

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

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THOMAS T. SCOLD
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UNITED STATES OF AMERICA,

Plaintiff,

vs.

STEPHEN DOUGLAS FRY,

Defendant.

Cr. No. 2:19-20331
19-I-55 JTF

18 U.S.C. § 1341

18 U.S.C. § 1343

18 U.S.C. § 2314

INFORMATION

THE UNITED STATES ATTORNEY CHARGES:

COUNT 1
(MAIL FRAUD)

1. At all times material the defendant, **STEPHEN DOUGLAS FRY**, ("FRY"), was an accountant and financial adviser doing business as Fry Financial Services. Defendant **FRY** was a general partner of Mid-South Advisors, a Registered Investment Advisor with H.D. Vest Investment Securities, Inc., and a registered broker with Woodbury Financial Services, Inc. Defendant **FRY** maintained offices at 7455 McVay Station Court, Suite 101, Germantown, Tennessee.

2. The individual referred to hereinafter as "BPS," was defendant **FRY'S** cousin. Defendant **FRY** had prepared and filed tax returns for BPS and her husband for many years. After the death of her husband, BPS gave defendant **FRY** a Durable General Power of Attorney to manage and invest her money, prepare her tax returns and conduct other business on her behalf. BPS also gave defendant **FRY** a Healthcare Power of

Attorney, designating defendant **FRY** as a primary agent; and, BPS also executed a Last Will and Testament and designated defendant **FRY** as executor.

3. Beginning sometime in or about January 2009, and continuing until in or about September 2019, the exact dates being unknown, in the Western District of Tennessee and elsewhere, the defendant,

STEPHEN DOUGLAS FRY,

devised and intended to devise a scheme and artifice to defraud BPS and to obtain money and property belonging to BPS by means of false and fraudulent pretenses, representations and promises. The scheme and artifice was in substance that defendant **FRY** would use the Power of Attorney granted to him by BPS to steal and embezzle funds and fraudulently obtain insurance benefits from BPS by removing monies and funds from investment accounts, annuities and insurance policies he managed for BPS and thereafter use said monies and funds for his personal benefit. As a result of the scheme and artifice, defendant **FRY** obtained in excess of \$1.3 million dollars belonging to BPS.

4. On or about January 3, 2019, the defendant, **STEPHEN DOUGLAS FRY**, for the purpose of executing and attempting to execute the aforesaid scheme and artifice, did knowingly cause to be sent and delivered by United States Mail an envelope addressed to:

Genworth Life Insurance Co.
Long Term Care
6604 West Broad St.
Richmond, VA 23230

and which said envelope contained a letter bearing the forged signature of BPS and falsely represented that BPS had moved and that her return address was 7455 McVay Station Court, Suite 101, Germantown, TN 38138.

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

COUNT 2
(WIRE FRAUD AFFECTING A FINANCIAL INSTITUTION)

5. The defendant, **STEPHEN DOUGLAS FRY**, and his wife owned residential real estate referred to herein as the "Woodland Spruce" property.

6. Guild Mortgage Company ("Guild") was a "mortgage lending business" as defined in Title 18, United States Code, Section 27. As a mortgage lending businesses, Guild was "financial institution" as defined in Title 18, United States Code, Section 20(10). Guild was in the business of funding mortgage loans to finance the purchase of residential real estate. As a mortgage lender, Guild Mortgage routinely required the purchase of title insurance on properties in which it held a security interest.

7. Stewart Title was a title insurer and issued title commitments and title insurance policies to purchasers of real estate and mortgage lenders to insure against losses resulting from defects in title to real property in which the purchaser or lender had an interest.

8. Realty Title and Escrow ("Realty Title") and EDCO Title and Closing Service ("EDCO") were title companies that, among other things, conducted real estate closings for lenders, buyers and sellers of real estate. Realty Title was also an agent for Stewart Title and sold and collected premiums for title insurance policies issued by Stewart. In the course of conducting real estate closings, Realty Title and EDCO routinely received

and initiated wire transfers of funds. Realty Title maintained offices at 6525 Quail Hollow, Suite 115, Memphis, TN. EDCO maintained offices at 6510 Stage Rd. Suite 1, Bartlett, TN 38134.

9. An individual whose identity is known to the United States, but who is referred to herein as "MMB-N," contracted to purchase the Woodland Spruce property from defendant **FRY** and his wife. MMB-N financed the purchase of the Woodland Spruce property with a mortgage loan obtained from Guild Mortgage.

10. On August 20, 2019, defendant **FRY** was served with notice of a lawsuit and lien lis pendens filed in the Chancery Court of Shelby County Tennessee in case CH-19-1158. The lawsuit and lien lis pendens was filed against **FRY** individually, Fry Financial Services, LLC and Mid-South Advisors on behalf of the individual referred to in Count 1 of this information as "BPS."

