

1 Presented to the Court by the foreman of the
2 Grand Jury in open Court, in the presence of
3 the Grand Jury and FILED in the U.S.
DISTRICT COURT at Seattle, Washington.

4 OCTOBER 25 2012
WILLIAM M. McCOOL, Clerk
5 By [Signature] Deputy
6

7 UNITED STATES DISTRICT COURT
8 WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

9
10 UNITED STATES OF AMERICA,

CR 12

320 JCC

11 Plaintiff,

INDICTMENT

12 v.

13 MICHAEL R. MASTRO and
14 LINDA A. MASTRO,

15 Defendants.)

16 The Grand Jury charges that:

17 **COUNT ONE THROUGH FIVE**
18 **(Bankruptcy Fraud - Scheme and Artifice to Defraud)**

19 **A. Introduction**

20 At all times material to this Indictment:

21 1. Defendant MICHAEL R. MASTRO resided in the Western District of
22 Washington and elsewhere. MICHAEL R. MASTRO was a real estate developer and
23 private lender doing business in the state of Washington and elsewhere.

24 2. Defendant LINDA A. MASTRO was married to MICHAEL R. MASTRO
25 and also resided in the Western District of Washington.

26 3. The State of Washington was a community property state, such that the
27 bankruptcy estate of a debtor included the debtor's legal and equitable interests in all of
28

1 the debtor's separate and community property, whether held in the debtor's own name or
2 in the name of another person or entity.

3 **B. The Scheme and Artifice to Defraud**

4 4. Beginning on a date uncertain, but in or about 2008, and continuing through
5 at least in or about August 2011, within the Western District of Washington and
6 elsewhere, MICHAEL R. MASTRO and LINDA A. MASTRO, and others known and
7 unknown to the Grand Jury, knowingly and willfully devised and attempted to devise, and
8 executed and attempted to execute, a scheme and artifice to defraud the Bankruptcy Court
9 for the Western District of Washington, the Court-appointed trustee in bankruptcy, and
10 creditors in connection with an involuntary bankruptcy proceeding filed on or about
11 July 10, 2009, under Title 11, United States Code, *In re: Michael R. Mastro*, Case No. 09-
12 16841 (the "bankruptcy proceeding"), in that they prepared and filed and caused to be
13 prepared and filed materially false and fraudulent documents, and made and caused to be
14 made materially false and fraudulent representations concerning and in relation to that
15 proceeding under Title 11, United States Code, as further described below.

16 5. The essence of the scheme to defraud was for MICHAEL R. MASTRO,
17 LINDA A. MASTRO, and others to fraudulently fail to disclose, to affirmatively conceal,
18 and to make and cause to be made false and fraudulent representations in the bankruptcy
19 proceeding with regard to significant assets of debtor MICHAEL R. MASTRO to prevent
20 those assets from being adjudicated as part of the bankruptcy estate of MICHAEL R.
21 MASTRO and liquidated on behalf of unsecured creditors by the Court-appointed trustee
22 under Chapter 7 of the Bankruptcy Code. These assets included specifically, (i) a
23 checking account at JPMorgan Chase Bank, (ii) certain household furnishings, (iii) a
24 15.93 carat diamond ring; (iv) a 27.80 carat diamond ring; and (v) a personal residence in
25 Medina, Washington.

26 **C. The Bankruptcy Process**

27 6. Bankruptcy is a process by which debtors obtain relief from creditors. The
28 bankruptcy process is designed to achieve the orderly distribution to creditors from

1 available assets of the debtor that are truthfully disclosed. The bankruptcy process also
2 provides a fresh start to debtors by allowing them to obtain a discharge of debts, that is,
3 an order that releases the debtor from further personal liability for specified types of
4 debts. The process is conducted in the United States Bankruptcy Court and is governed
5 by the Bankruptcy Code, which is found in Title 11 of the United States Code.

6 7. A bankruptcy case is commenced by the filing of a petition for bankruptcy
7 under Title 11 of the United States Code. A bankruptcy case begins by the filing of a
8 petition in bankruptcy by the debtor or, in the case of involuntary bankruptcy, by
9 creditors.

10 8. There are several different types of bankruptcy, each of which is governed
11 by a different "Chapter" of the Bankruptcy Code. Under Chapter 7 of the Bankruptcy
12 Code, a trustee is appointed by the Bankruptcy Court to administer the case by liquidating
13 the debtor's non-exempt assets, or bankruptcy estate, in order to maximize recovery for,
14 and create an orderly distribution to, creditors. Chapter 7 trustees generally act on behalf
15 of unsecured creditors. Secured creditors (those holding liens or mortgages) are typically
16 represented by the creditors' own attorneys.

17 9. Upon the filing of the petition, a "bankruptcy estate" is created. A
18 bankruptcy estate is a collective reference to all of the debtor's assets and interests in
19 assets. The bankruptcy estate includes any legal, equitable, or beneficial interest of the
20 debtor in property on the date the bankruptcy petition is filed. When the debtor is married
21 and resides in a community property state, the bankruptcy estate includes all of the
22 debtor's separate property as well as all of the community property in the marriage.

23 10. A debtor has a duty to cooperate with the Court-appointed Chapter 7 trustee
24 as necessary to enable the trustee to perform the trustee's duties. In particular, a debtor
25 also has a duty to turn over to the trustee all property of the estate. The ultimate goal of a
26 Chapter 7 bankruptcy is to liquidate the debtor's non-exempt assets and pay the proceeds
27 from the liquidation to the debtor's eligible creditors. The debtor may then be entitled to
28 a discharge of the debtor's remaining debts to creditors.

1 11. The disclosure of all assets and liabilities of the debtor is necessary in order
2 to allow the Bankruptcy Court trustee to liquidate the available assets and pay the
3 outstanding creditors. Upon the filing of a bankruptcy petition, a debtor is required by
4 law to disclose the debtor's interests in all assets, whether in the form of real or personal
5 property, tangible or intangible property, and whether the assets are held in the debtor's
6 own name or in the name of another person or entity. The debtor also is required to
7 disclose all liabilities and debts owed to creditors. To meet these obligations, the debtor
8 must file with the Bankruptcy Court a Schedule of Assets and Liabilities and a Statement
9 of Financial Affairs under penalty of perjury, declaring that the information in the
10 documents is true and correct to the best of the debtor's knowledge, information, and
11 belief.

12 12. A debtor also is required to attend a Section 341(a) Meeting of Creditors. A
13 341(a) Meeting of Creditors allows the trustee and creditors to examine the debtor under
14 penalty of perjury as to the debtor's financial affairs.

15 13. After a petition in Bankruptcy Court is filed, the Chapter 7 trustee may file
16 an "adversary proceeding" within the bankruptcy proceeding to litigate in the Bankruptcy
17 Court contested issues related to the bankruptcy estate and the availability of assets for
18 creditors. Within such adversary proceedings, parties may subpoena records from third
19 parties; compel the production of documents from the debtor; require responses from the
20 debtor to interrogatories and requests for admissions in writing and under penalty of
21 perjury; and subpoena the debtor and others to testify in sworn depositions. Ultimately, to
22 resolve factual issues in the adversary proceeding, a trial may be held in the United States
23 Bankruptcy Court.

24 14. If the United States Bankruptcy Court determines that the debtor has acted
25 to hinder, delay, or defraud the trustee or creditors, or has knowingly provided false
26 statements or testimony during the bankruptcy proceedings, the Bankruptcy Court has the
27 authority to deny the debtor's discharge from bankruptcy. The debtor then will remain
28

1 liable to creditors after conclusion of the bankruptcy proceedings. Such conduct also may
2 give rise to criminal charges brought in the United States District Court.

3 **D. Background to the Scheme and Artifice to Defraud**

4 15. In the years preceding the bankruptcy proceeding, MICHAEL R. MASTRO
5 and LINDA A. MASTRO together acquired assets of significant value, including but not
6 limited to the following:

7 a. On or about June 9, 2005, MICHAEL R. MASTRO and LINDA A.
8 MASTRO purchased from E. Diamond, Inc., in New York, New York, a 15.93 carat
9 round brilliant diamond ring for approximately \$555,000. In or about October 2005,
10 MICHAEL R. MASTRO caused the 15.93 carat diamond to be re-set in a platinum
11 setting (the "15.93 carat diamond ring").

