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U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIF.
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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA
February 2007 Grand Jury

UNITED STATES OF AMERICA,	)	CR No.	07-00165
)		
Plaintiff,	)	<u>I N D I C T M E N T</u>	
)		
v.	)	[18 U.S.C. § 371: Conspiracy;	
	)	18 U.S.C. §§ 1343 and 1346:	
JESSE D. LANE, JR.,	)	Honest Services Wire Fraud;	
	)	18 U.S.C. § 1512(b)(3):	
Defendant.	)	Obstruction of Justice; 18	
	)	U.S.C. § 2: Aiding and	
	)	Abetting and Causing an Act to	
	)	Be Done]	
)		

The Grand Jury charges:

COUNT ONE

[18 U.S.C. § 371]

At all times relevant to this indictment:

1. Defendant JESSE D. LANE, JR. (defendant LANE) was a member of the California Army National Guard (the Guard).

Defendant LANE was assigned to the 223rd Finance Detachment (the 223rd), a pay processing unit based in Compton, California.

2. From in or about March 2004 until in or about February 2005, along with the other members of his Guard unit, including co-conspirators Jennifer Anjakos, Carlos Chavez, Derryl Hollier,

1 and Luis Lopez, defendant LANE was activated and deployed to the
2 State of Kuwait and the Republic of Iraq in support of Operation
3 Iraqi Freedom.

4 3. Guard members activated to federal status were paid
5 with funds from the Department of Defense (DoD), an agency of the
6 United States government. These payments included a Basic
7 Allowance for Housing (BAH), which was an allowance to offset
8 housing costs when government-provided housing was unavailable.

9 4. Both before and after his deployment, defendant LANE
10 worked full time in the United States Payment and Fiscal Office
11 (USPFO), a Guard center located in San Luis Obispo, California.
12 The USPFO was primarily staffed by Department of Defense
13 employees, including civilians and members of the military forces
14 detailed to the USPFO, as well as DoD contractors and
15 subcontractors, who were responsible for the management,
16 accounting, and expenditure of DoD funds. The United States Army
17 and the California Army National Guard were components of the
18 DoD.

19 5. While working at the USPFO, and while stationed in
20 Kuwait, the defendant had access to the computer systems that
21 allowed users to input pay for Guard members.

22 6. Inputting Guard members' pay into these computer
23 systems caused the Defense Finance and Accounting Service (DFAS),
24 a DoD component located in Indianapolis, Indiana, to
25 automatically transfer funds into the member's personal bank
26 account by interstate wire transmission.

27 7. As a member of the Guard detailed to the USPFO,
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1 defendant LANE owed the United States, and specifically the DoD,
2 a duty of honest services performed free from deceit, favoritism,
3 bias, self-enrichment, self-dealing, conflict of interest, and
4 concealment. DoD and Guard policy strictly prohibited soldiers
5 and Guard members from inputting pay for themselves or for
6 members of their own units.

7 THE CONSPIRACY AND ITS OBJECTS

8 8. Beginning in or about February 2005 and continuing
9 until in or about April 2006, in the Central District of
10 California and elsewhere, the defendant JESSE D. LANE, JR. did
11 knowingly and willfully combine, conspire, confederate, and agree
12 with Jennifer Anjakos, Carlos Chavez, Derryl Hollier, and Luis
13 Lopez, and others known and unknown to the Grand Jury:

14 (a) to defraud the United States of money and property
15 totaling approximately \$320,000; and

16 (b) to defraud the United States of the honest, loyal,
17 and faithful services of Defendant JESSE D. LANE,
18 JR. and of its right have Department of Defense
19 programs administered honestly, fairly, and free
20 from deceit, favoritism, bias, self-dealing, and
21 concealment; and

22 (c) to commit an offense against the United States,
23 namely, wire fraud, in violation of Title 18
24 United States Code, Section 1343, by devising a
25 scheme and artifice to defraud the United States
26 of its money and property, and to obtain money and
27 property by means of materially false and
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1 fraudulent pretenses and representations and
2 material omissions; and

3 (d) to commit an offense against the United States,
4 namely, honest services wire fraud, in violation
5 of Title 18, United States Code, Sections 1343 and
6 1346, by devising a scheme and artifice to deprive
7 the United States of its right to the honest and
8 faithful services of defendant LANE, performed
9 free from deceit, favoritism, bias, self-
10 enrichment, self-dealing, conflict of interest,
11 and concealment.

12 MANNER AND MEANS OF THE CONSPIRACY

13 9. It was a part of the conspiracy that defendant LANE,
14 Anjakos, Chavez, Hollier, and Lopez, would, among other things,
15 do the following:

16 a. Defendant LANE would and did create and upload at
17 least two fraudulent BAH pay adjustments for himself, which
18 caused international wire transmissions from his post in Kuwait
19 to DFAS in Indiana.

20 b. Defendant LANE would and did create and upload at
21 least 53 fraudulent BAH pay adjustments for himself, Anjakos,
22 Chavez, Hollier, and Lopez, which caused interstate wire
23 transmissions from the USPFO in California to DFAS in Indiana.

