

IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF FLORIDA
PENSACOLA DIVISION

UNITED STATES OF AMERICA

v.

FOURTH SUPERSEDING
INDICTMENT
3:00CR48/LAC

JERROLD L. GUNN,
WILLIAM SCOTT DOHAN,
THOMAS L. McCRIMMON,
FREDERICK J. GILLILAND, and
WILLIAM LEON HURST

THE GRAND JURY CHARGES:

COUNT ONE

A. INTRODUCTION

At all times relevant to the indictment:

1. Hammersmith Trust, L.L.C. ("Hammersmith Trust") was a limited liability company registered under the laws of the State of Tennessee on October 4, 1996. It was owned by DIVCAP, LTD. and AAH REM No. 2 Pry. L.T.D. Benjamin David Gilliland served as Funds Manager/Secretary of Hammersmith Trust. **WILLIAM SCOTT**

FILED IN OPEN COURT THIS

10/17/01
CLERK U. S. DISTRICT
COURT, NORTH. DIST. FLA.

DOHAN was a secretary and an authorized signatory for Hammersmith Trust. The address of the principal office of Hammersmith Trust was 5865 Ridgeway Center Parkway, Suite 300, Memphis, Tennessee. The Tennessee entity was dissolved in September 1998, after the creation of Hammersmith Trust, L.L.C. in February 1998 in Nevis, West Indies.

2. Bridgeport Alliance L.L.C. ("Bridgeport") was a limited liability company organized in November 1997 by Benjamin David Gilliland and registered under the laws of the State of Florida and the State of Nevada, with its principal office at 4565 Commercial Drive, Suite B, Niceville, Florida. William H. West was Bridgeport's chief manager of the Nevada company and the president of the Florida company. Gilliland was the secretary of the Nevada company. Kenneth Cobb was the vice president of the Florida company. **JERROLD L. GUNN** was the compliance officer. Bridgeport contracted with agent/brokers and funneled investors' funds to the investment programs.

3. Microfund, L.L.C. ("Microfund") was a limited liability company registered under the laws of the State of Tennessee with its principal office at 5865 Ridgeway Center Parkway, Suite 300, Memphis, Tennessee. **WILLIAM SCOTT DOHAN** was the director of Microfund. Benjamin David Gilliland was an authorized signatory for Microfund.

4. Landfair Custodial Services, Inc. ("Landfair") was incorporated and registered under the laws of the State of Tennessee with its principal office at 1324

Landfair, #204, Memphis, Tennessee. Melody Rose was the president and registered agent. Rose and Benjamin David Gilliland created Landfair to act as an "independent custodian" of Microfund investor funds.

5. AAH REM Pty No. 2 Ltd. ("AAH REM") was a company registered under the laws of Australia and controlled by **WILLIAM SCOTT DOHAN**.

6. **JERROLD L. GUNN**, L.L.B. was a Canadian attorney located at 938 Borebank Street, Winnipeg, Manitoba, Canada. **GUNN** was the legal advisor for Hammersmith Trust, Microfund, Bridgeport, and Landfair. **GUNN** primarily provided legal advice, wrote contracts and screened clients for the investment programs.

7. Sterling Management Services, Inc., and Sterling Asset Services Limited, incorporated in the Turks and Caicos Islands, were located at 4905 34th Street South, Suite 166, St. Petersburg, Florida. Both entities were controlled and managed by **FREDERICK J. GILLILAND** and acted as agents for Bridgeport. **GILLILAND** utilized these entities as vehicles to aggregate investor funds, some of which were later invested in the Hammersmith Trust program.

8. **THOMAS L. McCRIMMON** was president of Chatham International, Inc. ("Chatham"), located at 3816 West Linebaugh Avenue, Suite 408, Tampa, Florida. Chatham became an agent of Bridgeport on or about February 5, 1998.

