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HMG/PMC: USAO:2008R00558

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JUN 17 2010

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

AT BALTIMORE
CLERK U.S. DISTRICT COURT
DISTRICT OF MARYLAND
DEPUTY

UNITED STATES OF AMERICA	:	Criminal No. <i>L-10-0340</i>
	:	
v.	:	(Wire Fraud, 18 U.S.C. § 1343;
	:	Mail Fraud, 18 U.S.C. § 1341;
	:	Aiding and Abetting, 18 U.S.C. § 2;
GEORGE O'NEAL,	:	Forfeiture)
	:	
Defendant.	:	<u>UNDER SEAL</u>

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INDICTMENT

COUNT ONE

The Grand Jury for the District of Maryland charges:

At times relevant herein:

INTRODUCTION

1. Defendant **GEORGE O'NEAL** ("O'NEAL") lived in Anne Arundel County, Maryland.
2. O'NEAL had day-to-day management responsibilities for multiple corporations and limited liability companies, including but not limited to Kelley Building Corporation ("KBC"), Kelley Development Corporation ("KDC"), AC Kelley LLC ("AC Kelley"), SW Kelley LLC ("SW Kelley), and CJ Kelley LLC ("CJ Kelley").
3. O'NEAL and his companies, including KBC, KDC, AC Kelley, SW Kelley, and CJ Kelley, maintained office space at 1612 McGuckian Street, Suite 100, Annapolis, MD 21401.
4. KBC and KDC maintained bank accounts at financial institutions, including but

not limited to the following accounts:

- (a) Chevy Chase Bank Account ending in 0346 (“CCB 0346 Account”), listed in the name KBC;
- (b) Chevy Chase Bank Account ending in 1016 (“CCB 1016 Account”), listed in the name KBC;
- (c) First Mariner Bank Account ending in 6026 (“FM 6026 Account”), listed in the name KDC;

5. An individual with the initials KC owned and operated title companies in Annapolis, Maryland called American First Title, Inc. and Historic Title, Inc.

6. On or about February 3, 2006, **O’NEAL** caused the creation of a First Mariner Account ending in 8236 (“FM 8236 Account”), which was listed in the name Kelley Ortega LLC and had **O’NEAL** as the only signatory on the account.

THE FRAUD AND ITS OBJECTS

7. Beginning in or about November 2004, and continuing until in or about June 2006, in the District of Maryland,

GEORGE O’NEAL,

the defendant herein, did knowingly and willfully devise and intend to devise a scheme and artifice to defraud individuals interested in investing in row houses in Baltimore City, Maryland, through **O’NEAL’s** business ventures, and to obtain money in excess of \$300,000, by means of materially false and fraudulent pretenses, representations and promises, as set forth more specifically below.

METHODS AND MEANS

8. It was part of the scheme and artifice to defraud that **O'NEAL** caused the creation of multiple corporations and limited liability companies, including but not limited to KBC and KDC.

9. It was part of the scheme and artifice to defraud that **O'NEAL** arranged for newspaper advertisements to be placed that asked individuals interested in investing in real estate to call "Gary" about investment opportunities.

10. It was part of the scheme and artifice to defraud that **O'NEAL** met with potential investors in Baltimore City, Maryland and other locations.

11. It was part of the scheme and artifice to defraud that **O'NEAL** solicited individuals to invest money in, and otherwise provide money to, joint business ventures that **O'NEAL** claimed would purchase, renovate, and lease and/or resell real estate properties in Baltimore City, Maryland.

12. It was part of the scheme and artifice to defraud that **O'NEAL** represented that **O'NEAL** would create a limited liability company associated with each joint venture ("Investors' LLCs"), and that the Investors' LLCs would be used to purchase, renovate, and lease and/or resell row houses in Baltimore City, Maryland.

13. It was part of the scheme and artifice to defraud that **O'NEAL** obtained money from investors.

14. It was part of the scheme and artifice to defraud that **O'NEAL** made false and fraudulent promises and representations to investors to induce investors to give money to **O'NEAL** and his companies, including but not limited to the following:

