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UNITED STATES DISTRICT COURT  
DISTRICT OF ARIZONA

United States of America,  
Plaintiff,  
v.  
1. Paxton Jeffrey Anderson,  
2. Joseph John Plany,  
Defendants.

**CR 12-1606-PHX-SRB-(DKD)**

**INDICTMENT**

VIO:

18 U.S.C. § 1344  
(Bank Fraud)  
Counts 1-31

18 U.S.C. § 1349  
(Conspiracy)  
Count 32

18 U.S.C. § 2  
(Aid and Abet)  
Counts 1-32

18 U.S.C. § 982(a)(1) and (a)(2)  
18 U.S.C. § 981(a)(1)(c)  
21 U.S.C. § 853(p)  
28 U.S.C. § 2461  
(Forfeiture Allegations)

THE GRAND JURY CHARGES:

**INTRODUCTION**

At the specified times and at all relevant times:

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**Defendants**

1. PAXTON JEFFREY ANDERSON (“ANDERSON”), age 40, was the owner of Dynamite Custom Homes from 2002 through 2007. ANDERSON worked as a home builder through Dynamite Custom Homes, and later through J.R. Custom Homes.

2. JOSEPH JOHN PLANY (“PLANY”), age 39, was employed from October 2004 through 2007, as the Certified Public Accountant for Dynamite Custom Homes, J.R. Custom Homes, and other various business entities.

**Entities**

3. Dynamite Custom Homes, LLC (“Dynamite”) is an Arizona Limited Liability Company formed on or about November 7, 2002. The sole member of Dynamite was ANDERSON. Dynamite was dissolved in June 2009.

4. Flagship Development, LLC (“Flagship”) is an Arizona Limited Liability Company formed on or about January 27, 2005. The sole member of Flagship was ANDERSON. Flagship was dissolved in June 2009. According to the Arizona Registrar of Contractors website, no licenses were ever obtained.

5. J.R. Custom Homes, LLC (“J.R. Custom”) is an Arizona Limited Liability Company formed on or about May 25, 2006. The sole member of J.R. Custom is J.R. J.R. Custom was dissolved in June 2009.

6. Digigroup, LLC (“Digigroup”) is an Arizona Limited Liability Company formed on or about October 10, 2000. The company is no longer in existence.

**Financial Institutions**

7. Marshal and Isley Bank (M&I) was based in Milwaukee, WI, with offices in Phoenix, AZ. M&I was an FDIC insured lender during the time period of the conspiracy.

8. Tier One Bank was based in Lincoln, NE, with offices in Phoenix, AZ. Tier One was an FDIC insured lender during the time period of the conspiracy.

9. Regions Bank is based in Birmingham, AL, with offices in Phoenix, AZ. Regions is an FDIC insured lender.



Count	Date	Amount	Borrower	Property
1	12/10/2004	\$226,690	J.W.	41731 N. 111 Place Scottsdale, AZ
2	12/30/2004	\$537,205	M.A.	13864 E. Coyote Way Fountain Hills, AZ
3	05/31/2005	\$260,000	G.S.	14485 N. Centennial Drive, Prescott, AZ
4	08/01/2005	\$175,000	G.S.	9132 N. Shadow Ridge Trail Fountain Hills, AZ
5	12/05/2005	\$34,000	G.S.	9132 N. Shadow Ridge Trail Fountain Hills, AZ
6	12/06/2005	\$150,000	M.Ac.	37465 N. 104 <sup>th</sup> Place Scottsdale, AZ
7	12/30/2005	\$501,000	M.A.	14252 E. Zorra Way Fountain Hills, AZ
8	01/11/2006	\$448,086	S.A.	2546 S. Moonlight Drive Gold Canyon, AZ
9	01/17/2006	\$556,400	B.B.	36365 N. 100 <sup>th</sup> Way Scottsdale, AZ 85262
10	02/22/2006	\$56,113	G.S.	9132 N. Shadow Ridge Trail Fountain Hills, AZ
11	03/09/2006	\$53,120	M.Ac.	37465 N. 104 <sup>th</sup> Place Scottsdale, AZ
12	04/04/2006	\$83,475	M.Ac.	37465 N. 104 <sup>th</sup> Place Scottsdale, AZ
13	04/11/2006	\$43,839	G.S.	9132 N. Shadow Ridge Trail Fountain Hills, AZ
14	04/25/2006	\$67,943	M.Ac.	37465 N. 104 <sup>th</sup> Place Scottsdale, AZ
15	05/17/2006	\$300,000	M.B.	16802 S. 31 <sup>st</sup> Way Phoenix AZ
16	07/06/2006	\$12,150	M.Ac.	37465 N. 104 <sup>th</sup> Place Scottsdale, AZ
17	07/10/2006	\$132,776	M.Ac.	37465 N. 104 <sup>th</sup> Place Scottsdale, AZ
18	07/25/2006	\$12,177	M.Ac.	37465 N. 104 <sup>th</sup> Place Scottsdale, AZ
19	07/28/2006	\$68,275	M.Ac.	37465 N. 104 <sup>th</sup> Place Scottsdale, AZ