24 c. The fraudulent adjustments would and did cause DFAS
25 in Indiana to send wire transfers totaling at least \$323,227 into
26 the California and Texas based bank accounts of defendant LANE,
27 Anjakos, Chavez, Hollier, and Lopez. These payments were in
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1 addition to the BAH payments defendant LANE, Anjakos, Chavez,
 2 Hollier, and Lopez were already receiving for their deployments
 3 to Iraq.

4 d. As set forth below in TABLE A, to carry out the
 5 conspiracy, Anjakos, Chavez, Hollier, and Lopez would and did
 6 transmit approximately 50% of the funds they received back to
 7 defendant LANE using cash and check deposits and wire transfers,
 8 resulting in defendant LANE receiving at least \$131,242 from the
 9 co-conspirators and a total of at least \$157,382 from the scheme:

TABLE A: AMOUNTS RECEIVED

Recipient	Amount of Fraudulent Pay LANE Caused to be Transferred to Recipient	Number of Transfers Caused by LANE	Amount Recipient Transferred Back to LANE
Anjakos	\$86,557	16	\$42,310
Chavez	\$29,107	5	\$14,425
Hollier	\$114,558	19	\$47,220
LANE	\$26,140	5	N/A
Lopez	\$66,865	10	\$27,287
TOTAL	\$323,227	55	\$131,242

OVERT ACTS

In furtherance of the conspiracy, and in order to accomplish its objects, the defendant JESSE D. LANE, JR. and his co-conspirators committed the following overt acts, among others, in the Central District of California, and elsewhere:

10. As detailed below in TABLE B, from on or about April 4, 2005, through on or about October 13, 2005, defendant LANE created 16 fraudulent pay adjustments for co-conspirator Jennifer Anjakos, which caused interstate wire transmissions from California to DFAS in Indiana and caused DFAS to transfer by interstate wire a total of \$86,557 in overpayments into Anjakos's USAA Federal Savings Bank account in Texas:

TABLE B: TRANSFERS BENEFITTING ANJAKOS

OVERT ACT	DATE OF PAY INPUT BY LANE	AMOUNT OVERPAID
10(a)	April 4, 2005	\$7,650
10(b)	April 26, 2005	\$3,780
10(c)	May 10, 2005	\$2,050
10(d)	May 24, 2005	\$4,000
10(e)	June 9, 2005	\$5,500
10(f)	June 23, 2005	\$5,335
10(g)	July 7, 2005	\$6,196

1	10 (h)	July 28, 2005	\$4,634
2			
3	10 (i)	August 8, 2005	\$734
4			
5	10 (j)	August 11, 2005	\$4,568
6			
7	10 (k)	August 25, 2005	\$5,874
8			
9	10 (l)	September 13, 2005	\$6,708
10			
11	10 (m)	September 19, 2005	\$7,250
12			
13	10 (n)	September 27, 2005	\$7,733
14			
15	10 (o)	October 7, 2005	\$6,855
16			
17	10 (p)	October 13, 2005	\$7,690

18 11. As detailed below in TABLE C, from on or about May 17,
19 2005, through on or about July 6, 2005, defendant LANE created
20 five fraudulent pay adjustments for co-conspirator Carlos Chavez,
21 which caused interstate wire transmissions from California to
22 DFAS in Indiana and caused DFAS to transfer by interstate wire a
23 total of \$29,107 in overpayments into Chavez's Washington Mutual
24 bank account in California:

TABLE C: TRANSFERS BENEFITTING CHAVEZ

OVERT ACT	DATE OF PAY INPUT BY LANE	AMOUNT OVERPAID
11(a)	May 17, 2005	\$6,050
11(b)	May 31, 2005	\$6,305
11(c)	June 9, 2005	\$6,500
11(d)	June 17, 2005	\$5,500
11(e)	July 6, 2005	\$4,752

12. As detailed below in TABLE D, from on or about April 5, 2005 through on or about October 6, 2005, defendant LANE created 19 fraudulent pay adjustments for co-conspirator Derryl Hollier, which caused interstate wire transmissions from California to DFAS in Indiana and caused DFAS to transfer by interstate wire a total of \$114,558 in overpayments into Hollier's Washington Mutual bank account in California:

TABLE D: TRANSFERS BENEFITTING HOLLIER

OVERT ACT	DATE OF PAY INPUT BY LANE	AMOUNT OVERPAID
12(a)	April 5, 2005	\$7,150
12(b)	April 14, 2005	\$7,203
12(c)	April 26, 2005	\$5,500

