

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

UNITED STATES OF AMERICA)
)
)
v.)
)
JAYMES MEYER)
A/K/A/ "JAMES MEYER")
)
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)
)
_____)

DOCKET NO.

BILL OF INFORMATION

Violations:

18 U.S.C. § 2
18 U.S.C. § 1503

FILED
CHARLOTTE, NC
MAR 10 2016
U.S. DISTRICT COURT
WESTERN DISTRICT OF NC

THE UNITED STATES ATTORNEY CHARGES:

At the specified times and at all times relevant to this Bill of Information:

1. Defendant Jaymes Meyer a/k/a James Meyer ("MEYER"), a resident of Napa, California, was the Chief Executive Officer of Preferred Merchants and as fully set forth below, engaged in an elaborate obstruction of justice scheme to conceal millions of dollars from the Government using a series of domestic and foreign nominees and related bank and brokerage accounts.

2. Preferred Merchants Solutions, LLC ("Preferred Merchants") was a financial services corporation formed in the State of Florida and headquartered in Napa, California. Preferred Merchants provided merchant companies with access to, among other things, credit card and check processing services.

3. The United States Securities and Exchange Commission ("SEC") was an independent agency of the United States. The SEC's Division of Enforcement, among other things, investigated possible violations of federal securities laws and regulations and brought administrative and civil actions to enforce those laws and regulations.

4. In or about 2012, the SEC commenced a securities fraud investigation concerning a Ponzi scheme centering on Rex Ventures Group, LLC ("RVG"), a North Carolina-based company. As part of the investigation, the SEC learned that Preferred Merchants held RVG assets of approximately \$30 million and may also be holding another approximately \$30 million on behalf of RVG in treasury and trust accounts.

5. In or about July 2012, RVG and MEYER, through Preferred Merchants, executed a Declaration of Trust establishing the RVG Corporate Trust, designating RVG as the sole beneficiary and Preferred Merchants as the trustee. Thereafter, on or about July 26, 2012, MEYER opened a bank account ("RVG Trust Account") through Bay Area Escrow Services ("Bay Area Escrow") at Bank of the West, in California. MEYER advised Bay Area Escrow that

he would request periodic distributions from the RVG Trust Account so that he could “make payments to [RVG] employees and such.”

6. On or about August 1, 2012, approximately \$20 million of RVG assets was deposited into the RVG Trust Account.

7. The next day, on or about August 2, 2012, MEYER contacted a representative of Bay Area Escrow and directed her to transfer approximately \$2.6 million from the RVG Trust Account and wire it to a Preferred Merchants’ brokerage account under his dominion and control at E*TRADE, an online broker for stock and options trading (“Preferred Merchants E*TRADE Brokerage Account”). At the time of the wire transfer, the balance in the Preferred Merchants E*TRADE bank account was zero.

8. The same day, on or about August 2, 2012, MEYER directed the representative of Bay Area Escrow to wire an additional \$200,000 from the RVG Trust Account to a Preferred Merchants bank account under MEYER’s dominion and control at Bank of America (“Preferred Merchants Bank of America Account”). At the time of the wire transfer, the balance in the Preferred Merchants Bank of America Account was approximately \$6,132.

9. On or about August 16, 2012, an Assistant Director from the SEC’s Division of Enforcement (“SEC Assistant Director”) contacted MEYER and notified him that, among other things, the SEC was conducting a securities fraud investigation concerning a Ponzi scheme centering on RVG and that it was obtaining a Court Order freezing RVG’s assets (“Freeze Order”), and requested that MEYER immediately freeze any RVG accounts and assets he had in his possession, custody, or control.

a. MEYER then misled the SEC Assistant Director by falsely implying that Preferred Merchants did not exercise dominion or control over any RVG assets. In truth and fact, MEYER, through Preferred Merchants, was the trustee over the RVG Trust Account, which then held approximately \$17.4 million in RVG assets. Pursuant to an agreement with Bay Area Escrow, MEYER had exclusive signatory authority to authorize disbursements from the RVG Trust Account.

