

U.S. DISTRICT COURT
WESTERN DISTRICT OF KENTUCKY
AT LOUISVILLE

FILED
VANESSA L. ARMSTRONG, CLERK

JUN 07 2011

U.S. DISTRICT COURT
WEST'N. DIST. KENTUCKY

UNITED STATES OF AMERICA

INDICTMENT

VS.

NO.

3:11CR-72-H

18 U.S.C. § 1341

18 U.S.C. § 1349

18 U.S.C. § 981

18 U.S.C. § 981(a)(1)(C)

18 U.S.C. § 2

21 U.S.C. § 853(p)

SWAINSON HAWKE, a/k/a RONALD D. SCHEETZ
WILLIAM A. HUMES

The Grand Jury charges:

COUNT 1

BACKGROUND

1. At all times relevant to this Indictment, defendant **SWAINSON HAWKE** (hereinafter **HAWKE**) was owner, manager, chief executive officer and operator of the following businesses, among others, Guardian International Travel, LLC, Guardian International Resources, Inc., GIT in Asia, Inc., Z's Resources, Inc., Z Power Pac, Inc., GIT Cruise, Inc., Multiple One Group, Inc., and Multiple Entertainment, Inc., all of which conducted their business from locations in Elizabethtown, Hardin County, Kentucky, in the Western District of Kentucky.

2. Defendant, **WILLIAM A. HUMES** (hereinafter **HUMES**), assisted **HAWKE** in the formation and operation of Guardian International Travel, LLC. His duties while employed

with Guardian International Travel, LLC included calculating and paying participants monies due and owing to them under rules established for various multi-level marketing programs sponsored by the company, until he resigned from the company on or about June 30, 2006. At the time of his resignation, **HUMES** sold his one-third share in the ownership in Guardian International Travel, Inc. to **HAWKE** for an "undisclosed price." Thereafter, on October 28, 2006, **HAWKE** transferred to **HUMES** ownership of Pinnacle Concrete & Construction, Inc, a business capitalized by approximately \$750,000 in monies received from participants in marketing programs sponsored by Guardian International Travel, LLC. **HUMES** did not invest any personal monies into Guardian International Travel, LLC, Pinnacle Concrete & Construction, Inc., or other companies described in paragraph number 1 above.

3. A pyramid scheme is any plan, program, device, scheme, and other process characterized by the payment by participants of money to a company in return for which they receive the right to sell a product and the right to receive, in return for recruiting other participants into the program, rewards which are unrelated to the sale of a product to ultimate users. The very nature of the scheme dictates that it eventually must fail when the market for new participants becomes saturated.

4. A "Ponzi" scheme is a fraudulent arrangement in which investors or participants are attracted by the lure of exorbitant profits that scheme participants may make. The operators of the scheme maintain and promote this bogus concept by making payments of seemingly large profits to early investors from monies obtained from later investors, rather than from any "profits" or "commissions" earned by the underlying business venture. The fraud consists of paying funds received from new investors to previous investors in the guise of profits or

commissions from the alleged business venture. In this manner, the scheme operators cultivate the illusion that a legitimate profit-making business opportunity exists. Through these payments to early investors, the operators attract later investors. The very nature of the scheme dictates that it eventually must fail when the market for new investors becomes saturated.

5. From on or about and between February 1, 2005, and January 20, 2008, **SWAINSON HAWKE** and **WILLIAM A. HUMES**, the defendants herein, induced and caused individuals to be induced to participate in multi-level marketing investment schemes promoted by Guardian International Travel, LLC, or related companies identified in paragraph number 1 above, by assuring returns on monies received from participants, ostensibly for the purchase of discount cards connected to the hospitality industry, varying from 300% to 500%, to be paid out in scheduled installments over periods of time ranging from 18 to 29 months.

6. In addition to statements made concerning the high percentages of returns participants were assured on monies paid into multi-level marketing schemes promoted by Guardian International Travel, LLC, and related companies identified in paragraph number 1 above, **SWAINSON HAWKE** and **WILLIAM A. HUMES**, through these same companies, also offered and paid significant financial rewards, referred to as "commissions," to participants in return for recruiting, either directly or indirectly, new participants into these same multi-level marketing schemes.

THE SCHEME TO DEFRAUD

7. The Grand Jury realleges paragraphs 1 through 6 of this Indictment, as if set forth in full herein.

8. From on or about and between February 1, 2005, and January 20, 2008, in the Western District of Kentucky, Hardin County, Kentucky, and elsewhere, the defendants, **SWAINSON HAWKE** and **WILLIAM A. HUMES**, aided and abetted by one another and others, devised and intended to devise a scheme and artifice to defraud and to obtain money from participants in multi-level marketing schemes offered and promoted by Guardian International Travel, LLC., and related companies identified in paragraph number 1 above, by means of false and fraudulent pretenses, representations, and promises; to wit, the defendants promoted fraudulent multi-level marketing programs which constituted pyramid and "ponzi" schemes because the programs relied upon the continued recruitment of new individuals into the schemes in order to perpetuate payments of assured returns and commissions earned by participants.

