

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

UNITED STATES OF AMERICA,)
)
 v.)
)
 WILLIAM COOK,)
)
 Defendant.)

Criminal Action No. 16 - 50

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CLERK U.S. DISTRICT COURT
DISTRICT OF DELAWARE
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INDICTMENT

The Grand Jury for the District of Delaware charges that:

Background

At all times material to this Indictment:

1. A bank that will be referenced hereinafter as "A.B." (the "Bank") was a financial institution located in Delaware, the deposits of which were insured by the Federal Deposit Insurance Corporation.
2. The defendant, WILLIAM COOK, was the sole owner of AJJ Distributing LLC ("AJJ"), a Delaware limited liability company with its principal place of business in Sussex County, Delaware.
3. AJJ was indebted to the Bank, pursuant to a revolving line of credit that was approved on or around March 31, 2008, and by virtue of which the Bank held a security interest in AJJ's accounts receivable (the "Loan"). In accordance with the terms of the Loan, AJJ was permitted to borrow funds from the Bank, through periodic requests for disbursements, in an amount not to exceed 75% of the value of AJJ's non-aged accounts receivable. The defendant, WILLIAM COOK, weekly verified the value of AJJ's accounts receivable, by providing Borrowing Base Certificates ("BBCs"), which he signed and faxed to the Bank.

COUNT 1
Bank Fraud (18 U.S.C. § 1344)

4. From on or around January 16, 2009 through and including April 16, 2010, in the District of Delaware and elsewhere, the defendant, WILLIAM COOK, did knowingly devise and intend to devise a scheme and artifice to defraud the Bank, and to obtain money, funds, credits, and other property owned by and under the custody and control of the Bank, by means of materially false and fraudulent pretenses, representations, and promises.

The Scheme and Artifice

5. It was part of the scheme and artifice that the defendant, WILLIAM COOK, falsified and caused to be falsified, many BBCs submitted to the Bank, by failing to properly account for amounts owed to AJJ from third parties, which caused AJJ's accounts receivable to be inflated.

6. It was further part of the scheme and artifice that the defendant, WILLIAM COOK, made periodic requests to the Bank for disbursements under the Loan, after the loan was overdrawn, in that the balance of the loan exceeded 75% of the value of AJJ's actual outstanding accounts receivable.

7. It was further part of the scheme and artifice that the defendant, WILLIAM COOK, requested and received at least \$2,200,000 in disbursements under the Loan, on behalf of AJJ, after the loan was overdrawn.

8. It was further part of the scheme and artifice that the defendant, WILLIAM COOK, misappropriated proceeds of the Loan disbursements, and caused AJJ to default under the Loan, which resulted in financial harm to the Bank.

Charging Paragraph

9. Paragraphs 1-9 above are incorporated herein by reference.

10. On or about April 16, 2010, in the District of Delaware and elsewhere, the defendant, WILLIAM COOK, having knowingly devised and intending to devise the scheme and artifice to defraud, described in Paragraphs 4 through 8 above, and for the purpose of knowingly executing and attempting to execute the aforementioned scheme to defraud the Bank, did transmit and cause to be transmitted, by facsimile, a request for disbursement under the Loan, along with a BBC that included materially false and fraudulent representations regarding AJJ's accounts receivable, to wit, the BBC represented that AJJ's total outstanding accounts receivable for that reporting period were \$6,665,887.73; whereas, in truth and in fact, as the defendant then and there well knew, AJJ's total accounts receivable were substantially less than represented, in that they were less than \$3,600,000, in violation of Title 18, United States Code, Section 1344(1) & 2.

COUNT TWO
Money Laundering (18 U.S.C. § 1957)

11. Paragraphs 1-10 above are incorporated herein by reference.

12. On or about April 16, 2010, in the District of Delaware and elsewhere, defendant WILLIAM COOK did knowingly engage in a monetary transaction, affecting interstate commerce, in criminally derived property of a value greater than \$10,000, to wit, the transfer of \$14,700.00, by check, from the Bank in Delaware, to a business account at Bank of America in Baltimore, Maryland, for the benefit of another business entity that COOK personally controlled, "Double Eagle Consultants, LLC," which funds were derived from a specified unlawful activity, that is, bank fraud, in violation of 18 U.S.C. § 1344(1), all in violation of 18 U.S.C. § 1957.

NOTICE OF FORFEITURE REGARDING BANK FRAUD

13. Pursuant to 18 U.S.C. § 982(a)(2), upon conviction of Count One of this Indictment (Bank Fraud), the defendant shall forfeit to the United States of America any property, real or personal, constituting or derived from proceeds obtained directly or indirectly as a result of the said violation.

14. If any of the property described above, 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 party;
- 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 divided without difficulty; then,

the United States of America shall be entitled to forfeiture of substitute property pursuant to 21 U.S.C. § 853(e) & (f), as incorporated by 18 U.S.C. § 982(b)(1).

NOTICE OF FORFEITURE REGARDING MONEY LAUNDERING

15. Upon conviction of the offense alleged in Count Two of this Indictment (Money Laundering), the defendant shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1), any property involved in such offense or constituting or derived from proceeds obtained directly or indirectly as a result of the said violation.

16. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

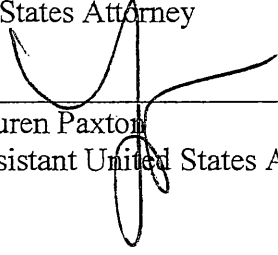
- a) cannot be located upon the exercise of due diligence;

- b) has been transferred or sold to, or deposited with, a third party;
- 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 divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b), to seek forfeiture of any other property of said defendant up to the value of the forfeitable property described above.

Grand Jury Foreperson

CHARLES M. OBERLY, III
United States Attorney

BY: 
Lauren Paxton
Assistant United States Attorney

DATED: June 7, 2016