

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

UNITED STATES OF AMERICA	: CRIMINAL NO. : _____
v.	: _____
BRUCE H. GARDNER	: VIOLATIONS:
MICHAEL S. GARDNER	: 18 U.S.C. § 371
IRENE GARDNER	: (conspiracy to commit wire fraud
	: - 1 count)
	: 18 U.S.C. § 371
	: (conspiracy to commit mail and wire
	: fraud - 1 count)
	: 18 U.S.C. § 1341
	: (mail fraud - 2 counts)
	: 18 U.S.C. § 1343
	: (wire fraud - 9 counts)
	: 18 U.S.C. § 2 (aiding and abetting)
	: Notice of forfeiture

INDICTMENT

COUNT ONE

(Conspiracy to Defraud Purchaser of Business)

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

THE COMMERCIAL INSURANCE BUSINESS

1. Small businesses typically have a need for commercial liability, auto, and workers' compensation insurance. The amount of money required to pay, in advance, the annual premiums for these insurance policies is often more than a small business can afford. Therefore, small businesses often use a premium finance company to finance the amount of their insurance premium(s).

2. Insurance companies that insure small businesses typically do not deal with the businesses directly. Therefore, small businesses frequently work with insurance brokers. The role of the broker is to obtain quotes from insurance companies for policy premiums, and quotes from finance companies for financing the policy premiums, on behalf of their small business clients, and to present these options to their clients. In the insurance industry, the broker is supposed to be an advocate for the insured by obtaining the best premiums and by explaining to their clients the policies and the workings of the insurance process.

3. After quotes are obtained and financing is secured by the broker, the small business (the “insured”) selects a policy and typically pays the broker a down payment for the policy. An insurance broker is generally authorized to initiate an insurance policy (referred to in the industry as “binding the policy”) for its insured on behalf of the insurance companies with which that broker works. Sometimes small business insurance policies are bound with, and sometimes they are bound without, submission to the insurance company of a down payment.

4. If the small business is financing its insurance premiums, the finance company may have an arrangement with the broker under which the finance company does not pay the insurance premium directly to the insurance company. Instead, the finance company may agree to remit to the broker the entire amount of the insurance policy premium that is to be financed (i.e. the amount of the insurance policy premium minus any down payment paid by the insured). The broker is then supposed to remit the amount of the premium to the insurance company, minus any administrative fees and the commission earned by the broker. When an insurance premium has been financed, the small business is generally supposed to remit its monthly insurance payments directly to the finance company (i.e. not through the broker).

5. Sometimes, an insurance broker works with an insurance wholesaler.

Typically this occurs when the small business is a “high risk” insured, such as a roofing contractor. When an insurance wholesaler is in the picture, the broker typically remits payment for the policy to the wholesaler. The wholesaler then remits payment to the insurance company (minus the wholesaler’s commission).

6. The client’s down payment and the proceeds of the client’s financing are

funds that have been provided to the broker for the express purpose of purchasing insurance for the client. The broker is never authorized to divert that money to other purposes as it belongs not to the broker but to the client.

GARDNER FINANCIAL SERVICES

7. Gardner Financial Services, Inc. (“Gardner Financial”) was a Pennsylvania

corporation. It held Resident Producer Agency License No. 56458 issued by the Insurance Department of the Commonwealth of Pennsylvania. In December 2006, the assets of Gardner Financial were sold to Kramer Financial Services, Inc. (“Kramer Financial”), an outside company owned and operated by several related individuals, including the person identified here as S.K.

8. Up until the time of its sale in December 2006, Gardner Financial

transacted business as an insurance brokerage firm whose principal places of business were at 283 Second Street Pike, Suite 100, Southampton, Pennsylvania 18966 and 9887 Verree Road, Philadelphia, Pennsylvania 19115.

THE PRINCIPALS OF GARDNER FINANCIAL

9. Defendant BRUCE H. GARDNER was a resident of Richboro,

Pennsylvania. He was the 75% owner of Gardner Financial. BRUCE H. GARDNER held

Individual Resident Producer License No. 280589 and Resident Surplus Lines License No. 318168 issued by the Insurance Department of the Commonwealth of Pennsylvania. As such, he was licensed to carry on the business of brokering and selling insurance. He did so through Gardner Financial at least until the sale of Gardner Financial's assets to Kramer Financial in December 2006.

10. As a result of complaints from insureds, premium finance companies, and insurance companies, on January 12, 2007, the Pennsylvania Department of Insurance revoked Bruce Gardner's license to sell insurance.

11. Defendant MICHAEL S. GARDNER was a resident of Philadelphia, Pennsylvania. He was the 25% owner of Gardner Financial. MICHAEL S. GARDNER held Pennsylvania insurance license no. 363233 for casualty, life, fixed annuities, accident and health issued by the Insurance Department of the Commonwealth of Pennsylvania. As such, he was licensed to carry on the business of brokering and selling insurance. He did so through Gardner Financial at least until the sale of Gardner Financial's assets to Kramer Financial in December 2006. MICHAEL S. GARDNER was responsible for the financial aspects of the business of Gardner Financial, including the securing of financing agreements for Gardner Financial's clients.

12. Defendant IRENE GARDNER was a resident of Richboro, Pennsylvania and was the wife of defendant BRUCE H. GARDNER. Defendant IRENE GARDNER worked as the office manager of Gardner Financial at least until the sale of Gardner Financial's assets to Kramer Financial in December 2006. She held license no. 350790 for property, casualty, life, accident and health issued by the Insurance Department of the Commonwealth of Pennsylvania.

As such, she was licensed to carry on the business of brokering and selling insurance. She did so through Gardner Financial at least until the sale of Gardner Financial's assets to Kramer Financial in December 2006.

