


DEC 16 2010

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

JAMES N. HATTEN, Clerk
By:  Deputy Clerk

UNITED STATES OF AMERICA :
 :
 v. : CRIMINAL INDICTMENT
 :
 JAMES JEFFREY, : NO. **1 : 10 - CR - 524**
 THOMAS REPKE :
 :

THE GRAND JURY CHARGES THAT:

COUNT ONE
(Conspiracy)

1. From in or about January 2006 through at least December 2007, in the Northern District of Georgia and elsewhere, the Defendants, JAMES JEFFREY and THOMAS REPKE, together with others known and unknown to the Grand Jury, did knowingly and willfully and unlawfully combine, conspire, confederate, agree and have a tacit understanding with each other and others known and unknown to the grand jury, to commit certain offenses against the United States, including the following:

OBJECTS OF THE CONSPIRACY

2. The objects of this conspiracy included:

A. To knowingly devise and intend to devise a scheme and artifice to defraud, and to deprive others of money and property, by means of materially false and fraudulent pretenses, representations, and promises, and in furtherance thereof to utilize interstate wire communications, in violation of Title 18,

United States Code, Section 1343; and

B. To knowingly devise and intend to devise a scheme and artifice to defraud, and to deprive others of money and property, by means of materially false and fraudulent pretenses, representations, and promises, and in furtherance thereof to utilize the United States mails, in violation of Title 18, United States Code, Section 1341.

BACKGROUND

3. At all times relevant to this Indictment:

A. The Defendants operated, among other entities, a series of investment funds by the names of Coadum Capital Fund I, Coadum Capital Fund II, Coadum Capital Fund III (collectively, "Coadum"), and Mansell Acquisition Company. These funds were organized or purported to be organized as limited liability partnerships in Delaware, in which individual investors purchased limited partnership interests.

B. The Defendants advertised average monthly returns on the order of approximately 5%, and raised over \$30 million from over 100 individuals in the United States and Canada.

C. Investors were provided with Private Placement Memoranda ("PPMs"), purporting to summarize the terms of the investments. According to the PPMs, the funds made money for their investors by engaging in "risk-controlled strategies," principally by "purchasing AA or better securities at one price and simultaneously

selling the securities at a higher price," thereby supposedly generating a profit on the price difference. The PPMs described these strategies or opportunities as "commercial trading programs." According to the PPMs, the investment funds "generally invest[] in marketable and highly liquid securities, although we may also invest up to ten percent (10%) of our capital ... in privately placed securities and other investments that are illiquid." The PPMs further specified, "we may invest and trade in a wide range of instruments and markets, including, but not limited to, domestic and foreign equities and equity-related instruments, financial futures, and other equity-related instruments."

D. The Defendants hired or otherwise utilized sales representatives to solicit investors. Sales Representative A, who was also designated as Coadum's Vice President of Marketing, solicited the most investors and was paid over \$1 million in commissions by Coadum.

E. Over \$20 million of the investments were deposited by investors, at the Defendants' instructions, in an escrow bank account maintained by an attorney in the Atlanta, Georgia area.

MANNER AND MEANS

4. During the time period relevant to this Indictment, the Defendants, JAMES JEFFREY and THOMAS REPKE, directly, and indirectly through sales representatives, made false statements to investors and prospective investors in the Coadum and Mansell

funds, particularly as to the nature and safety of the investment, and individuals' account balances. The Defendants made these false statements to induce individuals to invest and to maintain their investments. The Defendants' scheme to defraud is described more particularly below:

A. Through written and oral misrepresentations, made directly and indirectly by the Defendants through their salesmen and other agents, investors were repeatedly assured that their funds remained protected in an escrow account.

B. For example, as the Defendants were aware, Salesman A made oral and written solicitations to prospective investors, which, among other things, represented that "Cash Deposit ALWAYS remains in escrow in your name," and therefore that "Cash Depositor's principal deposit NEVER at risk."