b. Approximately 20 minutes following his phone call with the SEC Assistant Director, MEYER emailed a representative of Bay Area Escrow and directed her to wire transfer approximately \$4.8 million from the RVG Trust Account to the Preferred Merchants E*TRADE Brokerage Account.

c. The next day, on or about August 17, 2012, MEYER emailed a representative of Bay Area Escrow and directed her to wire transfer approximately \$1 million from the RVG Trust Account to an attorney trust account at a national law firm based in Indianapolis, Indiana. In the same email, MEYER directed the Bay Area Escrow representative to stop all incoming and outgoing transfers from the RVG Trust Account.

d. At no time during the phone call with the SEC Assistant Director did MEYER disclose that MEYER had already transferred a total of approximately \$2.8 million from the RVG Trust Account to the Preferred Merchants E*TRADE Brokerage Account and the Preferred Merchants Bank of America Account or that MEYER was planning on conducting the additional foregoing financial transactions described above.

10. On or about August 17, 2012, the SEC commenced a civil action against Rex Ventures Group (“RVG”) in the United States District Court for the Western District of North Carolina entitled *Securities and Exchange Commission v. Rex Venture Group, LLC d/b/a/ Zeekrewards.com, and Paul Burks*, Case Number 3:12-cv-519. The matter was assigned to U.S. District Judge Graham Mullen.

11. On the same day, Judge Mullen entered an order appointing a Receiver and freezing all of RVG’s assets, which, among other things, directed that “all persons and entities with direct or indirect control over any Receivership Assets...are hereby restrained and enjoined from directly or indirectly transferring, setting off, receiving, changing, selling, pledging, assigning, liquidating or otherwise disposing of or withdrawing such assets.”

12. Thereafter, on August 17, 2012, the SEC Assistant Director left a voice mail with MEYER notifying him that the Court had entered the Freeze Order.

13. On the same day the Freeze Order was entered, MEYER transferred approximately \$850,000 in RVG assets from the Preferred Merchants E*TRADE Brokerage Account to a title company based in California and thereafter used part of the money to purchase a home in Napa, California.

14. On or about August 20, 2012, the SEC transmitted the Freeze Order to MEYER and Preferred Merchants. That same day MEYER directed Bay Area Escrow to stop all incoming and outgoing activity in the RVG Trust Account.

15. The next day, on or about August 21, 2012, MEYER transferred approximately \$100,000 of RVG assets from the Preferred Merchants E*TRADE Brokerage Account to the Preferred Merchants Bank of America Account.

16. On or about August 22, 2012, the United States Secret Service obtained a Seizure Warrant (“Seizure Warrant”) from the United States District Court for the Western District of North Carolina which ordered the seizure of “all funds, in and out of accounts at financial institutions and in other locations both within and outside of the United States held in the name of the Receivership Defendant...” Thereafter, a Special Agent from the United States Secret Service transmitted a copy of the Seizure Warrant to MEYER’s attorney.

17. On or about the same day, August 22, 2012, MEYER transferred \$600,000 from the Preferred Merchants E*TRADE Brokerage Account to the Preferred Merchants Bank of America Account.

18. On or about August 29, 2012, MEYER submitted a fraudulent and misleading Declaration to the United States District Court for the Western District of North Carolina and to the SEC purporting to establish his compliance with the Freeze Order and Seizure Warrant. The Declaration, which MEYER caused to be filed on the docket in *Securities and Exchange Commission v. Rex Venture Group, LLC d/b/a/ Zeekrewards.com, and Paul Burks*, Case Number 3:12-cv-519, was fraudulent and misleading because MEYER:

a. Reported that the date that he received the Freeze Order was August 21, 2012. However, the SEC notified MEYER of the anticipated Freeze Order on August 16,

2012. Moreover, on August 17, 2012, the SEC left MEYER a voice mail message that informed him that the Freeze Order was entered by the Court.

b. Accurately reported the balances in the RVG Trust Account as of August 21, 2012 but failed to disclose that he transferred a total of \$5.8 million of RVG funds from the RVG Trust Account after being contacted by the SEC on August 16, 2012 and learning of its pending investigation and of the Court's anticipated Freeze Order.