9. **WILLIAM LEON HURST** controlled numerous entities, including Trans World Aviation, Summit Marketing Corporation, Ltd., and Summit Financial

Corporation. Through the use of such entities, HURST acted as an agent for Bridgeport. HURST also acted as a reference for Bridgeport and for the investment programs it promoted.

B. CHARGE

From a date uncertain, but at least by January 1996, through in or about June 2000, in the Northern District of Florida and elsewhere, the defendants,

**JERROLD L. GUNN,
WILLIAM SCOTT DOHAN,
THOMAS L. McCRIMMON,
FREDERICK J. GILLILAND,
and
WILLIAM LEON HURST,**

did knowingly and willfully combine, conspire, confederate and agree together and with Benjamin David Gilliland, William H. West, Kenneth B. Cobb and other persons, to commit offenses against the United States, that is:

1. to transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce writings, signals, pictures and sounds for the purpose of executing a scheme and artifice to defraud, and to obtain moneys by false and fraudulent pretenses, representations and promises, in violation of Title 18, United States Code, Section 1343; and
2. to offer and sell securities in interstate commerce, and in so doing, to employ a device, scheme and artifice to defraud, in violation of Title 15, United States Code, Section 77q.

**C. MANNER AND MEANS BY WHICH THE
CONSPIRACY WAS CARRIED OUT**

It was part of the conspiracy that:

1. **JERROLD L. GUNN, WILLIAM SCOTT DOHAN, Benjamin David Gilliland** and others caused the creation of Hammersmith Trust and Microfund (also referred to herein as the "trading programs") which purported to be trading programs which offered high yield, low risk investment opportunities for high-dollar investors. In each case, the investment programs were represented to be secret trading programs to which few had access.
2. As part of the scheme, the conspiracy utilized individuals who would represent that they were satisfied investors of the investment programs. For a fee, these individuals would contact potential investors on behalf of the promoters in an effort to convince them to invest. In so doing, they would make false and fraudulent representations about the success and stability of the programs. One such investor was **WILLIAM LEON HURST**.
3. Beginning in late 1997, in order to promote this overall fraudulent scheme, William H. West and others created Bridgeport to recruit and screen potential investors and agent/brokers in order to fund the trading programs. Agent/brokers were individuals who solicited other investors into the trading programs. Investors were given wire transmission instructions to send their monies to the programs. Agent/brokers earned various types of fees or commissions for bringing investor monies into the programs.

4. Once an individual or entity was engaged in the trading programs as either an investor, an agent, or both, West and Cobb executed a number of documents on behalf of Bridgeport and the trading programs. Those documents, most drafted by **JERROLD L. GUNN**, included Bridgeport Client Agreements, Hammersmith Trust Loan Agreements, Declarations of Trust, and Microfund Master Trading Agreements, all of which obligated Benjamin David Gilliland to invest the funds in legitimate trading programs. Those investments were to generate monthly disbursement payments based upon the profits earned by the overseas investment activities.

5. Benjamin David Gilliland, William H. West, and Kenneth Cobb, along with **THOMAS L. McCRIMMON, FREDERICK J. GILLILAND, WILLIAM LEON HURST** and others represented to investors that, upon investment, the investors' monies were immediately used to purchase, free and clear, secure U.S. Treasury obligations. The defendants further represented that the U.S. Treasury obligations would then be "leveraged" in a secret trading program which would yield a return of 360% per annum or higher.

6. Though the programs and contracts varied slightly between Hammersmith Trust and Microfund, the pretenses, misrepresentations and promises remained constant. No investment programs ever existed. The programs were in fact a multi-million dollar "pyramid" scheme, in which latter investors' funds were used to pay former investors to promote the fraud. Throughout the fraud, investors' monies were laundered through a

number of different corporate entities and bank accounts until eventually disbursed for the benefit of the defendants. Further, though some investments were labeled as "loans," the defendants were in fact fraudulently selling unregistered securities in violation of United States securities laws.

