

FILED

NOV 14 2007

IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF OKLAHOMA

ROBERT D. DENNIS
U.S. DIST. COURT, WESTERN DIST OF OKLA.
BY: *[Signature]*

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 -vs-)
)
 GROVER HAROLD PHILLIPS and)
 TERRY HUGH MAHON,)
)
 Defendants.)

No. CR 07-299 F

Violations: 18 U.S.C. § 1349
18 U.S.C. § 1341
18 U.S.C. § 2
18 U.S.C. § 1957(a)
18 U.S.C. § 1956(a)(1)(B)(i)
18 U.S.C. § 981(a)(1)(C)
28 U.S.C. § 2461(c)

INDICTMENT

The Federal Grand Jury charges:

Introduction

At all times relevant to this Indictment:

1. Amsterdam Fidelity Business Trust ("Amsterdam") was a business trust organized under the laws of Nevada on June 7, 2000, with its principal place of business in Stillwater, Oklahoma, in the Western District of Oklahoma.
2. GROVER HAROLD PHILLIPS resided in Stillwater, Oklahoma, and was a trustee of and in control of Amsterdam.
3. Rebates International, Inc. ("Rebates") was a corporation organized under the laws of Nevada on June 14, 2000, with its principal place of business in Hollister, Missouri.
4. TERRY HUGH MAHON resided in Hollister, Missouri, and was the

president of Rebates.

5. EASE Corporation ("EASE") was a corporation organized under the laws of Oklahoma on about May 14, 2002, with its principal place of business in Oklahoma City, Oklahoma.

6. R.W. resided in Oklahoma City, Oklahoma, and operated EASE.

7. Stillwater National Bank was a financial institution with offices in Stillwater, Oklahoma, and maintained accounts insured by the Federal Deposit Insurance Corporation.

8. Branson Bank was a financial institution with offices in Branson, Missouri, and maintained accounts insured by the Federal Deposit Insurance Corporation.

9. Bank of America was a financial institution with offices in the Western District of Oklahoma and maintained accounts insured by the Federal Deposit Insurance Corporation.

COUNT 1
Conspiracy

10. The Federal Grand Jury incorporates paragraphs 1-9 by reference.

11. From no later than June of 2000 to about September of 2003, in the Western District of Oklahoma and elsewhere,

----- **GROVER HAROLD PHILLIPS and**
TERRY HUGH MAHON -----

knowingly and intentionally, and with interdependence, combined, conspired, and agreed with each other and with others known and unknown to the Federal Grand Jury to commit

the offense of mail fraud, in violation of Title 18, United States Code, Section 1341.

The Object of the Conspiracy

12. The object of the conspiracy was to obtain money from individuals through fraudulent promises that the individuals could pay off their mortgages by purchasing a “cashback rebate coupon” for approximately 17% of the face value of the coupon and then redeeming the coupon for face value at the end of five years. Conspirators obtained over \$1 million fraudulently from the individuals who purchased these coupons.

Manner and Means

13. The object of the conspiracy was accomplished as follows:

A. Individuals acting at the direction of **PHILLIPS** and **MAHON** approached individuals who owned real estate to offer a “market analysis” of that real estate. This market analysis consisted of publicly available information on the value of the real estate and cost 17% of the value of the real estate. If they purchased a market analysis, the property owners also received a “gift” from Rebates in the form of a cashback rebate coupon that could be redeemed at the end of five years for the value of the real estate.

B. Individuals acting at the direction of **PHILLIPS** and **MAHON** assured property owners that Amsterdam would invest the fees paid for the market analysis in high-yield international funds in order to make it possible for the property owners who redeemed their coupons to pay off their mortgages in five years.

C. Individuals acting at the direction of **PHILLIPS** and **MAHON** falsely represented to property owners that **PHILLIPS** had unique knowledge and experience in

international investments that would make it possible for Amsterdam to generate investment returns within five years sufficient to cover the face value of each cashback rebate coupon.