1	20	08/15/2006	\$12,176	M.Ac.	37465 N. 104th Place Scottsdale, AZ
2	21	10/02/2006	\$12,177.34	M.A.	37465 N. 104th Place Scottsdale, AZ
3	22	10/05/2006	\$45,655.00	M.A.	37465 N. 104th Place Scottsdale, AZ
4	23	11/02/2006	\$14,587	M.A.	37465 N. 104th Place Scottsdale, AZ
5	24	11/06/2006	\$62,000	W.H.	37595 N. 104th Place Scottsdale, AZ
6	25	11/30/2006	\$57,842	M.A.	37465 N. 104th Place Scottsdale, AZ
7	26	12/19/2006	\$36,000	W.H.	37595 N. 104th Place Scottsdale, AZ
8	27	01/10/2007	\$24,000	W.H.	37595 N. 104th Place Scottsdale, AZ
9	28	01/31/2007	\$339,100	S.A.	15050 N. Four Mile Creek Ln.Prescott, AZ
10	29	02/08/2007	\$50,000	S.A.	15050 N. Four Mile Creek Ln. Prescott, AZ
11	30	03/09/2007	\$13,750	W.H.	37595 N. 104th Place Scottsdale, AZ
12	31	04/03/2007	\$7,000	W.H.	37595 N. 104th Place Scottsdale, AZ

13 All in violation of Title 18 U.S.C. §§ 1344 and 2.

14 **COUNT THIRTY-TWO**

15 **Conspiracy**

16 **[Title 18 U.S.C. § 1349]**

17 14. The factual allegations contained in paragraphs 1-13 are re-alleged and  
18 reincorporated as if fully set forth herein.

19 15. From a time unknown to the grand jury but at least as early as December 2004,  
20 through June 2009, in the District of Arizona, defendants ANDERSON, PLANY and others  
21 known and unknown to the grand jury, conspired, confederated and agreed with each other to  
22 commit an offense against the United States of America, to wit: bank fraud, by engaging in an  
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1 ongoing conspiracy to obtain real estate based on loan applications misrepresenting material  
2 information to the lender and misrepresenting that draw requests were used for construction  
3 expenses when in fact the draws were used for personal expenses of ANDERSON.

4 **The Purpose of the Conspiracy**

5 16. The purpose of the conspiracy was as follows:

6 a. To use an appraisal that substantially inflated the fair market value of the property  
7 in order to obtain a higher loan amount based on the appraisal.

8 b. To use friends, family members and others to purchase properties, in some cases  
9 multiple properties, for each buyer.

10 c. To enable buyers to qualify for loan amounts by falsifying wage and employment  
11 verifications, seasoning bank accounts with money that did not belong to the borrower so that  
12 the borrower appeared to have available assets, and altering bank statements by inflating the  
13 balance in a borrower's bank account to make incomes consistent with lending guidelines.

14 d. To receive draw requests/loan proceeds by forging the name of the buyer so that  
15 ANDERSON could use the money to purchase horses, on expenses related to horses, to gamble,  
16 and for other personal expenses.