12 b. On or about July 19, 2006, MICHAEL R. MASTRO and LINDA A.
13 MASTRO, as husband and wife, purchased a waterfront residence located on Evergreen
14 Point Road in Medina, Washington, for \$15,000,000 (the "Medina residence").
15 MICHAEL R. MASTRO and LINDA A. MASTRO purchased the Medina residence free
16 and clear, in that no deed of trust or encumbrance was placed against the property in
17 connection with the MASTROS' purchase of the residence. The Medina residence
18 thereafter became the primary residence of MICHAEL R. MASTRO and LINDA A.
19 MASTRO.

20 c. On or about June 18, 2007, MICHAEL R. MASTRO and LINDA A.
21 MASTRO purchased from E. Diamond, Inc., in New York, New York, a 27.80 carat
22 pear-shaped diamond ring for approximately \$750,000 (the "27.80 carat diamond ring").

23 d. On unknown dates, MICHAEL R. MASTRO and LINDA A.
24 MASTRO together acquired various household furnishings, including but not limited to a
25 wine collection valued at approximately \$23,320; a Steinway and Sons grand piano
26 valued at approximately \$20,000; a Chihuly seaform glass bowl set valued at \$10,000; a
27 Chihuly four-piece Persian glass artwork set valued at approximately \$8,000; and a
28 Chihuly Macchia glass sculpture valued at approximately \$6,000.

1 e. Between mid-2008 and on or about July 10, 2009, the date of the
2 bankruptcy petition, MICHAEL R. MASTRO and LINDA A. MASTRO opened
3 brokerage or bank accounts at Charles Schwab & Co., HSBC Bank USA, and HSBC
4 Bank Canada, and MICHAEL R. MASTRO opened a brokerage account at McAdams
5 Wright Ragen. During that time period, MICHAEL R. MASTRO and LINDA A.
6 MASTRO deposited hundreds of thousands of dollars in business and personal funds into
7 these accounts.

8 16. By mid-2008, MICHAEL R. MASTRO's real estate development and
9 private lending businesses were in a serious state of decline. Declining real estate values
10 and a decrease in real estate sales made it impossible for MICHAEL R. MASTRO to
11 comply with demands from lenders for payment or additional collateral on his maturing
12 bank debt. At the same time, many of MICHAEL R. MASTRO's private loans, largely
13 made to other real estate developers with troubled projects, had stopped performing. As a
14 result, by late-August 2008, MICHAEL R. MASTRO was insolvent, in that
15 MICHAEL R. MASTRO did not have adequate capital to meet his continuing operational
16 cash needs and was unable to pay his debt obligations to his own lenders as they matured.

17 17. Beginning in or about August 2008, and continuing through May 2009,
18 MICHAEL R. MASTRO, LINDA A. MASTRO, and others engaged in a series of
19 transactions designed to transfer title to and interests in many of the MASTROS' most
20 significant assets to newly created entities, as follows:

21 a. On or about August 22, 2008, MICHAEL R. MASTRO caused title
22 to the Medina residence, then held in a Revocable Living Trust, to be transferred to the
23 newly-formed August 21, 2008, Mastro Irrevocable Trust (the "Mastro Irrevocable
24 Trust").

25 b. In or about October 2008, MICHAEL R. MASTRO and LINDA A.
26 MASTRO signed paperwork to create an offshore trust in the country of Belize, the
27 "LCY Trust," along with several limited liability companies in the State of Delaware,
28 specifically, LCY LLC; LCY LLC – Series Home; LCY LLC – Series Jewelry; and LCY

1 LLC – Series Automobiles (collectively, the “LCY LLC entities”). The LCY Trust
2 claimed to own a 100% interest in the LCY LLC entities. At the same time,
3 MICHAEL R. MASTRO, LINDA A. MASTRO, and others, signed documents
4 transferring title to the Medina residence to LCY LLC – Series Home; ownership of the
5 15.93 carat diamond ring, the 27.80 carat diamond ring, and five other pieces of jewelry
6 to LCY LLC – Series Jewelry; and title to a 2008 Rolls Royce Phantom automobile to
7 LCY LLC – Series Automobiles.

8 c. On or about December 2, 2008, MICHAEL R. MASTRO and
9 LINDA A. MASTRO caused a checking account in the name of LCY LLC to be opened
10 and funded at JPMorgan Chase Bank (the “LCY LLC bank account”). Both
11 MICHAEL R. MASTRO and LINDA A. MASTRO were designated signatories on the
12 account and had the authority to make withdrawals and deposits in the account. The
13 funds in the LCY LLC bank account at JPMorgan Chase Bank came primarily from
14 business and personal accounts of MICHAEL R. MASTRO and LINDA A. MASTRO,
15 including accounts at Charles Schwab & Co., HSBC Bank USA, HSBC Bank Canada,
16 and McAdams Wright Ragen. Between on or about December 2, 2008, and on or about
17 July 10, 2009, the date of the involuntary bankruptcy petition, MICHAEL R. MASTRO
18 and LINDA A. MASTRO caused deposits to be made into the LCY LLC bank account
19 totaling approximately \$956,760.97, and MICHAEL R. MASTRO caused withdrawals
20 from the account totaling approximately \$578,000. As a result, as of July 10, 2009, the
21 LCY LLC bank account at JPMorgan Chase Bank held a balance of approximately
22 \$379,039.37.

23 d. On or about February 20, 2009, MICHAEL R. MASTRO and others
24 caused a \$12,000,000 deed of trust to be recorded against the Medina residence. The
25 deed of trust, granted by LCY LLC – Series Home to Concept Dorssers, purportedly
26 secured a promissory note from LCY LLC – Series Home to Concept Dorssers, dated
27 February 16, 2009, in the amount of \$12,000,000.

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1 e. On or about May 18, 2009, MICHAEL R. MASTRO and others
2 caused a \$3,000,000 deed of trust to be recorded against the Medina residence. The deed
3 of trust, granted by LCY LLC – Series Home to Foundation Management, Inc.,
4 purportedly secured a promissory note from LCY LLC – Series Home to Foundation
5 Management, dated May 12, 2009, in the amount of \$3,000,000. Following the recording
6 of this deed of trust, the Medina residence appeared to be fully encumbered with deeds of
7 trust totaling \$15,000,000 recorded against the residence in favor of secured creditors,
8 Concept Dorssers and Foundation Management, Inc.

9 **E. The Michael R. Mastro Bankruptcy**

10 18. On or about July 10, 2009, three financial institutions filed an involuntary
11 petition for relief in bankruptcy against MICHAEL R. MASTRO in the United States
12 Bankruptcy Court for the Western District of Washington, *In re: Michael R. Mastro*, Case
13 No. 09-16841.

14 19. On or about August 20, 2009, MICHAEL R. MASTRO filed a consent to
15 entry of order for relief in the bankruptcy proceeding. In consenting to entry of order for
16 relief, MICHAEL R. MASTRO acknowledged and agreed that he was in fact insolvent as
17 of the date of the involuntary petition. The United States Bankruptcy Court for the
18 Western District of Washington subsequently entered an order for relief and judgment
19 granting the petition for involuntary Chapter 7 bankruptcy against MICHAEL R.
20 MASTRO.

21 20. On or about September 9, 2009, MICHAEL R. MASTRO filed with the
22 United States Bankruptcy Court for the Western District of Washington bankruptcy
23 schedules purporting to list his assets and liabilities. In the bankruptcy schedules,
24 MICHAEL R. MASTRO acknowledged that at the time of the involuntary petition,
25 MICHAEL R. MASTRO possessed assets totaling in excess of \$249 million, and had
26 liabilities in excess of \$586 million. As required by the Bankruptcy Code, MICHAEL R.
27 MASTRO signed these schedules under penalty of perjury, stating that the schedules and
28 summaries were true and correct to the best of his knowledge, information, and belief.

1 On or about October 21, 2009, MICHAEL R. MASTRO amended these bankruptcy
2 schedules, stating again under penalty of perjury that the schedules and summaries were
3 true and correct to the best of his knowledge, information, and belief.

4 21. On or about September 24, 2009, the Court-appointed trustee filed an
5 adversary proceeding in the United States Bankruptcy Court for the Western District of
6 Washington against debtor MICHAEL R. MASTRO, *James F. Rigby, Jr. v. Michael R.*
7 *Mastro and Linda A. Mastro, et al.*, Case No. 09-01439 (the "adversary proceeding"). In
8 the adversary proceeding, the trustee sought to avoid and unwind certain transfers of
9 assets by MICHAEL R. MASTRO as contrary to the Bankruptcy Code, to quiet title in
10 the bankruptcy estate to certain transferred assets, and to obtain judgments against various
11 parties who assisted with, or benefitted from, the transfer of these assets.