D. **PHILLIPS, MAHON**, and others caused property owners and title companies to send payments for market analyses to intermediary corporations under their control, including Gold Star Properties of Mountain Home, Arkansas; Sunset Financial Group, Inc., of Oklahoma City, Oklahoma; Vision Services, Inc., of Oklahoma City, Oklahoma; and EASE Corporation.

E. **PHILLIPS, MAHON**, and others caused approximately 82% of the funds received by these intermediary corporations as a result of these representations to be deposited into accounts in the name of Amsterdam at Stillwater National Bank and Bank of America.

F. **PHILLIPS, MAHON**, and others caused approximately 30% of the funds deposited into Amsterdam accounts at Stillwater National Bank and Bank of America to be transferred to an account in the name of Rebates at Branson Bank.

G. **PHILLIPS** and **MAHON** used the vast majority of the funds generated by these representations and deposited into the Amsterdam accounts at Stillwater National Bank and Bank of America and the Rebates account at Branson Bank for their own purposes and invested only a small fraction of those funds on behalf of the individuals who purchased market analyses. To make their personal use of these funds appear

legitimate, **PHILLIPS** and **MAHON** executed promissory notes during 2001 and 2003 corresponding to their withdrawals of money from the bank accounts in the name of Amsterdam. Neither **PHILLIPS** nor **MAHON** paid these funds back to Amsterdam.

H. When property owners later expressed concerns about whether Rebates would honor their cashback rebate coupons, **PHILLIPS**, **MAHON**, and others misled the property owners by asserting falsely that the State of Oklahoma had seized the assets of Rebates and Amsterdam, that the federal government had frozen their bank accounts, or that the terrorist attacks on September 11, 2001, had caused the federal government to limit international investment options.

Overt Acts

14. In order to effect the object of the conspiracy, the following overt acts, among others, were committed, on about the dates alleged:

A. On about June 15, 2000, **PHILLIPS** opened a bank account at Stillwater National Bank on behalf of Amsterdam with account number XXX2500. Both **PHILLIPS** and **MAHON** had signature authority on this account.

B. On about August 11, 2000, **MAHON** opened a bank account at Branson Bank on behalf of Rebates with account number XX71.

C. In about August of 2001, **PHILLIPS** prepared a letter to be included with a sales brochure for Sunset Financial Group, a marketing company for Rebates, that stated that Amsterdam would “invest in the safest and most profitable programs for Rebates International, Inc.”

D. On about November 26, 2001, **PHILLIPS** opened a bank account at Bank of America on behalf of Amsterdam with account number XXXX XXXX 5677. Both **PHILLIPS** and **MAHON** had signature authority on this account.

E. On about December 4, 2001, **PHILLIPS** opened a bank account at Bank of America on behalf of Amsterdam with account number XXXX XXXX 1097.

F. On about February 7, 2003, **PHILLIPS** opened a bank account at Bank of America on behalf of Amsterdam with account number XXXX XXXX 1136.

G. On about March 7, 2003, at the direction of **MAHON**, R.W. wrote a check in the amount of \$98,000 that was drawn on an account of EASE at Bank of America and made payable to Amsterdam. These funds were the proceeds of the sale of a market analysis to C.W. and J.W. of San Jose, California.

H. On about March 8, 2003, **PHILLIPS** caused the \$98,000 check from EASE to be deposited into an account of Amsterdam at Bank of America, account number XXXX XXXX 5677.

I. On about March 10, 2003, **PHILLIPS** wrote a check in the amount of \$28,863.24 that was drawn on an Amsterdam account at Bank of America, number XXXX XXXX 5677, and made payable to Rebates.

J. On about March 10, 2003, **MAHON** caused the \$28,863.24 check from Amsterdam to be deposited into the account of Rebates at Branson Bank.

