

FILED

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APR 06 2017

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

CLERK U.S. DISTRICT COURT
WEST. DIST. OF PENNSYLVANIA

UNITED STATES OF AMERICA

v.

JOHN F. HOGAN

Criminal No. 17-100
(18 U.S.C. § 1341)

INFORMATIONCOUNTS ONE THROUGH FIVE

The United States Attorney charges:

INTRODUCTION

1. At all times material to the scheme and artifice in this Information, the defendant, JOHN F. HOGAN (hereafter, HOGAN), was a Pennsylvania licensed insurance agent, with authority to sell personal lines insurance, including life, accident and health insurance policies.

2. At all times material to this Information, HOGAN operated an insurance agency named "Hogan & Associates" from his office located at 7455 Church Street in Swissvale, Pennsylvania.

3. At all times material to this Information, HOGAN sold whole life insurance policies through registered insurers such as Lafayette Life, John Hancock Life and others, many of which policies accrued significant cash values for the clients who purchased them.

4. At all times material to this Information, HOGAN also held himself out to his clients as having expertise in financial planning and retirement investing, and frequently used the designation in his letterhead "John F. Hogan Financial Coordinators," although he was not a certified financial planner and was not licensed to sell investment products.

THE SCHEME AND ARTIFICE

5. Beginning in and around April, 2002, and continuing thereafter until in and around October, 2016, in the Western District of Pennsylvania, the defendant, JOHN F. HOGAN, devised, and intended to devise, a scheme and artifice to defraud and for obtaining money by means of material false and fraudulent pretenses, representations and promises, well knowing at the time that the pretenses, representations and promises were false and fraudulent when made.

6. It was a part of the scheme and artifice to defraud that HOGAN, doing business as Hogan & Associates, solicited clientele through referral and “word of mouth” in Swissvale and surrounding areas.

7. It was further a part of the scheme and artifice to defraud that HOGAN sold personal whole life insurance policies to clients, which over many years, accrued significant cash value against which the policyholder could borrow cash.

8. It was further a part of the scheme and artifice to defraud that over time, HOGAN earned a degree of trust from his clients, and offered financial planning and retirement advice, even though he was not licensed to do so.

9. It was further a part of the scheme and artifice to defraud that HOGAN proposed to clients that they could withdraw, or borrow against accrued cash values in their whole life policies, and invest in a financial planning program which HOGAN called the “Promissory Note” program.

10. It was further a part of the scheme and artifice to defraud that HOGAN, through material misrepresentations and omissions of material facts, made the following representations to his clients, which representations or omissions induced clients to invest substantial sums of money which they borrowed from accrued cash values in their policies into the Promissory Note program, for example:

- that borrowing or “cashing out” cash values from their whole life insurance policies is better than borrowing or investing with the bank;
- that he had ‘professional relationships’ with individuals who needed capital, but who were unable to obtain loans from traditional lenders, and were prepared to pay high interest rates to him to borrow ‘hard money’;
- that the interest returned to HOGAN from the “hard money loans” would be higher than the interest rates he proposed to pay to his clients on their investments into the Promissory Note program, whereby HOGAN earned a profit for himself from the difference in interest rates;
- that his client-investors would earn “10% or more” on their investment with him in the Promissory Note program;
- that clients needed to execute Promissory Notes, which Notes promised to pay returns to investors from earnings from the Promissory Note program.

11. It was further a part of the scheme and artifice to defraud that HOGAN did not have ‘hard money’ borrowers to whom he loaned money, and did not earn any interest on loans.

12. It was further a part of the scheme and artifice to defraud that HOGAN then prepared informal Promissory Notes on ‘Hogan & Associates’ letterhead, which contained the subheading “John F. Hogan-Financial Coordinators”, in which HOGAN promised, for “value received” to pay a principal sum of money to the investor by a due date, which was typically 1-2 years from the Promissory Note execution date.

13. It was further a part of the scheme and artifice to defraud that HOGAN then directed the investor to prepare personal checks made payable to ‘John F. Hogan’ in amounts less than \$10,000, which represented the client’s investments.

14. It was further a part of the scheme and artifice to defraud that upon the Note maturity date, HOGAN dissuaded investors from “calling” the note, but instead, falsely persuaded investors to “roll over” the note for an additional term of years.

