

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

| | | |
|---------------------------|---|---------------------|
| UNITED STATES OF AMERICA, |) | |
| |) | |
| Plaintiff, |) | |
| |) | |
| v. |) | No. 4:14-CR-153 ERW |
| |) | |
| JAMES STALEY, |) | |
| |) | |
| Defendant. |) | |

GUILTY PLEA AGREEMENT

Come now the parties and hereby agree, as follows:

1. PARTIES:

The parties are the defendant JAMES STALEY, represented by defense counsel Scott Rosenblum, and the United States of America (hereinafter "United States" or "Government"), represented by the Office of the United States Attorney for the Eastern District of Missouri. This agreement does not, and is not intended to, bind any governmental office or agency other than the United States Attorney for the Eastern District of Missouri. The Court is neither a party to nor bound by this agreement.

2. GUILTY PLEA:

Pursuant to Rule 11(c)(1)(A), Federal Rules of Criminal Procedure, in exchange for the defendant's voluntary plea of guilty to Counts One-Four of the charge, the government agrees that no further federal prosecution will be brought in this District relative to the defendant's scheme and artifice to obtain money from investors/lenders by knowingly making material false and fraudulent representations and promises to prospective investors/lenders to lure them into investing with B&B's Premium Financing Company, and in connection therewith, causing the use of interstate wires, of which the Government is aware at this time. In

addition, the parties agree that the U.S. Sentencing Guidelines Total Offense Level analysis agreed to by the parties is the result of negotiation and led, in part, to the guilty plea. The parties further agree that the defendant will request a sentence below the U.S. Sentencing Guideline range and that the Government will oppose this request and ask for a guideline sentence. The Government will not ask for a sentence above the U.S. Sentencing Guideline range.

3. ELEMENTS: As to Counts One-Four, the defendant admits to knowingly violating Title 18 United States Code, Section 1343, and admits there is a factual basis for the plea and further fully understands that the elements of the crime are:

(1) James Staley participated in a scheme to obtain money by means of materially false representations or promises;

(2) James Staley acted with the intent to defraud;

(3) In advancing, furthering, or carrying out the scheme, James Staley transmitted writing, signal, or sound by means of a wire, radio, or television communication in interstate commerce or caused the transmission of writing, signal, or sound of some kind by means of a wire, radio, or television communication in interstate commerce;

4. FACTS:

The parties agree that the facts in this case are as follows and that the government would prove these facts beyond a reasonable doubt if the case were to go to trial. These facts may be considered as relevant conduct pursuant to Section 1B1.3:

From in about 1999 to in or about December 2008, defendant **JAMES STALEY**, a resident of Wentzville, Missouri, was licensed by the Missouri Department of Insurance and worked as an insurance agent, selling various types of insurance products. **JAMES STALEY** was never registered as a securities agent or broker-dealer in Missouri and thus was not authorized to offer or sell securities in Missouri.

In or about February 2008, **JAMES STALEY** opened and incorporated Wealth Financial International, L.L.C. (WFI), as a Missouri limited liability company. Located in Chesterfield, Missouri, WFI offered financial consulting services, including recommending annuities for its clients to purchase. **STALEY** was the owner of WFI.

Also in or about 2008, **JAMES STALEY** became a sales agent, and later became national sales manager, for B&B Equity Group, LLC (“B&B Premium Financing Company” or “B&B”), a Nevada limited liability company, which was incorporated in or about January 2008. In or about the time of its incorporation, B&B began to provide a premium financing program.

Premium finance loans were often provided by third party finance entities known as a premium financing company which secured lenders who provided the financing for the insurance premiums. The investor/lenders for the premium financing company would lend money for a fixed period of time and ultimately receive a rate of return on the money they loaned.

There were several ways the investors/lenders might receive a rate of return. First, if the insured died, then the insurance company would pay investors/lenders before paying off any beneficiaries. Second, the insured could pay off the loan himself. In this scenario, the insured would pay back the principal of the loan in addition to interest. The investors/lenders would receive their rate of return from the interest paid by the insured. Third, investors/lenders would have the ability to sell the insurance policy on the open market. Investors/lenders might sell the insurance policy on the open market for an amount that would cover their initial loan and a rate of return. B&B promoted the third scenario to its investors/lenders. Through B&B, investors/lenders would invest money for a fixed period of time with the guarantee that they would receive a fixed rate of return on the money they had invested.