12 **F. Methods and Means of the Scheme and Artifice to Defraud**

13 22. In furtherance of the scheme and artifice to defraud, and to accomplish the
14 objects thereof, MICHAEL R. MASTRO, LINDA A. MASTRO, and others known and
15 unknown to the Grand Jury, fraudulently failed to disclose, affirmatively concealed, and
16 made and caused to be made false and fraudulent representations in the bankruptcy
17 proceeding and adversary proceeding with regard to significant assets of debtor
18 MICHAEL R. MASTRO, as follows:

19 ***Fraudulent Concealment of the LCY LLC Bank Account at JPMorgan Chase***
20 ***Bank***

21 23. It was part of the scheme and artifice to defraud that on or about
22 September 9, 2009, MICHAEL R. MASTRO fraudulently failed to disclose and
23 concealed the existence of the LCY LLC bank account at JPMorgan Chase Bank in
24 bankruptcy schedules filed by MICHAEL R. MASTRO under penalty of perjury.

25 24. It was further part of the scheme and artifice to defraud that on or about
26 October 21, 2009, MICHAEL R. MASTRO fraudulently failed to disclose and concealed
27 the existence of the LCY LLC bank account at JPMorgan Chase Bank in amended
28 bankruptcy schedules filed by MICHAEL R. MASTRO under penalty of perjury.

1 25. It was further part of the scheme and artifice to defraud that on or about
2 September 15, 2009, during a Section 341(a) Meeting of Creditors in the bankruptcy
3 proceeding, MICHAEL R. MASTRO fraudulently failed to disclose and concealed the
4 existence of the LCY LLC bank account at JPMorgan Chase Bank by falsely testifying
5 under oath that he had not used any bank account, other than a bank account at the
6 Commerce Bank, for his personal use since the bankruptcy was filed.

7 26. It was further part of the scheme and artifice to defraud that on or about
8 September 15, 2009, during a Section 341(a) Meeting of Creditors in the bankruptcy
9 proceeding, MICHAEL R. MASTRO fraudulently failed to disclose and concealed the
10 existence of the LCY LLC bank account at JPMorgan Chase Bank by falsely testifying
11 under oath that LINDA A. MASTRO did not have any bank account from which she paid
12 bills, other than an account at U.S. Bank.

13 27. It was further part of the scheme and artifice to defraud that on or about
14 January 10, 2010, MICHAEL R. MASTRO fraudulently failed to disclose and concealed
15 the existence of the LCY LLC bank account at JPMorgan Chase Bank in his verified
16 responses to Requests for Production of Documents in the adversary proceeding by
17 falsely stating that he had provided the trustee with all bank account records for which he
18 had been an authorized signer from January 1, 2007, until July 10, 2009.

19 28. It was further part of the scheme and artifice to defraud that on or about
20 March 8, 2010, MICHAEL R. MASTRO fraudulently failed to disclose and concealed the
21 existence of the LCY LLC bank account at JPMorgan Chase Bank in his verified
22 responses to Interrogatories in the adversary proceeding by failing to disclose the LCY
23 LLC bank account in response to a request for a complete list of bank accounts for which
24 MICHAEL R. MASTRO then had signing authority.

25 29. It was further part of the scheme and artifice to defraud that on or about
26 March 9, 2010, LINDA A. MASTRO fraudulently failed to disclose and concealed the
27 existence of the LCY LLC bank account at JPMorgan Chase Bank in her verified
28 responses to Interrogatories in the adversary proceeding by failing to disclose the LCY

1 LLC bank account in response to a request for a complete list of bank accounts for which
2 LINDA A. MASTRO had signing authority since the date of her marriage to
3 MICHAEL R. MASTRO.

4 30. It was further part of the scheme and artifice to defraud that on or about
5 March 24, 2010, LINDA A. MASTRO fraudulently failed to disclose and concealed the
6 existence of the LCY LLC bank account at JPMorgan Chase Bank during her sworn
7 deposition taken in the adversary proceeding by falsely testifying under oath that prior to
8 the bankruptcy proceeding, there were no bank accounts for which she had signing
9 authority other than a bank account at U.S. Bank (formerly People's Bank).

10 31. It was further part of the scheme and artifice to defraud that on or about
11 May 24, 2010, LINDA A. MASTRO fraudulently failed to disclose and concealed the
12 existence of the LCY LLC bank account at JPMorgan Chase Bank in a verified amended
13 response to a Request for Production of Documents in the adversary proceeding by failing
14 to disclose the LCY LLC bank account in response to a request for complete records for
15 each bank account for which she was or had been an authorized signer since her marriage
16 to MICHAEL R. MASTRO.

17 32. It was further part of the scheme and artifice to defraud that on or about
18 May 28, 2010, LINDA A. MASTRO fraudulently failed to disclose and concealed the
19 existence of the LCY LLC bank account at JPMorgan Chase Bank in a verified amended
20 response to Interrogatories in the adversary proceeding by failing to disclose the LCY
21 LLC bank account in response to a request for a complete list of all bank accounts for
22 which LINDA A. MASTRO had signing authority since the date of her marriage to
23 MICHAEL R. MASTRO.

24 33. It was further part of the scheme and artifice to defraud that on or about
25 June 2, 2010, LINDA A. MASTRO fraudulently failed to disclose and concealed the
26 existence of the LCY LLC bank account at JPMorgan Chase Bank during her sworn
27 deposition in the adversary proceeding by falsely testifying under oath that she had not
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1 paid her American Express credit card bill from any bank account other than her checking
2 account at U.S. Bank.

3 34. It was further part of the scheme and artifice to defraud that between on or
4 about July 10, 2009, the date of the involuntary bankruptcy petition, and on or about
5 July 27, 2010, when the LCY LLC bank account at JPMorgan Chase was closed,
6 MICHAEL R. MASTRO and LINDA A. MASTRO wrote checks against or otherwise
7 debited the LCY LLC bank account at JPMorgan Chase Bank in an amount totaling
8 approximately \$761,381.69 for their own benefit and purposes. Specifically,
9 MICHAEL R. MASTRO and LINDA A. MASTRO wrote checks out of this concealed
10 bank account to make payments for, among other expenses, an American Express credit
11 card account; car loans for a 2006 Range Rover, a 2007 Bentley Continental, and a 2008
12 Rolls Royce Phantom Coupe; household expenses; legal expenses; department stores
13 purchases; and a bulk gold coin purchase. MICHAEL R. MASTRO also wrote checks
14 directly to LINDA A. MASTRO in an amount totaling \$18,000.

15 ***Fraudulent Concealment of Household Property***

16 35. It was further part of the scheme and artifice to defraud that between on or
17 about June 23, 2011, and on or about October 25, 2011, MICHAEL R. MASTRO and
18 LINDA A. MASTRO fraudulently failed to disclose and concealed the location of certain
19 household property, including but not limited to the wine collection valued at
20 approximately \$23,320; the Steinway and Sons grand piano valued at approximately
21 \$20,000; the Chihuly seaform glass bowl set valued at \$10,000; the Chihuly four-piece
22 Persian glass artwork set valued at approximately \$8,000; and the Chihuly Macchia glass
23 sculpture valued at approximately \$6,000, property belonging to the estate of debtor
24 MICHAEL R. MASTRO, in that after MICHAEL R. MASTRO and LINDA A.
25 MASTRO caused the trustee to be notified on June 21, 2011, that all such household
26 property was stored or would be stored at a warehouse on El Viento Road in Palm Desert,
27 California, MICHAEL R. MASTRO and LINDA A. MASTRO knowingly and
28 fraudulently caused certain household property, as described above, to be moved to and

1 | stored at a Public Storage unit on Fred Waring Drive in Palm Desert, California, rented by
2 | MICHAEL R. MASTRO on or about June 23, 2011, and thereafter failed to disclose to
3 | the trustee or the Bankruptcy Court the true location and custodian of this household
4 | property.