7. Some of the agent/brokers and promoters, including **THOMAS L. McCRIMMON, FREDERICK J. GILLILAND and WILLIAM LEON HURST**, were well aware that the programs were fraudulent, and made false and fraudulent representations to investors in order to earn commission payments.

8. **THOMAS L. McCRIMMON, FREDERICK J. GILLILAND and WILLIAM LEON HURST** perpetuated the fraud by recruiting investors for the trading programs for a fee. **McCRIMMON, GILLILAND and HURST** misrepresented the nature and success of the programs to the investors and continued to solicit potential investors even after problems with prior investments came to their attention.

D. OVERT ACTS

In furtherance of the conspiracy, and to effect the objects thereof, the following overt acts were committed in the Northern District of Florida and elsewhere:

1. On or about December 16, 1996, **WILLIAM SCOTT DOHAN** and Benjamin David Gilliland opened or caused to be opened a securities account at Cohig and Associates in the name of Hammersmith Trust, L.L.C. **DOHAN** was secretary of Hammersmith Trust, L.L.C. and, through AAH REM, 50% owner. This account for

which David J. Johnson served as Trustee, was the original "master trading account" in which the U.S. Treasury Bills which many investors were told would be purchased in order to secure their investment were supposed to be held.

2. In or about mid-1997, Benjamin David Gilliland hired Melody Rose to establish Landfair Custodial Services, an entity that he also funded. Landfair purportedly acted as an independent "bonded custodian" for investors in the Microfund investment program. Each investor in the Microfund program would execute a tripartite agreement between the investor, Microfund and Landfair.

3. On or about March 8, 1998, **FREDERICK J. GILLILAND**, through Sterling Management Services, Inc., sent via facsimile transmission a document to potential investor Gerda Massieu with instructions regarding setting up an offshore company and information concerning a \$30,000.00 investment which would yield a \$12,000.00 return 45 days later.

4. On or about March 26, 1998, **WILLIAM LEON HURST** sent to William H. West a letter "for your use at Bridgeport Alliance, L.L.C., in strict confidence, as needed for any of your selective clients," in which **HURST** vouched for the Hammersmith investment program, confirmed West's "credibility and integrity" and offered to speak with prospective clients directly.

5. On or before April 1, 1998, **FREDERICK J. GILLILAND** met with potential investor Gerda Massieu and falsely told her that her investment would be safe.

Massieu invested \$25,000.00 with **GILLILAND** on or about April 1, 1998. The money was to be invested in Hammersmith Trust.

6. In or before April 1998, **FREDERICK J. GILLILAND** assured potential investor Margaret Hampton that if she invested through him in an offshore high yield trading program that her principal was totally safe and secured by United States Treasury Bills. He also assured her that this investment program, which she later came to know as Hammersmith Trust, had been running for about three years and had a successful track record. **GILLILAND** knew these representations were false when made.

7. On or about April 15, 1998, **FREDERICK J. GILLILAND** provided a written "addendum" to investors Robert Ellenburg and Jimmy Roof in which he falsely stated that a United States Treasury Bill identified by CUSIP ("Committee on Uniform Securities Identification Procedures") number 912795BV2 was being held in Hammersmith Trust's master trading account at Cohig and Associates for the joint ownership of Sterling Management Services.

8. On or about April 27, 1998, **THOMAS L. McCRIMMON** sent a letter to investor Michael DePrince which falsely stated that his company, Chatham International, "and a number of our clients have done extensive due diligence and background checks on the principals of Bridgeport Alliance, not one negative disclosure has appeared. They are experienced professionals with pride in their performance and reputation. Based upon my experience over the past 18 months, I am confident that Bridgeport Alliance will

continue to operate with integrity, professionalism and contractual performance. I personally know that the Bridgeport Alliance U.S. Treasury Program is successful because clients and Chatham have been paid and I shall continue to place clients in this sound opportunity."

