

**IN THE UNITED STATE DISTRICT COURT
FOR THE DISTRICT OF KANSAS
(KANSAS CITY DOCKET)**

UNITED STATES OF AMERICA,

Plaintiff,

V.

BRENDA WOOD,

Defendant.

FILED UNDER SEAL

Case No. 14-20065-01-JAR-JPO

INDICTMENT

The Grand Jury charges:

At all times relevant to the charges in this Indictment:

INTRODUCTION

1. Defendant Brenda Wood (“Wood”) was an owner of multiple companies, including Professional Cleaning and Innovative Building Services, Inc. (“PCI”), located in Kansas City, Missouri; and Action Real Estate Services, LLC; G&W Investments, LLC, and Riverview Crossings, LLC, which were all located in Bonner Springs, Kansas.

2. Defendant Wood and her companies were commercial loan customers of Farmers Bank & Trust, N.A. (“Farmers Bank”). Farmers Bank, headquartered in Great Bend, Kansas, was a financial institution as defined in Title 18, United States Code, Section 20, and its deposits were insured by the Federal Deposit Insurance Corporation (“FDIC”).

3. Michael W. Yancey was a Senior Vice President and commercial lender at Farmers Bank in Overland Park, Kansas. Yancey served as the loan officer for

Defendant Wood and her companies at Farmers Bank. Yancey left Farmer's Bank and began working for defendant Wood in August 2010.

4. The United States Treasury Department's Troubled Asset Relief Program ("TARP") was created by the Emergency Economic Stabilization Act of 2008 and was designed to restore liquidity and stability to the financial system in the wake of the financial crisis. One of the sub-programs created under TARP was the Capital Purchase Program ("CPP"), in which government funds were invested in financial institutions in exchange for preferred shares or subordinated debentures in those institutions. Financial institutions seeking TARP funds under the CPP applied through their primary bank regulator, and both an institution's eligibility and the amount of the CPP investment depended, in part, upon information reflected in the institution's financial statements.

5. On or about June 19, 2009, Farmers Enterprises, Inc., the holding company for Farmers Bank, received \$12 million in TARP funding under the CPP. The United States Department of Treasury received subordinated debentures from the holding company, and Farmers Enterprises, Inc., was required to pay quarterly dividends to the United States Treasury until the subordinated debentures were redeemed.

6. On or about November 13, 2012, Farmers Enterprises, Inc., paid the United States Treasury approximately \$11,439,252 to redeem the original TARP funding of \$12,000,000. This resulted in a shortfall of approximately \$560,748.

COUNTS 1-5
BANK FRAUD

7. Paragraphs 1 through 6 are realleged and incorporated herein.

8. Beginning in or about June 2006, and continuing until in or about June 2010, the exact dates being unknown to the Grand Jury, in the District of Kansas and elsewhere, the defendant,

BRENDA WOOD,

and others known and unknown to the Grand Jury knowingly and intentionally executed and attempted to execute a scheme to defraud Farmers Bank, a financial institution, and to obtain moneys, funds, and other property owned by and under the custody and control of Farmers Bank, by means of materially false and fraudulent pretenses, representations, and promises.

9. The objects of the scheme were for Defendant Wood to obtain loan funds for herself and her affiliated companies from Farmers Bank through false representations and the submission of falsified documents at the time of applying for the loans and upon requesting disbursements from the bank.

MANNER AND MEANS

Farmers Bank Loan #686626-20 to Riverview Crossings, LLC

10. In or about June 2006, Defendant Wood applied to Farmers Bank for a loan in the amount of \$2,500,000 on behalf of Riverview Crossings, LLC. The stated purpose of the loan was to purchase a piece of undeveloped real property located at 124-128 N. 130th Street, Bonner Springs, Kansas, from another company of Defendant Wood, G&W Investments, LLC, and to pay off the existing mortgage. The existing bank mortgage on the property was approximately \$1,600,000. The additional \$900,000 in loan funds were to be used to develop the property.

11. Before the loan closed, a title search revealed that the previous owners of the property continued to hold a second mortgage in the amount of \$233,080.25. In order for the new loan to close and for Farmers Bank to hold the first mortgage on the property, Farmers Bank required that the previous loan be paid off and cleared from the title.

12. On or about June 27, 2006, a representative of the title company sent a Full Deed of Release to Defendant Wood by electronic mail for the second mortgage holder to sign. On or about July 18, 2006, Defendant Wood sent the Full Deed of Release back to the title company with the purported signature of the owner and a notarization of the signature.