THE OPERATION OF GARDNER FINANCIAL

13. Defendants BRUCE H. GARDNER, IRENE GARDNER and MICHAEL S. GARDNER used Gardner Financial to divert, misapply, and misappropriate the funds of Gardner Financial's clients. BRUCE H. GARDNER, IRENE GARDNER and MICHAEL S. GARDNER did so by: (i) providing quotes to clients for clients' insurance needs; (ii) binding insurance policies for their clients; (iii) accepting funds directly from clients and on clients' behalf from finance companies in order to pay for the insurance policies that had been bound; and (iv) failing to remit to insurance wholesale companies and insurance companies the funds that they had collected on their clients' behalf.

14. Defendants BRUCE H. GARDNER, IRENE GARDNER and MICHAEL S. GARDNER used Gardner Financial to divert, misapply, and misappropriate the funds of Gardner Financial's clients. BRUCE H. GARDNER, IRENE GARDNER and MICHAEL S. GARDNER did so by obtaining financing agreements for clients, with or without those clients' knowledge and consent, and failing to remit to those clients' insurance companies and/or insurance wholesale companies the funds that they had obtained from those financing agreements.

Client East Coast Networks

15. On or about April 21, 2006, defendant MICHAEL S. GARDNER executed a finance agreement on behalf of East Coast Networks ("East Coast") with Broadway

Premium Funding Corp. (“Broadway”) in the amount of \$56,856 in order to finance a general liability insurance policy for East Coast Networks with American Safety Insurance Company, through wholesaler AD Carlton Insurance. On or about April 24, 2006, Broadway transferred \$56,856 to Gardner Financial’s bank account for the purpose of paying for East Coast’s insurance policy.

16. Notwithstanding the transfer of funds to Gardner Financial by Broadway, Gardner Financial never made payment to wholesaler AD Carlton, which never bound a policy for East Coast. Gardner Financial never returned to Broadway the \$56,856 advanced to it in order to purchase the East Coast Policy. Defendants BRUCE H. GARDNER and MICHAEL S. GARDNER failed to pay for the insurance policy for East Coast, and misappropriated the funds provided by Broadway. On or about July 14, 2006, Broadway issued a notice of cancellation due to nonpayment.

17. On or about June 2, 2006, Gardner Financial directed wholesaler Benchmark Management Group, Inc., to bind a general liability insurance policy for East Coast with Scottsdale Insurance Company (“Scottsdale”). On or about June 30, 2006, Scottsdale issued a notice of cancellation due to nonpayment of the down payment.

18. On or about July 14, 2006, defendant MICHAEL S. GARDNER executed a finance agreement on behalf of East Coast with Liberty Premium Acquisition Corporation (“Liberty”) in the amount of \$43,190 in order to finance a general liability insurance policy for East Coast with Wellington Specialties Insurance Company (“Wellington”), through wholesaler Casualty Surety Insurance (“Casualty Surety”). On or about July 20, 2006, Liberty

transferred \$43,190 into Gardner Financial's bank account for the purpose of paying for East Coast's insurance policy.

19. Notwithstanding the transfer of funds to Gardner Financial by Liberty, Gardner Financial never made payment to wholesaler Casualty Surety. Gardner Financial never returned to Liberty the \$43,190 advanced to it in order to purchase the East Coast Policy. Defendants BRUCE H. GARDNER and MICHAEL S. GARDNER failed to pay for the insurance policy for East Coast, and misappropriated the funds provided by Liberty. On or about September 22, 2006, Wellington issued a notice of cancellation due to nonpayment of premium.

20. On or about November 17, 2006, defendant BRUCE GARDNER executed a finance agreement on behalf of East Coast with APPCO Finance Company ("APPCO") in the amount of \$63,882 in order to finance a general liability insurance policy for East Coast with Admiral Insurance Company ("Admiral"), through wholesaler Colemont Brokerage Group, Inc. On or about November 22, 2006, APPCO sent a check for \$63,659 to Gardner Financial via Federal Express, which was deposited into Gardner Financial's bank account. Although APPCO made payment to Gardner Financial for the amount financed, defendants BRUCE H. GARDNER and MICHAEL S. GARDNER failed to pay for the insurance policy for East Coast, and misappropriated the funds provided by APPCO. On or about January 17, 2007, Admiral issued a notice of cancellation due to nonpayment of premium.

Client Stone Brothers Construction Company

21. On or about February 9, 2006, defendant MICHAEL S. GARDNER executed a finance agreement on behalf of Stone Brothers Construction Company ("Stone Brothers") with Broadway in the amount of \$6,084 in order to finance general liability and

workers compensation insurance policies for Stone Brothers with Westfield Insurance Company. On or about February 10, 2006, Broadway transferred \$6,084 to Gardner Financial's bank account for the purpose of paying for Stone Brothers' insurance policy.

22. Notwithstanding the transfer of funds to Gardner Financial by Broadway, Gardner Financial never made payment to Westfield for these Stone Brothers insurance policies. Gardner Financial never returned to Broadway the \$6,084 advanced to it in order to purchase the Stone Brothers Policy. Defendants BRUCE H. GARDNER and MICHAEL S. GARDNER failed to pay for the insurance policy for Stone Brothers, and misappropriated the funds provided by Liberty. On or about June 2, 2006 and June 19, 2006, Broadway issued notices of cancellation due to nonpayment of financed amounts.

23. On or about August 7, 2006, defendant MICHAEL S. GARDNER executed a finance agreement on behalf of Stone Brothers with Liberty in the amount of \$2,378 in order to finance a general liability insurance policy for Stone Brothers with Landmark Insurance Company, through wholesaler Casualty Surety. On or about August 8, 2006, Liberty transferred \$2,378 to Gardner Financial's bank account for the purpose of paying for Stone Brothers' insurance policy.