9. On or about May 13, 1998, Kenneth Cobb sent a Declaration of Trust to John McGarry. Cobb fraudulently told McGarry that Hammersmith Trust had received his funds and had purchased a Treasury Bill, CUSIP number 912795BW0. These representations were false, in that instead of investing McGarry's funds, Gilliland and Cobb caused McGarry's funds to be disbursed to **WILLIAM SCOTT DOHAN** through his Australian company, AAH REM (\$206,000.00), with the majority of the remaining funds being used to repay other investors (\$37,251.00).

10. On or about June 16, 1998, Kenneth Cobb told Andrew Jackson Glenn, III, that "upon the Client's execution and return of the Hammersmith agreement the Funds Manager and an independent third party trustee (a bonded attorney) would countersign the contract." Cobb then stated, "once a clients funds have been received by Hammersmith's bank the funds are then immediately wired to a regional SEC securities firm for the purpose of obtaining a U.S. Treasury Bill."

11. On or about June 16, 1998, Benjamin David Gilliland, doing business as Hammersmith Trust, executed a Borrowing Agreement with Andrew Jackson Glenn, III, in connection with his investment of \$250,000.00 into the Hammersmith Trust program.

Contrary to the representations made to Glenn, his funds were not used to purchase U.S. Treasury Bills held at East Brokers International, but rather used to pay other investors and were disbursed to Sands Point Trust.

12. On or about June 22, 1998, Benjamin David Gilliland and others caused investor A.J. Glenn, III, to wire transfer \$250,000.00 and investor John McGarry to wire transfer \$500,000.00 to the Hammersmith Trust account at Bank One in Colorado as an investment in the Hammersmith Trust program. Gilliland then caused Glenn and McGarry's funds to be disbursed to Sands Point Trust (\$100,000.00), Landfair Custodial Services (\$125,000.00), and to other investors. Contrary to the representations made to Glenn and McGarry, no U.S. Treasury Bill secured their investments.

13. On or about June 30, 1998, Kenneth Cobb sent a Declaration of Trust to Andrew Jackson Glenn, III, informing Glenn that Hammersmith had received his funds and had purchased a U.S. Treasury Bill, CUSIP number 91281QE16. In fact, no U.S. Treasury Bill secured Glenn's investment.

14. On or about August 24, 1998, **WILLIAM LEON HURST**, met with David Romanow in Atlanta, Georgia. During the meeting, **HURST** endorsed the Hammersmith Trust program, and informed Romanow that he was receiving 700%-900% returns on his investment. **HURST** assured Romanow that his money would be safe, and accompanied him to Bridgeport for meetings with William H. West and others.

Romanow subsequently invested \$2 million and **HURST** was to receive 5% of Romanow's distributions as commission for recruiting Romanow.

15. On or about September 4, 1998, **THOMAS L. McCRIMMON** spoke to Kenneth Cobb and informed Cobb that he learned that a relative of one of his investors was an attorney for the U.S. Securities and Exchange Commission. **McCRIMMON** told Cobb that, had he known that this fact, he would not have entered the investor into the program.

16. On or about September 8, 1998, Kenneth Cobb received a telephone call from an associate of **THOMAS L. McCRIMMON** at Chatham International. During the call, **McCRIMMON'S** associate stated to Cobb that the son of one of Chatham International's clients was an investigator with the Justice Department and that this investor needs to get his entire payment out "or the situation may blow up."

17. On or about September 10, 1998, **JERROLD L. GUNN** transmitted a facsimile memorandum to West and Cobb referencing contact with potential investor Lawrence Canfield. **GUNN** warned that Canfield's "comments are very suggestive of a person who will make calls to the SEC, NASD, and all other agencies once he receives a Microfund or Hammersmith contract." **GUNN** specifically directed West, "DO NOT CALL HIM, SPEAK TO HIM OR CONTACT HIM IN ANY FASHION!! I caution you against this in the strongest terms! I do not want a Washington repeat!" **GUNN** alluded to the cease and desist order levied against Bridgeport Alliance by the state of

Washington as an example of the consequences of regulatory scrutiny Bridgeport should avoid.

