds

was invested in real estate and was responsible for “400-something homes,” and that his funds “have funded millions of dollars in real estate rehab and improvements as well as saved over 1,500 families from foreclosure free of charge.”

11. Defendant ROBERT STINSON JR. entered into arrangements with investment advisers to solicit new investors and gave the investment advisers fraudulent financial statements for 2007 and 2008 to aid them in soliciting new investors. Defendant STINSON paid the investment advisers a commission of between five and 10 percent of investments obtained.

12. Defendant ROBERT STINSON JR. created several false documents to use to solicit investors, including a January 2009 “annual report.” The report falsely stated that it contained audited financial statements for 2007 and 2008. The report further falsely claimed that the funds made loans of more than \$34 million in 2008 and \$19 million in 2007. The report falsely stated that the funds had 91 loans outstanding secured by properties in four states and had an annual interest rate of 19 percent. The report included a fictitious report and certification of an independent registered public accounting firm.

13. Defendant ROBERT STINSON JR. deceived a well-known hedge fund rating company into listing one of the funds in its index of hedge funds. Based on defendant STINSON’s false statements, in or about 2010, the rating company listed one of the funds as a top performing hedge funds, which defendant STINSON cited to prospective investors.

14. Rather than use the investor funds as promised, defendant ROBERT STINSON JR. used the funds to pay himself and his family members and buy expensive cars, meals, and vacations, and pay his personal expenses; hire friends and relatives and pay them for doing little or no work; invest in failed businesses; and perpetuate the scheme by paying some

investors “dividends.”

15. Some investors chose to receive quarterly dividends. Defendant ROBERT STINSON JR. paid these quarterly dividends with money he received from new investors.

16. On or about each of the dates set for below, in the Eastern District of Pennsylvania, defendant

ROBERT STINSON JR.,

for the purpose of executing the scheme described above, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

COUNT	DATE	DESCRIPTION
One	November 7, 2007	Video webinar and accompanying PowerPoint presentation posted on the internet in Pennsylvania, and accessed by potential investors throughout the United States.
Two	March 28, 2008	Email message sent from Pennsylvania to an investor, C.B., in Boise, Idaho, containing fraudulent statements about the Life’s Good funds.
Three	March 11, 2010	Email message sent from Life’s Good in Pennsylvania to an investment advisor in Colorado containing false information meant to be used to solicit investors for the Life’s Good funds.
Four	April 16, 2010	Wire transfer of approximately \$31,500 from Life’s Good’s STABL Fund bank account in Pennsylvania to an investment advisor’s bank account in Colorado representing commissions owed to the investment advisor for soliciting investments in the Life’s Good funds.

Five	May 24, 2010	Email message sent from Pennsylvania to IRA Services in California facilitating investor M.C.'s investment of approximately \$290,100 in the Life's Good funds.
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All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS SIX THROUGH NINE

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs One through 15 of Counts One through Five of this indictment are incorporated here.

2. From in or about September 2006, through in or about June 2010, defendant

ROBERT STINSON JR.

devised and intended to devise a scheme to defraud and to obtain money by means of false and fraudulent pretenses, representations and promises.

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

ROBERT STINSON JR.,

for the purpose of executing the scheme described in Counts One through Five, and aiding and abetting its execution, deposited and knowingly caused to be delivered by United States Mail or commercial interstate carrier according to the directions thereon the items listed below, each mailing constituting a separate count:

COUNT	DATE	DESCRIPTION
Six	June 9, 2009	Letter sent from Philadelphia to investor F.M. in Oakdale, California, soliciting an investment in Life's Good, and containing the 2008 Annual Report.

Seven	February 2, 2010	Letter sent from Philadelphia to investors C.R. and N.R. in Vienna, Virginia, containing documents relating to C.R.'s investment of approximately \$149,800 in Life's Good funds.
Eight	March 23, 2010	Letter sent from Philadelphia to IRA Services in San Carlos, California, containing documents relating to B.G.'s investment of approximately \$155,900 in Life's Good funds.
Nine	May 6, 2010	Letter sent from Philadelphia to investors C.R. and N.R. in Vienna, Virginia, containing documents relating to C.R.'s investment of approximately \$57,300 in Life's Good funds.

All in violation of Title 18, United States Code, Sections 1341 and 2.

COUNTS TEN THROUGH EIGHTEEN

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs One through 15 of Counts One through Five of this indictment are incorporated here.

2. In furtherance of the scheme to defraud alleged in Counts One through Nine of this indictment, defendant ROBERT STINSON JR. transferred funds, entrusted to him by investors, to his personal bank accounts, and also used these funds to purchase two Mercedes Benz automobiles for approximately \$67,000 and \$73,000, respectively.