C. Similar representations are reflected in Coadum's monthly account statements to its investors, many of which were entitled "Principal Preserved Alternative Investments for Growth Oriented Clients," and report the client's current account balance as "Ending Principal Balance in Escrow Account."

D. In addition, the monthly account statements distributed by the Defendants included representations about the supposed investment gains achieved that month and the resulting new monthly balance. All of the money - both principal and supposed monthly gains - was supposedly "preserved" and "protected" in the "escrow

account." These monthly account statements were transmitted by U.S. mail.

E. Various other documents explain how Coadum could supposedly make substantial investment profits while keeping the investment principal "preserved" in a "non-recourse" "escrow account."

F. In fact, as the Defendants knew, the investor funds were not protected and were not held in any escrow account except for brief periods of time. Although investor funds were initially deposited into escrow accounts, the Defendants routinely caused those funds to be transferred out in various ways that were inconsistent with what was being told to investors. Much of the investor funds were deposited by wire transfer into an escrow account located in or around Atlanta, Georgia.

G. The major "investments" that Coadum engaged in was a series of supposed overseas ventures in Bermuda, Malta, and Switzerland, supposedly operated by a Trader A. The Defendants, without disclosure to investors, transferred nearly \$20 million of investor funds out of the "escrow" account to Trader A's overseas accounts in Switzerland and Malta. Neither the Defendants nor the investors had any control over or rights to these foreign accounts, could assure the "preservation" of any investment, could verify how the funds were being used, could withdraw any money on demand, or could verify what remained on deposit, if anything.

H. As the relevant period progressed, the Defendants were increasingly unable to get basic information from Trader A, including as to how the funds were invested, what returns were being generated (if any), and when distributions would be sent back to the U.S. accounts. The Defendants' correspondence reflect repeated demands for distributions to meet the Defendants' "funding" or "liquidity" needs. These demands resulted, over time, in over \$3 million being "loaned" back from Trader A to Coadum in several individual transactions.

I. During all this time - during which most of the investors' money had been transferred overseas and during which the Defendants had little or no knowledge or control over what was happening to the money - the Defendants continued to send statements to Coadum clients assuring them that their investments were earning specific monthly gains, and that the balance remained invested in a "principal preserved" "escrow" account. Many investors rolled-over, or maintained, their investments, and indeed invested more money, based on such representations.

J. The Defendants sustained Coadum and made it appear as a legitimate, profitable fund, in part because they were generally able to meet investor demands for withdrawals or distributions. However, because most of Coadum's funds had been transferred overseas out of the Defendants' control, the Defendants were generally only able to meet an investor's withdrawal requests by

diverting funds invested by other (typically newer) investors. In other words, if Investor A requested distribution of \$500,000 in principal and supposed investment gains, the Defendants would typically meet that request by diverting to Investor A funds more recently deposited in the escrow account by other investors. The Defendants also used a portion of the \$3 million in "loans" received back from Trader A to make requested distributions.

K. Over the time period of the scheme, the Defendants also diverted substantial sums of investor money to themselves, to companies they controlled individually, and to "investments" controlled by family members.

L. Much of the funds transferred overseas to Trader A have been lost. In total, over 100 investors in Coadum entities have lost over \$30 million.

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

COUNTS TWO THROUGH SEVENTEEN
(Wire Fraud)

1. The Grand Jury incorporates and re-alleges Paragraphs 3-4 of Count One above as if fully set forth herein.

2. From in or about January 2006 through at least December 2007, in the Northern District of Georgia and elsewhere, the Defendants, THOMAS REPKE and JAMES JEFFREY, for the purpose of executing and attempting to execute the aforesaid scheme and artifice to defraud, did cause to be transmitted in interstate

commerce, by means of a wire communication, certain signs, signals and sounds, that is, wire transfers of monies into an attorney escrow account in Atlanta, Georgia, maintained at RBC Centura Bank, account number xxx-xxx-1401 as more fully described below:

Count	Date	Amount	Description
2	7/31/2006	\$100,000	Investment by JS/LS
3	8/1/2006	\$30,000	Investment by GC
4	10/2/2006	\$80,970	Investment by WG/HG
5	10/16/2006	\$30,000	Investment by GC
6	10/24/2006	\$140,000	Investment by MB
7	10/25/2006	\$737,242	Investment by CJ
8	10/30/2006	\$66,000	Investment by MT
9	12/12/2006	\$145,000	Investment by KN
10	1/31/2007	\$72,000	Investment by LG
11	3/27/2007	\$2,000,000	Transfer of funds from Mansell Capital Properties Account at Bank of America
12	8/8/2007	\$100,000	Investment by MD
13	8/10/2007	\$150,000	Investment by LK
14	8/16/2007	\$50,000	Investment by LK

15	10/29/2007	\$150,000	Investment by BM
16	11/2/2007	\$150,000	Investment by MP
17	11/28/2007	\$170,000	Investment by JG

all in violation of Title 18, United States Code, Sections 1343, and 2.

COUNTS EIGHTEEN THROUGH TWENTY TWO
(Mail Fraud)

1. The Grand Jury incorporates and re-alleges Paragraphs 3-4 of Count One above as if fully set forth herein.

2. From in or about January 2006 through at least December 2007, the Defendants, THOMAS REPKE and JAMES JEFFREY, for the purpose of executing and attempting to execute the aforesaid scheme and artifice to defraud in the Northern District of Georgia and elsewhere, and to obtain money by means of materially false pretenses, did knowingly cause to be placed in an authorized depository for mail matter, to be sent and delivered by the United States Postal Service, according to the direction thereon, the following mail matter, each of which consisted of an account statement representing the supposed balance in an investor's account (and other information relating to the account) as of September 30, 2007:

COUNT	INVESTOR
18	MB Fargo, ND
19	PB Fargo, ND
20	MB Warren, MI
21	AH Grafton, ND
22	CJ Anoka, MN

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

Asset Forfeiture

1. The allegations of Counts One through Twenty Two of this Indictment are re-alleged and incorporated by reference for the purpose of alleging forfeitures to the United States of America pursuant to the provisions of Title 18, United States Code, Section 981.

2. Upon conviction of the offenses alleged above, Defendants JAMES JEFFERY and THOMAS REPKE shall forfeit to the United States, pursuant to Title 18, United States Code, Sections 981(a)(1)(C), all property, real and personal, that constitutes or is derived, directly or indirectly, from proceeds traceable to the commission of the offense set forth above in violation of Title 18, United States Code, Sections 1341, 1343, or 1349, including but not limited to the following:

- A. A sum of money equal to the amount of money involved in the offense (at least \$20 million);
- B. The balances of the following accounts held by Credit Suisse SA Geneve in Switzerland:
 - (a) 0251-677681-4 (at least \$2,937,822 USD)
 - (b) 0251-52178-7 (at least \$1,329,457 USD)
 - (c) 0251-225721-4 (at least \$201,200 USD)

3. The types of property which may be forfeited to satisfy the claim include, but are not limited to, the foregoing property, any property, real or personal, traceable to the foregoing property and any "substitute" property, as defined Title 21, United States Code, Section 853(p), as incorporated by

Title 28, United States Code, Section 2461, of a value equal to any and all assets identified specifically, which a) has or have been transferred, sold or deposited with a third party; b) which cannot be located by due diligence; c) which has or have been placed beyond the jurisdiction of this court; d) which has or have been substantially diminished in value; or e) which has or have been co-mingled with other property and cannot be divided without difficulty.

A True BILL

Ann C Austin

FOREPERSON


SALLY QUILLIAN YATES
UNITED STATES ATTORNEY

JUSTIN S. ANAND
ASSISTANT UNITED STATES ATTORNEY
600 U.S. Courthouse
75 Spring Street, S.W.
Atlanta, GA 30303
404/581-6322
Georgia Bar No. 016116

Alana R. Black
ALANA R. BLACK
ASSISTANT UNITED STATES ATTORNEY
600 U.S. Courthouse
75 Spring Street, S.W.
Atlanta, GA 30303
404/581-6025
Georgia Bar No. 785045