

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

FELONY

**BILL OF INFORMATION FOR WIRE FRAUD
AND NOTICE OF FORFEITURE**

UNITED STATES OF AMERICA

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CRIMINAL NUMBER: **14-289**

v.

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SECTION: **SECT. G MAG. 1**

PAUL E. GARDNER

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VIOLATIONS: 18 U.S.C. § 1343
18 U.S.C. § 2

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The United States Attorney charges that:

**COUNT 1
WIRE FRAUD**

A. AT ALL TIMES MATERIAL HEREIN:

1. Clovelly Oil Co., L.L.C. ("Clovelly Oil" or "Clovelly") was a closely held oil and gas exploration business domiciled in Wilmington, Delaware and headquartered in New Orleans, Louisiana.

2. The defendant, **PAUL E. GARDNER ("GARDNER")**, was a licensed certified public accountant authorized to practice in the State of Louisiana.

3. **GARDNER** operated an accounting, consulting, and tax preparation business under the name Paul E. Gardner, CPA.

4. In October 2007, **GARDNER** began performing bookkeeping and accounting services on a part-time basis for Clovelly Oil.

5. **GARDNER's** duties and responsibilities for Clovelly Oil included recording receipts and disbursements, preparing royalty checks for Clovelly's owners, and preparing the bi-monthly payroll.

6. Whitney Bank was a domestic financial institution headquartered in Gulfport, Mississippi.

7. Iberia Bank was a domestic financial institution headquartered in Lafayette, Louisiana.

8. Clovelly Oil maintained bank accounts with Whitney Bank.

9. **GARDNER** maintained bank accounts with Whitney Bank and Iberia Bank.

10. Automated Clearing House ("ACH") is a nationwide system that processes electronic payments on behalf of financial institutions in accordance with the rules of the National Automated Clearing House Association. Instead of exchanging paper checks, the ACH system allows for electronic payments from one financial institution to another. Approved business customers use the ACH system to originate payments or collections through their financial institution.

11. Clovelly Oil was an approved business customer of Whitney Bank and utilized the ACH system for processing payroll and other payments to employees and vendors.

B. THE SCHEME TO DEFRAUD:

Beginning on or about August 31, 2010, and continuing to on or about May 22, 2014, in the Eastern District of Louisiana and elsewhere, the defendant, **PAUL E. GARDNER**, did knowingly and willfully devise and intend to devise a scheme and artifice to defraud to obtain approximately \$1,798,000.00 from Clovelly Oil Co., L.L.C.

It was further part of the scheme and artifice to defraud that the defendant, **PAUL E. GARDNER**, began embezzling money from Clovelly Oil's Whitney Bank account to satisfy gambling debts incurred at a New Orleans casino.

It was further part of the scheme and artifice to defraud that the defendant, **PAUL E. GARDNER**, accessed Clovelly Oil's online Whitney Bank account and used Clovelly's user name and password in order to wire ACH funds from Clovelly's account to personal bank accounts held by the defendant.

It was further part of the scheme and artifice to defraud that the defendant, **PAUL E. GARDNER**, manipulated bi-weekly payroll records of Clovelly Oil in order to increase his compensation.

It was further part of the scheme and artifice to defraud that the defendant, **PAUL E. GARDNER**, opened an additional bank account with Iberia Bank in 2011 in order to conceal the money he was embezzling from Clovelly Oil.

It was further part of the scheme and artifice to defraud that the defendant, **PAUL E. GARDNER**, conducted a series of ACH wire transfers to divert nearly \$1,800,000.00 from bank accounts maintained by Clovelly Oil into personal bank accounts held by the defendant.

C. THE WIRE FRAUD:

The allegations contained in Parts A and B of Count 1 are hereby re-alleged and incorporated herein by reference.

On or about the date listed below, in the Eastern District of Louisiana and elsewhere, the defendant, **PAUL E. GARDNER**, for the purpose of executing the scheme and artifice to defraud set forth in Part B, caused the following bank wire transfer, among others, to be transmitted in interstate commerce, by means of a wire communication:

ORIGINATING BANK	RECIPIENT BANK	WIRE AMOUNT	DATE OF WIRE TRANSFER
Whitney Bank Gulfport, MS	Iberia Bank Lafayette, LA	\$20,000.00	April 8, 2014

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

NOTICE OF WIRE FRAUD FORFEITURE

1. The allegations of Count 1 of this Bill of Information are realleged and incorporated by reference as though set forth fully herein for the purpose of alleging forfeiture to the United States of America pursuant to the provisions of Title 18, United States Code, Sections 1343 and 981(a)(1)(C), made applicable through Title 28, United States Code, Section 2461(c).

2. As a result of the offense alleged in Count 1, defendant, **PAUL E. GARDNER**, shall forfeit to the United States \$1,798,000.00 pursuant to Title 18, United States Code, Section 981(a)(1)(C), made applicable through Title 28, United States Code, Section 2461(c), any and all

property, real or personal, which constitutes or is derived from proceeds traceable to a violation of Title 18, United States Code, Section 1343.


3. 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 person;
- 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 subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of said defendant up to the value of the above forfeitable property.

All in violation of Title 18, United States Code, Sections 1343 and 981(a)(1)(C), made applicable through Title 28, United States Code, Section 2461(c).

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New Orleans, Louisiana
December 16, 2014