3. On or about the dates set forth below, in the Eastern District of Pennsylvania, defendant

ROBERT STINSON JR.

knowingly engaged in, and aided, abetted, and willfully caused, monetary transactions affecting interstate commerce in criminally derived property of a value greater than \$10,000, described more fully below, and such property was derived from a specified unlawful activity, that is mail and wire fraud, in violation of Title 18, United States Code, Sections 1341, 1343:

COUNT	DATE	DESCRIPTION
Ten	January 11, 2007	Check for \$19,000 drawn on the Life's Good STABL Mortgage Fund account ending in 0101, that defendant STINSON deposited into his personal bank account.
Eleven	May 30, 2007	Check for \$20,000 drawn on the Life's Good account ending in 5027, that defendant STINSON deposited into his personal bank account.
Twelve	July 31, 2007	Withdrawal of \$75,000 from the Life's Good STABL Mortgage Fund account ending in 0101, \$30,000 of which defendant STINSON deposited into his personal bank account.

Thirteen	May 19, 2008	Withdrawal of \$20,000 from the Life's Good STABL Mortgage Fund account ending 0101, which defendant STINSON deposited into his personal bank account.
Fourteen	January 28, 2009	Withdrawal of \$70,000 from the Life's Good account ending in 5027, \$30,000 of which defendant STINSON deposited into his personal bank account.
Fifteen	June 12, 2009	Withdrawal of \$11,000 from the Life's Good High Yield Mortgage Fund account ending in 4670, which defendant STINSON deposited into his personal bank account.
Sixteen	August 25, 2009	Withdrawal of \$24,000 from the Life's Good STABL Mortgage Fund account ending 0101, \$20,000 of which defendant STINSON deposited into his personal bank account.
Seventeen	May 8, 2010	Issuance of a cashier's check for \$68,483.50 from TD Bank using Life's Good funds that was then used to purchase a Mercedes Benz.
Eighteen	May 19, 2010	Check for \$66,043.20 drawn on defendant STINSON's personal bank account using Life's Good funds that defendant STINSON used to purchase a Mercedes Benz.

All in violation of Title 18, United States Code, Sections 1957 and 2.

COUNT NINETEEN

THE GRAND JURY FURTHER CHARGES THAT:

1. At all times material to this indictment Wells Fargo Bank, N.A., was a financial institution, the deposits of which were insured by the Federal Deposit Insurance Corporation, certificate no. 3511.

2. On or about May 10, 2006, in the Eastern District of Pennsylvania, defendant

ROBERT STINSON JR.

knowingly executed, and attempted to execute, a scheme to defraud Wells Fargo Bank, N.A., (“the bank”) and to obtain monies owned by and under the care, custody, and control of that bank by means of false and fraudulent pretenses, representations, and promises

THE SCHEME

It was part of the scheme that:

3. In 2006, defendant ROBERT STINSON JR. applied for a mortgage loan from the bank for the property known as 58 Main Street, Chesterbrook, Pennsylvania 19087.

4. In support of his application, defendant STINSON supplied false financial documents, including a fraudulent 2005 W-2 and a 2006 pay stub from “the Fountain Works Foundation,” a company owned and controlled by defendant STINSON, showing income of more than \$75,000 per year. Defendant STINSON manufactured the documents to use in the loan application and did not earn a salary from Fountain Works Foundation in 2005 and 2006.

All in violation of Title 18, United States Code, Section 1344.

COUNT TWENTY

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs One through 15 of Counts One through Five of this indictment are incorporated here.

2. On or about June 4, 2007, in the Eastern District of Pennsylvania, defendant

ROBERT STINSON JR.,

resident of Pennsylvania, who during calendar year 2006 was married, willfully made and subscribed a United States income tax return, Form 1040, for the calendar year 2006, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Director, Internal Revenue Service Center, at Philadelphia, Pennsylvania, which defendant STINSON did not believe to be true and correct as to every material matter, in that the return reported adjusted gross income of \$5,799.73 when, as defendant STINSON knew, that his adjusted gross income was substantially more.

In violation of Title 26, United States Code, Section 7206(1).

COUNT TWENTY-ONE

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs One through 15 of Counts One through Five of this indictment are incorporated here.

2. On or about May 5, 2008, in the Eastern District of Pennsylvania, defendant

ROBERT STINSON JR.,

resident of Pennsylvania, who during calendar year 2007 was married, willfully made and subscribed a United States income tax return, Form 1040, for the calendar year 2007, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Director, Internal Revenue Service Center, at Philadelphia, Pennsylvania, which defendant STINSON did not believe to be true and correct as to every material matter, in that the return reported adjusted gross income of \$4,823.00 when, as defendant STINSON knew, that his adjusted gross income was substantially more.

In violation of Title 26, United States Code, Section 7206(1).

COUNT TWENTY-TWO

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs One through 15 of Counts One through Five of this indictment are incorporated here.

2. On or about May 25, 2009, in the Eastern District of Pennsylvania, defendant

ROBERT STINSON JR.,

resident of Pennsylvania, who during calendar year 2008 was married, willfully made and subscribed a United States income tax return, Form 1040, for the calendar year 2008, which was verified by a written declaration that it was made under the penalty of perjury and filed with the Director, Internal Revenue Service Center, at Philadelphia, Pennsylvania, which defendant STINSON did not believe to be true and correct as to every material matter, in that the return reported adjusted gross income of \$32,130.78 when, as defendant STINSON knew, that his adjusted gross income was substantially more.