5 | ***False Statements Regarding Acquisition of the 15.93 Carat Diamond Ring***

6 | 36. At all times, it was material to the bankruptcy proceeding that the
7 | United States Bankruptcy Court, the Court-appointed trustee, and creditors determine
8 | whether LINDA A. MASTRO received the 15.93 carat diamond ring from MICHAEL R.
9 | MASTRO before or after the date of her marriage to MICHAEL R. MASTRO on or
10 | about June 3, 1989.

11 | 37. It was further part of the scheme and artifice to defraud that on or about
12 | December 17, 2009, LINDA A. MASTRO knowingly made a materially false declaration
13 | and statement under penalty of perjury in the adversary proceeding by falsely representing
14 | in a sworn Declaration, dated December 17, 2009, that MICHAEL R. MASTRO had
15 | given her the 15.93 carat diamond ring as a wedding ring 20 years earlier.

16 | 38. It was further part of the scheme and artifice to defraud that on or about
17 | February 5, 2010, LINDA A. MASTRO knowingly made a materially false declaration
18 | and statement under penalty of perjury in the adversary proceeding by falsely representing
19 | in a sworn Declaration, dated January 5, 2010, but filed on February 5, 2010, that
20 | MICHAEL R. MASTRO gave her the 15.93 carat diamond ring as an engagement ring
21 | when he proposed, prior to their marriage on June 3, 1989.

22 | 39. It was further part of the scheme and artifice to defraud that on or about
23 | February 5, 2010, MICHAEL R. MASTRO knowingly made a materially false
24 | declaration and statement under penalty of perjury in the adversary proceeding by falsely
25 | representing in a sworn Declaration, dated February 5, 2010, that he gave the 15.93 carat
26 | diamond engagement ring to LINDA A. MASTRO at the time he proposed, prior to their
27 | marriage on June 3, 1989.

1 40. It was further part of the scheme and artifice to defraud that on or about
2 March 9, 2010, LINDA A. MASTRO knowingly made a materially false declaration and
3 statement under penalty of perjury in the adversary proceeding by falsely representing in a
4 verified response to an interrogatory, dated March 9, 2010, that she acquired the 15.93
5 carat diamond ring as a gift from MICHAEL R. MASTRO prior to their marriage on
6 June 3, 1989.

7 41. It was further part of the scheme and artifice to defraud that on or about
8 April 6, 2010, LINDA A. MASTRO knowingly made a materially false declaration and
9 statement under penalty of perjury in the adversary proceeding by falsely representing in a
10 sworn Declaration, dated April 6, 2010, that MICHAEL R. MASTRO gave her the 15.93
11 carat diamond ring as an engagement ring when he proposed, prior to their marriage on
12 June 2 [sic], 1989.

13 ***Fraudulent Concealment of the 15.93 Carat Diamond Ring and 27.80 Carat***
14 ***Diamond Ring***

15 42. It was further part of the scheme and artifice to defraud that between on or
16 about December 8, 2009, and on or about January 12, 2010, LINDA A MASTRO
17 knowingly and fraudulently concealed the 15.93 carat diamond ring and the 27.80 carat
18 diamond ring, in that after the trustee gave notice to LINDA A. MASTRO that the
19 aforementioned two rings were to be produced for inspection on December 14, 2009,
20 pursuant to an order of the Bankruptcy Court in the adversary proceeding, LINDA A.
21 MASTRO falsely claimed through counsel that she was unable to produce the rings for
22 inspection because they were no longer in her possession but had been taken to, and left
23 with, an unidentified friend outside the United States.

24 43. It was further part of the scheme and artifice to defraud that on or about
25 February 5, 2010, LINDA A. MASTRO knowingly made a materially false declaration
26 and statement under penalty of perjury in the adversary proceeding by falsely representing
27 in a sworn Declaration, dated January 5, 2010, but filed on February 5, 2010, that she
28 needed additional time to obtain the 15.93 carat diamond ring and the 27.80 carat

1 diamond ring because she had placed the rings in a private safe with a personal friend and
2 had to make arrangements to have them returned.

3 44. It was further part of the scheme and artifice to defraud that on or about
4 March 24, 2010, LINDA A. MASTRO knowingly made a materially false statement and
5 oath under penalty of perjury in the adversary proceeding by falsely testifying during her
6 sworn deposition that she had taken the 15.93 carat diamond ring and the 27.80 carat
7 diamond ring to Italy in approximately November 2009, and that she could not recall
8 whether she left the two rings there.

9 45. It was further part of the scheme and artifice to defraud that between on or
10 about June 22, 2011, and the date of this Indictment, MICHAEL R. MASTRO and
11 LINDA A. MASTRO knowingly and fraudulently concealed and caused to be concealed
12 the 15.93 carat diamond ring and the 27.80 carat diamond ring, in that after being ordered
13 by the Bankruptcy Court to deliver the rings to the custody of a specified jeweler,
14 MICHAEL R. MASTRO and LINDA A. MASTRO knowingly failed to deliver the rings
15 as ordered and failed to disclose to the Bankruptcy Court or the trustee the location of the
16 rings.

17 ***Fraudulent Transfer of Interests in the Medina Residence***

18 46. It was further part of the scheme and artifice to defraud that on or about
19 February 16, 2009, MICHAEL R. MASTRO and LINDA A. MASTRO, aided and
20 abetted by others known and unknown to the Grand Jury, in contemplation of a case
21 under Title 11, United States Code, and with the intent to defeat the provisions of
22 Title 11, knowingly and fraudulently transferred and caused to be transferred an interest
23 in property, specifically, a secured interest in the Medina residence through a \$12,000,000
24 deed of trust that purported to secure a promissory note in that amount from LCY LLC –
25 Series Home in favor of Concept Dorssers, which deed of trust and promissory note were
26 at all times fraudulent and fictitious, in that Concept Dorssers did not provide
27 \$12,000,000 or any amount to LCY LLC – Series Home in connection with the
28 promissory note and deed of trust.

1 47. It was further part of the scheme and artifice to defraud that on or about
2 May 18, 2009, MICHAEL R. MASTRO and LINDA A. MASTRO, aided and abetted by
3 others known and unknown to the Grand Jury, in contemplation of a case under Title 11,
4 United States Code, and with the intent to defeat the provisions of Title 11, knowingly
5 and fraudulently transferred and caused to be transferred an interest in property,
6 specifically, a secured interest in the Medina residence through a \$3,000,000 deed of trust
7 that purported to secure a promissory note in that amount from LCY LLC – Series Home
8 in favor of Foundation Management, Inc., which deed of trust and promissory note were
9 at all times fraudulent and fictitious, in that Foundation Management, Inc, did not provide
10 \$3,000,000 or any amount to LCY LLC – Series Home in connection with the promissory
11 note and deed of trust.

12 **G. Execution of the Scheme and Artifice to Defraud**

13 48. On or about the dates below, within the Western District of Washington, for
14 the purpose of executing, attempting to execute, and aiding and abetting the scheme and
15 artifice to defraud creditors, the Bankruptcy Court, and the Bankruptcy Trustee in
16 connection with the bankruptcy proceeding, MICHAEL R. MASTRO and LINDA A.
17 MASTRO made and caused to be made in the bankruptcy proceeding and adversary
18 proceeding the following false and fraudulent statements and representations, and
19 executed the following transactions, with each such statement, representation, or
20 transaction constituting a separate execution of the scheme to defraud and a separate
21 Count of this Indictment:

22	Count	Date	Fraudulent Conduct
23	One	October 21, 2009	MICHAEL R. MASTRO stated under penalty of perjury that his amended bankruptcy schedule, Amended Schedule B –
24			Personal Property, was true and correct to the best of his
25			knowledge and belief, when as MICHAEL R. MASTRO then
26			well knew, Amended Schedule B failed to disclose the LCY
			LLC bank account at JPMorgan Chase Bank as required.
27	Two	June 2, 2010	LINDA A. MASTRO testified falsely during a sworn
28			deposition in the adversary proceeding that she had not paid
			the American Express credit card bill for MICHAEL R.
			MASTRO and LINDA A. MASTRO from any bank account

1 other than her bank account at U.S. Bank, when as LINDA A.
2 MASTRO then well knew, she had paid the credit card bill
from the LCY LLC bank account.

3 Three July 23, 2011 MICHAEL R. MASTRO rented a Public Storage storage unit
4 on Fred Waring Drive in Palm Desert, California, and caused
certain household property to be moved into the storage unit.

