

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO**

Criminal Case No. 15-Cr-00040-REB

UNITED STATES OF AMERICA,

Plaintiff,

v.

WILLIAM E. DAWN,

Defendant.

CRIMINAL INFORMATION

The United States charges that:

Introduction

At all times relevant to this information:

1. Compass Financial Solutions, LTD (“CFS”) was formed in or around 2000 by co-conspirator B.E. CFS’s principal offices were located in Denver, Colorado. CFS had a sales and marketing staff which sold various financial products to investors located throughout the United States, including to investors located in Denver, Colorado.
2. Between 2002 and 2010, DAWN, who was a licensed attorney and a resident of Denver, Colorado, served as the in-house counsel for CFS, and was a salaried employee.
3. In or about September 13, 2009, co-conspirator K.B. entered into a business relationship with CFS. K.B. purported to be an independently wealthy individual who provided financing to individuals and businesses.

4. From at least in or about November 2005 through at least in or about March 2011, CFS marketed and sold promissory notes that purportedly were guaranteed by CFS and K.B. In addition, CFS sold millions of dollars in notes on behalf of other individuals and entities, for which CFS's sales staff received sales commissions.

Count 1
(Conspiracy to Commit Wire Fraud and Mail Fraud)

The United States further charges that:

5. The allegations set forth in paragraphs 1 through 4 of this Information are incorporated herein by reference.
6. From in or about July 2010, through in or about November 2011, in a continuing course of conduct, in the District of Colorado and elsewhere, the Defendant, WILLIAM E. DAWN, knowingly combined, conspired, confederated, and agreed with others known and unknown, to commit an offense against the United States, namely:
 - (a) wire fraud, that is, to knowingly and with an intent to defraud, devise and intend to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, knowing that they were false and fraudulent when made; and for the purpose of executing the scheme and artifice, to knowingly transmit and cause certain wire communications to be transmitted in interstate and foreign commerce, in violation of Title 18, United States Code, Section 1343, and;
 - (b) mail fraud, that is, to knowingly and with an intent to defraud, devise and intend to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises; and for the purpose of executing such scheme, to knowingly place and cause to be placed in a

post office and authorized deposit for mail matter a thing to be sent and delivered by the U.S. Postal Service and any private and commercial interstate carrier, in violation of Title 18, United States Code, Section 1341.

Purpose of the Conspiracy

7. The purposes of the conspiracy were to (a) enrich DAWN and his co-conspirators through the sale of promissory notes and other financial products to investors located throughout the United States, including in Denver, Colorado; (b) conceal from investors the true financial condition of DAWN's co-conspirators and the entities they owned and controlled; and (c) conceal from investors the manner in which DAWN and his co-conspirators were using investor proceeds.

Ways, Manners, and Means

8. In or about July 2010, co-conspirator B.E., co-conspirator K.B., and others, began marketing and selling promissory notes to investors which purportedly were guaranteed by K.B. To induce investors to purchase the notes that purportedly were guaranteed by K.B., DAWN enabled CFS, B.E., K.B., and other co-conspirators to make false and misleading representations to investors that (1) K.B. possessed millions of Euros in his company's overseas bank account, and (2) the proceeds raised from the notes purportedly guaranteed by K.B. would be used to release the overseas funds.
9. DAWN drafted promissory notes for CFS, B.E., K.B., and other co-conspirators to use to solicit investor funds for the notes that purportedly were guaranteed by K.B., even though DAWN knew that the proceeds from the notes were going to be used by CFS to make interest and principal payments to investors on previously issued notes that were in default, and that this fact was not disclosed to investors.