MAILINGS

9. For the purpose of executing the scheme and artifice to defraud, described in paragraphs 1 through 8 above, and attempting to do so, the defendants, **SWAINSON HAWKE** and **WILLIAM A. HUMES**:

a) between on or about June 7, 2006, and January 20, 2008, caused matter, to wit, checks, money orders, cashier's checks, and other forms of payment from participants in multi-level marketing schemes, promoted and operated by the defendants through one or more of the companies identified in paragraph number 1 above, to be sent and delivered by the U.S. Postal Service, and sent and delivered by private or commercial interstate carrier, from various locations inside and outside the Western District of Kentucky, to a designated address in Hardin County, Kentucky; and

b) between on or about June 7, 2006, and January 20, 2008, caused matter, to wit, earning and commission checks to be sent and delivered by the U.S. Postal Service, and sent and delivered by private or commercial interstate carrier to a designated address in Hardin County, Kentucky.

All in violation of Title 18, United States Code, Sections 1341 and 2.

The Grand Jury further charges:

COUNT 2

CONSPIRACY

10. The Grand Jury realleges paragraphs 1 through 9 of this Indictment, as if set forth in full herein.

11. From on or about and between February 1, 2005, and January 20, 2008, **SWAINSON HAWKE** and **WILLIAM A. HUMES**, the defendants herein, knowingly conspired, confederated, and agreed with each other and others, known and unknown to the Grand Jury, to commit offenses against the United States, to wit: the defendants and other unnamed co-conspirators intentionally devised a scheme and artifice to defraud various participants in multi-level marketing schemes promoted through Guardian International Travel, LLC, and related businesses described in paragraph number 1 in Count 1 of this Indictment, by means of false and fraudulent pretenses, representations, and promises, and for the purpose of executing such scheme, and attempting to do so, caused the following to occur:

a) between on or about June 7, 2006, and January 20, 2008, caused matter, to wit, checks, money orders, cashier's checks, and other forms of payment from participants in multi-

level marketing schemes, promoted and operated by the defendants through one or more of the companies identified in paragraph number 1 in Count 1 of this Indictment, to be sent and delivered by the U.S. Postal Service, and sent and delivered by private or commercial interstate carrier, from various locations inside and outside the Western District of Kentucky, to a designated address in Hardin County, Kentucky.

b) between on or about June 7, 2006, and January 20, 2008, caused matter, to wit, earning and commission checks to be sent and delivered by the U.S. Postal Service, and sent and delivered by private or commercial interstate carrier to a designated address in Hardin County, Kentucky.

MANNER AND MEANS OF THE CONSPIRACY

12. On or about and between the dates indicated in paragraph 11 above, **SWAINSON HAWKE** and **WILLIAM A. HUMES**, the defendants herein, and others, known and unknown to the Grand Jury, induced persons to participate in multi-level marketing schemes by assuring returns on monies received from participants, ostensibly for the purchase of discount cards connected to the hospitality industry, varying from 300% to 500%, to be paid out in scheduled installments over periods of time ranging from 18 to 29 months, in addition to "commissions" earned through recruitment of others, directly or indirectly, into these same schemes.

13. It was a further part of the conspiracy that **SWAINSON HAWKE** and **WILLIAM A. HUMES**, the defendants herein, and others, known and unknown to the Grand Jury, operated and promoted multi-level marketing programs through Guardian International Travel, LLC, and related businesses identified in paragraph number 1 in Count 1 of this

Indictment, which constituted illegal pyramid and “ponzi” schemes, as defined in paragraphs 3 and 4 of Count 1 of this Indictment

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

NOTICE OF FORFEITURE

14. The allegations contained in Counts 1 and 2 of this Indictment are hereby realleged and incorporated by reference herein, for the purpose of alleging forfeitures, pursuant to Title 18, United States Code, Section 981(a)(1)(C).

15. As a result of the offense charged in Counts 1 and 2 of this Indictment, defendants, **SWAIN HAWKE** and **WILLIAM A. HUMES**, shall forfeit to the United States of America all right, title, and interest in any and all property, real or personal, involved in the aforesaid offenses in violation of Title 18, United States Code, Sections 1341 and 1349, and all property traceable to such property, including the following: (1) all money or other property that was the subject of each transaction; (2) all commissions, fees and other property constituting proceeds obtained as a result of those violations; and (3) all property used in any manner or part to commit or facilitate the commission of those violations or the specified unlawful activity specified previously, including but not limited to the following specifically described property:

A. By reason of the commission of the offenses charged in Counts 1 and 2 of this Indictment, the defendants, **SWAINSON HAWKE** and **WILLIAM A. HUMES**, shall forfeit a sum of money equal to the sum involved in the violations set forth in Counts 1 and 2 of the Indictment, for which the defendants have been convicted.