5 Four February 5, 2010 LINDA A. MASTRO falsely stated in a sworn Declaration
6 that MICHAEL R. MASTRO gave her the 15.93 carat
7 diamond ring at the time he proposed, prior to their marriage
on June 3, 1989, when as LINDA A. MASTRO then well
knew, she had received the ring in or about June 2005.

8 Five February 16, 2009 MICHAEL R. MASTRO signed a deed of trust on behalf of
9 LCY LLC – Series Home, granting a security interest in the
10 Medina residence to Concept Dorssers to secure performance
under a promissory note for \$12,000,000, when in truth and
11 fact, as MICHAEL R. MASTRO then well knew, the
12 promissory note was fictitious and fraudulent in that Concept
Dorssers did not provide \$12,000,000 or any amount to LCY
LLC – Series Home in connection with the deed of trust, as
set forth therein.

13 All in violation of Title 18, United States Code, Sections 157 and 2.

14
15 **COUNT SIX**
(Bankruptcy Fraud - False Declaration)

16 1. Paragraphs 1 through 46 of Counts One through Five above are
17 incorporated herein by reference as if set forth in full.

18 2. On or about October 21, 2009, within the Western District of Washington,
19 MICHAEL R. MASTRO knowingly and fraudulently made and caused to be made a
20 materially false declaration, certification, verification, and statement under penalty of
21 perjury pursuant to Title 28, United States Code, Section 1746, in and in relation to a
22 bankruptcy case under Title 11, United States Code, in the Bankruptcy Court for the
23 Western District of Washington, that is, *In re: Michael R. Mastro*, Case No. 09-16841, in
24 that MICHAEL R. MASTRO submitted amended schedules of his assets and liabilities in
25 the bankruptcy proceeding that he declared to be true and correct to the best of his
26 knowledge, information, and belief, when in truth and fact, as MICHAEL R. MASTRO
27 then well knew, the schedules failed to disclose a bank account that he had maintained
28

1 within two years immediately preceding the filing of the bankruptcy petition, that is, the
2 LCY LLC bank account at JPMorgan Chase Bank.

3 All in violation of Title 18, United States Code, Section 152(3) and Section 2.
4

5 **COUNT SEVEN**
6 **(Bankruptcy Fraud - False Oath and Account)**

7 1. Paragraphs 1 through 46 of Counts One through Five above are
8 incorporated herein by reference as if set forth in full.

9 2. On or about September 15, 2009, within the Western District of
10 Washington, MICHAEL R. MASTRO knowingly and fraudulently made and caused to be
11 made a materially false oath and account in and in relation to a bankruptcy case under
12 Title 11, United States Code, in the Bankruptcy Court for the Western District of
13 Washington, that is, *In re: Michael R. Mastro*, Case No. 09-16841, in that, during a
14 Section 341(a) Meeting of Creditors in the bankruptcy proceeding, MICHAEL R.
15 MASTRO stated under oath that he had not used any bank accounts other than an account
16 at Commerce Bank for his personal use since the bankruptcy was filed, when in truth and
17 fact, as MICHAEL R. MASTRO then well knew, he had used the LCY LLC bank
18 account at JPMorgan Chase Bank for such personal use.

19 All in violation of Title 18, United States Code, Section 152(2) and Section 2.
20

21 **COUNT EIGHT**
22 **(Bankruptcy Fraud - False Oath and Account)**

23 1. Paragraphs 1 through 46 of Counts One through Five above are
24 incorporated herein by reference as if set forth in full.

25 2. On or about September 15, 2009, within the Western District of
26 Washington, MICHAEL R. MASTRO knowingly and fraudulently made and caused to be
27 made a materially false oath and account in and in relation to a bankruptcy case under
28 Title 11, United States Code, in the Bankruptcy Court for the Western District of
Washington, that is, *In re: Michael R. Mastro*, Case No. 09-16841, in that, during a
Section 341(a) Meeting of Creditors in the bankruptcy proceeding, MICHAEL R.

1 MASTRO stated under oath that Linda A. Mastro did not use any bank accounts other
2 than a bank account at U.S. Bank to pay her bills, when in truth and fact, as
3 MICHAEL R. MASTRO then well knew, Linda A. Mastro used the LCY LLC bank
4 account at JPMorgan Chase Bank for such purposes.

5 All in violation of Title 18, United States Code, Section 152(2) and Section 2.

6
7 **COUNT NINE**
(Bankruptcy Fraud - False Declaration)

8 1. Paragraphs 1 through 46 of Counts One through Five above are
9 incorporated herein by reference as if set forth in full.

10 2. On or about January 10, 2010, within the Western District of Washington,
11 MICHAEL R. MASTRO knowingly and fraudulently made and caused to be made a
12 materially false declaration, certification, verification, and statement under penalty of
13 perjury as permitted under Title 28, United States Code, Section 1746, in and in relation
14 to a bankruptcy case under Title 11, United States Code, in the Bankruptcy Court for the
15 Western District of Washington, that is, *In re: Michael R. Mastro*, Case No. 09-16841, in
16 that MICHAEL R. MASTRO stated in response to Requests for Production of Documents
17 served on him by the trustee that he had provided the trustee with all bank account
18 records for which he had been an authorized signer from January 1, 2007 until July 10,
19 2009, when in truth and fact, as MICHAEL R. MASTRO then well knew, he had not
20 provided the trustee with any bank account records for the LCY LLC bank account at
21 JPMorgan Chase Bank for that or any other time period.

22 All in violation of Title 18, United States Code, Section 152(3) and Section 2.

23
24 **COUNT TEN**
(Bankruptcy Fraud - Concealment)

25 1. Paragraphs 1 through 46 of Counts One through Five above are
26 incorporated herein by reference as if set forth in full.

27 2. On or about March 8, 2010, within the Western District of Washington,
28 MICHAEL R. MASTRO knowingly and fraudulently concealed and caused to be

1 concealed property belonging to the estate of debtor MICHAEL R. MASTRO,
2 specifically, the LCY LLC bank account at JPMorgan Chase Bank, from the trustee
3 charged with control and custody of the property of debtor MICHAEL R. MASTRO, and
4 from creditors in connection with a case under Title 11, United States Code, in the
5 Bankruptcy Court for the Western District of Washington, that is, *In re: Michael R.*
6 *Mastro*, Case No. 09-16841, in that, in a verified response to an Interrogatory from the
7 trustee in the adversary proceeding, which sought a complete list of all bank accounts for
8 which MICHAEL R. MASTRO then had signing authority, including the identity of the
9 bank, the name and number of the account, and the dates during which the account had
10 existed, MICHAEL R. MASTRO knowingly and fraudulently failed to disclose the
11 existence of the LCY LLC bank account at JPMorgan Chase Bank for which he then had
12 such signing authority.

13 All in violation of Title 18, United States Code, Section 152(1) and Section 2.

14
15 **COUNT ELEVEN**
(Bankruptcy Fraud - Concealment)

16 1. Paragraphs 1 through 46 of Counts One through Five above are
17 incorporated herein by reference as if set forth in full.

18 2. On or about March 9, 2010, within the Western District of Washington,
19 LINDA A. MASTRO knowingly and fraudulently concealed and caused to be concealed
20 property belonging to the estate of debtor Michael R. Mastro, specifically the LCY LLC
21 bank account at JPMorgan Chase Bank, from the trustee charged with control and custody
22 of the property of debtor Michael R. Mastro, and from creditors in connection with a case
23 under Title 11, United States Code, in the Bankruptcy Court for the Western District of
24 Washington, that is, *In re: Michael R. Mastro*, Case No. 09-16841, in that, in a verified
25 response to an Interrogatory from the trustee in the adversary proceeding, which sought a
26 complete list of all bank accounts for which LINDA A. MASTRO had signing authority
27 from the date of her marriage to Michael R. Mastro to the present, including the identity
28 of the bank, the name and number of the account, and the dates during which the account

1 was maintained, LINDA A. MASTRO knowingly and fraudulently failed to disclose the
2 existence of the LCY LLC bank account at JPMorgan Chase Bank for which she then had
3 such signing authority.

4 All in violation of Title 18, United States Code, Section 152(1) and Section 2.

5
6 **COUNT TWELVE**
(Bankruptcy Fraud - False Oath and Account)

7 1. Paragraphs 1 through 46 of Counts One through Five above are
8 incorporated herein by reference as if set forth in full.