24. Notwithstanding the transfer of funds to Gardner Financial by Liberty, Gardner Financial never made payment to wholesaler Casualty Surety. Gardner Financial never returned to Liberty the \$2,378 advanced to it in order to purchase the Stone Brothers Policy. Defendants BRUCE H. GARDNER and MICHAEL S. GARDNER failed to pay for the insurance policy for Stone Brothers, and misappropriated the funds provided by Liberty. On or

about October 9, 2006, Liberty issued a notice of cancellation due to the failure to make finance payments.

Client Keswick Landscaping

25. On or about August 10, 2005, Gardner Financial obtained for client Keswick Landscaping (“Keswick”) a commercial automobile insurance policy with Lincoln General Insurance Company (“Lincoln General”), through wholesaler GMI Insurance Services (“GMI”). The policy was effective through August 10, 2006.

26. On or about August 9, 2006, defendant MICHAEL S. GARDNER executed a finance agreement on behalf of Keswick with Liberty in the amount of \$5,944 in order to finance a renewal automobile insurance policy for Keswick with Lincoln General through wholesaler GMI Insurance Services (“GMI”). On or about August 14, 2006, Liberty transferred \$5,944 to Gardner Financial’s bank account for the purpose of paying for Keswick’s insurance policy.

27. Notwithstanding the transfer of funds to Gardner Financial by Liberty, Gardner Financial never made payment to wholesaler GMI. Gardner Financial never returned to Liberty the \$5,944 advanced to it in order to purchase the Keswick Policy. Defendants BRUCE H. GARDNER and MICHAEL S. GARDNER failed to pay for the insurance policy for Keswick, and misappropriated the funds provided by Liberty.

28. On or about December 1, 2006, defendant BRUCE H. GARDNER executed a finance agreement for Keswick with APPCO in the amount of \$3,604 in order to finance a general liability insurance policy for Keswick with Colony Insurance Company (“Colony”), through wholesaler Russell Bond Insurance. On or about December 4, 2006,

APPCO issued a check in the amount of \$3,592 to Gardner Financial for the purpose of paying for Keswick's insurance policy, which it sent from Miami, Florida to Gardner Financial in Pennsylvania by Federal Express or U.S. Mail. APPCO's check was deposited into Gardner Financial's bank account on or about December 11, 2006.

29. Although APPCO made payment to Gardner Financial for the amount financed, Gardner Financial never obtained an insurance policy for Keswick with Colony. Gardner Financial never returned to APPCO the \$3,592 advanced to it in order to purchase the Keswick Policy. Defendants BRUCE H. GARDNER and MICHAEL S. GARDNER failed to pay for the insurance policy for Keswick, and misappropriated the funds provided by APPCO.

Client Daddy and Daughter Home Improvement

30. On or about March 25, 2006, defendant MICHAEL S. GARDNER executed a finance agreement on behalf of Daddy and Daughter Home Improvement ("Daddy & Daughter") with Broadway in the amount of \$2,937 in order to finance a general liability insurance policy for "Daddy & Daughter with Western World Insurance Company ("Western World"), through wholesaler Insurance Markets, Inc. ("Insurance Markets"). On or about March 27, 2006, Broadway transferred \$2,937 to Gardner Financial's bank account for the purpose of paying for the Daddy & Daughter insurance policy.

31. On or about March 23, 2006, before defendant MICHAEL S. GARDNER executed the finance agreement on behalf of Daddy & Daughter with Broadway, Insurance Markets informed defendant BRUCE H. GARDNER by telefacsimile and U.S. Mail that it would not be able to bind the quoted insurance policy for Daddy & Daughter.

32. Although Broadway made payment for the amount financed to Gardner Financial, defendants BRUCE H. GARDNER and MICHAEL S. GARDNER failed to obtain an insurance policy for Daddy & Daughter, and misappropriated the funds provided by Broadway. On or about March 30, 2006, Broadway learned that Western World did not have an insurance policy in force for Daddy & Daughter and that Insurance Markets no longer had a business relationship with Gardner Financial. Broadway immediately demanded that Gardner Financial return the funds provided by Broadway. After Broadway made this demand, BRUCE H. GARDNER returned the funds that had been misappropriated.

33. On or about April 4, 2006, defendant MICHAEL S. GARDNER executed a finance agreement on behalf of Daddy & Daughter with NCMIC Finance Company in the amount of \$1,998 in order to finance a general liability insurance policy for Daddy & Daughter with US Underwriters Insurance Company, through wholesaler Morstan General Insurance. On or about April 5, 2006, NCMIC transferred \$1,998 to Gardner Financial's bank account for the purpose of paying for Daddy & Daughter's insurance policy.

34. Although NCMIC made payment for the amount financed to Gardner Financial, Gardner Financial failed to pay for the insurance policy for Daddy & Daughter with US Underwriters. Defendants BRUCE H. GARDNER and MICHAEL S. GARDNER did not return the advanced funds to NCMIC and misappropriated the funds provided by NCMIC.

35. On or about September 8, 2006, defendant MICHAEL S. GARDNER executed a finance agreement on behalf of Daddy & Daughter with Liberty in the amount of \$2,413 in order to finance a general liability insurance policy for Daddy & Daughter with Wellington through wholesaler Casualty Surety. On or about September 11, 2006, Liberty

transferred \$2,413.84 to Gardner Financial's bank account for the purpose of paying for the Daddy & Daughter insurance policy.