- (a) **O'NEAL** represented to individuals that he had over 30 years of experience in commercial, retail and residential real estate sales and development, and that they could trust his expertise in real estate investments when in fact he previously had been convicted of federal offenses in connection with the solicitation of investments in commercial real estate sales and development.
- (b) **O'NEAL** created promotional materials for his businesses that listed certain individuals as having a management role in **O'NEAL's** companies when in fact **O'NEAL** knew that these individuals had no day-to-day management responsibilities at KBC and KDC.
- (c) **O'NEAL** represented to individuals that KBC was licensed as a general contractor when in fact **O'NEAL** knew that KBC was not licensed as a general contractor in the State of Maryland.
- (d) **O'Neal** represented to individuals that the money they provided to **O'NEAL** and his companies would be used for expenses related to the purchase, renovation, resale, and leasing of each investor's row houses in Baltimore City, Maryland when in fact **O'Neal** knew that the money would be used for unrelated purposes.
- (e) **O'NEAL** represented to individuals that row houses in Baltimore City, Maryland could be purchased, renovated, and leased and/or resold and within a specific time period when in fact **O'NEAL** knew that this was not true.
- (f) **O'NEAL** represented to individuals that investors would obtain the return of their initial investment plus a profit at a time when in fact **O'NEAL** knew that

investors would not earn a profit and many would not receive back their initial investment.

(g) **O'NEAL** represented that the Investors' LLCs would aid the joint business ventures to purchase, renovate, lease, and/or resell real estate properties in Baltimore City, Maryland when in fact **O'NEAL** knew that the Investors' LLCs would conceal **O'NEAL's** use of investors' money.

15. It was part of the scheme and artifice to defraud that **O'NEAL** took steps to convince investors that their investments with **O'NEAL** and his companies would have a favorable outcome, including but not limited to:

- (a) obtaining office space in Annapolis, Maryland;
- (b) creating contracts and other documents that legitimized **O'NEAL's** activities;
- (c) hiring employees for KBC, KDC, and CJ Kelley; and
- (d) purchasing certain properties for some investors.

16. It was part of the scheme and artifice to defraud that **O'NEAL** purchased properties on behalf of Investors' LLCs that were heavily mortgaged and thinly capitalized, permitting **O'NEAL** to retain a significant portion of each investor's funds.

17. It was part of the scheme and artifice to defraud that **O'NEAL** used investors' money to pay the expenses of **O'NEAL**, **O'NEAL's** ex-wife, **O'NEAL's** son-in-law, and **O'NEAL's** daughter.

18. It was part of the scheme and artifice to defraud that **O'NEAL** never purchased any real property on behalf of certain Investors' LLCs.

19. It was part of the scheme and artifice to defraud that **O'NEAL** never paid for renovations of certain row houses purchased on behalf of certain Investors' LLCs.

20. It was part of the scheme and artifice to defraud that **O'NEAL** never returned any money to certain investors.

21. It was part of the scheme and artifice to defraud that after **O'NEAL** agreed to purchase, renovate, and lease and/or resell row homes in Baltimore City, Maryland, **O'NEAL** obtained the following approximate amounts of money and provided the following approximate investment results set forth below:

Investor's Initials	Amount Provided	Money paid by O'Neal for purchase of houses by investors' LLCs	Value of Renovations Paid For By O'Neal	Amount Repaid By O'Neal
RC	\$30,000	0	0	0
SM	\$75,000	0	0	0
DN1/DN2	\$30,000	0	0	0
KL	\$130,000	0	0	\$1,000
JR	\$22,000	0	0	0
SO	\$88,150	\$19,997.89	unknown	0

22. It was part of the scheme and artifice to defraud that after individuals provided **O'NEAL** with their money, **O'NEAL** became hard to contact.

23. It was part of the scheme and artifice to defraud that **O'NEAL** caused the sale of certain properties associated with certain Investors' LLCs, but retained the proceeds of the real estate sale rather than returning the proceeds to the investor.

24. It was part of the scheme and artifice to defraud that after investors had provided

O'NEAL with money, **O'NEAL** made false and fraudulent promises and representations to investors to lull investors into a baseless belief in the success of **O'NEAL** and his companies, including but not limited to the following:

- (a) **O'NEAL** showed certain investors documents that showed real estate had been purchased on behalf of Investors' LLCs, when in fact **O'NEAL** knew that **O'NEAL** had not purchased real property on behalf of that Investor's LLC.
- (b) **O'NEAL** reassured individuals that their investments were going well, when in fact **O'NEAL** knew this was not true.
- (c) After individuals confronted **O'NEAL** about the status of their investments, **O'NEAL** made statements to investors to cause them to believe the status of their investment outcomes would change and improve soon, when in fact **O'NEAL** knew that was not true.
- (d) After individuals confronted **O'NEAL** about their investment outcomes, **O'NEAL** apologized to investors and claimed **O'NEAL** was working to return investors' funds and earn them a profit on their investment, when in fact **O'NEAL** knew that was not true.