13. In truth and in fact, the outstanding debt on the property was not paid, the signature of the second mortgage holder was forged on the Full Deed of Release, and the notarization was fabricated. Without knowledge of the fabrication, the title company accepted the Full Deed of Release and presented a clean title report to Farmers Bank.

14. After the loan closed, between September 29, 2006 and May 30, 2007, Defendant Wood made a series of draw requests on the loan that purported to be for the development of 124-128 N. 130th Street in Bonner Springs. In support of these draw requests, Defendant Wood caused fourteen falsified invoices from four separate companies to be sent by facsimile from her office in Bonner Springs, Kansas, to Farmers Bank in Overland Park, Kansas. These falsified invoices totaled \$100,533.95 and were used to support five fraudulent loan draws from Farmers Bank.

15. Defendant Wood caused additional loan draws between June 2006 and July 2007 to be paid directly into the account of Riverview Crossings, LLC, and

comingled with other funds. Despite disbursements from the loan of approximately \$900,000 to develop the land at 124-128 N. 130th Street, it remained undeveloped apart from the installation of sewer and water lines and a single paved road, which was funded in part by the City of Bonner Springs.

16. On or about February 10, 2009, this loan was renewed and became Farmers Bank loan #649772-50. That loan ultimately went into default.

Farmers Bank Loan #649772-20 to PCI and Action Real Estate

17. In or about March 2007, Defendant Wood applied to Farmers Bank for a loan on behalf of PCI and Action Real Estate to purchase a piece of real estate in Basehor, Kansas (hereinafter “the Basehor loan”). Defendant Wood told her Farmers Bank loan officer Michael W. Yancey (“Yancey”) that the sales price for the property was \$850,000, but she needed to inflate the price because she did not have any money for a down payment on the purchase. Yancey agreed, and together they deceived the Farmers Bank Large Loan Committee.

18. On or about March 9, 2007, Defendant Wood sent Yancey by facsimile a falsified contract of sale stating that the purchase price for the Basehor real estate transaction was \$1,100,000. Because the Basehor loan amount was \$825,000, Defendant Wood and Yancey inflated the purchase price to make it appear that the loan conformed to a maximum 75 percent loan to value ratio. In truth and in fact, the \$825,000 loan accounted for approximately 97% of the \$850,000 purchase price.

19. On or about March 9, 2007, Yancey prepared an Application for Approval of Large Credit Facilities that included the falsely inflated purchase price, as well as

false statements regarding the existence of a \$150,000 seller carryback and a \$125,000 borrower equity injection in the transaction.

20. On or about March 21, 2007, the Farmers Bank Large Loan Committee approved the Basehor loan based on the falsified information provided to it, and \$825,000 was disbursed.

21. Defendant Wood obtained renewals of the Basehor loan on or about March 23, 2008, February 10, 2009, and June 30, 2010, without providing Farmers Bank the correct information regarding the Basehor property purchase.

Farmers Bank Line of Credit #649772-40 to PCI

22. In or about October 2008, Defendant Wood told Yancey that her company PCI was awarded a contract to provide cleaning services at an Internal Revenue Service ("IRS") building in Kansas City, Missouri. In truth and in fact, PCI bid on the IRS cleaning contract, but it was not one of the finalists and was never awarded the contract.

23. On or about October 23, 2008, Defendant Wood submitted to Yancey at Farmers Bank a falsified letter from MC Realty, the IRS property manager, to PCI stating that PCI had been awarded the IRS cleaning contract.

24. On or about November 21, 2008, based on the falsified letter and representations by Defendant Wood, Farmers Bank extended a \$350,000 line of credit to PCI in order to advance operating costs for performance of the IRS contract.

25. After the line of credit was extended, Defendant Wood submitted draw requests to Farmers Bank, falsely stating that the funds were needed to pay the costs of PCI performing the IRS contract.

26. Defendant Wood obtained renewals of the PCI line of credit on or about February 10, 2010 and June 30, 2010 without informing Farmers Bank of the truth about the IRS contract.

Master Loan Agreement Dated February 10, 2009

27. On or about February 10, 2009, Defendant Wood entered into a Master Loan Agreement that renewed, refinanced, and modified seven loans by her companies at Farmers Bank. Included in this agreement were two loans to Riverview Crossings, LLC, for the properties at 124-128 and 134 N. 130th Street in Bonner Springs, Kansas (collectively, "the Bonner Springs properties").