15. It was further a part of the scheme and artifice to defraud that HOGAN never loaned any investor funds to ‘hard money’ borrowers, but instead, used the client’s investment funds to either pay lenders who loaned money to his business Hogan & Associates, to maintain his real estate holdings, to pay the overhead expenses of Hogan & Associates, or to make interest payments to earlier clients induced to invest in the scheme.

16. It was further a part of the scheme and artifice to defraud that through the fictitious Promissory Note program, HOGAN perpetuated a massive ‘Ponzi scheme’, which benefitted HOGAN personally in the operation of his insurance business, and which funds were used to maintain his real estate portfolio.

17. It was further a part of the scheme and artifice to defraud that beginning in 2002, HOGAN defrauded multiple clients out of funds totaling approximately \$8.2 million dollars from the Promissory Note program.

18. It was the inevitable result of the Ponzi scheme that as fewer clients invested into the Promissory Note program, HOGAN had inadequate money to make ‘interest’ payments to early investors, which resulted in the collapse of the Ponzi scheme.

THE MAILINGS

19. On or about the dates set forth below, in the Western District of Pennsylvania, the defendant, JOHN F. HOGAN, for the purposes of executing the aforesaid scheme and artifice to defraud, and in attempting to do so, did place and cause to be placed in authorized depositories for United States mail, the mail matter listed below to be sent and delivered by the United States Postal

Service, according to the directions thereon, to or from a location in the Western District of Pennsylvania, to an addressee, each such use of the United States mail being a separate count of this Information:

COUNT	DATE	SENDER	ADDRESSEE	CONTENTS
1	10/24/12	H&E R.	John F. Hogan	Investor checks \$60,000
2	2/6/13	J.B.	John F. Hogan	Investor checks \$20,000
3	8/13/13	Hogan & Associates	L.P.	Promissory Note
4	5/28/15	Hogan & Associates	J.M.	Promissory Note
5	4/29/16	Hogan & Associates	B.M.	Promissory Note

In violation of Title 18, United States Code, Section 1341.

CRIMINAL FORFEITURE ALLEGATIONS

20. The United States hereby gives notice to the defendant, JOHN F. HOGAN, charged in Counts One through Five, that, upon his conviction of such offenses, the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which require that any person convicted of such offenses forfeit any property constituting, or derived from, proceeds obtained directly or indirectly as a result of such offenses, including but not limited to the following:

MONEY JUDGMENT

21. A sum of money equal to at least approximately \$8,229,700 in United States currency.

22. If any of the above-described forfeitable property, 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 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of defendant, up to the value of the forfeitable property described in this forfeiture allegation.



SOO C. SONG
Acting United States Attorney
DC ID No. 457268

Judge's printed name and title

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA

v.

JOHN F. HOGAN

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Criminal No. 17-100

ARRAIGNMENT PLEA

Defendant JOHN F. HOGAN

being arraigned, pleads _____

in open Court this _____ day of

_____, 2017.

(Defendant's Signature)

(Attorney for Defendant)

Pittsburgh X Erie Johnstown

CATEGORY: 1. Narcotics and Other Controlled Substances
1a. Narcotics and Other Controlled Substances
(3 or more Defendants)
2. X Fraud and Property Offenses
2a. Fraud and Property Offenses
(3 or more Defendants)
3. Crimes of Violence
4. Sex Offenses
5. Firearms and Explosives
6. Immigration
7. All Others

Superseding Indictment or Information Yes X No

☐ Dismissed on defendant's motion
☐ Dismissed on governments' motion
☐ After appellate action
☐ Other (explain)

Case No.:

PLEASE INCORPORATE MAGISTRATE CASE WITH CRIMINAL CASE

Date arrested or date continuous U.S.
custody began: _____

Defendant: _____ is in custody X is not in custody

Name of Institution: _____

Custody is on: _____ this charge _____ another charge

_____ another conviction

_____ State _____ Federal

Detainer filed: _____ yes _____ no

Date detainer filed: _____

Total defendants: 1

Total counts: 1

Data below applies to defendant No.: 1

Defendant's name: John F. Hogan

SUMMARY OF COUNTS

<u>COUNTS</u>	<u>U.S. CODE</u>	<u>OFFENSE</u>	<u>FELONY</u>	<u>MISDEMEANOR</u>
1-5	18 U.S.C. § 1341	Mail Fraud	X	

FORFEITURE ALLEGATIONS

I certify that to the best of my knowledge the above entries are true and correct.

DATE: 4/7/17

GREGORY C. MELUCCI
Assistant U.S. Attorney
PA ID No. 56777