9 2. On or about March 24, 2010, within the Western District of Washington,
10 LINDA A. MASTRO knowingly and fraudulently made and caused to be made a material
11 false oath and account in and in relation to a bankruptcy case under Title 11,
12 United States Code, in the Bankruptcy Court for the Western District of Washington, that
13 is, *In re: Michael R. Mastro*, Case No. 09-16841, in that, during a deposition taken in the
14 adversary proceeding, LINDA A. MASTRO stated under oath that prior to the bankruptcy
15 being filed, there were no bank accounts for which she had signing authority other than a
16 bank account at U.S. Bank (formerly People's Bank), when in truth and fact, as
17 LINDA A. MASTRO then well knew, she had signing authority on the LCY LLC bank
18 account at JPMorgan Chase Bank before and after the bankruptcy was filed.

19 All in violation of Title 18, United States Code, Section 152(2) and Section 2.

20
21 **COUNT THIRTEEN**
(Bankruptcy Fraud - Concealment)

22 1. Paragraphs 1 through 46 of Counts One through Five above are
23 incorporated herein by reference as if set forth in full.

24 2. On or about May 24, 2010, within the Western District of Washington,
25 LINDA A. MASTRO knowingly and fraudulently concealed and caused to be concealed
26 property belonging to the estate of debtor Michael R. Mastro, specifically the LCY LLC
27 bank account at JPMorgan Chase Bank, from the trustee charged with control and custody
28 of the property of debtor Michael R. Mastro, and from creditors in connection with a case

1 under Title 11, United States Code, in the Bankruptcy Court for the Western District of
2 Washington, that is, *In re: Michael R. Mastro*, Case No. 09-16841, in that, in a verified
3 amended response to a Request for Production of Documents from the trustee in the
4 adversary proceeding, which sought complete records for each bank account for which
5 LINDA A. MASTRO was or had been an authorized signer since her marriage to Michael
6 R. Mastro, LINDA A. MASTRO knowingly and fraudulently failed to disclose the
7 existence of the LCY LLC bank account at JPMorgan Chase Bank for which she then had
8 signing authority.

9 All in violation of Title 18, United States Code, Section 152(1) and Section 2.

10
11 **COUNT FOURTEEN**
(Bankruptcy Fraud - Concealment)

12 1. Paragraphs 1 through 46 of Counts One through Five above are
13 incorporated herein by reference as if set forth in full.

14 2. On or about May 28, 2010, within the Western District of Washington,
15 LINDA A. MASTRO knowingly and fraudulently concealed and caused to be concealed
16 property belonging to the estate of debtor Michael R. Mastro, specifically the LCY LLC
17 bank account at JPMorgan Chase Bank, from the trustee charged with control and custody
18 of the property of debtor Michael R. Mastro, and from creditors in connection with a case
19 under Title 11, United States Code, in the Bankruptcy Court for the Western District of
20 Washington, that is, *In re: Michael R. Mastro*, Case No. 09-16841, in that, in a verified
21 amended response to an Interrogatory from the trustee in the adversary proceeding, which
22 sought a complete list of all bank accounts for which LINDA A. MASTRO had signing
23 authority from the date of her marriage to Michael R. Mastro to the present, including the
24 identity of the bank, the name and number of the account, and the dates during which the
25 account was maintained, LINDA A. MASTRO knowingly and fraudulently failed to
26 disclose the existence of the LCY LLC bank account at JPMorgan Chase Bank for which
27 she then had such signing authority.

28 All in violation of Title 18, United States Code, Section 152(1) and Section 2.

1
2 **COUNT FIFTEEN**
(Bankruptcy Fraud - False Oath and Account)

3 1. Paragraphs 1 through 46 of Counts One through Five above are
4 incorporated herein by reference as if set forth in full.

5 2. On or about June 2, 2010, within the Western District of Washington,
6 LINDA A. MASTRO knowingly and fraudulently made and caused to be made a material
7 false oath and account in and in relation to a bankruptcy case under Title 11,
8 United States Code, in the Bankruptcy Court for the Western District of Washington, that
9 is, *In re: Michael R. Mastro*, Case No. 09-16841, in that, during a deposition taken in the
10 adversary proceeding, *James F. Rigby, Jr. v. Michael R. Mastro*, Case No. 09-10439,
11 LINDA A. MASTRO stated under oath that she had not paid her American Express credit
12 card bill from any source other than a U.S. Bank account, when in truth and fact, as
13 LINDA A. MASTRO then well knew, she paid her American Express credit card bill
14 with checks drawn on the LCY LLC bank account at JPMorgan Chase Bank, which were
15 signed by LINDA A. MASTRO, every month from September 2009 through April 2010,
16 with one exception in March 2010.

17 All in violation of Title 18, United States Code, Section 152(2) and Section 2.

18 **COUNTS SIXTEEN THROUGH THIRTY-ONE**
19 **(Money Laundering)**

20 1. Paragraphs 1 through 46 of Counts One through Five above are
21 incorporated herein by reference as if set forth in full.

22 2. On or about the dates set forth below, within the Western District of
23 Washington, the defendant identified below knowingly engaged and attempted to engage
24 in a monetary transaction by and through the financial institution described below, in and
25 affecting interstate commerce, in criminally derived property of a value greater than
26 \$10,000, which property was derived from specified unlawful activity, that is, bankruptcy
27 fraud committed through the concealment of, and false declarations and false oaths
28 concerning, the LCY LLC bank account, as charged in Counts One through Fifteen of

1 this Indictment, with each such monetary transaction constituting a separate Count of the
 2 Indictment:

3	Count	Date	Defendant	Financial Institution	Monetary Transactions Conducted With Funds From the LCY LLC Bank Account
4					
5	Sixteen	8/6/09	Michael R. Mastro	JPMorgan Chase Bank	Purchase from JPMorgan Chase Bank of Treasurer's Check number 01245005, dated August 6, 2009, made payable to LCY LLC in the amount of \$100,000.
6					
7	Seventeen	8/6/09	Michael R. Mastro	JPMorgan Chase Bank	Purchase from JPMorgan Chase Bank of Treasurer's Check number 01245006, dated August 6, 2009, made payable to LCY LLC, in the amount of \$100,000.
8					
9	Eighteen	8/6/09	Michael R. Mastro	JPMorgan Chase Bank	Purchase from JPMorgan Chase Bank of Treasurer's Check number 01245007, dated August 6, 2009, made payable to LCY LLC in the amount of \$100,000.
10					
11	Nineteen	9/24/09	Michael R. Mastro	JPMorgan Chase Bank	Purchase from Miles Franklin, Ltd. of gold coins totaling \$107,220 using (1) JPMorgan Chase Bank Treasurer's Check number 01245005, dated August 6, 2009, in the amount of \$100,000, made payable to LCY LLC and endorsed to Miles Franklin, and (2) check number 157 drawn on the LCY LLC bank account, dated September 16, 2009, made payable to Miles Franklin in the amount of \$7,220.
12					
13					
14					
15	Twenty	10/13/09	Linda A. Mastro	JPMorgan Chase Bank	Payment to American Express using check number 159 drawn on the LCY LLC bank account, dated October 8, 2009, in the amount of \$18,714.97.
16					
17	Twenty-One	10/19/09	Michael R. Mastro	JPMorgan Chase Bank	Redeposit into the LCY LLC bank account at JPMorgan Chase Bank of Treasurer's Check number 01245007, dated August 6, 2009, made payable to LCY LLC in the amount of \$100,000.
18					
19					
20	Twenty-Two	12/7/09	Linda A. Mastro	JP Morgan Chase Bank	Payment to American Express using check number 234 drawn on the LCY LLC bank account, dated December 2, 2009, in the amount of \$16,924.09.
21					
22	Twenty-Three	12/14/09	Michael R. Mastro	JPMorgan Chase Bank	Purchase from JPMorgan Chase Bank of Treasurer's Check number 01339188, dated December 14, 2009, made payable to LCY LLC, in the amount of \$50,000.
23					
24	Twenty-Four	1/11/10	Michael R. Mastro	JPMorgan Chase Bank	Redeposit into the LCY LLC bank account at JPMorgan Chase Bank of Treasurer's Check number 01245006, dated August 6, 2009, made payable to LCY LLC in the amount of \$100,000.
25					
26					
27					
28					