36. Casualty Surety advanced to Wellington the premium necessary to purchase the insurance policy for Daddy & Daughter. Although Liberty made payment to Gardner Financial for the amount financed, Gardner Financial failed to pay for the insurance policy with Wellington for Daddy & Daughter. Defendants BRUCE H. GARDNER and MICHAEL S. GARDNER did not return the \$2,413 to Liberty, and misappropriated the funds provided by Liberty.

37. On September 22, 2006, Casualty Surety, acting on behalf of Wellington, issued a notice that the Daddy & Daughter insurance policy would be terminated effective October 23, 2006 for non-payment of premium. A copy of that notice was mailed to Gardner Financial at its Southampton, Pennsylvania address.

38. Notwithstanding the fact that the defendants BRUCE H. GARDNER and MICHAEL S. GARDNER had not paid for the Wellington insurance policy for Daddy & Daughter, and notwithstanding the fact that the Wellington insurance policy for Daddy & Daughter had been terminated effective October 23, 2006, on or about November 3, 2006, Gardner Financial transmitted by telefacsimile to Lowes in Pennsylvania a certificate of insurance representing to Lowes that the Wellington policy for Daddy & Daughter was in force and effect.

39. On or about November 13, 2006, Lowes in Pennsylvania transmitted that certificate by telefacsimile to Lowes headquarters in Wilksboro, North Carolina.

THE SALE OF GARDNER FINANCIAL

40. Beginning in about 2005, the Pennsylvania Insurance Department (the “Department”) began to receive complaints from clients, insurance companies, and premium finance companies about Gardner Financial. These complaints alleged that Gardner Financial was obtaining financing and binding insurance policies for clients, but was not remitting the funds that it received to the insurance companies. As a result, after a period of time, the insurance companies cancelled the policies, leaving clients uninsured but still obligated to repay their finance companies. Clients further complained that Gardner Financial was applying for new insurance policies and submitting new financing agreements in their names without their consent or approval.

41. The Department began an investigation. That investigation included contact with defendant BRUCE H. GARDNER in which the Department apprised him of the nature of the complaints and offered him an opportunity to respond.

42. By November 7, 2006, the Department had concluded that, from 2004 to 2006, Gardner Financial “had accepted premium financing for at least 16 different clients for commercial liability insurance policies, and [had] failed to remit those funds to the insurance carriers involved.” The Department further concluded that once the insurance policies cancelled for failure to remit the financed premium, Gardner Financial “placed, or had placed, the non-genuine signatures of the insured to new applications without their knowledge or consent.” The Department determined that Gardner Financial had “failed to remit at least \$826,404 in accepted premium financing that was not forwarded to the respective insurance company that it was intended for.”

43. In view of its findings, the Department planned to seek the revocation of the insurance licenses of defendant BRUCE H. GARDNER and Gardner Financial. The revocation of Gardner Financial's insurance license would substantially diminish, if not entirely eliminate, the sales value of Gardner Financial.

44. Defendants BRUCE H. GARDNER, IRENE GARDNER and MICHAEL S. GARDNER sought to sell Gardner Financial in order to pay off their creditors and avoid the financial consequences of the revocation of Gardner Financial's insurance license. Several potential purchasers were interested in Gardner Financial in the summer and fall of 2006. In each case, however, the purchase fell through.

45. In December 2006, the Department agreed that if defendant BRUCE H. GARDNER could sell the assets of Gardner Financial in the immediate future, and would agree to relinquish his own insurance licenses, the Department would not revoke the insurance license of Gardner Financial in advance of a sale.

THE CONSPIRACY

46. From in or around September 2006 to in or around January 2007, in Southampton, in the Eastern District of Pennsylvania, and elsewhere, defendants **BRUCE H. GARDNER, MICHAEL S. GARDNER and IRENE GARDNER** conspired and agreed together and with others known and unknown to the grand jury, to commit an offense against the United States, that is, to knowingly devise a scheme to defraud S.K. and Kramer Financial, and to obtain money and property from them, by means of false and fraudulent

pretenses, representations and promises, and to use wire communications in interstate commerce to further the scheme to defraud, in violation of Title 18, United States Code, Section 1343.

MANNER AND MEANS

It was part of the conspiracy that:

47. Defendants BRUCE H. GARDNER, IRENE GARDNER and MICHAEL GARDNER agreed that BRUCE H. GARDNER would falsely represent to S.K. that Gardner Financial generated annual commission income of more than \$600,000, in order to induce S.K. and Kramer Financial to purchase the assets of Gardner Financial.

48. Based on the false representation that Gardner Financial generated annual commission income of more than \$600,000, S.K. agreed to have Kramer Financial pay more than \$900,000 for the assets of Gardner Financial.

49. Defendant BRUCE H. GARDNER agreed to provide S.K. with a listing of clients and in force insurance policies of Gardner Financial that would support the false representation that Gardner Financial generated annual commission income of more than \$600,000, in order to induce S.K. and Kramer Financial to purchase the assets of Gardner Financial.

50. Defendants BRUCE H. GARDNER and IRENE GARDNER directed employees of Gardner Financial, identified here as D.M. and K.C., to systematically alter the records of Gardner Financial to make it falsely appear that insurance policies that had expired or had been cancelled for non-payment were active and in force.

51. As directed by defendants BRUCE H. GARDNER and IRENE GARDNER, employees D.M and K.C. made dozens of changes to the computerized records of

Gardner Financial to make it falsely appear that insurance policies that had expired or had been cancelled for non-payment were active and in force. Among these changes were changes to client Keswick Landscaping, whose policy was changed from cancelled to active on October 27, 2006, and McMullen Roofing, whose policy was changed from cancelled to active on October 30, 2006.

52. Defendants BRUCE H. GARDNER and IRENE GARDNER directed employees of Gardner Financial, identified here as D.M. and K.C., to systematically remove cancellation notices from the hard-copy client files of Gardner Financial to make it falsely appear that insurance policies that had expired or had been cancelled for non-payment were still active and in force.