10. To disguise from investors the fact that the proceeds from the notes were not in fact going to be used to release the millions of Euros supposedly held by co-conspirator K.B. in overseas accounts, but were instead going to be used in part by CFS to make payments to existing investors on notes that were in default, DAWN, B.E., K.B., and their co-conspirators agreed to have investors wire their funds to DAWN's real estate trust account and DAWN's attorney trust account.
11. For example, on or about August 16, 2010, a victim-investor wired approximately \$100,000 representing an investment in the notes purportedly guaranteed by K.B. to DAWN's real estate trust account. On the very next day, DAWN wired \$100,000 from his real estate trust account to an account controlled by co-conspirator B.E.
12. On or about September 14, 2010, co-conspirator K.B. mailed two fraudulent documents from Corona, California, to co-conspirator B.E. in Buffalo Creek, Colorado which falsely stated that K.B. possessed 500 million Euros in his company's overseas bank account.
13. In or around October 2010, DAWN and co-conspirators K.B. and B.E. discussed during an interstate telephone call how to structure short-term promissory notes that purportedly were guaranteed by K.B. to make it appear that the funds were going to be used entirely by K.B., when in reality the funds would be used in part by CFS to make payments on notes that were already in default.
14. Following the call, on or about October 12, 2010, a victim-investor wired approximately \$100,000, representing an investment in a note purportedly guaranteed by K.B., to DAWN's attorney trust account. On or about October 13, 2010, DAWN wired \$30,000 from his attorney trust account to an account controlled by co-conspirator B.E., and \$70,000 from his attorney trust account to an account controlled by D.K., co-conspirator K.B.'s son-in-law.

15. The parties agree that, as a result of the DAWN's conduct, DAWN and his co-conspirators caused over \$200,000 in losses to investors.

(All in violation of Title 18, United States Code, Section 1349.)

Forfeiture Allegation

16. Upon conviction of conspiracy to commit wire and mail fraud, alleged in Count 1 of this Information, the Defendant WILLIAM E. DAWN shall forfeit to the United States pursuant to Title 18, United States Code, Sections 981(a)(1)(C), 1956(c)(7), and 1961(l), and Title 28, United States Code, Section 2461(c), all property constituting or derived from proceeds traceable to the commission of the offenses or conspiracy, including but not limited to a sum of money equal to \$366,752.01 in United States currency.

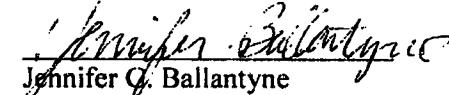
17. Upon conviction of conspiracy to commit wire and mail fraud, alleged in Count 1 of this Information, DAWN shall forfeit substitute property, up to the value of the amount described in paragraph 16, if, by any act or omission of DAWN, the property or any portion thereof, cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third party; has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or 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)(1) and 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 DAWN up to the value of the forfeitable property described above.

(All in accordance with Title 18, United States Code, Section 981(a)(1)(C), Title 28, United States Code, Section 2461(c), Title 21, United States Code, Section 853(p), and Federal Rule Criminal Procedure 32.2(a).)

WILLIAM J. STELLMACH

ACTING CHIEF, FRAUD SECTION

By:


Jennifer Q. Ballantyne

Trial Attorney

Criminal Division, Fraud Section

United States Department of Justice

1400 New York Avenue, NW

Washington, DC 20530

Telephone: 202-305-4002

Email: Jennifer.Ballantyne@usdoj.gov

(I certify that I am a member in good standing of the bar in this court.)

Henry Van Dyck

Trial Attorney

Criminal Division, Fraud Section

United States Department of Justice

DEFENDANT:

WILLIAM E. DAWN

YOB:

1984 1937 APR 19 TA Ballantyne

ADDRESS

Denver, Colorado

COMPLAINT
FILED?

Yes No

If Yes, MAGISTRATE CASE NUMBER _____

HAS
DEFENDANT
BEEN
ARRESTED ON
COMPLAINT?

Yes No

If No, a new warrant is required

OFFENSE(S):

Count 1:

Conspiracy to Commit Wire and Mail Fraud, Title 18, United States Code, Section 1349.

LOCATION OF
OFFENSE:

Denver County, Colorado

PENALTY:

Count 1: For first offense, NMT 20 years imprisonment, NMT \$250,000 fine or twice the gross pecuniary gain or loss incurred as a result of the offense, or both; supervised release of NMT 3 years; \$100 Special Assessment. Also, pursuant to 18 U.S.C. 3663(a), the Court shall order him to pay restitution to the victims of the offense.

Forfeiture Allegation

AGENTS:

Postal Inspector Louis DiRienzo

U.S. Postal Inspection Service – U.S. Department of Justice Fraud Team

AUTHORIZED
BY:

William J. Stellmach
Acting Chief, Fraud Section

ESTIMATED TIME OF TRIAL: (The Defendant has already signed a plea agreement and statement of facts, so we anticipate that this case will not go to trial. If the case were to go to trial, we estimate that the trial would last 5 days or less.)

X five days or less

THE GOVERNMENT

 will seek detention in this case

The statutory presumption of detention is not applicable to this defendant.

OCDETF CASE: Yes X No