In violation of Title 26, United States Code, Section 7206(1).

COUNT TWENTY-THREE

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs One through 15 of Counts One through Five of this indictment are incorporated here.

2. On or about June 29, 2010, federal agents executed search warrants at numerous properties owned or used by defendant ROBERT STINSON JR. After the agents began conducting these search warrants, defendant STINSON undertook numerous bank transactions to keep the agents from seizing stolen funds, including:

a. at approximately 12:06 p.m., defendant STINSON wired \$5,000 from the Life's Good STABL Fund account at TD Bank to a Life's Good STABL Fund account at Republic First Bank;

b. at approximately 12:06 p.m., defendant STINSON wired \$50,000 from the Life's Good STABL Fund account at TD Bank to a Life's Good account at Bank of America;

c. at approximately 12:49 p.m., defendant STINSON wired \$50,000 from the Life's Good STABL Fund account at TD Bank to a Life's Good account at Bank of America;

d. at approximately 1:07 p.m., defendant STINSON wired \$20,000 from the Life's Good STABL Fund account at TD Bank to a Life's Good account at Bank of America; and

e. defendant STINSON wired \$100,000 from a Life's Good account at Bank of America to an account held by P.M.

3. On or about June 29, 2010, in Philadelphia, in the Eastern District of Pennsylvania, defendant

ROBERT STINSON JR.

corruptly influenced, obstructed, and impeded, and endeavored to influence, obstruct, and impede, the due and proper administration of the law, under a pending proceeding before a department or agency of the United States, that is, the ongoing federal investigation by the Federal Bureau of Investigation, the United States Postal Inspection Service, and the Internal Revenue Service, into his illegal activities by knowingly causing Bank of America to wire \$100,000 from a bank account he controlled to a bank account controlled by P.M.

In violation of Title 18, United States Code, Section 1505.

COUNT TWENTY-FOUR

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs One through 15 of Counts One through Five of this indictment are incorporated here.

2. On or about June 29, 2010, in Philadelphia, in the Eastern District of Pennsylvania, defendant

ROBERT STINSON JR.

corruptly influenced, obstructed, and impeded, and endeavored to influence, obstruct, and impede, the due and proper administration of the law, under a pending proceeding before a department or agency of the United States, that is, the ongoing federal investigation by the Federal Bureau of Investigation, the United States Postal Inspection Service, and the Internal Revenue Service, into his illegal activities by knowingly calling M.R., a person known to the grand jury, on the telephone, and telling M.R. to send money owed to Life's Good, directly to defendant STINSON.

In violation of Title 18, United States Code, Section 1505.

COUNT TWENTY-FIVE

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs One through 15 of Counts One through Five of this indictment are incorporated here.

2. On or about July 19, 2010, in Philadelphia, in the Eastern District of Pennsylvania, defendant

ROBERT STINSON JR.,

in a matter within the jurisdiction of the Federal Bureau of Investigation, the United States Postal Service, and the Internal Revenue Service, agencies of the executive branch of the United States, knowingly and willfully made materially false, fictitious, and fraudulent statements and representations in that defendant STINSON stated that he told G.G., a person known to the grand jury, to destroy copies of the 2008 annual report and not to send the document to investors and potential investors in 2009.

In violation of Title 18, United States Code, Section 1001.

COUNT TWENTY-SIX

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs One through 15 of Counts One through Five of this indictment are incorporated here.

2. On or about July 19, 2010, in Philadelphia, in the Eastern District of Pennsylvania, defendant

ROBERT STINSON JR.,

in a matter within the jurisdiction of the Federal Bureau of Investigation, the United States Postal Service, and the Internal Revenue Service, agencies of the executive branch of the United States, knowingly and willfully made materially false, fictitious, and fraudulent statements and representations in that defendant STINSON stated that Life's Good and its subsidiary First Commonwealth made at least 10 mortgage loans in 2007, approximately 20 in 2008, and at least 10 in 2009.

In violation of Title 18, United States Code, Section 1001.

NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Sections 1001, 1341, 1343, and 1957 set forth in this indictment, defendant

ROBERT STINSON JR.

shall forfeit to the United States of America any property, real or personal, that constitutes or is derived from proceeds traceable to the commission of such offenses, including, but not limited to the following:

- (a) \$17.6 million;
- (b) a Mercedes Benz, Model GL350BTC, VIN 4JGBF2FE7AA601693; and
- (c) a Mercedes Benz, Model S550V4, VIN WDDNG86X67A121226.

2. If any of the property subject to forfeiture, 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;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b) and Title 28, United States Code, Section 2461(c), both incorporating Title 21, United States Code,

Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 28, United States Code, Section 2461, and Title 18, United States Code, Sections 981(a)(1)(C) and 982(a)(2).

A TRUE BILL:

GRAND JURY FOREPERSON

ZANE DAVID MEMEGER
United States Attorney