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CLERK U.S. DISTRICT COURT  
CENTRAL DIST. OF CALIF.  
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UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA  
SOUTHERN DIVISION

September 2012 Grand Jury

UNITED STATES OF AMERICA, )  
 )  
Plaintiff, )  
 )  
v. )  
 )  
KAREN HANOVER, )  
 )  
Defendant. )  
 )  
 )  
 )  
 )  
 )

SA CR N **SA CR 12-0282**  
I N D I C T M E N T  
[18 U.S.C. § 1343: Wire Fraud]

The Grand Jury charges:

COUNTS ONE AND TWO

[18 U.S.C. § 1343]

**A. INTRODUCTION**

At all times relevant to this Indictment:

1. Defendant KAREN HANOVER ("HANOVER") conducted business in Orange and Los Angeles Counties, in the Central District of California, and elsewhere.

2. Defendant HANOVER owned, controlled or was affiliated with Commercial Investment Education, LLC and Kharmic Life

1 Strategies, Inc.

2 **B. THE SCHEME TO DEFRAUD**

3 3. Beginning in or about a time unknown to the Grand Jury,  
4 and continuing through at least in or about December 2010, in  
5 Orange and Los Angeles Counties, within the Central District of  
6 California, and elsewhere, defendant HANOVER knowingly and with  
7 intent to defraud, devised, participated in, and executed a  
8 scheme to defraud victims as to material matters, and to obtain  
9 money and property from victims by means of material false and  
10 fraudulent pretenses, representations, and promises, and the  
11 concealment of material facts.

12 4. The fraudulent scheme was designed to operate and did  
13 operate, as follows:

14 (a) Defendant HANOVER and others conducted seminars  
15 concerning investing in commercial real-estate in various large  
16 cities in the United States including Dallas, Texas and Las  
17 Vegas, Nevada.

18 (b) At these seminars, defendant HANOVER offered  
19 investors what she described as a "fastrack" to owning commercial  
20 real estate. Defendant HANOVER stated that if the investors paid  
21 her between \$19,000 and \$29,997 she would become their "equity  
22 partner" and "guarantee" them ownership in commercial real  
23 estate, and promised investors that defendant HANOVER would carry  
24 them "on her back" through a commercial real estate deal that  
25 defendant located, identified financing for, and then invested in  
26 with participants in the "fastrack" program. Defendant HANOVER  
27 guaranteed that her investors would "get into a deal" regardless  
28 of their credit or financial status. She promised to work with

1 the investors "personally and directly" and suggested annual  
2 returns of 100% on their investment with defendant and offered a  
3 money back guarantee.

4 (c) Defendant HANOVER would then apply pressure to the  
5 investors to sign up with defendant and make their investment  
6 immediately, claiming that there was not sufficient space for  
7 everyone who wanted to join her "fastrack" program.

8 (d) Defendant HANOVER, after obtaining payment or  
9 promise of payment, would provide a "fastrack" agreement where  
10 she would negate virtually every promise she made to induce the  
11 investors to pay her for the "fastrack" program. The agreement  
12 stated that there would be no refunds, that defendant HANOVER had  
13 no obligation to evaluate or negotiate any real estate  
14 transaction, that defendant HANOVER was not a "partner" with any  
15 of the participants in the "fastrack" program, that defendant  
16 HANOVER had no obligation to ensure that any investor obtain  
17 ownership in any real property, and that no investor had any  
18 right to have personal access to defendant HANOVER.

19 5. In order to execute the scheme, defendant HANOVER made  
20 and caused to be made false statements and false promises to  
21 investors, including, without limitation, the following:

22 (a) That, in exchange for the fee paid for the  
23 "fastrack" program, defendant HANOVER would become the investor's  
24 "equity partner" in any commercial real-estate property;

25 (b) That, in exchange for the fee paid for the  
26 "fastrack" program, defendant HANOVER would work personally and  
27 directly with the investor;

28 (c) That, in exchange for the fee paid for the

1 "fastrack" program, the investor would become an owner in any  
2 commercial real estate as a result of the efforts of defendant  
3 HANOVER; and

4 (d) That, in exchange for the fee paid for the  
5 "fastrack" program, defendant HANOVER would deliver returns  
6 approaching or exceeding 100% of their "fastrack" investment.

7 6. At the time defendant HANOVER made the false statements,  
8 false promises, and material omissions, and caused them to be  
9 made, defendant HANOVER knew that such statements and promises  
10 were false and that defendant HANOVER made material omissions, in  
11 that:

12 (a) defendant HANOVER knew that she was not going to  
13 be an "equity partner" with her investors;

14 (b) defendant HANOVER did not intend to allow her  
15 investors to have personal access to her;

16 (c) defendant HANOVER knew that the investors would  
17 not enjoy returns approaching or exceeding 100% of their  
18 "fastrack" investment; and

19 (d) defendant HANOVER knew that the investors would  
20 not become an owner in any commercial real-estate as a result of  
21 her efforts.

22 7. By devising, participating in, and executing the  
23 above scheme, defendant HANOVER caused more than 50 investors to  
24 lose more than \$2 million.

25 **C. USE OF WIRES**

26 8. On or about the dates set forth below, in Orange and Los  
27 Angeles Counties, within the Central District of California, and  
28 elsewhere, defendant HANOVER for the purpose of executing and


1 attempting to execute the above-described scheme to defraud,  
2 transmitted and caused the transmission of the following items by  
3 means of wire communication in interstate commerce:

4 <u>COUNT</u>	<u>DATE</u>	<u>WIRING</u>
5 ONE	March 3, 2010	\$20,000 wired by J.R.'s bank account in Vineland, New Jersey to defendant HANOVER's Commercial Investment Education bank account at Wells Fargo Bank in Long Beach, California
8 TWO	June 1, 2010	\$29,000 wired from Wells Fargo Bank in Dallas, Texas to defendant HANOVER's Commercial Investment Education bank account at Wells Fargo Bank in Long Beach, California for the benefit of V.C.

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15 A TRUE BILL

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18 Foreperson

17 ANDRÉ BIROTTE JR.  
18 United States Attorney

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20 ROBERT E. DUGDALE  
21 Assistant United States Attorney  
22 Chief, Criminal Division

23 DENNISE D. WILLETT  
24 Assistant United States Attorney  
25 Chief, Santa Ana Branch Office

26 ANDREW STOLPER  
27 Assistant United States Attorney  
28 Santa Ana Branch Office