28. In addition to amounts set aside for interest payments, the loans for the Bonner Springs properties were increased in order to pay for improvements to the properties as well as property taxes. As a result, on or about March 4, 2009, \$416,191.47 was deposited into Farmers Bank escrow account #1706460 for the benefit of Defendant Wood's company PCI.

29. From on or about March 18, 2009 until on or about June 17, 2009, Defendant Wood diverted approximately \$213,168.81 from this escrow account to her personal accounts and to the Action Real Estate account at Farmers Bank.

30. Defendant Wood diverted these funds through a procedure known as Remote Deposit Capture. Farmers Bank provided a Remote Deposit Capture device to certain business customers that allowed them to deposit checks to their Farmers Bank accounts from the customer's worksite without bank review.

31. Beginning on or about March 18, 2009, Defendant Wood obtained seven checks drawn on the Farmers Bank escrow account that were made out to roofing and

construction vendors. Instead of delivering the checks to the vendors, however, Defendant Wood deposited them into her personal accounts and the Real Estate Action account using the Remote Deposit Capture device. These deposits totaled approximately \$115,259.50.

32. On or about March 31, 2009, Defendant Wood obtained five checks made out to the Wyandotte County Unified Treasury, purportedly for the payment of property taxes on the Bonner Springs properties. Instead, Defendant Wood used the Remote Deposit Capture device to deposit these checks, totaling approximately \$97,909.31, into her personal account at Farmers Bank.

33. On or about the following dates, in the District of Kansas and elsewhere, for the purpose of executing and attempting to execute the scheme, Defendant Wood caused the following fraudulent documents to be submitted to the following entities:

COUNT	DOCUMENT	SUBMITTED TO	DATE
1	Full Deed of Release	Title Company	July 18, 2006
2	\$36,537 Invoice from King's Construction Co., Inc.	Farmers Bank	September 29, 2006
3	Sales Contract for Basehor Property	Farmers Bank	March 9, 2007
4	Letter to PCI from MC Realty re: IRS Cleaning Contract	Farmers Bank	October 23, 2008
5	Check in the amount of \$58,388.08 made out to Wyandotte County Unified Treasury	Farmers Bank	March 31, 2009

34. Each was all in violation of Title 18, United States Code, Section 1344.

401(K) and ERISA Related Charges

35. The Defendant filed Articles of Incorporation with the Missouri Secretary of State in May of 2003 establishing PCI.

36. Annual Reports filed with the States of Kansas and Missouri showed that PCI operated at 134 North 130th Street, Suite A, Bonner Springs, Kansas 66102, and defendant Wood was an Officer and Director of PCI.

37. PCI offered general and specialty cleaning services to office buildings. Defendant Wood filed Articles of Corporation in May 2005, establishing Commercial Development and Management, LLC ("CDM"). Annual Reports filed with the Kansas Secretary of State showed that CDM operated at 134th North 130th Street, Suite A, Bonner Springs, Kansas 66012.

38. CDM offered property management, construction, and maintenance services.

39. Defendant Wood established the PCI Building Services, Inc. 401(k) plan by signing agreements with a trust company on or about November 2010. Defendant Wood also signed a Program Agreement on or about November 20, 2010, on behalf of PCI that established the Plan and designated a trust company as the Custodian of the 401(k) Plan's assets.

40. The PCI Building Services, Inc. 401(k) Plan was designed to be available to employees of both PCI and CDM.

41. The PCI Building Services, Inc. 401(k) Plan was an employee pension and benefit plan subject to Title I of Employee Retirement Income Security Act ("ERISA") (Title 29, United States Code § 1001 et. seq.).

42. The defendant was subject to a requirement under Title I of the ERISA to file with the Secretary of Labor, annual financial reports on behalf of the PCI Building Services, Inc. 401(k) Plan. ERISA also required employers, to publish summary plan descriptions to participants, and to maintain records on these matters of which disclosure was required. This requirement is mandatory so as to provide in sufficient detail, the necessary basic information and data from which the required reports may be verified, explained, clarified, and checked for accuracy and completeness by members of the Plan and others.

43. From approximately May 2011 through in or about August 2012, Defendant Wood, the majority owner of PCI and CDM, unlawfully deprived the PCI Building Services, Inc. 401(k) Plan of the beneficial use of approximately \$31,403.09 in employee salary and deferral contributions by embezzling and converting these funds.