19. On or about August 30, 2012, MEYER used approximately \$350,000 of the \$850,000 in RVG funds he transferred to a California based title company to purchase a personal residence in Napa, California.

20. Aware of both the Freeze Order and later the Seizure Warrant, MEYER made the following cash withdrawals of funds from the Preferred Merchants Bank of America Account, the same account that he had funded via the RVG Trust Account:

	Date	Amount
a.	08/17/2012	\$10,000
b.	08/20/2012	\$50,000
c.	08/20/2012	\$20,000
d.	08/21/2012	\$10,000
e.	08/22/2012	\$5,000
f.	08/28/2012	\$10,000
g.	08/29/2012	\$10,000
h.	08/31/2012	\$10,000
i.	09/04/2012	\$10,000
j.	09/05/2012	\$10,000
k.	09/05/2012	\$10,000
l.	09/06/2012	\$10,000
m.	09/07/2012	\$10,000
n.	09/10/2012	\$10,000
o.	09/10/2012	\$10,000
TOTAL		\$195,000

21. On or about September 13, 2012, MEYER transferred approximately \$5.8 million from the Preferred Merchants E*TRADE Brokerage Account to the Preferred Merchants Bank of America Account.

22. On or about September 20, 2012, MEYER formed Fidus, LLC ("Fidus") in the State of Delaware. Fidus was a shell company that MEYER used to conceal the trail of RVG assets subject to the Freeze Order and Seizure Warrant and to further impair and impede the Government's efforts to identify, freeze, and seize RVG assets. According to the Fidus Operating Agreement, MEYER was the sole member and had a 100% interest in Fidus. On or about October 5, 2012, MEYER opened a brokerage account at Scottrade, an online broker for stocks and options trading, in the name of Fidus ("Fidus Scottrade Brokerage Account").

23. On or about September 27, 2012, MEYER established the Spiritum Holdings Irrevocable Trust ("Spiritum Holdings"), a Cook-Islands-based trust account. MEYER used the Spiritum Holdings account, which was maintained at HSBC Bank in Hong Kong ("Spiritum Holdings HSBC Bank Account"), to further conceal the trail of RVG assets subject to the Freeze Order and Seizure Warrant and to further impair and impede the Government's efforts to identify, freeze, and seize RVG assets.

24. In or about October 2012, MEYER transferred approximately \$6.4 million from the Preferred Merchants Bank of America account to the Fidus Scottrade Brokerage Account. Between the opening of the Fidus Scottrade account in or about October 2012 through in or about June 2014, these were the only funds ever deposited into the Fidus Scottrade Brokerage Account.

a. On or about February 21, 2013, MEYER transferred approximately \$6 million from the Fidus Scottrade Brokerage Account with further credit to MEYER's personal bank account at the Scotiabank in the Turks & Caicos and to the Spiritum Holdings HSBC Bank Account.

b. On or about April 9, 2013, MEYER transferred approximately \$4 million from the Spiritum Holdings HSBC Bank Account to MEYER's personal bank account at Bank of America. Prior to this transfer, MEYER had an approximate balance of \$9,000 in this account.

25. In or about June 2013, MEYER purchased a home for approximately \$490,000 in the Turks & Caicos, using RVG funds. The home was purchased in the name of Bella Vita, Ltd. ("Bella Vita"). MEYER made approximately \$1.5 million in improvements to the home.

26. On or about December 18, 2014, and on or about January 5, 2015, while under oath and under penalty of perjury, MEYER made fraudulent and misleading statements to the attorneys for the Receiver in depositions in the case of *Securities and Exchange Commission v. Rex Venture Group, LLC d/b/a/ Zeekrewards.com, and Paul Burks*, Case Number 3:12-cv-519. Among other things, MEYER:

a. Provided fraudulent and misleading statements to the Receiver regarding whether he controlled the Fidus Scottrade Brokerage Account and whether he received any money from that account by claiming that a trustee controlled the account and that he

did not believe he received any money from the account. In truth and fact, MEYER controlled the Fidus Scottrade Brokerage Account and wire transferred approximately \$6 million from the account with further credit to MEYER's personal bank account at the Scotiabank in the Turks & Caicos and to Spiritum Holdings.