Count	Date	Defendant	Financial Institution	Monetary Transactions Conducted With Funds From the LCY LLC Bank Account
Twenty-Five	2/5/10	Linda A. Mastro	JPMorgan Chase Bank	Payment to American Express using check number 246 drawn on the LCY LLC bank account, dated February 3, 2010, in the amount of \$10,368.60.
Twenty-Six	2/5/10	Michael R. Mastro	JPMorgan Chase Bank	Purchase from JPMorgan Chase Bank of Treasurer's Check number 01408964, dated February 5, 2010, made payable to LCY LLC, in the amount of \$45,000.
Twenty-Seven	2/9/10	Michael R. Mastro	JPMorgan Chase Bank	Redeposit into the LCY LLC bank account at JPMorgan Chase Bank of Treasurer's Check number 01339188, dated December 14, 2009, made payable to LCY LLC in the amount of \$50,000.
Twenty-Eight	2/22/10	Michael R. Mastro	JPMorgan Chase Bank	Redeposit into the LCY LLC bank account at JPMorgan Chase Bank of Treasurer's Check number 01408963, dated February 5, 2010, made payable to LCY LLC in the amount of \$50,000.
Twenty-Nine	3/31/10	Michael R. Mastro	JPMorgan Chase Bank	Redeposit into the LCY LLC bank account at JPMorgan Chase Bank of Treasurer's Check number 01408964, dated February 5, 2010, made payable to LCY LLC in the amount of \$45,000.
Thirty	4/9/10	Linda A. Mastro	JPMorgan Chase Bank	Payment to American Express using check number 255 drawn on the LCY LLC bank account, dated April 2, 2010, in the amount of \$18,756.56.
Thirty-One	4/16/10	Michael R. Mastro and Linda A. Mastro	JPMorgan Chase Bank and U.S. Bank	Deposit into Linda A. Mastro's bank account at U.S. Bank of check number 262 drawn on the LCY LLC bank account, dated April 10, 2010, made payable to "L.A. Mastro" in the amount of \$14,000.

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

COUNT THIRTY-TWO
(Bankruptcy Fraud - Concealment)

1. Paragraphs 1 through 46 of Counts One through Five above are incorporated herein by reference as if set forth in full.

2. On or about June 17, 2011, the United States Bankruptcy Court for the Western District of Washington ordered MICHAEL R. MASTRO and LINDA A. MASTRO to disclose to the trustee and the Bankruptcy Court by June 20, 2011, the

1 location and custodians of all household property, including specifically, household
2 furnishings and a wine collection.

3 3. Between on or about June 23, 2011, and on or about October 25, 2011,
4 within the Western District of Washington and elsewhere, MICHAEL R. MASTRO and
5 LINDA A. MASTRO knowingly and fraudulently concealed and caused to be concealed
6 certain property belonging to the estate of debtor MICHAEL R. MASTRO from the
7 trustee charged with custody and control of the property of debtor MICHAEL R.
8 MASTRO, and from creditors in connection with a case under Title 11, United States
9 Code, in the Bankruptcy Court for the Western District of Washington, that is, *In re:*
10 *Michael R. Mastro*, Case No. 09-16841, in that, after MICHAEL R. MASTRO and
11 LINDA A. MASTRO caused the trustee to be notified on June 21, 2011, that all
12 household property was being stored, or would be stored, at a warehouse on El Viento
13 Road in Palm Desert, California, MICHAEL R. MASTRO and LINDA A. MASTRO
14 knowingly and fraudulently caused certain household property to be moved to and stored
15 at a Public Storage unit on Fred Waring Drive in Palm Desert, California, which
16 MICHAEL A. MASTRO had rented on or about June 23, 2011, said household property
17 including but not limited to the wine collection valued at approximately \$23,320, the
18 Steinway and Sons grand piano valued at approximately \$20,000, the Chihuly seaform
19 glass bowl set valued at \$10,000, the Chihuly four-piece Persian glass artwork set valued
20 at approximately \$8,000, and the Chihuly Macchia glass sculpture valued at
21 approximately \$6,000, and thereafter failed to disclose to the Bankruptcy Court or the
22 trustee the actual location and custodian of this household property.

23 All in violation of Title 18, United States Code, Section 152(1) and Section 2.

24
25 **COUNT THIRTY-THREE**
(Bankruptcy Fraud - False Declaration)

26 1. Paragraphs 1 through 46 of Counts One through Five above are
27 incorporated herein by reference as if set forth in full.

1 her the 15.93 carat diamond ring as an engagement ring when he proposed prior to their
2 marriage on June 3, 1989, and that this engagement ring therefore remained her separate
3 property, when in truth and fact, as LINDA A. MASTRO then well knew, Michael R.
4 Mastro had not given the 15.93 carat diamond ring to LINDA A. MASTRO prior to their
5 marriage on June 3, 1989, but had given the 15.93 carat diamond ring to LINDA A.
6 MASTRO well after they were married in or about June 2005.

7 All in violation of Title 18, United States Code, Section 152(3) and Section 2.

8
9 **COUNT THIRTY-FIVE**
(Bankruptcy Fraud - False Declaration)

10 1. Paragraphs 1 through 46 of Counts One through Five above are
11 incorporated herein by reference as if set forth in full.

12 2. On or about February 5, 2010, within the Western District of Washington,
13 MICHAEL R. MASTRO knowingly and fraudulently made and caused to be made a
14 materially false declaration, certification, verification, and statement under penalty of
15 perjury as permitted under Title 28, United States Code, Section 1746, in and in relation
16 to a bankruptcy case under Title 11, United States Code, in the Bankruptcy Court for the
17 Western District of Washington, that is, *In re: Michael R. Mastro*, Case No. 09-16841, in
18 that, MICHAEL R. MASTRO stated in a Declaration under penalty of perjury, dated
19 February 5, 2010, filed in response to the trustee's Motion for Turnover of Jewelry in the
20 adversary proceeding, that he had given a 15.9 carat diamond engagement ring to
21 Linda A. Mastro at the time he proposed, prior to their marriage on June 3, 1989, when in
22 truth and fact, as MICHAEL R. MASTRO then well knew, he had not given the 15.93
23 carat diamond ring to Linda A. Mastro before they were married on June 3, 1989, but had
24 given the 15.93 carat diamond ring to Linda A. Mastro well after they were married in or
25 about June 2005.

26 All in violation of Title 18, United States Code, Section 152(3) and Section 2.
27
28

1 that LINDA A. MASTRO stated in a Declaration under penalty of perjury, dated April 6,
2 2010, filed in connection with her Motion for Partial Summary Judgement Regarding
3 Rings in the adversary proceeding, that Michael R. Mastro gave her the 15.93 carat
4 diamond ring as an engagement ring when he proposed, prior to their marriage on June 2
5 [sic], 1989, when in truth and fact, as LINDA A. MASTRO then well knew, Michael R.
6 Mastro had not given the 15.93 carat diamond ring to LINDA A. MASTRO before they
7 were married in 1989, but had given the 15.93 carat diamond ring to LINDA A.
8 MASTRO well after they were married in or about June 2005.

9 All in violation of Title 18, United States Code, Section 152(3) and Section 2.

10
11 **COUNT THIRTY-EIGHT**
(Bankruptcy Fraud - Concealment of Property)

12 1. Paragraphs 1 through 46 of Counts One through Five above are
13 incorporated herein by reference as if set forth in full.

14 2. Between on or about December 8, 2009, and on or about January 12, 2009,
15 within the Western District of Washington and elsewhere, LINDA A. MASTRO, with the
16 intent to defeat the provisions of Title 11, United States Code, knowingly and
17 fraudulently concealed and caused to be concealed certain property, specifically, the
18 15.93 carat diamond ring and the 27.80 carat diamond ring, from the trustee, creditors and
19 Bankruptcy Court in connection with a case under Title 11, United States Code, in the
20 Bankruptcy Court for the Western District of Washington, that is, *In re: Michael R.*
21 *Mastro*, Case No. 09-16841, in that, after the trustee gave notice to LINDA A. MASTRO
22 that the aforementioned two rings were to be produced for inspection on December 14,
23 2009, pursuant to an order of the United States Bankruptcy Court, LINDA A. MASTRO
24 claimed through counsel that she was unable to produce the rings for inspection because
25 they were no longer in her possession but had been taken to, and left with, an unidentified
26 friend outside the United States, when in truth and fact, as LINDA A. MASTRO then
27 well knew, the two rings not been taken to, or left with, anyone outside the United States,
28

1 the two rings remained in LINDA A. MASTRO's possession, and LINDA A. MASTRO
2 was secreting the rings on her person and elsewhere.

