

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MINNESOTA  
Civil No. 08-SC-5348 (ADM/JSM)

UNITED STATES OF AMERICA, )  
 )  
 Plaintiff, )  
 )  
 v. )  
 )  
 1. THOMAS JOSEPH PETTERS; )  
 PETTERS COMPANY INC., )  
 PCI; PETTERS GROUP WORLDWIDE, LLC; )  
 2. DEANNA COLEMAN aka DEANNA MUNSON; )  
 3. ROBERT WHITE; )  
 4. JAMES WEHMHOFF; )  
 5. LARRY REYNOLDS dba )  
 NATIONWIDE INTERNATIONAL RESOURCES )  
 aka NIR; )  
 6. MICHAEL CATAIN dba )  
 ENCHANTED FAMILY BUYING COMPANY; )  
 7. FRANK E. VENNES JR. dba )  
 METRO GEM FINANCE, )  
 METRO GEM INC., )  
 GRACE OFFERINGS OF FLORIDA LLC, )  
 METRO PROPERTY FINANCING, LLC, )  
 38 E. ROBINSON, LLC, )  
 55 E. PINE, LLC, )  
 ORLANDO RENTAL POOL, LLC, )  
 100 PINE STREET PROPERTY, LLC, )  
 ORANGE STREET TOWER, LLC, )  
 CORNERSTONE RENTAL POOL, LLC, )  
 2 SOUTH ORANGE AVENUE, LLC, )  
 HOPE COMMONS, LLC, )  
 METRO GOLD, INC.; )  
 )  
 Defendants. )

**FILED UNDER SEAL**

**SECOND AMENDED COMPLAINT**  
**FOR PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF**

Plaintiff United States of America ("United States") for its Complaint against Defendants, alleges:

1. This action is brought by the United States for a temporary restraining order, preliminary and permanent

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FILED 10/6/08  
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JUDGMENT INTD.  
DEPUTY CLERK [Signature]

injunction, and other equitable relief pursuant to 18 U.S.C. § 1345 to enjoin the alienation and disposition of property derived from the commission of the fraud or of equivalent value for the purpose of preventing a continuing and substantial injury to the United States, the State of Minnesota, and the public.

#### **JURISDICTION AND VENUE**

2. The Plaintiff is the United States of America.

3. Defendants are residents of the State of Minnesota or persons who have transacted business in the State of Minnesota. Defendant corporations and business entities conducted business within the State of Minnesota. Personal jurisdiction is proper over each Defendant as they either reside in the State of Minnesota or transact business here.

4. This Court has subject matter jurisdiction over this action pursuant to 18 U.S.C. § 1345.

5. Venue is proper pursuant to 28 U.S.C. § 1391.

#### **THE FRAUD SCHEME**

6. The United States' investigation is set forth in detail in the Affidavit of FBI Special Agent Eileen Rice. In summary, the United States' investigation has revealed that certain Defendants have devised and implemented an elaborate scheme to defraud individual and group investors. Rice Affidavit ¶¶ 9a-9g, 14-15, 18-28.

7. The scheme of the Defendants generally entails Petters and his associates soliciting investors to invest substantial sums of money into PCI, which is the venture capital arm of numerous Petters enterprises. Id. To induce investors to make substantial investments, certain Defendants would provide investors with fraudulent documents which purported to evidence PCI purchasing substantial amounts of merchandise from vendors such as Defendants NIR and Enchanted Family Buying Company. Defendants would also fabricate false purchase orders which purported to evidence PCI's sale of the merchandise to stores such as BJ's Wholesale Club and Sam's Club. Id. Defendant Petters used fraudulent funds to support his numerous enterprises.

8. It was also part of the scheme to defraud that when investors wanted to wire funds directly to the merchandise vendors (NIR or ENCHANTED) as payment for the fictitious purchase orders, Defendants had an agreement whereby the funds from investors were sent directly to NIR or Enchanted but then were immediately directed back to PCI less a commission fee. Rice Affidavit, ¶ 9e.

9. The United States has probable cause to believe that Defendants have conspired to commit offenses against the United States by using the United States mails and wires for the purpose of advancing a fraudulent scheme in violation of Title 18 U.S.C. §§ 1341 and 1343. Rice Affidavit, ¶ 9g.

10. The United States has probable cause to believe that at least two financial institutions were affected by the mail and wire fraud scheme as set forth in 18 U.S.C. 1345(a)(2) and 18 U.S.C. § 3322(d)(1). Rice Affidavit, ¶¶ 31-35.

