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UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
AUSTIN DIVISION

2013 DEC 17 PM 3: 29

CLERK US DISTRICT COURT  
WESTERN DISTRICT OF TEXAS

BY DM  
DEPUTY

UNITED STATES OF AMERICA,

Plaintiff,

v.

RUSSELL ALLEN ERXLEBEN,

Defendant.

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CRIMINAL NO. A-13-CR-029 LY

INFORMATION

[Vio: 18 U.S.C. § 1343 – Wire Fraud;  
18 U.S.C. § 1957 – Engaging in Monetary  
Transaction in Criminally Derived Property]

THE UNITED STATES ATTORNEY CHARGES:

INTRODUCTION

1. The following entities (hereinafter referred to individually or collectively as the “Erxleben Entities”) were formed at the direction of, used by, and/or maintained by, the Defendant, RUSSELL ALLEN ERXLEBEN:

a. **WALTEC Consultants** was an assumed name for a business formed by K.E., a person known to the Grand Jury, filed in Hays County, Texas, in or about January 2005.

b. **LRE Holdings** was an assumed name for a business formed by Defendant ERXLEBEN, filed in Hays County, Texas in or about July 2007.

c. **The MDM Group** was an assumed name entity filed in Fort Bend County, Texas in or about January 2009.

d. From at least as early as January 2005, the primary place of business for the aforementioned entities was Lakeway, Texas, in the Western District of Texas.

2. Since at least 2005, the Defendant, through the Erxleben Entities, promoted and sold interests in several “investment” opportunities. These “investments” included the purchase

of post-World War I German Government Gold Bearer Bonds, and the examination and appraisal of a painting by Paul Gauguin with a view toward obtaining a financial interest in the painting.

3. The Defendant used and/or maintained numerous accounts at one or more financial institutions, including, but not limited to, Wells Fargo Bank, Frost Bank, Wachovia, Chase Bank (formerly Washington Mutual Bank), Bank of America, and Compass Bank.

### **THE SCHEME**

4. Beginning at least as early as 2005 and continuing until at least in or about October 2009, Defendant ERXLEBEN devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

5. It was part of the scheme and artifice that the Defendant would solicit money from persons for the purpose of investing the money in one or more investment vehicles and programs promoted by the Defendant, including a post-World War I German Government Gold Bearer Bond investment program and an investment pool for a purportedly valuable painting by a famous artist. The Defendant made false and fraudulent promises, representations, and pretenses, and omissions of material fact, in connection with each of these investment programs and to obtain money for his own personal use and benefit, including, but not limited to,

a. that investor funds would be applied to purchase investment assets in the manner represented by the Defendant, when, in truth and fact, as the Defendant knew, investor funds were primarily distributed as purported "returns" to prior investors, used to fund other

endeavors not disclosed to the investors, and/or applied by the Defendant for his and his family's personal use and benefit; and

b. that investors retain their investments with the Defendant, not seek a refund of their investments, and/or encourage others to invest with the Defendant based on statements by the Defendant that he and others had obtain returns on their investments and/or assurances by the Defendant to the effect that the investment vehicles would be "paying off" imminently, when, in truth and fact, the Defendant knew that the purported returns to others were merely distributions from subsequently acquired investment funds, that the investment vehicles would not be generating returns, and that the Defendant did not have funds available for refund because he had already applied the funds to his own personal use and benefit.

6. It was part of the scheme and artifice that the Defendant obtained, used, and commingled monies among all of the investment vehicles, as befitted the Defendant's personal purposes and circumstances.

7. It was part of the scheme and artifice that the Defendant would fraudulently acquire cash and assets for the following purposes:

- a. to apply to the personal use and benefit of the Defendant and his family;
- b. to maintain an ongoing or expanding Ponzi scheme in which the "returns" paid to earlier investors actually constituted funds provided by later investors; and
- c. to make payments and/or fund distributions to some investors so as to lull investors into the false belief that their investment remained sound.