b. Provided fraudulent and misleading statements to the Receiver regarding who formed Fidus by claiming that Fidus was set up and owned by Spiritum, when in truth and in fact MEYER formed Fidus and was its sole and 100% member at the time of its formation.

c. Provided fraudulent and misleading statements to the Receiver about the source of the funds in the Preferred Merchants E*TRADE Brokerage Account by claiming that the funds deposited into the Preferred Merchants E*TRADE Brokerage Account were "commingled with other Preferred Merchants monies that were earned from other clients." In truth and fact, however, prior to MEYER's deposit of approximately \$7.5 million of RVG funds, the balance in that account was zero and the \$7.5 million deposit of RVG funds was the only deposit made in the account.

COUNT ONE
18 U.S.C. § 1503
(Obstruction of Justice)

27. The factual allegations in paragraphs 1 through 26 of this Bill of Information are incorporated by reference and re-alleged as though set forth herein.

28. From at least in or about August 2012 through in or about the present, in Mecklenburg County, within the Western District of North Carolina, and elsewhere, defendant,

JAYMES MEYER
A/K/A/ "JAMES MEYER"

did corruptly influence, obstruct and impede, and did endeavor to corruptly influence, obstruct and impede the due administration of justice in the case of *Securities and Exchange Commission v. Rex Venture Group, LLC d/b/a/ Zeekrewards.com, and Paul Burks*, Case Number 3:12-cv-519, involving a Freeze Order entered on August 17, 2012 and a Seizure Warrant entered on August 22, 2012, in the United States District Court, Western District of North Carolina, by concealing the true nature of his and Preferred Merchant's dominion and control over RVG assets, submitting a fraudulent and misleading declaration to the Court concerning his compliance with the Freeze Order and Seizure Warrant, transferring RVG assets to multiple domestic and foreign bank accounts, dissipating RVG assets through the purchase of real property, and providing fraudulent and misleading statements and testimony to the Receiver in depositions, all as set forth in the introductory paragraphs.

All in violation of Title 18, United States Code, Sections 1503(a) and 2.

NOTICE OF FORFEITURE

29. Notice is hereby given of 18 U.S.C. § 982 and 28 U.S.C. § 2461(c). Under Section 2461(c), criminal forfeiture is applicable to any offenses for which forfeiture is authorized by any other statute, including but not limited to 18 U.S.C. § 981 and all specified unlawful activities listed or referenced in 18 U.S.C. § 1956(c)(7), which are incorporated as to proceeds by Section 981(a)(1)(C). The following property is subject to forfeiture in accordance with Section 982 and/or 2461(c):

a. All property which constitutes or is derived from proceeds of the violation set forth in this bill of information; and

b. If, as set forth in 21 U.S.C. § 853(p), any property described in (a) cannot be located upon the exercise of due diligence, has been transferred or sold to, or deposited with, a third party, has been placed beyond the jurisdiction of the court, has been substantially diminished in value, or has been commingled with other property which cannot be divided without difficulty, all other property of the defendant/s to the extent of the value of the property described in (a).

30. The following property is subject to forfeiture on one or more of the grounds stated above:

a. A forfeiture money judgment in the amount of at least \$4,800,000, such amount constituting the proceeds of the violation set forth in this bill of information;

b. The real property constituting Block 9, Parcel 24, Norway & Fivecays Section, on the Providenciales Island, Turks & Caicos;


c. The real property constituting 1175 First Avenue, Napa, California, 94558; and

d. Any and all interest in the following entities, as well as any funds or other assets, in accounts or otherwise, held in the name of, by, and/or for the benefit of the entities: Preferred Merchants Solutions, LLC; RVG Corporate Trust; Fidus, LLC; Spiritum Holdings Irrevocable Trust; and Bella Vita, Ltd.

JILL WESTMORELAND ROSE
UNITED STATES ATTORNEY



MARK T. ODULIO
ASSISTANT UNITED STATES ATTORNEY



KEVIN LOWELL
TRIAL ATTORNEY
CRIMINAL DIVISION