25. It was part of the scheme and artifice to defraud that **O'NEAL** represented to individuals who invested in row houses in Baltimore City, Maryland, that **O'NEAL** was reinvesting their money in a new renovation project in Atlanta, GA, and that they would have the opportunity to earn a profit on the Atlanta project, when in fact **O'NEAL** knew that was not true.

THE CHARGES

26. On or about the dates set forth below, in the District of Maryland,

GEORGE O'NEAL,

the defendant herein, for the purpose of executing and attempting to execute the scheme and artifice to defraud individuals interested in investing in row houses in Baltimore City, Maryland, through O'NEAL's business ventures, and to obtain money in excess of \$300,000, by means of materially false and fraudulent pretenses, representations and promises, as set forth above, did knowingly transmit and cause to be transmitted in interstate commerce by means of a wire communication, certain signals, signs and sounds, that is, the following financial transactions:

Count	Date	Transaction Details	Amount	Investor Initials
1	6/17/05	Deposit of Cashier's Check No. 00001070 into CCB 0346, which caused an interstate wire from Laurel, MD to Cleveland, OH	\$15,000	DN1
2	6/17/05	Deposit of Cashier's Check No. 00001074 into CCB 0346, which caused an interstate wire from Laurel, MD to Cleveland, OH	\$15,000	DN2
3	6/30/05	Deposit of Cashier's Check No. 8224172 into CCB 0346, which caused an interstate wire to be routed from Laurel, MD to Cleveland, OH	\$130,000	KL
4	8/22/05	Deposit of Cashier's Check No. 0139036 into CCB 0346, which caused an interstate wire from Laurel, MD to Washington, DC	\$22,000	JR

5	2/6/06	Deposit of Check No. 0992 from FM 8236 to FM 6026, causing an interstate wire from Baltimore, MD to Omaha, NE	\$25,000	SO
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18 U.S.C. § 1343

18 U.S.C. § 2

COUNTS SIX & SEVEN

The Grand Jury for the District of Maryland further charges:

INTRODUCTION

At times relevant herein:

1. Paragraphs One through Five of Count One of this Indictment are hereby realleged and incorporated by reference as though fully set forth herein.

THE FRAUD AND ITS OBJECTS

2. Beginning in or about February 2005, and continuing until in or about June 2006, in the District of Maryland,

GEORGE O'NEAL,

the defendant herein, did knowingly and willfully devise and intend to devise a scheme and artifice to defraud individuals in connection with investments in real estate in Atlanta, Georgia, through O'NEAL's business ventures, and to obtain money in excess of \$300,000, by means of materially false and fraudulent pretenses, representations and promises, as set forth more specifically below.

METHODS AND MEANS

3. It was part of the scheme and artifice to defraud that O'NEAL caused the creation of multiple limited liability companies, including AC Kelley, SW Kelley, and CJ Kelley (collectively referred to herein as the "Atlanta LLCs").

4. It was part of the scheme and artifice to defraud that O'NEAL solicited individuals to invest money in, and otherwise provide money to the Atlanta LLCs.

5. It was part of the scheme and artifice to defraud that O'NEAL represented to

investors that the Atlanta LLCs were joint business ventures that would purchase, renovate, and lease and/or resell real estate properties in Atlanta, Georgia.

6. It was part of the scheme and artifice to defraud that **O'NEAL** represented to investors that each of the Atlanta LLCs was associated with one of the particular apartment buildings below that **O'NEAL** promised investors he would buy:

<u>LLC Name</u>	<u>Apt. Bldg. Name</u>	<u>Address</u>
AC Kelley LLC	Harbin Springs	1012 Harbins Road, Norcross, GA
CJ Kelley LLC	Riverside Place	9400 Roberts Dr., Atlanta, GA
SW Kelley LLC	Misty Creek	3145 Misty Creek Dr., Decatur, GA

7. It was part of the scheme and artifice to defraud that **O'NEAL** caused the opening of bank accounts at First Mariner in the names of the Atlanta LLCs.

8. It was part of the scheme and artifice to defraud that **O'NEAL** met with potential investors in Anne Arundel County, Maryland, and other locations in Maryland as well as other states.

9. It was part of the scheme and artifice to defraud that in addition to soliciting investors for each of the Atlanta LLCs, **O'NEAL** also solicited unit investors for each building.

10. It was part of the scheme and artifice to defraud that **O'NEAL** told unit investors in the Atlanta, Georgia buildings that **O'NEAL** and the Atlanta LLCs would purchase the Atlanta, Georgia buildings, sell particular units to unit investors, remodel investors' units, and resell investors' units at a profit as part of a newly formed condominium association.

11. It was part of the scheme and artifice to defraud that **O'NEAL** obtained money from unit investors and Atlanta LLC investors.