In 2008, Wealth Financial International and **JAMES STALEY** had a number of clients, who owned annuities. As a sales agent for B&B, **JAMES STALEY** persuaded some of his clients to cash in their annuities and to invest the proceeds in the premium financing program that **JAMES STALEY** was offering through B&B. **JAMES STALEY** knew that his clients would have to pay substantial surrender fees when they cashed in their annuities.

Of the monies received from the investors/lenders, 40% went to **JAMES STALEY** and B&B in the form of commissions and fees. The amount of the commissions and fees was not disclosed to the investors/lenders. **JAMES STALEY** received a 20% fee or commission for each investor/lender, whom he persuaded to invest in the B&B premium financing program.

In order to induce potential investors/lenders to invest in B&B's Premium Financing Company, **JAMES STALEY** made a number of materially false and fraudulent statements, representations, and promises, including, but not limited to:

- a. The investment was safe, secure, and risk free;
- b. The lender/investors were guaranteed a high rate of return;
- c. Staley was well informed about the safety of the investments as well as facts being represented to investors;
- d. B&B Premium Financing Company had numerous potential buyers that were "lining up to purchase the product."

As part of each transaction, **JAMES STALEY** gave the investor/lender the following documents from B&B:

- a. Master Premium Funding Agreement with B&B (the "Premium Funding Agreement");
- b. Fiduciary Instructions and Supplement to Life Insurance Premium Funding Agreement;

- c. Holding Fund Instructions and Supplement to Life Insurance Premium Funding Agreement; and
- d. B&B Premium Funding Addendum.

These documents also included false representations and promises.

Throughout the fraud scheme, **JAMES STALEY** continued to falsely represent to investors/lenders that B&B would sell the bundled insurance policies on the open market and the investors/lenders would receive a guaranteed rate of return. However, in truth and fact, **JAMES STALEY** well knew that the lenders/investors' rate of return was not guaranteed. Further, at the time **JAMES STALEY** made these representations and promises, he was well aware that the investors/lenders would lose all the monies they had invested, if B&B was unable to sell the insurance policies, the insured did not die during the investment period, or the investor did not purchase the policy.

After **JAMES STALEY** knew that B&B was unable to sell the bundled policies in the secondary market, he continued to recruit agents to market and sell the B&B premium financing product. In recruiting agents for B&B, **JAMES STALEY** made the same or similar materially false and fraudulent statements, representations, and promises to the agents regarding the B&B premium financing product, by stating the product was risk free with a guaranteed return.

Relying on **JAMES STALEY**, an agent provided the same false information to their clients to induce them to invest in the B&B premium financing product. As a result, several investors/lenders in Florida were induced to invest in the B&B premium financing product and ultimately lost all the monies they had invested.

In March 2009, the Securities Division of the Office of the Secretary of the State of Missouri (Securities Division) advised **JAMES STALEY** in writing that he was prohibited from offering or selling securities, specifically the B&B premium financing product, in Missouri because he was not registered as an agent or a

broker-dealer to sell securities in Missouri. **JAMES STALEY** was also informed that certain statements made to investors were untrue statements of material facts and that he had failed to disclose material facts to the investors. These false statements were expressly identified in the document provided to **JAMES STALEY**.

After receiving the March 2009 order of the Securities Division, **JAMES STALEY** continued to offer and sell the B&B premium financing product, although he knew that it was illegal for him to do so. **JAMES STALEY** also continued to make the same false and fraudulent statements to potential investors/lenders that the Securities Division had warned him about. At no time thereafter did **JAMES STALEY** advise investors of the Securities Division's investigation and determination, information that any investors/lender would want to know.

Specifically, on or about May 29, 2009, within the Eastern District of Missouri, for the purpose of executing the foregoing scheme and artifice to defraud and to obtain money or property and attempting to do so, **JAMES STALEY** knowingly and willfully transmitted and caused to be transmitted in interstate commerce certain writings, signs, signals, pictures and sounds by means of wire communication in furtherance and execution of said scheme, to wit: \$50,000 was wired from Washington Mutual, account #643-8, in Roswell, Georgia, to Commerce Bank in Saint Peters, Missouri, account #0579, in the name of **James Staley**, d/b/a Wealth Financial International.