11. Between on or about August 20, 2019, and August 27, 2019, in the Western District of Tennessee the defendant,

STEPHEN DOUGLAS FRY,

devised and intended to devise a scheme and artifice to defraud Guild, Stewart Title, Realty Title, EDCO and MMB-N and to obtain money and property from Guild, Stewart Title, Realty Title, EDCO and MMB-N by means of false and fraudulent pretenses, representations and promises. The scheme and artifice was in substance that on August 23, 2019, in connection with the closing of the sale of the Woodland Spruce property, defendant **FRY** would falsely represent on a closing document known as an "Owner's Affidavit" that there was no pending litigation or attachment in or from any court affecting the Woodland Spruce property, when in fact defendant **FRY** was aware

of the lawsuit and lien lis pendens described in paragraph 10 of this information. It was further a part of the scheme and artifice that the false representation by defendant **FRY** would result in Guild's disbursement of loan proceeds in the amount of \$325,827.84 to fund the transaction and Stewart Title's issuance of a title insurance policy. It was further a part of the scheme and artifice that approximately \$122,437.64 of the loan proceeds would be used to pay off debts owed by defendant **FRY** and his wife, more specifically a first mortgage loan in the amount of \$107,996.64 and a line of credit in the amount of \$14,441.00. It was further a part of the scheme and artifice that defendant **FRY** and his wife would receive net sales proceeds in the approximate amount of \$229,084.83.

12. On or about August 26, 2019, the defendant, **STEPHEN DOUGLAS FRY**, did, for the purpose of executing and attempting to execute the aforesaid scheme and artifice, cause to be transmitted in interstate commerce by means of wire communications certain writings and signals. More specifically, defendant **FRY**, caused an interstate fed wire transfer of funds in the amount of \$325,827.84 to be made from Guild's bank account at JP Morgan Chase Bank, New York, NY to the Regions Bank account of Realty Title in Memphis, TN, and in so doing did affect Guild Mortgage.

All in violation of Title 18, United States Code, Section 1343.

COUNT 3
(INTERSTATE TRANSPORTATION OF MONIES
TAKEN BY FRAUD)

13. Paragraph 1 of Count 1 of this information is realleged and incorporated by reference as if fully set forth herein.

14. The individual referred to hereinafter as "SD" was a client of defendant **FRY's**. SD owned, operated and was otherwise affiliated with a factoring company known as "Capital Express." SD and Capital Express maintained offices in Southaven, Mississippi in the Northern District of Mississippi.

15. Sometime prior to April 18, 2018, defendant **FRY** requested a loan from SD in the approximate amount of \$410,000. Defendant **FRY** represented to SD that he was going to purchase and "flip" a CPA firm and that the loan would be used to fund the purchase and that after the CPA firm was sold, defendant **FRY** would repay SD the loan plus 10% interest.

16. On or about April 18, 2018, in the Western District of Tennessee and the Northern District of Mississippi the defendant,

STEPHEN DOUGLAS FRY,

transported, transmitted, and transferred in interstate commerce and caused to be transported, transmitted, and transferred in interstate commerce, monies in the amount of \$5,000 or more, which said monies the defendant knew had been stolen, converted, and taken by fraud. More specifically, defendant **FRY** transported, transmitted and transferred from the Northern District of Mississippi to the Western District of Tennessee, a check payable to "Steven Fry/Fry Financial" in the amount of \$410,000 which he had obtained from S.D. by falsely representing that the funds were going to be used to

purchase and resell or "flip" a CPA firm, when in fact defendant **FRY** knew he did not intend to use the funds to purchase and "flip" a CPA firm, but to replace funds he had embezzled from an estate of which he was the named executor.

All in violation Title 18, United States Code, Sections 2314.

FORFEITURE OF ASSETS

Upon conviction of the offenses of mail fraud in violation of 18 U.S.C. § 1341 as alleged in Count 1 of this information; wire fraud affecting a financial institution in violation of 18 U.S.C. § 1343 as alleged in Count 2 of this information; and, interstate transportation of monies obtained by fraud in violation of 18 U.S.C. § 2314 as alleged in Count 3 of this information, the defendant, **STEPHEN DOUGLAS FRY**, shall forfeit to the United States pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461 any property constituting or derived from proceeds obtained directly or indirectly as a result of the schemes to defraud alleged in Counts 1, 2 and 3.

1. MONEY JUDGMENT

A sum of money not to exceed one million four hundred thousand dollars (\$1,400,000.00) in United States funds representing proceeds derived from the scheme and artifice to defraud and obtain money by means of false and fraudulent pretenses representations and promises charged in Count 1 of the information.

A sum of money not to exceed three hundred twenty five thousand eight hundred twenty seven dollars and eighty four cents (\$325,827.84) in United States funds representing proceeds derived from the scheme and artifice to

defraud and obtain money by means of false and fraudulent pretenses representations and promises charged in Count 2 of the information.

A sum of money not to exceed four hundred ten thousand dollars (\$410,000.00) in United States funds representing proceeds derived from the interstate transportation of monies obtained by fraud charged in Count 3 of the information.

A total money judgment not to exceed two million one hundred thirty five thousand eight hundred twenty seven dollars and eighty four cents (\$2,135,827.84).

2. SUBSTITUTE ASSETS

If any of the above described forfeitable property, as a result of any act of 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 21 U.S.C. 853(p) as incorporated by 18 U.S.C. 982(b), to seek forfeiture of any other property of said defendant up to the value of the forfeitable property as described above all pursuant to 18 U.S.C. 981(a)(1)(C) and 28 U.S.C. 2461(c).

DATE: 11/12/19

D. Michael Dunavant

D. MICHAEL DUNAVANT
United States Attorney