53. Knowing that the changes had been made to the records of Gardner Financial to make it falsely appear that insurance policies that had expired or had been cancelled for non-payment were active and in force, defendant BRUCE H. GARDNER provided S.K. with access to those records and represented that they accurately stated the financial condition of Gardner Financial.

54. Based on those false representations to S.K., Kramer Financial purchased the assets of Gardner Financial.

55. In order to consummate the transaction, counsel for defendant BRUCE H. GARDNER received and sent legal documents between Pennsylvania and New Jersey as attachments to electronic mail messages sent via the Internet.

OVERT ACTS

In furtherance of the conspiracy, defendants BRUCE H. GARDNER, IRENE GARDNER and MICHAEL S. GARDNER, and others known and unknown to the grand jury, committed the following overt acts, in the Eastern District of Pennsylvania and elsewhere:

1. On or about September 12, 2006, defendant MICHAEL S. GARDNER forwarded to S.K.'s son, G.K., an electronic mail message via the Internet from Philadelphia to Langhorn, Pennsylvania containing a nondisclosure agreement concerning the contemplated purchase of Gardner Financial, along with the instruction that the signed agreement was to be returned via telefacsimile. As directed, S.K. signed and returned the agreement.
2. On or before October 3, 2006, defendant BRUCE H. GARDNER provided to S.K. what purported to be a statement of Gardner Financial's active revenue, purporting to detail premium payments to Gardner Financial by insurance carrier. On or before October 11, 2006, defendant BRUCE H. GARDNER provided to S.K. what purported to be statements of profit and loss for Gardner Financial for 2004 and 2005.
3. On or about October 27, 2006, defendants BRUCE H. GARDNER and IRENE GARDNER instructed D.M. and K.C. to alter the records of Gardner Financial to make it falsely appear that insurance policies that had expired or had been cancelled for non-payment were active and in force.
4. On or about October 27, 2006, K.C. changed the computerized records of Gardner Financial to make it falsely appear that the business automobile insurance policy of client Keswick Landscaping, whose policy had become effective on July 2, 2005 and had expired on August 10, 2005, was still active and in force.

5. On or about October 30, 2006, K.C. changed the computerized records of Gardner Financial to make it falsely appear that the general liability insurance policy of client McMullen Roofing, whose policy had become effective on December 22, 2005 and had expired on February 2, 2006, was still active and in force.

6. On or about November 10, 2006, counsel for defendant BRUCE GARDNER received as an attachment to an electronic mail message via the internet a draft version of the Asset Purchase Agreement under which the assets of Gardner Financial were to be sold to Kramer Financial.

7. Between on or about November 10, 2006 and November 20, 2006, counsel for defendant BRUCE GARDNER sent a draft version of the Asset Purchase Agreement under which the assets of Gardner Financial were to be sold to Kramer Financial from New Jersey to Pennsylvania as an attachment to an electronic mail message via the internet.

8. Between on or about November 10, 2006 and November 20, 2006, counsel for defendant BRUCE GARDNER sent a package of legal documents including corporate minutes of Gardner Financial services, Inc. and the Asset Purchase Agreement under which the assets of Gardner Financial were to be sold to Kramer Financial from New Jersey to Pennsylvania as an attachment to an electronic mail message via the internet.

9. On or about November 20, 2006, defendant BRUCE H. GARDNER signed the Asset Purchase Agreement under which the assets of Gardner Financial were to be sold to Kramer Financial.

10. On or about December 8, 2006, defendants BRUCE H. GARDNER, IRENE GARDNER and MICHAEL S. GARDNER attended the closing of the sale of the assets of Gardner Financial to Kramer Financial.

All in violation of Title 18, United States Code, Section 371.

COUNTS TWO THROUGH THREE
(Wire Fraud involving the sale of Gardner Financial)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 45 of Count One are incorporated here.

THE SCHEME

2. From in or around September 12, 2006 to in or around December 8, 2006,
in Philadelphia and Southampton, defendants

**BRUCE H. GARDNER,
MICHAEL S. GARDNER and
IRENE GARDNER**

devised and intended to devise a scheme to defraud S.K. and Kramer Financial, and to obtain money and property from them, by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS

3. It was part of the scheme that defendants

**BRUCE H. GARDNER,
MICHAEL S. GARDNER and
IRENE GARDNER**

engaged in the manner and means described in paragraphs 47 through 55 of Count One of this indictment.

4. On or about each of the dates set forth below, in Philadelphia, in the Eastern District of Pennsylvania, and elsewhere, defendants

**BRUCE H. GARDNER,
MICHAEL S. GARDNER and
IRENE GARDNER,**

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

COUNT	DATE	DESCRIPTION
2.	Between November 10, 2006 and November 20, 2006	E-mail message via the Internet sent from counsel for defendant BRUCE H. GARDNER to BRUCE H. GARDNER attaching draft purchase and sale agreement for the assets of Gardner Financial.
3.	Between November 10, 2006 and November 20, 2006	E-mail message via the Internet sent from counsel for defendant BRUCE H. GARDNER to Gardner Financial attaching a package of legal documents including corporate minutes relating to the sale of the assets of Gardner Financial.

All in violation of Title 18, United States Code, Sections 1343, 1349 and 2.