Specifically, on or about August 25, 2009, within the Eastern District of Missouri, for the purpose of executing the foregoing scheme and artifice to defraud and to obtain money or property and attempting to do so, **JAMES STALEY** knowingly and willfully transmitted and caused to be transmitted in interstate commerce certain writings, signs, signals, pictures and sounds by means of wire communication in furtherance and execution of said scheme, to wit: \$12,731.57 was wired from Washington Mutual, account #643-8, in Roswell,

Georgia, to Commerce Bank in Saint Peters, Missouri, account #0579, in the name of **James Staley**, d/b/a Wealth Financial International.

Specifically, on or about September 2, 2009, within the Eastern District of Missouri, for the purpose of executing the foregoing scheme and artifice to defraud and to obtain money or property and attempting to do so, **JAMES STALEY** knowingly and willfully transmitted and caused to be transmitted in interstate commerce certain writings, signs, signals, pictures and sounds by means of wire communication in furtherance and execution of said scheme, to wit: \$27,000 was wired from Washington Mutual, account #643-8, in Roswell, Georgia, to Commerce Bank in Saint Peters, Missouri, account #0579, in the name of **James Staley**, d/b/a Wealth Financial International.

Specifically, on or about March 12, 2010, within the Eastern District of Missouri, for the purpose of executing the foregoing scheme and artifice to defraud and to obtain money or property and attempting to do so, **JAMES STALEY** knowingly and willfully transmitted and caused to be transmitted in interstate commerce certain writings, signs, signals, pictures and sounds by means of wire communication in furtherance and execution of said scheme, to wit: \$18,000 was wired from Washington Mutual, account #643-8, in Roswell, Georgia, to Commerce Bank in Saint Peters, Missouri, account #0579, in the name of **James Staley**, d/b/a Wealth Financial International.

In total, 16 people invested \$3,313,568 in the B&B premium financing product through **JAMES STALEY**. All of the investors/lenders lost their principal investment and never received any return through the B&B premium financing product.

5. STATUTORY PENALTIES:

The defendant fully understands that the maximum possible penalty provided by law for the crime to which the defendant is pleading guilty is imprisonment of not more than 20 years, a fine of not more than \$250,000, or both such imprisonment and fine **per count**. The Court may also impose a period of supervised release of not more than 3 years.

6. U.S. SENTENCING GUIDELINES: 2014 MANUAL:

The defendant understands that this offense is affected by the U.S. Sentencing Guidelines and the actual sentencing range is determined by both the Total Offense Level and the Criminal History Category. The parties agree that the following are the applicable U.S. Sentencing Guidelines Total Offense Level provisions.

a. Chapter 2 Offense Conduct:

(1) **Base Offense Level:** The parties agree that the base offense level is seven (7), as found in Section 2B1.1(a)(1).

(2) **Specific Offense Characteristics:** The parties agree that the following Specific Offense Characteristics apply:

(1) Because the loss amount exceeded \$2,500,000 but was less than \$7,000,000, the base offense level increases by eighteen (18) levels; and

(2) Because the offense involved 10 or more victims, the base offense level increases by two (2) levels.

b. Chapter 3 Adjustments:

(1) **Acceptance of Responsibility:** The parties recommend that three levels should be deducted pursuant to Section 3E1.1(a), because the defendant has clearly demonstrated acceptance of responsibility. The parties agree that the defendant's eligibility for this deduction is based upon information presently known. If subsequent to the taking of the guilty plea the government receives new evidence of statements or conduct by

the defendant which it believes are inconsistent with defendant's eligibility for this deduction, the government may present said evidence to the court, and argue that the defendant should not receive all or part of the deduction pursuant to Section 3E1.1, without violating the plea agreement.

