

United States District Court

FOR THE
NORTHERN DISTRICT OF CALIFORNIA

VENUE: SAN FRANCISCO

FILED

2013 MAY 30 A 11:30

CLERK OF COURT
DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA

V.

WHA

CR 13 351

MARTIN CHRISTOPHER EDWARDS,

DEFENDANT(S).

SEALED
BY COURT ORDER

INDICTMENT

VIOLATIONS:

18 U.S.C. § 1341-Mail Fraud;
18 U.S.C. § 1343-Wire Fraud;
18 U.S.C. § 1957-Money Laundering;
18 U.S.C. §§ 981, 982 and
28 U.S.C. § 2461(c)--Criminal Forfeiture

A true bill.

Read A F

Foreman

Filed in open court this 30th day of

May, 2013

Karen L. F. J.

KAREN L. F. J.

Clerk

JOSEPH C. SPERO

UNITED STATES MAGISTRATE JUDGE

Bail, \$

no bail arrest warrant

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT

BY: ☐ COMPLAINT ☐ INFORMATION ☒ INDICTMENT
☐ SUPERSEDING

OFFENSE CHARGED

VIOLATIONS:

Title 18, United States Code, Section 1341—Mail Fraud;
 18 U.S.C. § 1343—Wire Fraud;
 18 U.S.C. § 1957—Money Laundering;
 18 U.S.C. §§ 981, 982 & 28 U.S.C. § 2461(c)—Criminal
 Forfeiture

☐ Petty
☐ Minor
☐ Misdemeanor
☐ Felony

Counts 14-18; 20 years imprisonment, fine of twice the gross gain/loss, 3 yrs. sup. release and \$100 SA; 18 U.S.C. § 1957 (Money Laundering) Counts 19-23; 10 years imprisonment, fine of twice the gross gain/loss, 3 yrs. sup. release and \$100 SA

PROCEEDING

Name of Complainant Agency, or Person (& Title, if any)

Special Agent Noel Boswell, Federal Bureau of Investigation

☐ person is awaiting trial in another Federal or State Court, give name of court

☐ this person/proceeding is transferred from another district per (circle one) FRCrp 20, 21, or 40. Show District

☐ this is a re prosecution of charges previously dismissed which were dismissed on motion of:

☐ U.S. ATTORNEY ☐ DEFENSE

SHOW
DOCKET NO.

☐ this prosecution relates to a pending case involving this same defendant

MAGISTRATE
CASE NO.

☐ prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under

Name and Office of Person

Furnishing Information on this form MELINDA HAAG

☒ U.S. Attorney ☐ Other U.S. Agency

Name of Assistant U.S. Attorney (if assigned)

Katherine Dowling

Name of District Court, and/or Judge/Magistrate Location

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

DEFENDANT - U.S.

U.S. v. MARTIN CHRISTOPHER EDWARDS

CR 13 351

DEFENDANT

IS NOT IN CUSTODY

Has not been arrested, pending outcome this proceeding.

1) ☒ If not detained give date any prior summons was served on above charges

2) ☐ Is a Fugitive

3) ☐ Is on Bail or Release from (show District)

IS IN CUSTODY

4) ☐ On this charge

5) ☐ On another conviction

☐ Federal ☐ State

6) ☐ Awaiting trial on other charges

If answer to (6) is "Yes", show name of institution

Has detainer been filed? ☐ Yes ☐ No

If "Yes" give date filed

DATE OF ARREST

Month/Day/Year

Or... if Arresting Agency & Warrant were not

DATE TRANSFERRED TO U.S. CUSTODY

Month/Day/Year

☐ This report amends AO 257 previously submitted

ADDITIONAL INFORMATION OR COMMENTS

PROCESS:

☐ SUMMONS ☐ NO PROCESS* ☒ WARRANT

If Summons, complete following:

☐ Arraignment ☐ Initial Appearance

Defendant Address:

501 Casswall Street, Napa, CA 94558

Comments:

Bail Amount: _____

* Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment

Date/Time: _____

Before Judge: _____

MELINDA HAAG (CABN 132612)
United States Attorney

FILED

2013 MAY 30 AM 11:30

RECEIVED
CLERK OF COURT
NORTHERN DISTRICT OF CALIFORNIA

SEALED
BY COURT ORDER

WHA

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

UNITED STATES OF AMERICA,
Plaintiff,

v.