COUNT FOUR
(Conspiracy to defraud clients, finance companies and insurers)

THE GRAND JURY FURTHER CHARGES THAT:

At all times material to this indictment:

THE COMMERCIAL INSURANCE BUSINESS

1. Paragraphs 1 through 5 of Count One are incorporated here.

GARDNER FINANCIAL SERVICES

2. Paragraphs 6 through 8 and 12 of Count One are incorporated here.

THE DEFENDANTS

3. Defendant BRUCE H. GARDNER was a resident of Richboro, Pennsylvania and was the 75% owner of Gardner Financial. BRUCE H. GARDNER held Individual Resident Producer License No. 280589 and Resident Surplus Lines License No. 318168 issued by the Insurance Department of the Commonwealth of Pennsylvania and was licensed to carry on the business of brokering and selling insurance. He did so through Gardner Financial until the sale of Gardner Financial's assets to Kramer Financial in December 2006.

4. As a result of complaints from insureds, premium finance companies, and insurance companies, on January 12, 2007, the Pennsylvania Department of Insurance revoked Bruce Gardner's license to sell insurance.

5. Defendant MICHAEL S. GARDNER was a resident of Philadelphia, Pennsylvania. He was the 25% owner of Gardner Financial. MICHAEL S. GARDNER held Pennsylvania insurance license no. 363233 for casualty, life, fixed annuities, accident and health issued by the Insurance Department of the Commonwealth of Pennsylvania. As such, he was

licensed to carry on the business of brokering and selling insurance. He did so through Gardner Financial at least until the sale of Gardner Financial's assets to Kramer Financial in December 2006. MICHAEL S. GARDNER was responsible for the financial aspects of the business of Gardner Financial, including the securing of financing agreements for Gardner Financial's clients.

THE CONSPIRACY

6. From in or around January 2006 to in or around January 2007, in Southampton, in the Eastern District of Pennsylvania, and elsewhere, defendants

BRUCE H. GARDNER and MICHAEL S. GARDNER

conspired and agreed together and with others known and unknown to the grand jury, to commit an offense against the United States, that is, to knowingly devise a scheme to defraud its clients, finance companies, insurance companies, and insurance wholesale companies, and to obtain money and property from them, by means of false and fraudulent pretenses, representations and promises, and to (a) use and cause to be used the United States mail, and private and commercial interstate carriers, to further the scheme to defraud, in violation of Title 18, United States Code, Section 1341; and (b) use and cause to be used wire communications in interstate commerce to further the scheme to defraud, in violation of Title 18, United States Code, Section 1343.

MANNER AND MEANS

It was part of the scheme that:

7. Defendant BRUCE H. GARDNER obtained, or directed employees of Gardner Financial to obtain, insurance quotations for clients of Gardner Financial from insurance

companies or insurance wholesale companies with which Gardner Financial had a business relationship.

8. Defendants BRUCE H. GARDNER and MICHAEL S. GARDNER used their authority as a licensed insurance broker to bind the insurance that had been quoted from the insurance companies or insurance wholesale companies with which Gardner Financial had a business relationship.

9. Defendant BRUCE H. GARDNER received, or directed employees of Gardner Financial to receive, down payments from clients of Gardner Financial for insurance that had been quoted by insurance companies or insurance wholesale companies with which defendant Gardner Financial had a business relationship.

10. Defendants BRUCE H. GARDNER and MICHAEL S. GARDNER executed finance agreements in the names of their clients with finance companies with which Gardner Financial had a business relationship for the purported purpose of paying premiums for insurance that had been quoted by insurance companies or insurance wholesale companies with which Gardner Financial had a business relationship.

11. The finance companies made payment to Gardner Financial for the purpose of paying premiums for the insurance that had been quoted for clients of Gardner Financial by insurance companies or insurance wholesale companies.

12. Defendants BRUCE H. GARDNER and MICHAEL S. GARDNER failed to pay for the insurance policies for which Gardner Financial's clients' down payments, and the funds provided by the finance companies on the clients' behalf, had been provided to Gardner Financial.

13. Defendants BRUCE H. GARDNER and MICHAEL S. GARDNER misappropriated the funds provided by clients of Gardner Financial and by finance companies on those clients' behalf.

14. Defendants BRUCE H. GARDNER and MICHAEL S. GARDNER received notices of cancellation of insurance issued by finance companies, insurance companies, and insurance wholesale companies due to the nonpayment of premiums and down payments on behalf of clients of Gardner Financial.

15. Defendant BRUCE H. GARDNER obtained, or directed employees of Gardner Financial to obtain, new quotations of insurance on behalf of clients of Gardner Financial from different insurance companies, and insurance wholesale companies in order to replace the clients' insurance that had been cancelled for nonpayment.

16. Based on those new quotations, defendants BRUCE H. GARDNER and MICHAEL S. GARDNER bound insurance policies on behalf of clients of Gardner Financial in order to replace the clients' insurance that had been cancelled for nonpayment, and executed new finance agreements in the names of those clients with different finance companies than those which had financed those clients' cancelled policies.

17. In this fashion, defendants BRUCE H. GARDNER and MICHAEL S. GARDNER obtained the money or property of at least 90 clients, 31 insurance companies and wholesale insurance companies, and six finance companies.

OVERT ACTS

In furtherance of the conspiracy, defendants BRUCE H. GARDNER and MICHAEL S. GARDNER, and others known and unknown to the grand jury, committed the

following overt acts, in the Eastern District of Pennsylvania and elsewhere:

1. On or about April 21, 2006, defendant MICHAEL S. GARDNER executed a finance agreement on behalf of East Coast Networks (“East Coast”) with Broadway Premium Funding Corp. (“Broadway”) in the amount of \$56,856 in order to finance a general liability insurance policy for East Coast Networks with American Safety Insurance Company, through wholesaler AD Carlton Insurance.

2. On or about April 25, 2006, Broadway transferred \$56,856 to Gardner Financial’s bank account by electronic funds transfer for the purpose of paying for East Coast’s insurance policy.