(2) **Other Adjustments:** The parties agree that the following additional adjustments apply:

(1) Because the defendant abused a position of private trust in a manner that significantly facilitated the commission or concealment of the offense, the offense level should increase by two (2) levels; and

(2) Because the defendant willfully obstructed or impeded, or attempted to obstruct or impede the administration of justice with respect to the investigation, prosecution or sentencing of the instant offense of conviction and the obstructive conduct related to the defendant's offense of conviction and any relevant conduct, the offense level should increase by two (2) levels.

c. **Estimated Total Offense Level:** The parties estimate that the Total Offense Level is twenty-eight (28).

d. **Criminal History:** The determination of the defendant's Criminal History Category shall be left to the Court. Either party may challenge, before and at sentencing, the finding of the Presentence Report as to the defendant's criminal history and the applicable category. The defendant's criminal history is known to the defendant and is substantially available in the Pretrial Services Report.

e. **Effect of Parties' U.S. Sentencing Guidelines Analysis:** The parties agree that the Court is not bound by the Guidelines analysis agreed to herein. The parties may not have foreseen all applicable Guidelines. The Court may, in its discretion, apply or not apply any Guideline despite the agreement herein and the parties shall not be permitted to withdraw from the plea agreement.

7. WAIVER OF APPEAL AND POST-CONVICTION RIGHTS:

a. Appeal: The defendant has been fully apprised by defense counsel of the defendant's rights concerning appeal and fully understands the right to appeal the sentence under Title 18, United States Code, Section 3742.

(1) **Non-Sentencing Issues:** The parties waive all rights to appeal all non-jurisdictional, non-sentencing issues, including, but not limited to, any issues relating to pretrial motions, discovery and the guilty plea.

(2) **Sentencing Issues:** In the event the Court accepts the plea, accepts the U.S. Sentencing Guidelines Total Offense Level agreed to herein, and, after determining a Sentencing Guidelines range, sentences the defendant within or below that range, then, as part of this agreement, the defendant hereby waives all rights to appeal all sentencing issues other than Criminal History. Similarly, the Government hereby waives all rights to appeal all sentencing issues other than Criminal History, provided the Court accepts the plea, the agreed Total Offense Level and sentences the defendant within or above that range.

b. Habeas Corpus: The defendant agrees to waive all rights to contest the conviction or sentence in any post-conviction proceeding, including one pursuant to Title 28, United States Code, Section 2255, except for claims of prosecutorial misconduct or ineffective assistance of counsel.

c. Right to Records: The defendant waives all rights, whether asserted directly or by a representative, to request from any department or agency of the United States any records pertaining to the investigation or prosecution of this case, including any records that may be sought under the Freedom of Information Act, Title 5, United States Code, Section 522, or the Privacy Act, Title 5, United States Code, Section 552(a).

8. **OTHER:**

a. **Disclosures Required by the United States Probation Office:** The defendant agrees to truthfully complete and sign forms as required by the United States Probation Office prior to sentencing and consents to the release of these forms and any supporting documentation by the United States Probation Office to the government.

b. **Civil or Administrative Actions not Barred; Effect on Other Governmental Agencies:** Nothing contained herein limits the rights and authority of the United States to take any civil, tax, immigration/deportation or administrative action against the defendant.

c. **Supervised Release:** Pursuant to any supervised release term, the Court will impose standard conditions upon the defendant and may impose special conditions related to the crime defendant committed. These conditions will be restrictions on the defendant to which the defendant will be required to adhere. Violation of the conditions of supervised release resulting in revocation may require the defendant to serve a term of imprisonment equal to the length of the term of supervised release, but not greater than the term set forth in Title 18, United States Code, Section 3583(e)(3), without credit for the time served after release. The defendant understands that parole has been abolished

d. **Mandatory Special Assessment:** Pursuant to Title 18, United States Code, Section 3013, the Court is required to impose a mandatory special assessment of \$100 per count for a total of \$400, which the defendant agrees to pay at the time of sentencing. Money paid by the defendant toward any restitution or fine imposed by the Court shall be first used to pay any unpaid mandatory special assessment.

e. **Possibility of Detention:** The defendant may be subject to immediate detention pursuant to the provisions of Title 18, United States Code, Section 3143.

f. Fines, Restitution and Costs of Incarceration and Supervision: The Court may impose a fine, restitution (in addition to any penalty authorized by law), costs of incarceration and costs of supervision. The defendant agrees that any fine or restitution imposed by the Court will be due and payable immediately. Pursuant to Title 18, United States Code, Section 3663A, an order of restitution is mandatory for all crimes listed in Section 3663A(c). Regardless of the Court of conviction, the amount of mandatory restitution imposed shall include all amounts allowed by Section 3663A(b) and the amount of loss agreed to by the parties, including all relevant conduct loss. The defendant agrees to provide full restitution to all victims of all charges in the indictment. The parties agree that the amount of restitution owed to the victims is \$3,313,568.