8. It was part of the scheme and artifice that the Defendant transmitted and caused to be transmitted by others, including investors and those working on behalf of the Defendant, by wire communications in interstate commerce, writings, signals, signs, pictures and sounds

between the Western District of Texas and locations outside of the State of Texas. These wire communications included, but were not limited to, the following:

- a. telephone calls;
- b. email communications via the internet;
- c. electronic communications involving the clearing of checks and other financial transactions through the Federal Reserve banking system; and
- d. transfers by wire and electronic means of funds between financial institutions and investment companies located outside the State of Texas and financial institutions and investment companies in the Western District of Texas.

**COUNT ONE**  
**Wire Fraud**  
**[18 U.S.C §1343]**

9. Paragraphs 1 through 8 of this Information are realleged and incorporated as though fully set forth herein.

10. From at least as early as January 2005 and continuing until in or about October 2009, in the Western District of Texas and elsewhere, the Defendant,

**RUSSELL ALLEN ERXLEBEN**

having devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of false, misleading, and fraudulent pretenses, representations, and promises, and omissions of material facts, as set forth above, did knowingly cause to be transmitted by wire, radio, or television communication in interstate and foreign commerce, wire transfers of funds, constituting and containing a writing, sign, signal, picture, and sound, for the purpose of executing and attempting to execute said scheme and artifice, on or about the dates set forth below:

Date (on or about)	Description of Wire Transmission
January 28, 2008	A wire transfer in the amount of \$40,000 from an account at Independent Banker's Bank, Springfield, Illinois, and transmitted for deposit to a Chase Bank (formerly Washington Mutual Bank) account in the Western District of Texas.
April 14, 2008	A debit transaction pertaining to a cashier's check in the amount of \$40,000 drawn on an account of Wells Fargo Bank, Minneapolis, Minnesota, in the amount of \$40,000, and deposited to a Chase Bank (formerly Washington Mutual Bank) account in the Western District of Texas.
December 10, 2008	A wire transfer in the amount of \$30,000 from an account at TD Ameritrade, Omaha, Nebraska, and transmitted for deposit to a Bank of America account in the Western District of Texas.
March 24, 2009	A wire transfer in the amount of \$50,000 from an account at Wells Fargo Bank, San Francisco, California, and transmitted for deposit to a Bank of America account in the Western District of Texas.
July 14, 2009	A wire transfer in the amount of \$15,000 from an account at Capital One Bank, which cleared through Bank of America in the State of New York, and transmitted for deposit to a Bank of America account in the Western District of Texas.

All in violation of Title 18, United States Code, Section 1343.

**COUNT TWO**  
**Engaging in Monetary Transaction in Criminally Derived Property**  
**[18 U.S.C. § 1957]**

11. Paragraphs 1 through 8 of this Information are realleged and incorporated as though fully set forth herein.

12. From at least as early as January 2005 and continuing until in or about October 2009, in the Western District of Texas and elsewhere, the Defendant,

**RUSSELL ALLEN ERXLEBEN**

did knowingly engage and attempt to engage in monetary transactions, set forth below, in criminally derived property of a value greater than ten thousand dollars (\$10,000), which property was derived from specified unlawful activity, namely, Wire Fraud, contrary to Title 18, United States Code, Section 1343, as set forth in Count One of this Information, on or about the dates set forth below:

Date (on or about)	Description of Monetary Transaction
January 29, 2008	A wire transfer of funds in the amount of \$30,000 from a Chase Bank (formerly Washington Mutual Bank) account to a Wells Fargo Bank account.
March 25, 2009	A wire transfer of funds in the amount of \$15,000 from a Bank of America account to a Broadway National Bank account.

All in violation of Title 18, United States Code, Section 1957.

RICHARD L. DURBIN, JR.  
Attorney for the United States, Acting Under  
Authority Conferred by 28 U.S.C. § 515

By:



MATTHEW B. DEVLIN  
Assistant United States Attorney