3. On or about June 2, 2006, Gardner Financial directed wholesaler Benchmark Management Group, Inc., to bind a general liability insurance policy for East Coast with Scottsdale Insurance Company (“Scottsdale”).

4. On or about July 14, 2006, defendant MICHAEL S. GARDNER executed a finance agreement on behalf of East Coast with Liberty Premium Acquisition Corporation (“Liberty”) in the amount of \$43,190 in order to finance a general liability insurance policy for East Coast with Wellington Specialties Insurance Company (“Wellington”), through wholesaler Casualty Surety Insurance (“Casualty Surety”).

5. On or about July 20, 2006, Liberty transferred \$43,190 into Gardner Financial’s bank account by electronic funds transfer for the purpose of paying for East Coast’s insurance policy.

6. On or about November 9, 2006, defendant BRUCE H. GARDNER transmitted by means of wire communication in interstate commerce from Gardner Financial’s

offices in Southampton, Pennsylvania to Colemont Insurance Brokers, in Farmington, Connecticut, an application for general liability insurance for East Coast. BRUCE H. GARDNER requested that the recipient, an individual whose identity is known to the grand jury and who is identified here as R.T., “Do your magic,” and said that BRUCE H. GARDNER needed it “ASAP.”

7. On or about November 15, 2006, R.T. transmitted by means of wire communication in interstate commerce from Colemont Insurance Brokers, in Farmington, Connecticut, to defendant BRUCE H. GARDNER at Gardner Financial’s offices in Southampton, Pennsylvania, a quote for general liability insurance for East Coast.

8. On or about November 17, 2006, Colemont Insurance Brokers, in Farmington, Connecticut, transmitted by means of wire communication in interstate commerce to defendant BRUCE H. GARDNER at Gardner Financial’s offices in Southampton, Pennsylvania an invoice for the East Coast insurance policy showing a total due of \$62,790 and a due date of no later than December 7, 2006.

9. On or about November 17, 2006, defendant BRUCE H. GARDNER executed a finance agreement on behalf of East Coast with APPCO Finance Company (“APPCO”) in the amount of \$63,882 in order to finance a general liability insurance policy for East Coast with Admiral Insurance Company (“Admiral”), through wholesaler Colemont Brokerage Group, Inc.

10. On or about November 22, 2006, APPCO sent a check for \$63,659 to Gardner Financial via Federal Express.

11. On or about November 28, 2006, Colemont Insurance Brokers, in Farmington, Connecticut, transmitted by means of wire communication in interstate commerce to defendant BRUCE H. GARDNER at Gardner Financial's offices in Southampton, Pennsylvania an electronic mail message containing the insurance policy number for the East Coast insurance policy.

12. On or about November 28, 2006, Irene Gardner transmitted by means of wire communication in interstate commerce from Gardner Financial's offices in Southampton, Pennsylvania to Russell Bond & Company, Inc. ("Russell Bond"), in Buffalo, New York, an application for general liability insurance for Keswick Landscaping.

13. On or about November 28, 2006, Irene Gardner transmitted by means of wire communication in interstate commerce an electronic mail message to Russell Bond asking for a breakdown of fees for the general liability insurance policy quoted for Keswick Landscaping.

14. On or about December 1, 2006, defendant BRUCE H. GARDNER executed a finance agreement on behalf of Keswick with APPCO in the amount of \$3,604 in order to finance a general liability insurance policy for Keswick with Colony Insurance Company ("Colony"), through wholesaler Russell Bond Insurance.

15. On or about December 4, 2006, APPCO issued a check in the amount of \$3,592 to Gardner Financial on account of the insurance policy for Keswick, which it sent from Miami, Florida to Gardner Financial in Pennsylvania by Federal Express or U.S. Mail. APPCO's check was deposited into Gardner Financial's bank account on or about December 11, 2006.

All in violation of Title 18, United States Code, Section 371.

COUNT FIVE
(Mail Fraud involving East Coast)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 8 and 15 through 20 of Count One are incorporated here.

THE SCHEME

2. From in or around April 2006 to in or around December 8, 2006, in Philadelphia and Southampton, defendants

**BRUCE H. GARDNER and
MICHAEL S. GARDNER**

devised and intended to devise a scheme to defraud client East Coast, finance company APPCO, insurance wholesale company Colemont, and insurance company Admiral, and to obtain money and property from them, by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS

3. It was part of the scheme that defendants

**BRUCE H. GARDNER and
MICHAEL S. GARDNER**

engaged in the manner and means described in paragraphs 7 through 17 of Count Four of this indictment.

THE MAILING

4. On or about November 22, 2006, in the Eastern District of Pennsylvania, and elsewhere, defendants

**BRUCE H. GARDNER and
MICHAEL S. GARDNER**

for the purpose of executing this scheme and attempting to do so, and aiding and abetting its execution, knowingly caused to be delivered by Federal Express, a commercial interstate carrier, a check in the amount of about \$63,658.50, from APPCO Finance Company (“APPCO”) in Doral, Florida to Gardner Financial in Southampton, Pennsylvania, representing the proceeds of a financing agreement executed for the benefit of East Coast Network.

All in violation of Title 18, United States Code, Sections 1341, 1349 and 2.

COUNTS SIX THROUGH NINE
(Wire Fraud involving East Coast)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 8 and 15 through 20 of Count One are incorporated here.

THE SCHEME

2. From in or around April 2006 to in or around December 8, 2006, in Philadelphia and Southampton, defendants

**BRUCE H. GARDNER and
MICHAEL S. GARDNER**

devised and intended to devise a scheme to defraud client East Coast, finance company APPCO, insurance wholesale company Colemont, and insurance company Admiral, and to obtain money and property from them, by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS

3. It was part of the scheme that defendants

**BRUCE H. GARDNER and
MICHAEL S. GARDNER**

engaged in the manner and means described in paragraphs 7 through 17 of Count Four of this indictment.