18. On or about November 3, 1998, **JERROLD L. GUNN** transmitted a facsimile letter to Kevin J. Mirecki, attorney for WWST, Limited, a Hammersmith Trust investor, in which **GUNN** misrepresented on behalf of his client, Hammersmith Trust, that "the records indicate that the effective interest rate was 270% and not the 720% reflected due to a typing error." This facsimile was referenced in a reply to **GUNN** from Mirecki dated November 20, 1998.

19. Between April 1997 and May 1999, **JERROLD L. GUNN** was paid the total amount of \$251,109.36 for his services to Hammersmith Trust, Microfund, Bridgeport, and related entities. The amounts were paid by the following: Hammersmith Trust (\$120,000.00); Covent Garden (\$98,500.00); Microfund (\$29,000.00); Economic Development Corporation (\$2,500.00); and CMG (\$1,109.36).

20. In or about early June 2000, **WILLIAM LEON HURST** and Benjamin David Gilliland met with investor Andrew J. Glenn, III, after Glenn had already lost approximately \$95,000.00 in the Hammersmith Trust program. **HURST** was introduced to Glenn as a satisfied investor. **HURST** falsely told Glenn that he had been a satisfied investor for at least five years and had never lost any money in Gilliland's programs. **HURST** falsely promised that if Glenn would give Gilliland time, he would receive his

promised returns. Glenn did not receive his promised returns or most of his principal back.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

A. Parts A, C and D of Count One are realleged and incorporated by reference as if fully set forth herein.

B. From a date uncertain, but at least by January 1996, and continuing thereafter up to and including the date of this indictment, in the Northern District of Florida and elsewhere, the defendants,

**JERROLD L. GUNN,
WILLIAM SCOTT DOHAN,
THOMAS L. McCRIMMON,
FREDERICK J. GILLILAND,
and
WILLIAM LEON HURST,**

did knowingly and willfully combine, conspire, confederate and agree together and with other persons, to engage in and attempt to engage in monetary transactions affecting interstate and foreign commerce, and involving criminally derived property of a value of greater than \$10,000, which funds were in fact derived from specified unlawful activity, that is, wire fraud, in violation of Title 18, United States Code, Section 1957.

All in violation of Title 18, United States Code, Section 1956(h).

(CRIMINAL FORFEITURE)

1. The allegations contained in Count Two of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeitures to the United States pursuant to the provisions of Title 18, United States Code, Section 982(a)(1).

2. Upon the convictions of the violations alleged in Count Two of this Indictment, the defendants,

**JERROLD L. GUNN,
WILLIAM SCOTT DOHAN,
THOMAS L. McCRIMMON,
FREDERICK J. GILLILAND,
and
WILLIAM LEON HURST,**


shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(1), any and all property, real or personal, involved in the aforementioned offenses and all property traceable to such property as a result of such violations of Title 18, United States Code, Section 1956(h).

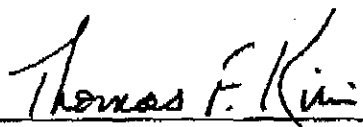
3. If any of the property described above as being subject to forfeiture, as a result of any act or omission of the defendants:

- 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

All in violation of Title 18, United States Code, Section 982(a).

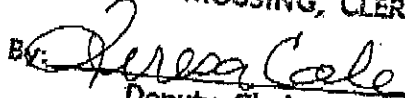
A TRUE BILL:


FOREPERSON


THOMAS F. KIRWIN
United States Attorney

10-10-2001
DATE


MICHELLE M. HELDMYER
Assistant United States Attorney

CERTIFIED A TRUE COPY,
ROBERT A. MOSSING, CLERK
By: 
Denise Cole
Deputy Clerk