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

COUNT 2
Mail Fraud

15. The Federal Grand Jury incorporates paragraphs 1-9 by reference.

The Scheme to Defraud

16. It was part of the scheme that **PHILLIPS** and **MAHON** performed the actions alleged in paragraphs 13 and 14, which the Federal Grand Jury incorporates by reference.

17. It was further part of the scheme that in early 2003, as a result of the activities of **PHILLIPS** and **MAHON**, C.W. and J.W. of San Jose, California, decided to purchase a market analysis from Rebates and to take advantage of the cashback rebate coupon program offered through Rebates.

18. It was further part of the scheme that in February of 2003, C.W. and J.W. closed on re-financings for two properties that they owned in San Jose, California. On about February 28, 2003, in conjunction with these closings, C.W. and J.W. signed a cashback rebate coupon with a face value of \$700,000.

19. It was further part of the scheme that as a result of the closings of the re-financings of these properties, Financial Title Company of Campbell, California, sent two checks drawn on Fremont Bank in Fremont, California, to R.W. in Oklahoma City by Federal Express. Both checks were in the amount of \$59,500, for a total of \$119,000, both checks were dated February 24, 2003, and both checks were payable to "EAS Corporation."

20. It was further part of the scheme that on about February 25, 2003, R.W. caused these two checks to be deposited into an account of EASE Corporation at Bank of America.

21. It was further part of the scheme that on about March 7, 2003, R.W. wrote a check in the amount of \$98,000 that was drawn on an account of EASE at Bank of America and made payable to Amsterdam. As indicated in the memo section of the check, these funds were the proceeds of the sale of a market analysis to C.W. and J.W. of San Jose, California.

22. It was further part the scheme that **PHILLIPS** and **MAHON** used these funds for their own purposes and did not invest them on behalf of C.W. or J.W.

The Mailing in Furtherance of the Scheme

23. On about February 24, 2003, in the Western District of Oklahoma and elsewhere,

----- **GROVER HAROLD PHILLIPS and**
TERRY HUGH MAHON, -----

for the purpose of executing a scheme to defraud in a material manner, knowingly caused two checks, each in the amount of \$59,500, to be sent by Federal Express, a commercial interstate carrier, from Financial Title Company, 1500 East Hamilton Avenue, No. 117, Campbell, California, to "EAS" Corporation, 232 Allenhurst Avenue, Oklahoma City, Oklahoma, 73114.

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

COUNT 3
Money Laundering

24. The Federal Grand Jury incorporates paragraphs 1-9, 14, and 17-23 by reference.

25. On about March 8, 2003, in the Western District of Oklahoma and elsewhere,

----- **GROVER HAROLD PHILLIPS** -----

knowingly engaged in a monetary transaction by, through, or to a financial institution, affecting interstate commerce, in criminally derived property of a value greater than \$10,000. In particular, **PHILLIPS** caused a check in the amount of \$98,000 drawn on the account of EASE Corporation at Bank of America to be deposited into an account of Amsterdam at Bank of America, account number XXXX XXXX 5677, after these funds had been derived from a specified unlawful activity, that is, mail fraud, a violation of Title 18, United States Code, Section 1341.

All in violation of Title 18, United States Code, Section 1957(a), and Title 18, United States Code, Section 2.

COUNT 4
Money Laundering

26. The Federal Grand Jury incorporates paragraphs 1-9, 14, and 17-23 by reference.

27. On about March 10, 2003, in the Western District of Oklahoma and elsewhere,

----- **TERRY HUGH MAHON** -----

knowingly engaged in a monetary transaction by, through, or to a financial institution, affecting interstate commerce, in criminally derived property of a value greater than \$10,000. In particular, **MAHON** caused a check in the amount of \$28,863.24 drawn on an account of Amsterdam at Bank of America, account number XXXX XXXX 5677, to be deposited into the account of Rebates at Branson Bank after these funds had been derived from a specified unlawful activity, that is, mail fraud, a violation of Title 18, United States Code, Section 1341.