17 **Means and Methods of the Conspiracy**

18 17. It was part of the conspiracy that ANDERSON recruited friends, family members and  
19 others as "straw buyers" to apply for and purchase multiple properties for the purpose of  
20 obtaining draw requests from the lender. The scheme was completed in the following manner:

21 a. ANDERSON was a developer that used primarily M&I Bank, but also Tier One  
22 and Regions Bank, to obtain construction loans for lots that he represented would be used to  
23 build luxury homes.

24 b. ANDERSON recruited friends and family members as buyers of the unimproved  
25 lots so they would receive construction loans.

26 c. After consulting with loan officers, ANDERSON would determine what factors  
27 were required for the straw buyer to qualify for the loan. He would then provide loan officers  
28 false information or instruct the straw buyer to provide false information so they would qualify

1 for the loan.

2 d. In order to qualify for a loan, ANDERSON and others would misrepresent the  
3 income of buyers and in some instances provide bogus letters from accountants that  
4 misrepresented the buyer's income.

5 e. ANDERSON and others would minimize borrowers' liabilities by failing to  
6 disclose other mortgage liabilities on the URLA.

7 f. ANDERSON or others at his direction forged the signatures of property owners  
8 on construction draw requests to receive funds from the banks. ANDERSON also prepared  
9 fraudulent invoices showing construction work completed by subcontractors and submitted the  
10 invoices to the banks to receive funds. ANDERSON used a majority of the funds for personal  
11 expenses, including the purchase of horses and their maintenance, stud fees, and gambling on  
12 race horses.

13 g. ANDERSON knew that the subject properties would not be occupied by the  
14 borrower as their primary residence, but was aware that the fact was misrepresented on the  
15 URLA in order to obtain more favorable loan terms.

16 h. ANDERSON inflated up-front costs such as site preparation and excavation and  
17 submitted false pre-paid invoices.

18 i. ANDERSON and PLANY copied and pasted signatures from one document to  
19 other documents in order to qualify buyers for loans or directed others to do so.

20 j. ANDERSON would deposit monies into prospective borrowers' accounts so that  
21 it would appear that the borrower had more assets than they had available to them so they would  
22 qualify for the loans.

23 k. ANDERSON supplied down payments for borrowers and knew that it was being  
24 misrepresented to the lender that the down payment was coming from the borrower.

25 l. As directed by ANDERSON, PLANY assisted borrowers so they could qualify for  
26 lot and construction loans from M&I Bank, Tier One, Regions Bank and other lenders by falsely  
27 inflating borrowers' bank accounts. In addition, PLANY falsified draw requests, which  
28 eventually benefitted both PLANY and ANDERSON.

Overt Acts

18. In furtherance of the above-referenced conspiracy and to effect the objectives of the conspiracy, the defendants and other persons did perform and cause to be performed the following overt acts:

a. Between August 7, 2004 and August 9, 2004, ANDERSON created two fraudulent invoices (#1226 for \$100,000 and #1230 for \$75,000), which were submitted to M&I Bank without the borrower's authorization for the purpose of obtaining loan proceeds.

b. On or about March 1, 2005, ANDERSON made a payment on a property owned by G.S.

c. On or about October 5, 2005, ANDERSON asked G.S. to provide false employment and income verifications for J.S., a straw-buyer, for the purpose of obtaining loans.

d. On November 18, 2005, G.S., at the request of ANDERSON, misrepresented that ANDERSON's mother, S.A., worked for G.S.'s company Digigroup, when in fact she did not.

e. On or about December 20, 2005, ANDERSON deposited \$50,000 into J.R.'s account.

f. On December 23, 2005, at the direction of ANDERSON, G.S. misrepresented his employee, B.B.'s, income so that he would be able to qualify for a loan.

g. On or about December 23, 2005, ANDERSON deposited money in B.B.'s account so that he would be able to qualify for a loan.

h. On or about December 29, 2005, a wire transfer from Dynamite Custom Homes' JP Morgan Chase account ending in 370 was sent in the amount of \$11,000 to M.J.'s Bank of America account in New York ending in 7161.

i. On or about December 30, 2005, a Bank of America cashier's check purchased by M.J. in the amount of \$11,000 was deposited back into Dynamite Custom Homes' JP Morgan Chase account ending in 370.

j. The following chart summarizes ANDERSON's additional property transactions, not alleged in counts 1-31, through Dynamite Custom Homes, and later, through J.R. Custom Homes, each of which is alleged as an overt act in furtherance of the conspiracy:



Transaction	Date	Property	Lender
1	12/03/2004	10890 E. Sundance Scottsdale, AZ	M&I Bank
2	01/07/2005	7165 E. Juniper Village Gold Canyon, AZ	M&I Bank
3	02/09/2005	2743 S. Pinyon Village Superstition Mountain, AZ	M&I Bank
4	02/28/2005	4353 Desert Gate Circle Mesa, AZ	M&I Bank
5	03/17/2005	7376 Wilderness Trail (Lot 12) Apache Junction, AZ	M&I Bank
6	03/22/2005	14353 E. Zorra Way Fountain Hills, AZ	Tier One Bank
7	04/12/2005	3540 S. 1st Water Trail, Superstition Mountain, AZ	M&I Bank
8	06/10/2005	Lot 5, Ponderosa Village Gold Canyon, AZ	M&I Bank
9	06/13/2005	Lot 24 Talking Rock	M&I Bank
10	06/21/2005	5225 W. Three Forks Rd Prescott, AZ	M&I Bank
11	06/22/2005	9132 N. Shadow Ridge Trail Scottsdale, AZ	M&I Bank
12	06/24/2005	6752 E. Arroyo Verde Road Gold Canyon, AZ	M&I Bank
13	06/27/2005	7179 E. Wilderness Trail Apache Junction, AZ	M&I Bank
14	08/22/2005	8815 E. Lost Gold Circle Apache Junction, AZ	M&I Bank
15	09/09/2005	37595 N. 104th Place Scottsdale, AZ	M&I Bank
16	09/26/2005	Lot 156 Talking Rock	M&I Bank
17	11/11/2005	15205 N. Little Diamond Way Prescott, AZ	M&I Bank
18	11/11/2005	15125 N. Third Mesa Lane Prescott, AZ	M&I Bank
19	11/18/2005	Lot 174, Talking Rock Prescott, AZ	M&I Bank
20	11/22/2005	41606 N. 113th Place Scottsdale, AZ	M&I Bank

1	21	11/22/2005	14245 E. White Fang Fountain Hills, AZ	M&I Bank
2	22	11/22/2005	40645 N. 97th Street Scottsdale, AZ	M&I Bank
3	23	01/06/2006	3414 S. Sycamore Gold Canyon, AZ	M&I Bank
4	24	01/09/2006	7390 E. Wildflower Lane Apache Junction, AZ	M&I Bank
5	25	01/10/2006	8703 E. Lost Gold Apache Junction, AZ	M&I Bank
6	26	02/03/2006	8787 E. Lost Gold Circle Gold Canyon, AZ	M&I Bank
7	27	02/08/2006	Lot 4, Cottonwood Apache Junction, AZ	M&I Bank
8	28	03/08/2006	10240 N Fire Canyon Fountain Hills, AZ	M&I Bank
9	29	07/19/2006	10926 E. Winter Sun Drive Scottsdale, AZ 85262	M&I Bank
10	30	09/27/2006	3505 S. Ponderosa Gold Canyon, AZ	M&I Bank
11	31	10/19/2006	10299 E. Windrunner Dr Scottsdale, AZ	M&I Bank
12	32	03/21/2007	7153 E. Summit Trail Mesa, AZ	M&I Bank
13	33	12/15/2007	14695 N. Kinishba Fire Prescott, AZ	M&I Bank

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All in violation of Title 18 U.S.C. §§ 1349 and 2.

### FORFEITURE ALLEGATION

19. As a result of committing the conspiracy offense alleged in Count 32, defendants ANDERSON and PLANY shall forfeit to the United States pursuant to 18 U.S.C. § 981(a)(1)(c) and 28 U.S.C. § 2461 any property, real or personal, which constitutes or is derived from proceeds traceable to a violation of 18 U.S.C. §1349.

20. As a result of committing one or more of the bank fraud offenses alleged in Counts 1-31 of this Indictment, defendants ANDERSON and PLANY shall forfeit to the United States pursuant to 18 U.S.C. § 982(a)(2), any property constituting, or derived from, proceeds the said defendants obtained directly or indirectly, as a result of the said violations.