44. Losses to the plan also included approximately \$2,755.37 due to lost earnings on investments.

COUNT 6
THEFT FROM AN EMPLOYEE BENEFIT PROGRAM

45. Paragraphs 1 – 44 are realleged and incorporated herein.

46. Beginning on or about May 16, 2011, and continuing through in or about August 2012, the dates being approximate and inclusive, in the District of Kansas and elsewhere, the defendant,

BRENDA WOOD,

embezzled, stole, and unlawfully and willfully converted to her own use and the use of another, the moneys and funds of the PCI Building Services, Inc. 401(k) Plan, an

employee pension benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974 and of a fund connected to such plan.

47. This was in violation of Title 18, United States Code, Sections 664 and 2.

COUNT 7
WILLFUL VIOLATION OF ERISA

48. Paragraphs 1-46 are realleged and incorporated herein.

49. On or about July 31, 2012, in the District of Kansas and elsewhere, the defendant,

BRENDA WOOD,

as plan administrator, did knowingly and willfully fail to file the annual financial report with the Secretary of Labor for the PCI Building Services, Inc. 401(k) Plan for the calendar year of 2011.

50. This was in violation of Title 29, United States Code, Section 1131 and Title 18 United States Code, Section 2.

COUNT 8
WILLFUL VIOLATION OF ERISA

51. Paragraphs 1-50 are realleged and incorporated herein.

52. On or about July 31, 2013, in the District of Kansas and elsewhere, the defendant,

BRENDA WOOD,

as plan administrator, did knowingly and willfully fail to file the annual financial report of the PCI Building Services, Inc. 401(k) Plan with the Secretary of Labor for the for the calendar year of 2012.

53. This was in violation of Title 29, United States Code, Section 1131 and Title 18, United States Code, Section 2.

COUNT 9
WILLFUL VIOLATION OF ERISA

54. Paragraphs 1-53 are realleged and incorporated herein.

55. On or about July 31, 2014, in the District of Kansas and elsewhere, the defendant,

BRENDA WOOD,

as plan administrator, did knowingly and willfully fail to file the annual financial report of the PCI Building Services, Inc. 401(k) Plan with the Secretary of Labor for the for the calendar year of 2013.

56. This was in violation of Title 29, United States Code, Section 1131 and Title 18, United States Code, Section 2.

COUNT 10
WILLFUL VIOLATION OF ERISA

57. Paragraphs 1-56 are realleged and incorporated herein.

58. Beginning on or about May 1, 2011 and continuing until on or about July 31, 2014 in the District of Kansas and elsewhere, the defendant,

BRENDA WOOD,

as administrator of the plan, did knowingly and willfully fail to publish the Summary Plan Description to participants in the PCI Building Services, Inc 401(k) Plan.

59. This was in violation of Title 29, United States Code, Section 1131 and Title 18, United States Code, Section 2.

FORFEITURE ALLEGATIONS

60. The allegations contained in paragraphs 1-59 of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Sections 982(a)(2) and 981(a)(1)(C), and Title 28, United States Code, Section 2461.

61. As a result of committing the foregoing offenses alleged in Counts 1-5 and Count 6 of this Indictment, the defendant,

BRENDA WOOD,

shall forfeit to the United States pursuant to Title 18, United States Code, Sections 982(a)(2) and 981(a)(1)(C), and Title 28, United States Code, Section 2461, all property, real or personal, constituting or derived from proceeds obtained directly or indirectly as a result of such violations, including, but is not limited to, the following:

A. Money Judgment – A forfeiture money judgment imposed against the defendant in an amount equal to the gross proceeds obtained or derived from Counts 1-5 and Count 6.

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

- A. cannot be located upon the exercise of due diligence;
- B. has been transferred or sold to, or deposited with, a third party;
- C. has been placed beyond the jurisdiction of the court;
- D. has been substantially diminished in value; or
- E. has been commingled with other property which cannot be divided without difficulty,

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described above.

63. All in violation of Title 18, United States Code, Sections 982(a)(2) and 981(a)(1)(C), Title 21, United States Code, Section 853(p), and Title 28, United States Code, Section 2461.

Dated: August 6, 2014

/s/FOREPERSON
FOREPERSON OF THE GRAND JURY

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(It is requested that the above captioned case be held in Kansas City, Kansas.)

PENALTIES

Counts 1-5 (Bank Fraud)

NMT 30 years imprisonment, NMT \$1,000,000 fine, NMT 5 years supervised release; \$100 special assessment

Count 6 (Theft from an Employee Benefit Program)

NMT 5 years imprisonment, NMT \$250,000 fine, NMT 3 years supervised release; \$100 special assessment

Counts 7-10 (Willful Violation of ERISA)

NMT 10 years imprisonment, NMT \$250,000 fine, NMT 3 years supervised release; \$100 special assessment