All in violation of Title 18, United States Code, Section 1957(a), and Title 18, United States Code, Section 2.

COUNT 5
Money Laundering

28. The Federal Grand Jury incorporates paragraphs 1-9, 14, and 17-23 by reference.

29. **PHILLIPS** maintained a personal account at Bank of America under account number XXXX XXXX 8546 and with an address in Stillwater, Oklahoma.

30. On about April 24, 2003, **PHILLIPS** signed a promissory note in the amount of \$10,000 in favor of Amsterdam with an interest rate of 8% and a maturity date of April 24, 2004. **PHILLIPS** signed the promissory note to conceal the fact that he was taking money from Amsterdam to use for his own purposes, with no intent of repaying the note.

31. On about April 25, 2003, in the Western District of Oklahoma and elsewhere,

----- **GROVER HAROLD PHILLIPS** -----

knowingly conducted and attempted to conduct a financial transaction affecting interstate and foreign commerce by causing to be deposited into his personal account at Bank of America, account number XXXX XXXX 8546, a check from Amsterdam to **PHILLIPS** in the amount of \$10,000, after these funds had been derived from mail fraud, a specified unlawful activity pursuant to Title 18, United States Code, Sections 1956(c)(7)(A) and 1961(1), with the knowledge that the transaction was designed in whole and in part to conceal and disguise the nature of the proceeds of the specified unlawful activity and also with the knowledge that the property involved in the transaction represented the proceeds of some form of unlawful activity.

All in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i), and Title 18, United States Code, Section 2.

COUNT 6
Money Laundering

32. The Federal Grand Jury incorporates paragraphs 1-9, 14, and 17-23 by reference.

33. **MAHON** maintained a personal account at Bank of America under account number XXXX XXXX 4676 and with an address in Las Vegas, Nevada.

34. On about April 24, 2003, **MAHON** signed a promissory note in the amount

of \$10,000 in favor of Amsterdam with an interest rate of 8% and a maturity date of April 24, 2004. MAHON signed the promissory note to conceal the fact that he was taking money from Amsterdam to use for his own purposes, with no intent of repaying the note.

35. On about April 25, 2003, in the Western District of Oklahoma, the District of Nevada, and elsewhere,

----- **TERRY HUGH MAHON** -----

knowingly conducted and attempted to conduct a financial transaction affecting interstate and foreign commerce by causing to be deposited into his personal account at Bank of America, account number XXXX XXXX 4676, a check from Amsterdam to MAHON in the amount of \$10,000, after these funds had been derived from mail fraud, a specified unlawful activity pursuant to Title 18, United States Code, Sections 1956(c)(7)(A) and 1961(1), with the knowledge that the transaction was designed in whole and in part to conceal and disguise the nature, source, ownership, and control of the proceeds of the specified unlawful activity and also with the knowledge that the property involved in the transaction represented the proceeds of some form of unlawful activity.

All in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i), and Title 18, United States Code, Section 2.

FORFEITURE ALLEGATIONS

36. Upon conviction of the offenses alleged in Count One or Count Two of this Indictment, the defendants shall forfeit to the United States, pursuant to Title 18, United

States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), any property constituting or derived from proceeds obtained directly or indirectly as a result of the offense, including but not limited to the following:

A sum of money equal to \$1,061,294.85, which represents the amount of cash proceeds obtained as a result of the offense, for which the defendants are jointly and severally liable.

37. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), the defendants shall forfeit substitute property, up to the value of the amount described in paragraph 36, if, by any act or omission of the defendants, the property described in paragraph 36, or any portion of that property, cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third person; has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been commingled with other property that cannot be subdivided without difficulty.

All in accordance with Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c).

A TRUE BILL:



FOREPERSON OF THE GRAND JURY

JOHN C. RICHTER
United States Attorney



SCOTT E. WILLIAMS
Assistant U.S. Attorney