MARTIN CHRISTOPHER EDWARDS,
Defendant.

CR 13 851

VIOLATIONS: 18 U.S.C. § 1341—Mail
Fraud; 18 U.S.C. § 1343—Wire Fraud; 18
U.S.C. § 1957—Money Laundering; 18
U.S.C. §§ 981, 982 & 28 U.S.C.
§ 2461(c)—Criminal Forfeiture

(SAN FRANCISCO VENUE)

INDICTMENT

The Grand Jury charges:

Introductory Allegations

At all times relevant to this Indictment:

1. MARTIN CHRISTOPHER EDWARDS was a resident of Napa, California, in Napa County, in the Northern District of California. EDWARDS served as Vice President and General Manager of the Wine Tasting Network (WTN), a wholly-owned subsidiary of 1-800 Flowers, located in Napa, California.

2. Dufrane Compliance Trust (Dufrane) was a fictitious company created by EDWARDS. According to the Dufrane website created by EDWARDS, Dufrane was a third

INDICTMENT

1 party trust that offered wineries, wine retailers, and wine marketing agents filing services and
2 disbursement of funds to ensure regulatory compliance.

3 3. EDWARDS maintained a personal bank account at JPMorgan Chase Bank in
4 California and was the trustee and signatory for the Dufrane Special Needs Trust account held at

5 WTN Financial Group, Inc.
6 4. Dufrane Compliance Trust (Dufrane) was a fictitious company created by
7 EDWARDS. According to the Dufrane website created by EDWARDS, Dufrane was a third
8 party trust that offered wineries, wine retailers, and wine marketing agents filing services and
9 disbursement of funds to ensure regulatory compliance.

10 5. 1-800 Flowers' servers were located in Carle Place, New York. All email
11 communications from WTN were routed through 1-800 Flowers' servers.

12 SCHEME TO DEFRAUD

13 6. From approximately May 2010 through December 2012, EDWARDS devised and
14 executed a scheme to defraud his employer out of approximately \$900,000, by creating a
15 fictitious entity that purported to provide tax compliance services, directing WTN to make
16 payments to the fictitious entity, and depositing the payments into a bank account he controlled.

17 MANNER AND MEANS OF THE SCHEME TO DEFRAUD

18 7. EDWARDS falsely and fraudulently represented to his employer that Dufrane
19 provided tax compliance services to WTN when, in fact, no such services were provided.

20 8. EDWARDS emailed requests for payment to Dufrane to WTN's accounting
21 department. In some instances, EDWARDS created fraudulent invoices for Dufrane's services
22 which he also sent to WTN's accounting department by email.

23 9. EDWARDS endorsed and deposited WTN checks made payable to Dufrane into
24 the Dufrane Special Needs Trust account that EDWARDS controlled.

25 10. EDWARDS signed checks to Dufrane that were prepared by a WTN accounting
26 employee at his direction, or EDWARDS requested the WTN accounting department in Ohio to
27 prepare, sign, and mail checks to him at WTN in Napa, California.

28 11. Between May 2010 and October 2012, EDWARDS caused WTN to write checks

1 totaling approximately \$900,000 to Dufrane.

2 COUNTS ONE THROUGH THIRTEEN: (18 U.S.C. § 1341 - Mail Fraud)

3 12. Paragraphs 1 through 11 are realleged as though set forth fully herein.

4 13. Beginning at a time unknown to the Grand Jury, but no later than May 2010, and
5 and ending on or about December 2012, in the United States District Court for the District of Columbia and
6 elsewhere, the defendant,

7 MARTIN CHRISTOPHER EDWARDS,

8 did knowingly and intentionally devise a scheme and artifice to defraud, and to obtain money and
9 property by means of materially false and fraudulent pretenses, representations, promises, and
10 omission and concealment of material facts, knowing that the pretenses, representations,
11 promises, omissions, and concealment were false and fraudulent when made, and, for the purpose
12 of executing such scheme and artifice, did knowingly cause the following items to be sent and
13 delivered by the United States Postal Service, and private and commercial interstate carriers, on
14 or about the dates set forth below:

15 //

16 //

17 //

18 //

19 //

20 //

21 //

22 //

23 //

24 //

25 //

26 //

27 //

28 //

Count	Date	Description of Transaction
ONE	10/28/2011	Check # 2896 to Dufrane for \$4,810.00 & Check # 2897 to Dufrane for \$24,652.00
TWO	11/18/2011	Check # 2964 to Dufrane for \$4,966.13 & Check # 2965 to Dufrane for \$26,212.45
THREE	12/14/2011	Check # 3033 to Dufrane for \$4,922.50 & Check # 3034 to Dufrane for \$24,652.00
FOUR	2/03/2012	Check # 3180 to Dufrane for \$4,652.12 & Check # 3181 to Dufrane for \$32,129.12
FIVE	3/01/2012	Check # 3289 to Dufrane for \$32,118.05 & Check # 3290 to Dufrane for \$4,951.18
SIX	4/03/2012	Check # 3306 to Dufrane for \$38,962.98 & Check # 3307 to Dufrane for \$4,998.12
SEVEN	5/22/2012	Check # 3631 to Dufrane for \$48,122.56 & Check # 3632 to Dufrane for \$4,992.18
EIGHT	6/5/2012	Check # 3693 to Dufrane for \$4,852.19 & Check # 3694 to Dufrane for \$32,181.12
NINE	6/21/2012	Check #3757 to Dufrane for \$38,986.24
TEN	7/26/2012	Check # 3871 to Dufrane for \$38,968.92 & Check # 3872 to Dufrane for \$3,588.86
ELEVEN	8/20/2012	Check #3930 to Dufrane for \$38,942.10
TWELVE	9/27/2012	Check #4041 to Dufrane for \$39,798.46
THIRTEEN	10/24/2012	Check #4076 to Dufrane for \$39,862.12

Each in violation of Title 18, United States Code, Section 1341.

COUNTS FOURTEEN THROUGH EIGHTEEN: (18 U.S.C. § 1343 - Wire Fraud)

14. Paragraphs 1 through 11 are realleged as though set forth fully herein.

15. Beginning at a time unknown to the Grand Jury, but no later than May 2010, and continuing until approximately December 2012, in the Northern District of California and elsewhere, the defendant,

MARTIN CHRISTOPHER EDWARDS,

did knowingly and intentionally devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, promises, and omission and concealment of material facts, knowing that the pretenses, representations, promises, omissions, and concealment were false and fraudulent when made, and, for the purpose

of executing such scheme and artifice, did knowingly cause to be transmitted the following wire communications in interstate and foreign commerce, on or about the dates set forth below:

Count	Date	Location	Where	Description of Wire
FOURTEEN	5/25/2011	Napa, CA	Carle Place, NY	Email from EDWARDS to
FIFTEEN	7/13/2011	Napa, CA	Carle Place, NY	Email from EDWARDS to T.S.
SIXTEEN	10/27/2011	Napa, CA	Carle Place, NY	Email from EDWARDS to S.G.
SEVENTEEN	4/24/2012	Napa, CA	Carle Place, NY	Email from EDWARDS to C.S.
EIGHTEEN	10/29/2012	Napa, CA	Carle Place, NY	Email from EDWARDS to C.S.

Each in violation of Title 18, United States Code, Section 1343.

COUNTS NINETEEN THROUGH TWENTY-THREE: (18 U.S.C. § 1957 - Money Laundering)

16. Paragraphs 1 through 11 and Counts 1- 18 are realleged as though set forth fully herein.

17. On or about the dates set forth below, in the Northern District of California and elsewhere, the defendant,

MARTIN CHRISTOPHER EDWARDS,

did knowingly engage and attempt to engage in monetary transactions in criminally derived property of a value greater than \$10,000 that was derived from specified unlawful activity, namely, mail fraud and wire fraud as alleged above in Counts One through Eighteen, to wit, withdrawals from the Dufrane Special Needs Trust account as follows:

//

//

//

Count	Date	Amount of Proceeds / Description
NINETEEN	6/13/2011	Check number 1013 for \$11,000 paid to Martin C. Edwards
TWENTY	4/12/2012	Check number 1034 for \$25,000 paid to Cash
TWENTY-ONE	6/20/2012	Check number 1036 for \$40,282.11 paid to Weatherford BMW
TWENTY-TWO	10/22/2012	Check number 7624 for \$24,000 paid to Coles Law Firm

Each in violation of Title 18, United States Code, Section 1957.