11. The magnitude of the fraud perpetrated is substantial and extends to at least 20 identified investors or investment groups. It is estimated that Defendants have to date profited in excess of \$3 billion from their illegal activities. Rice Affidavit, ¶ 7.

12. As a result of their scheme to defraud, Defendants have been able to amass assets including expensive homes, luxury vehicles, vessels, etc. Rice Affidavit, ¶ 9a.

13. The United States has probable cause to believe that Defendants are dissipating, and will continue to dissipate, the proceeds from their fraud scheme. Rice Affidavit, ¶¶ 36-39.

**COUNT I**

**INJUNCTIVE RELIEF**

**18 U.S.C. §1345  
Fed.R.Civ.P. 65**

14. The United States realleges and incorporates by reference paragraphs 1 through 13 of this Complaint.

15. Based upon the investigation conducted in this case, and the allegations contained in this Complaint, the United States has probable cause to believe that Defendants have

committed offenses under 18 U.S.C. §§ 1341 and 1343 which have affected at least two financial institutions pursuant to 18 U.S.C. § 3322(d)(1) and 18 U.S.C. § 1345(a)(2). The public has suffered immediate and irreparable injury, loss, and damage as a result of the scheme to defraud.

16. The United States brings this action to restrain the transfer of funds and assets now in Defendants' hands.

17. Upon a showing of probable cause that Defendants are committing a mail or wire fraud offense which has affected a financial institution, the United States is entitled, pursuant to 18 U.S.C. § 1345(a)(2), to a temporary restraining order, a preliminary injunction, a permanent injunction, and any other action which this Court deems just. This relief may include an order freezing assets that are the product of, or profit on the product of, fraud.

18. Pursuant to Federal Rule of Civil Procedure 65(b), an applicant may be granted a temporary restraining order without written or oral notice to the adverse party or that party's attorney if it clearly appears from specific facts shown by a verified complaint that immediate and irreparable injury will result before the adverse party can be heard in opposition.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff United States requests, pursuant to 18 U.S.C. § 1345 and the Court's inherent equitable powers, that the Court:

A. Issue a temporary restraining order and, after hearing, a preliminary injunction preventing Defendants; their agents (including financial and banking institutions and other entities having possession or control of Defendants' assets); their officers; their employees; and all persons in active concert or participating with Defendants in their affairs:

(1) from transferring, converting, encumbering, selling, concealing, dissipating, disbursing, assigning, spending, withdrawing, or otherwise disposing of any funds, property, artwork, coins, precious metals, jewelry, contracts, share of stock, or other assets, wherever located, that are:

(a) owned or controlled by Defendants, in whole or in part; or

(b) in the actual or constructive possession of Defendants; or

(c) owned, controlled by, or in the actual or constructive possession of any entity that is directly or indirectly owned, managed, controlled by, or under common control with Defendants, including, but not limited to, any assets up to and including \$3 billion held by or for Defendants in any account at any bank or savings and loan institution, or with any broker-dealer, escrow agent, title company, commodity

trading company, precious metal dealer, or other financial institution of any kind.

(2) from opening or causing to be opened any safe deposit boxes or storage facilities titled in the name of any Defendant, or subject to access by any Defendant or under their control, without providing the United States prior notice and an opportunity to inspect the contents in order to determine that they contain no assets covered by this Complaint;

B. Order Defendants, their agents, employees, attorneys, and all persons acting in concert and in participation with them to provide to the United States the following within seven (7) business days:

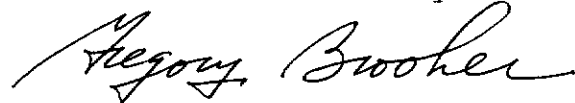
(1) a list of all financial institutions, including but not limited to banks and brokerage houses, at which all Defendants currently maintain or have maintained savings, checking, or other accounts in the previous four (4) years savings, checking, or any other kind of account or other safe deposit box into which money has been deposited in Defendants' names or in the names of their agents, employees, officers, persons acting in concert with them, or any business names under which they operated, together with the number or other designation of each such account or box;

C. Award such other additional relief as the Court determines to be just and proper, including the appointment of Receivers.

Dated: 10-6-08

Respectfully submitted,

FRANK J. MAGILL, JR.  
United States Attorney



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