3 All in violation of Title 18, United States Code, Section 152(7) and Section 2.

4
5 **COUNT THIRTY-NINE**
6 **(Bankruptcy Fraud - False Declaration)**

7 1. Paragraphs 1 through 46 of Counts One through Five above are
8 incorporated herein by reference as if set forth in full.

9 2. On or about February 5, 2010, within the Western District of Washington,
10 LINDA A. MASTRO knowingly and fraudulently made and caused to be made a
11 materially false declaration, certification, verification, and statement under penalty of
12 perjury as permitted under Title 28, United States Code, Section 1746, in and in relation
13 to a bankruptcy case under Title 11, United States Code, in the Bankruptcy Court for the
14 Western District of Washington, that is, *In re: Michael R. Mastro*, Case No. 09-16841, in
15 that, LINDA A. MASTRO stated in a Declaration under penalty of perjury, dated
16 January 5, 2010, and filed on or about February 5, 2010, in response to the trustee's
17 Motion for Turnover of Jewelry in the adversary proceeding, that after the trustee gave
18 notice in early-December 2009, requiring that she make the 15.93 carat diamond ring and
19 the 27.80 carat diamond ring available for inspection, LINDA A. MASTRO needed
20 additional time to obtain the two rings because she had placed the rings in a private safe
21 with a personal friend and had to make arrangements to have them returned, when in truth
22 and fact, as LINDA A. MASTRO then well knew, she had not placed the two rings in a
23 private safe with a personal friend and did not have to make arrangements to have the two
24 rings returned, but rather the two rings had remained in LINDA A. MASTRO's custody
25 and possession.

26 All in violation of Title 18, United States Code, Section 152(3) and Section 2.

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COUNT FORTY
(Bankruptcy Fraud - False Oath and Account)

1. Paragraphs 1 through 46 of Counts One through Five above are incorporated herein by reference as if set forth in full.

2. On or about March 24, 2010, within the Western District of Washington, LINDA A. MASTRO knowingly and fraudulently made and caused to be made a material false oath and account in and in relation to a bankruptcy case under Title 11, United States Code, in the Bankruptcy Court for the Western District of Washington, that is, *In re: Michael R. Mastro*, Case No. 09-16841, in that, during a deposition taken in the adversary proceeding, LINDA A. MASTRO stated under oath that she had taken the 15.93 carat diamond ring and the 27.80 carat diamond ring to Italy in or about November 2009 and that she could not recall whether she left the two rings there, when in truth and fact, as LINDA A. MASTRO then well knew, she had not left the two rings in Italy in or about November 2009.

All in violation of Title 18, United States Code, Section 152(2) and Section 2.

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COUNT FORTY-ONE
(Bankruptcy Fraud - Concealment of Property)

1. Paragraphs 1 through 46 of Counts One through Five above are incorporated herein by reference as if set forth in full.

2. On or about June 17, 2011, the United State Bankruptcy Court for the Western District of Washington ordered MICHAEL R. MASTRO and LINDA A. MASTRO to deliver the 15.93 carat diamond ring and the 27.80 carat diamond ring to a specified jeweler no later than noon on June 22, 2011, where the rings were to remain pending further order of the Bankruptcy Court.

3. Between on or about June 22, 2011, and the date of this Indictment, within the Western District of Washington and elsewhere, MICHAEL R. MASTRO and LINDA A. MASTRO knowingly and fraudulently concealed and caused to be concealed certain property belonging to the estate of debtor MICHAEL R. MASTRO from the

1 trustee charged with custody and control of the property of debtor MICHAEL R.
2 MASTRO, and from creditors in connection with a case under Title 11, United States
3 Code, in the Bankruptcy Court for the Western District of Washington, that is, *In re:*
4 *Michael R. Mastro*, Case No. 09-16841, in that, after being ordered to deliver the 15.93
5 carat diamond ring and the 27.80 carat diamond ring to a specified jeweler, MICHAEL R.
6 MASTRO and LINDA A. MASTRO knowingly failed to deliver the rings as ordered and
7 failed to disclose to the Bankruptcy Court or the trustee the actual location of the rings.

8 All in violation of Title 18, United States Code, Section 152(1) and Section 2.

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10 **COUNT FORTY-TWO**
(Bankruptcy Fraud – Fraudulent Transfer of Property Interest)

11 1. Paragraphs 1 through 46 of Counts One through Five above are
12 incorporated herein by reference as if set forth in full.

13 2. On or about February 16, 2009, MICHAEL R. MASTRO and LINDA A.
14 MASTRO, aided and abetted by others known and unknown to the Grand Jury, in
15 contemplation of a case under Title 11, United States Code, and with the intent to defeat
16 the provisions of Title 11, knowingly and fraudulently transferred and caused to be
17 transferred an interest in property, specifically, a secured interest in the Medina residence
18 through a \$12,000,000 deed of trust that purported to secure a promissory note in the
19 amount of \$12,000,000 from LCY LLC – Series Home in favor of Concept Dorssers,
20 which deed of trust and promissory note were at all times fraudulent and fictitious, in that
21 Concept Dorssers did not provide \$12,000,000 or any amount to LCY LLC – Series
22 Home in connection with the promissory note and deed of trust.

23 All in violation of Title 18, United States Code, Section 152(7) and Section 2.

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25 **COUNT FORTY-THREE**
(Bankruptcy Fraud – Fraudulent Transfer of Property Interest)

26 1. Paragraphs 1 through 46 of Counts One through Five above are
27 incorporated herein by reference as if set forth in full.

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1 2. On or about May 12, 2009, MICHAEL R. MASTRO and LINDA A.
2 MASTRO, aided and abetted by others known and unknown to the Grand Jury, in
3 contemplation of a case under Title 11, United States Code, and with the intent to defeat
4 the provisions of Title 11, knowingly and fraudulently transferred and caused to be
5 transferred an interest in property, specifically, a secured interest in the Medina residence
6 through a \$3,000,000 deed of trust that purported to secure a promissory note in the
7 amount of \$3,000,000 from LCY LLC – Series Home in favor of Foundation
8 Management, Inc., which deed of trust and promissory note were at all times fraudulent

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1 and fictitious, in that Foundation Management, Inc., did not provide \$3,000,000 or any
2 amount to LCY LLC – Series Home in connection with the promissory note and deed of
3 trust.

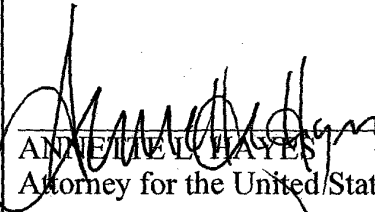
4 All in violation of Title 18, United States Code, Section 152(7) and Section 2.

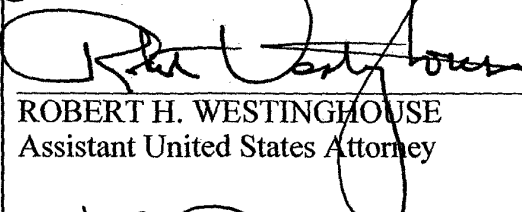
5 A TRUE BILL:


6 DATED:

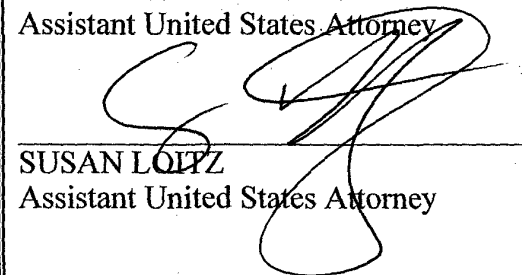
7 *Signature of Foreperson redacted pursuant to*
8 *the policy of the Judicial Conference of the*
9 *United States.*

10 _____
11 FOREPERSON

12 
13 ANNETTE L. HAYES
14 Attorney for the United States*

15 
16 ROBERT H. WESTINGHOUSE
17 Assistant United States Attorney

18 
19 LAWRENCE LINCOLN
20 Assistant United States Attorney

21 
22 SUSAN LOITZ
23 Assistant United States Attorney

24 *Acting under authority conferred by 28 U.S.C. § 515.
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