FORFEITURE ALLEGATION: (18 U.S.C. § 981(a)(1)(C), 982(a)(2) and 28 U.S.C. § 2461(c) - Mail and Wire Fraud Forfeiture)

18. The allegations of Counts One through Eighteen of this Indictment are realleged and by this reference fully incorporated herein for the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Sections 981(a)(1)(C), 982(a)(2) and 28 U.S.C. § 2461(c).

19. Upon a conviction of any of the offenses alleged in Counts One through Eighteen, the defendant,

MARTIN CHRISTOPHER EDWARDS,

shall forfeit to the United States all property, constituting and derived from proceeds traceable to said offenses, including but not limited to:

- (a) A money judgment equal to the amount of the proceeds obtained from the offense;
- (b) Balance of the Dufrane Special Needs Trust Account Number 907987xxxx;
- (c) Balance of the the JPMorgan Chase Bank Account Number 379149xxxx; and
- (d) A 2008 BMW purchased on June 16, 2012 (VIN Number 835X8DT86678) registered to EDWARDS;

//

1 20. If any of said property, as a result of any act or omission of the defendant,
2 (a) cannot be located upon the exercise of due diligence;
3 (b) has been transferred or sold to or deposited with, a third person;
4 (c) has been placed beyond the jurisdiction of the Court;
5 (d) has been commingled with other property which cannot be subdivided
6 (e) has been commingled with other property which cannot be subdivided
7 without difficulty, any and all interest defendant has in other property shall be vested in the
8 United States and forfeited to the United States pursuant to Title 21, United States Code, Section
9 853(p), as incorporated by Title 28, United States Code, Section 2461(c) and Rule 32.2 of the
10 Federal Rules of Criminal Procedure.

11 SECOND FORFEITURE ALLEGATION: (18 U.S.C. § 982(a)(1) - Money Laundering
12 Forfeiture)

13 21. The allegations of Counts Nineteen through Twenty-Three of this Indictment are
14 realleged and by this reference fully incorporated herein for the purpose of alleging forfeiture
15 pursuant to the provisions of Title 18, United States Code, Section 982(a)(1).

16 22. Upon a conviction for any of the offenses alleged in Counts Nineteen through
17 Twenty-Three, the defendant,

18 MARTIN CHRISTOPHER EDWARDS,
19 shall forfeit to the United States, any property, real or personal, involved in such offense, or any
20 property traceable to such property, including but not limited to:

- 21 (a) A money judgment equal to the amount of proceeds obtained as a result of
22 the offenses set out in Counts Nineteen through Twenty-Three;
23 (b) A 2008 BMW purchased on June 16, 2012 (VIN Number
24 835X8DT86678) registered to EDWARDS;

25 //

26 //

27 //

28 //

 //

23. If any of the aforementioned 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 person;
- c. has been substantially diminished in value; or
- d. has been commingled with other property that cannot be divided without difficulty,

any and all interest the defendant has in other property shall be vested in the United States and forfeited to the United States pursuant to 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. § 982(b)(1).

All in violation of Title 18, United States Code, Sections 981(a)(1)(C), 982(a)(1), 982(a)(2), and Title 28, United States Code, Section 2461(c), and Rule 32.2 of the Federal Rules of Criminal Procedure.

Dated: May 30, 2013

A True Bill.

FOREPERSON

MELINDA HAAG
United States Attorney

MIRANDA KANE
Chief, Criminal Division

(Approved as to form: Kathleen Dowling)

AUSA DOWLING

United States District Court
Northern District of California

FILED

CRIMINAL COVER SHEET

2013 MAY 30 A 11:30

Instructions: Effective January 3, 2012, this Criminal Cover Sheet must be completed and submitted along with the Complaint or Information Form, from a new criminal case. Please place this form on top of the Defendant's Complaint or Information Form.

Case Name:

USA v. MARTIN CHRISTOPHER EDWARDS

Case Number:

CR 13 351 WHA

Total Number of Defendants:

1 ☒ 2-7 _____ 8 or more _____ Is This Case Involving? Yes ☒ No _____

Does this case involve ONLY charges under 8 U.S.C. § 1325 and/or 1326?

Yes _____ No ☒

Venue (Per Crim. L.R. 18-1):

SF ☒ OAK _____ SJ _____

Is this a death-penalty-eligible RICO Act gang case?

Yes _____ No ☒

Assigned AUSA (Lead Attorney):

KATHERINE DOWLING

Comments:

Date Submitted:

05/30/2013

SEALED
BY COURT ORDER