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9-28-14

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

FILED

UNITED STATES OF AMERICA

§ U.S. DISTRICT COURT
§ EASTERN DISTRICT OF TEXAS
§ AZ# 14-5373-MJ
§ NO. 4:14CR125 AUG 13 2014
§ Judge CRONE DAVID J. MALAND, CLERK
§ BY DEPUTY

v.
FRANK EDWIN PATE

INDICTMENT

THE UNITED STATES GRAND JURY CHARGES:

Counts One and Two

Violation: 18 U.S.C. § 1343
(Wire Fraud)

A. Introduction

At all times material to this Indictment:

1. The defendant, **Frank Edwin Pate** ("Pate") controlled a bank account, in the name **Infinity Companies, Inc.** ("Infinity Companies Account"). Pate also controlled a bank account in the name of **Infinity Investing, LLC** ("Infinity Investing Account"). Both bank accounts were maintained at **Bank of America** in **Frisco, Texas**, within the **Eastern District of Texas**.

2. JH was a person known to the Grand Jury.

B. The Scheme and Artifice to Defraud

3. From in or about July 2004, through in or about April 2013, Pate knowingly and willfully executed and attempted to execute a scheme and artifice to defraud persons

and to obtain money and funds from persons by means of false and fraudulent ~~defraud and~~ ^{SAw}
~~to obtain money and property by means of false and fraudulent pretenses, representations,~~ ^{JH}
and promises.

C. The Manner and Means of the Scheme and Artifice

It was a part of the manner and means of the scheme and artifice that:

4. Pate represented to potential investors that Infinity Investing was engaged in the business of trading foreign currencies, on behalf of individual investors.

5. Pate made false and material misrepresentations to potential investors in that he told them that, if they gave him money, he would use those funds to trade foreign currencies for the ~~benefit of the~~ ^{JH} financial benefit of the potential investor. Pate instructed potential investors to send their investment funds to the Infinity Investing Account or the Infinity Companies Account. Instead of using the investors' money for trading foreign currencies, Pate used the investors' money for his own benefit.

6. In order to lull investors and encourage them to invest more money, Pate knowingly sent the investors false account statements that concealed his embezzlement of their funds. In order to further lull investors, Pate would use an investor's funds to pay another investor who had demanded the return of his investment funds.

D. Execution of the Scheme and Artifice

7. On or about the following dates, for the purpose of executing and attempting to execute the scheme and artifice, Pate knowingly and willfully caused JH to transfer the following amounts by wire from his bank in Illinois to the Infinity Companies Account:

COUNT	DATE	AMOUNT
1	10/27/2009	\$20,000
2	11/25/2009	\$30,000

In violation of 18 U.S.C. § 1343.

Count Three

Violation: 18 U.S.C. § 1341
(Mail Fraud)

The Grand Jury realleges the allegations contained in Paragraphs one through six, of Counts One and Two of this Indictment and further alleges that:

8. On or about March 2, 2010, for the purpose of executing and attempting to execute the scheme and artifice, Pate knowingly caused JH to place a matter and thing to be sent and delivered by the Postal Service, specifically, a check for \$20,000.

In violation of 18 U.S.C. § 1341.

NOTICE OF INTENT TO SEEK CRIMINAL FORFEITURE

Pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. §2461(c)

As the result of committing the offenses alleged in this Indictment, the defendant shall forfeit to the United States:

1. any property constituting, or derived from, and proceeds the defendant obtained, directly or indirectly, as the result of such violation; and
2. any of the defendant's property used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of, such violation, including but not limited to the following:

Cash Proceeds

Approximately \$1,862,156.60 in United States currency and all interest and proceeds traceable thereto, in that sum in aggregate is property constituting, or derived from, proceeds obtained directly or indirectly, as a result of the offenses alleged in this Indictment;

Real Property

A property commonly known as "316 West 6th Street, Bonham, Texas" consisting of 0.151 acres "situated in the city of Bonham, Fannin County, Texas, being a part of block 17 in the Simpson Addition as shown by plat of record in volume 24b, page 437, of the land records, Fannin County, Texas, being all of that tract of land conveyed to Mike Bankston, et ux, by deed of record in volume 951, page 351, of the land records, Fannin County, Texas, and being more particularly described as follows:

beginning at the southwest corner of a 0.283 acre tract of land conveyed to Joseph Lee Marra by deed of record in volume 964, page 887, of said land records, the southeast corner of said Bankston tract:

thence south 90° 00' 00" west a distance of 50.00 feet to the southeast corner of a tract of land conveyed to John W. Burnett, at ux, by deed of record in volume 797, page 98, of said land records, said corner the southwest corner of said Bankston tract: thence north 01° 08' 05" west passing a $\frac{1}{2}$ " steel rod set at a distance of 2.07 feet and continuing past a stockade fence post at a distance of 130.15 feet, continuing for a total distance of 131.20 feet to the northeast corner of said Burnett tract, the northwest corner of said Bankston tract:

thence north 90° 00' 00" east with the south line of a distance of 50.00 feet to a 8" hackberry tree maintaining the northeast corner of said Bankston tract:

thence south 01° 08' 05" east with the west line of said 0.283 acre tract passing a $\frac{1}{2}$ " steel rod found at a distance of 128.65 feet and continuing for a total distance of 131.20 feet to the point-of-beginning and containing 0.151 acre tract of land."

Substitute Assets

If any of the property described above as being subject to forfeiture, as a result of any act or omission of the defendant -

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with a third person;

- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be subdivided without difficulty;

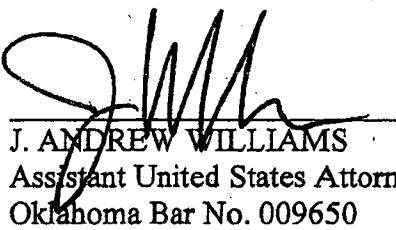
it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), to seek forfeiture of any other property of the defendant up to the value of the above forfeitable property, including but not limited to all property, both real and personal owned by the defendant.

By virtue of the commission of the offenses alleged in this Indictment, any and all interest the defendant has in the above-described property is vested in and forfeited to the United States.

A TRUE BILL


GRAND JURY FOREPERSON

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Date

8-13-14

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

UNITED STATES OF AMERICA §
§
v. § NO. 4:14CR
§ Judge
FRANK EDWIN PATE §

NOTICE OF PENALTY

Counts One and Two

Violation: 18 U.S.C. § 1343
(Wire Fraud)

Penalty: For Each Count: A fine of not more than
\$250,000, and/or imprisonment for not more
than 20 years, and a Term of Supervised Release
for not more than 3 years.

Special
Assessment: For Each Count: \$100.00

Count Three

Violation: 18 U.S.C. § 1343
(Mail Fraud)

Penalty: A fine of not more than \$250,000, and/or
imprisonment for not more than 20 years,
and a Term of Supervised Release for not
more than 3 years.

Special
Assessment: \$100.00