If property described in Counts 1 and 2 of the Indictment, as a result of any act or omission of the defendants,

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;

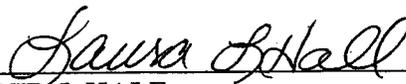
D. has been substantially diminished in value; and

E. has been commingled with other property which cannot be divided without difficulty; it is the intent of the United States to seek forfeiture of any other property of said defendants up to the value of the property described in Counts 1 and 2 of the Indictment, pursuant to Title 18, United States Code, Section 981(a)(1)(C), incorporating Title 21, United States Code, Section 853(p).

All pursuant to Title 18, United States Code, Section 981.

A TRUE BILL.

FOREPERSON



DAVID J. HALE
UNITED STATES ATTORNEY

DJH:JRL:nbw

UNITED STATES OF AMERICA V. SWAINSON HAWKE & WILLIAM A. HUMES

PENALTIES

Counts 1 & 2: NM 20 yrs./\$250,000/both/3 yrs. Supervised Release (each count)
Forfeiture

NOTICE

ANY PERSON CONVICTED OF AN OFFENSE AGAINST THE UNITED STATES SHALL BE SUBJECT TO SPECIAL ASSESSMENTS, FINES, RESTITUTION & COSTS.

SPECIAL ASSESSMENTS

18 U.S.C. § 3013 requires that a special assessment shall be imposed for each count of a conviction of offenses committed after November 11, 1984, as follows:

Misdemeanor:	\$ 25 per count/individual	Felony: \$100 per count/individual
	\$125 per count/other	\$400 per count/other

FINES

In addition to any of the above assessments, you may also be sentenced to pay a fine. Such fine is due immediately unless the court issues an order requiring payment by a date certain or sets out an installment schedule. You shall provide the United States Attorney's Office with a current mailing address for the entire period that any part of the fine remains unpaid, or you may be held in contempt of court. 18 U.S.C. § 3571, 3572, 3611, 3612

Failure to pay fine as ordered may subject you to the following:

1. **INTEREST** and **PENALTIES** as applicable by law according to last date of offense.

For offenses occurring after December 12, 1987:

No **INTEREST** will accrue on fines under \$2,500.00.

INTEREST will accrue according to the Federal Civil Post-Judgment Interest Rate in effect at the time of sentencing. This rate changes monthly. Interest accrues from the first business day following the two week period after the date a fine is imposed.

PENALTIES of:

10% of fine balance if payment more than 30 days late.

15% of fine balance if payment more than 90 days late.

2. Recordation of a **LIEN** shall have the same force and effect as a tax lien.
3. Continuous **GARNISHMENT** may apply until your fine is paid.

18 U.S.C. §§ 3612, 3613

If you **WILLFULLY** refuse to pay your fine, you shall be subject to an **ADDITIONAL FINE** of not more than the greater of \$10,000 or twice the unpaid balance of the fine; or **IMPRISONMENT** for not more than 1 year or both. 18 U.S.C. § 3615

RESTITUTION

If you are convicted of an offense under Title 18, U.S.C., or under certain air piracy offenses, you may also be ordered to make restitution to any victim of the offense, in addition to, or in lieu of any other penalty authorized by law. 18 U.S.C. § 3663

APPEAL

If you appeal your conviction and the sentence to pay your fine is stayed pending appeal, the court shall require:

1. That you deposit the entire fine amount (or the amount due under an installment schedule during the time of your appeal) in an escrow account with the U.S. District Court Clerk, or
2. Give bond for payment thereof.

18 U.S.C. § 3572(g)

PAYMENTS

If you are ordered to make payments to the U.S. District Court Clerk's Office, certified checks or money orders should be made payable to the Clerk, U.S. District Court and delivered to the appropriate division office listed below:

LOUISVILLE:	Clerk, U.S. District Court 106 Gene Snyder U.S. Courthouse 601 West Broadway Louisville, KY 40202 502/625-3500
BOWLING GREEN:	Clerk, U.S. District Court 120 Federal Building 241 East Main Street Bowling Green, KY 42101 270/393-2500
OWENSBORO:	Clerk, U.S. District Court 126 Federal Building 423 Frederica Owensboro, KY 42301 270/689-4400
PADUCAH:	Clerk, U.S. District Court 127 Federal Building 501 Broadway Paducah, KY 42001 270/415-6400

If the court finds that you have the present ability to pay, an order may direct imprisonment until payment is made.

FILED
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JUN 07 2011

U.S. DISTRICT COURT
WEST'N. DIST. KENTUCKY

No. _____
UNITED STATES DISTRICT COURT
Western District of Kentucky
Louisville Division

THE UNITED STATES OF AMERICA
vs.
SWAINSON HAWKE a/k/a Ronald D. Scheetz

WILLIAM A. HUMES

INDICTMENT
Title 18 U.S.C. §§ 1341; 2; 1349:
Fraud; Aiding and Abetting; Conspiracy to
Commit Fraud.

At _____
_____ Foreman

Filed in open court this 7th day, of June, A.D. 2011.

Clerk

Bail, \$ _____