4. On or about each of the dates set forth below, in Philadelphia, in the Eastern District of Pennsylvania, and elsewhere, defendants

**BRUCE H. GARDNER and
MICHAEL S. GARDNER**

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

COUNT	DATE	DESCRIPTION
6.	November 9, 2006	Telefacsimile transmission from defendant BRUCE H. GARDNER to Colemont Insurance Brokers from Pennsylvania to Connecticut enclosing an insurance application for East Coast Network.
7.	November 15, 2006	E-mail message via the Internet from defendant BRUCE H. GARDNER to R.T. at Colemont Insurance Brokers urging R.T. to send him an insurance quote for East Coast Network.
8.	November 17, 2006	E-mail message via the Internet, from A.S. at Colemont Insurance Brokers to defendant BRUCE H. GARDNER enclosing a binder and invoice for insurance quote for East Coast Network.
9.	November 28, 2006	E-mail message via the Internet, from A.S. at Colemont Insurance Brokers to defendant BRUCE H. GARDNER providing the insurance policy number for East Coast Network.

All in violation of Title 18, United States Code, Sections 1343, 1349 and 2.

COUNT TEN
(Mail Fraud involving Keswick)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 8 and 25 through 29 of Count One are incorporated here.

THE SCHEME

2. From in or around August 2005 to in or around December 8, 2006, in Philadelphia and Southampton, defendants

**BRUCE H. GARDNER and
MICHAEL S. GARDNER**

devised and intended to devise a scheme to defraud client Keswick Landscaping, finance company APPCO, insurance wholesale company Russell Bond, and insurance company Colony, and to obtain money and property from them, by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS

3. It was part of the scheme that defendants

**BRUCE H. GARDNER and
MICHAEL S. GARDNER**

engaged in the manner and means described in paragraphs 7 through 17 of Count Four of this indictment.

THE MAILING

4. On or about December 1, 2006, in the Eastern District of Pennsylvania, and elsewhere, defendants

**BRUCE H. GARDNER and
MICHAEL S. GARDNER**

for the purpose of executing this scheme and attempting to do so, and aiding and abetting its execution, knowingly caused to be delivered by Federal Express, a commercial interstate carrier, or U.S. Mail, a check in the amount of about \$3,592, from APPCO Finance Company (“APPCO”) in Doral, Florida to Gardner Financial in Southampton, Pennsylvania, representing the proceeds of a financing agreement executed for the benefit of Keswick.

All in violation of Title 18, United States Code, Sections 1341, 1349 and 2.

COUNTS ELEVEN THROUGH TWELVE
(Wire Fraud involving Keswick)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 8 and 25 through 29 of Count One are incorporated here.

THE SCHEME

2. From in or around August 2005 to in or around December 8, 2006, in Philadelphia and Southampton, defendants

**BRUCE H. GARDNER and
MICHAEL S. GARDNER**

devised and intended to devise a scheme to defraud client Keswick Landscaping, finance company APPCO, insurance wholesale company Russell Bond, and insurance company Colony, and to obtain money and property from them, by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS

3. It was part of the scheme that defendants

**BRUCE H. GARDNER and
MICHAEL S. GARDNER**

engaged in the manner and means described in paragraphs 7 through 17 of Count Four of this indictment.

4. On or about each of the dates set forth below, in Philadelphia, in the Eastern District of Pennsylvania, and elsewhere, defendants

**BRUCE H. GARDNER and
MICHAEL S. GARDNER**

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

COUNT	DATE	DESCRIPTION
11.	November 28, 2006	Telefacsimile transmission from Irene Gardner to Russell Bond & Company, Inc. from Pennsylvania to New York enclosing an insurance application for Keswick Landscaping.
12.	November 28, 2006	E-mail message via the Internet from Irene Gardner to Russell Bond & Company, Inc. requesting a breakdown of fees for the insurance policy quoted for Keswick Landscaping.

All in violation of Title 18, United States Code, Sections 1343, 1349 and 2.

COUNT THIRTEEN
(Wire Fraud involving Daddy & Daughter)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 8 and 30 through 39 of Count One are incorporated here.

THE SCHEME

2. From in or around March 2006, to in or around December 8, 2006, in Philadelphia and Southampton, defendants

**BRUCE H. GARDNER and
MICHAEL S. GARDNER**

devised and intended to devise a scheme to defraud client Daddy & Daughter, finance company Liberty, insurance wholesale company Casualty Surety, and insurance company Wellington, and to obtain money and property from them, by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS

3. It was part of the scheme that defendants

**BRUCE H. GARDNER and
MICHAEL S. GARDNER**

engaged in the manner and means described in paragraphs 7 through 17 of Count Four of this indictment.

THE WIRING

4. On or about November 13, 2006, in Philadelphia, in the Eastern District of Pennsylvania, and elsewhere, defendants

**BRUCE H. GARDNER and
MICHAEL S. GARDNER**

for the purpose of executing the scheme described above, and attempting to do so, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate commerce a telefacsimile transmission of certificate of insurance from Lowes in Pennsylvania to Lowes headquarters in North Carolina.

All in violation of Title 18, United States Code, Sections 1343, 1349 and 2.

NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

As a result of the violations of Title 18, United States Code, Sections 371, 1341, 1343, and 1349, set forth in this indictment, defendants

**BRUCE H. GARDNER,
MICHAEL S. GARDNER and
IRENE GARDNER**

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.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant(s):

- (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 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant(s) up to the value of the property subject to forfeiture.

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

A TRUE BILL:

FOREPERSON

ZANE DAVID MEMEGER
United States Attorney