12. It was part of the scheme and artifice to defraud that **O'NEAL** made false and

fraudulent promises and representations to unit investors to induce investors to give money to **O'NEAL** and his companies, including but not limited to the following:

- (a) **O'NEAL** represented to unit investors and Atlanta LLC investors that he had over 30 years of experience in commercial, retail and residential real estate sales and development, and that they could trust his expertise in real estate investments when in fact he previously had been convicted of federal offenses in connection with the solicitation of investments in commercial real estate sales and development.
- (b) **O'NEAL** represented to unit investors that investments in the Atlanta project would be safe, were a reward for past investments, and would be extremely profitable, when in fact **O'NEAL** knew this was not true.
- (c) **O'NEAL** represented to each unit investor that in return for each individual's investment, an investor would receive title to a minimum number of condominium units at Misty Creek, when in fact **O'NEAL** knew this was not true.
- (d) **O'NEAL** represented to unit investors in Misty Creek that their investments would be placed in an escrow account until SW Kelley purchased the Misty Creek building, when in fact **O'NEAL** knew this was not true.
- (e) **O'NEAL** represented to individuals that the money they provided to **O'NEAL** and his companies would be used for expenses related to the purchase, renovation, resale, and leasing of each individual's condominium units when in fact **O'NEAL** knew that the money would be used for unrelated purposes.

THE CHARGES

13. On or about the dates set forth below, in the District of Maryland,

GEORGE O'NEAL,

the defendant herein, for the purpose of executing and attempting to execute the scheme and artifice to defraud individuals in connection with investments in real estate in Atlanta, Georgia, through O'NEAL's business ventures, and to obtain money in excess of \$300,000, by means of materially false and fraudulent pretenses, representations and promises, as set forth above, did knowingly transmit and cause to be transmitted in interstate commerce by means of a wire communication, certain signals, signs and sounds, that is, the following financial transactions:

Count	Date	Transaction Details	Amount	Investor Initials
6	6/21/05	Deposit of Wachovia Check No. 3376 into CCB 0346, which caused an interstate wire from Laurel, MD to Charlotte, NC	\$100,000	JG
7	6/24/05	Deposit of Astoria Federal Savings & Loan Check No. 101 into CCB 0346, which caused an interstate wire from Laurel, MD to Cleveland, OH	\$200,000	JG

COUNT EIGHT

The Grand Jury for the District of Maryland further charges:

At times relevant herein:

1. Paragraphs One through Twelve of Count Six of this Indictment are hereby realleged and incorporated by reference as though fully set forth herein.

2. On or about June 21, 2005, in the District of Maryland,

GEORGE O'NEAL,

the defendant herein, for the purpose of executing and attempting to execute the scheme and artifice to defraud individuals in connection with investments in real estate in Atlanta, Georgia, through O'NEAL's business ventures, and to obtain money in excess of \$300,000, by means of materially false and fraudulent pretenses, representations and promises, as set forth above, did knowingly cause a financial instrument, to wit: a Wachovia Check from JG, to be delivered by the U.S. mails and a private and commercial interstate carrier, from Fairfax County, Virginia, to Anne Arundel County, Maryland.

18 U.S.C. § 1341

18 U.S.C. § 2

FORFEITURE

1. The allegations contained in Counts One through Eight are realleged and incorporated here for the purpose of alleging forfeiture.

2. Pursuant to Rule 32.2, Fed. R. Crim. P., notice is hereby given to the Defendant that the United States will seek forfeiture as part of any sentence in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), in the event of the Defendant's conviction under Counts One through Eight of the Indictment.

3. As a result of the offenses set forth in Counts One through Eight, the Defendant,

GEORGE O'NEAL,

shall forfeit to the United States any and all property constituting, or derived from proceeds obtained directly or indirectly as a result of such violations, including at least \$600,000 and all interest and proceeds traceable thereto.

SUBSTITUTE ASSETS

4. If any of the \$600,000 described in this indictment as being subject to forfeiture, as a result of any act or omission of the Defendant,

GEORGE O'NEAL,

- (a) cannot be located upon the exercise of diligence;
- (b) has been transferred, or sold to, or deposited with a third person;
- (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 subdivided without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code §§ 981 and 982, Title 21, United States Code § 853, and Title 28, United States Code § 2461, to seek forfeiture of any other property of the defendant up to the value of \$600,000.

18 U.S.C. § 981
18 U.S.C. § 982
21 U.S.C. § 853
28 U.S.C. § 2461



ROD J. ROSENSTEIN
United States Attorney

A TRUE BILL:

SIGNATURE REDACTED

Foreperson

6/17/10
Date