g. Forfeiture: The defendant agrees to forfeit all of the defendant's interest in all items seized by law-enforcement officials during the course of their investigation. The defendant admits that all United States currency, weapons, property and assets seized by law enforcement officials during their investigation constitute the proceeds of the defendant's illegal activity, were commingled with illegal proceeds or were used to facilitate the illegal activity. The defendant agrees to execute any documents and take all steps needed to transfer title or ownership of said items to the government and to rebut the claims of nominees and/or alleged third party owners. The defendant further agrees that said items may be disposed of by law enforcement officials in any manner.

9. ACKNOWLEDGMENT AND WAIVER OF THE DEFENDANT'S RIGHTS:

In pleading guilty, the defendant acknowledges, fully understands and hereby waives his rights, including but not limited to: the right to plead not guilty to the charges; the right to be tried by a jury in a public and speedy trial; the right to file pretrial motions, including motions to suppress or exclude evidence; the right at such trial to a presumption of innocence; the right to require the government to prove the elements of the offenses against the defendant beyond a reasonable doubt; the right not to testify; the right not to present any

evidence; the right to be protected from compelled self-incrimination; the right at trial to confront and cross-examine adverse witnesses; the right to testify and present evidence and the right to compel the attendance of witnesses. The defendant further understands that by this guilty plea, the defendant expressly waives all the rights set forth in this paragraph.

The defendant fully understands that the defendant has the right to be represented by counsel, and if necessary, to have the Court appoint counsel at trial and at every other stage of the proceeding. The defendant's counsel has explained these rights and the consequences of the waiver of these rights. The defendant fully understands that, as a result of the guilty plea, no trial will, in fact, occur and that the only action remaining to be taken in this case is the imposition of the sentence.

The defendant is fully satisfied with the representation received from defense counsel. The defendant has reviewed the government's evidence and discussed the government's case and all possible defenses and defense witnesses with defense counsel. Defense counsel has completely and satisfactorily explored all areas which the defendant has requested relative to the government's case and any defenses.

10. VOLUNTARY NATURE OF THE GUILTY PLEA AND PLEA AGREEMENT:

This document constitutes the entire agreement between the defendant and the government, and no other promises or inducements have been made, directly or indirectly, by any agent of the government, including any Department of Justice attorney, concerning any plea to be entered in this case. In addition, the defendant states that no person has, directly or indirectly, threatened or coerced the defendant to do or refrain from doing anything in connection with any aspect of this case, including entering a plea of guilty.

The defendant acknowledges having voluntarily entered into both the plea agreement and the guilty plea. The defendant further acknowledges that this guilty plea is made of the defendant's own free will and that the defendant is, in fact, guilty.

11. CONSEQUENCES OF POST-PLEA MISCONDUCT:

After pleading guilty and before sentencing, if defendant commits any crime, other than minor traffic offenses, violates any condition of release that results in revocation, violates any term of this guilty plea agreement, intentionally provides misleading, incomplete or untruthful information to the U.S. Probation Office or fails to appear for sentencing, the United States, at its option, may be released from its obligations under this agreement. The Government may also, in its discretion, proceed with this agreement and may advocate for any sentencing position supported by the facts, including but not limited to obstruction of justice and denial of acceptance of responsibility.

12. NO RIGHT TO WITHDRAW GUILTY PLEA:

Pursuant to Rule 11(c) and (d), Federal Rules of Criminal Procedure, the defendant understands that there will be no right to withdraw the plea entered under this agreement, except where the Court rejects those portions of the plea agreement which deal with charges the government agrees to dismiss or not to bring.

4-30-15
Date



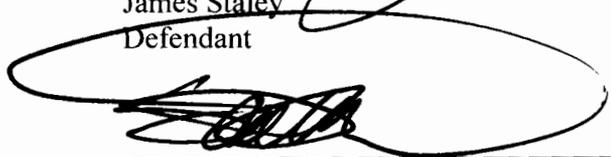
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4/30/15
Date



James Staley
Defendant

4/30/15
Date



Scott Rosenblum
Attorney for Defendant