1	12(d)	April 26, 2005	\$6,500
2			
3	12(e)	May 10, 2005	\$6,400
4			
5	12(f)	May 24, 2005	\$5,250
6			
7	12(g)	June 9, 2005	\$5,240
8			
9	12(h)	June 17, 2005	\$5,500
10			
11	12(i)	July 1, 2005	\$5,275
12			
13	12(j)	July 7, 2005	\$5,075
14			
15	12(k)	July 29, 2005	\$5,988
16			
17	12(l)	August 8, 2005	\$2,764
18			
19	12(m)	August 23, 2005	\$6,374
20			
21	12(n)	August 25, 2005	\$6,325
22			
23	12(o)	August 31, 2005	\$5,680
24			
25	12(p)	September 13, 2005	\$6,670
26			
27	12(q)	September 20, 2005	\$7,250
28			

12(r)	September 27, 2005	\$7,533
12(s)	October 6, 2005	\$6,855

13. As detailed below in TABLE E, from on or about August 8, 2005, through on or about October 13, 2005, defendant LANE created ten fraudulent pay adjustments for co-conspirator Luis Lopez, which caused interstate wire transmissions from California to DFAS in Indiana and caused DFAS to transfer by interstate wire a total of \$66,865 in overpayments into Lopez's Washington Mutual bank account in California:

TABLE E: TRANSFERS BENEFITTING LOPEZ

OVERT ACT	DATE OF PAY INPUT BY LANE	AMOUNT OVERPAID
13(a)	August 8, 2005	\$5,840
13(b)	August 23, 2005	\$6,354
13(c)	August 25, 2005	\$6,235
13(d)	August 31, 2005	\$5,640
13(e)	September 13, 2005	\$6,760
13(f)	September 16, 2005	\$6,708
13(g)	September 20, 2005	\$7,250

13(h)	September 27, 2005	\$7,533
13(i)	October 6, 2005	\$6,855
13(j)	October 13, 2005	\$7,690

14. As detailed below, from on or about February 1, 2005, through on or about July 28, 2005, defendant LANE created five fraudulent pay adjustments for himself, which caused interstate wire transmissions from California to DFAS in Indiana and caused DFAS to transfer by interstate wire a total of \$26,140 in overpayments into the defendant's Bank of America bank account in California, both the inputs and the wire transfers into the bank account being overt acts:

TABLE F: TRANSFERS BENEFITTING LANE

OVERT ACT	DATE OF PAY INPUT BY LANE	AMOUNT OVERPAID
14(a)	February 1, 2005	\$4,000
14(b)	February 17, 2005	\$3,526
14(c)	March 15, 2005	\$5,468
14(d)	March 28, 2005	\$7,635
14(e)	July 28, 2005	\$5,511

1 15. On or about June 17, 2005 co-conspirator Anjakos
2 transferred approximately \$2,750 to defendant LANE through a wire
3 transfer into LANE's bank account.

4 16. On or about May 25, 2005, co-conspirator Chavez
5 transferred approximately \$3,015 to defendant LANE through a cash
6 deposit into LANE'S bank account.

7 17. On or about September 23, 2005, co-conspirator Lopez
8 transferred approximately \$3,300 to defendant LANE through a cash
9 deposit into LANE'S bank account.

10 18. On or about September 20, 2005, co-conspirator Hollier
11 transferred approximately \$3,300 to defendant LANE through a cash
12 deposit into LANE'S bank account.

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COUNTS TWO THROUGH TEN

[18 U.S.C. §§ 1343, 1346, 2]

19. All allegations in paragraphs 1-7 and 9-18 are re-incorporated and re-alleged herein.

THE WIRE FRAUD SCHEME

20. Beginning in or about February 2005 and continuing until in or about April 2006, in the Central District of California and elsewhere, the defendant JESSE D. LANE, JR. together with Jennifer Anjakos, Carlos Chavez, Derryl Hollier, and Luis Lopez, having devised and intended to devise a scheme and artifice to defraud the United States of its money and property by means of false and fraudulent pretenses and representations and material omissions, and to deprive the United States of its right to the honest and faithful services of defendant LANE, performed free from deceit, favoritism, bias, self-enrichment, self-dealing, conflict of interest, and concealment, did transmit and cause to be transmitted in interstate and foreign commerce financial wire transfers for the purpose of executing said scheme and artifice to defraud.

PURPOSE OF THE SCHEME

21. The purpose of the scheme was for defendant LANE, along with Anjakos, Chavez, Hollier, and Lopez, to enrich themselves by stealing, converting, and taking by fraud money from the DoD by and through defendant LANE's falsification of pay and entitlement funding requests for the benefit of Anjakos, Chavez, Hollier, and Lopez, in return for their kicking back approximately 50% of the money they received back to defendant

1 LANE.

2 22. The purpose of the scheme was also for defendant LANE,
3 along with Anjakos, Chavez, Hollier, and Lopez, to deprive the
4 United States of its right to defendant LANE's honest services,
5 performed free from deceit, favoritism, bias, self-enrichment,
6 self-dealing, conflict of interest, and concealment, by having
7 LANE input fraudulent pay adjustments for himself and others in
8 the Guard, and having Anjakos, Chavez, Hollier, and Lopez provide
9 LANE with kickbacks totaling approximately 50% of the funds they
10 received from LANE's fraudulent pay inputs.

11 MANNER AND MEANS OF THE SCHEME

12 23. Paragraph Nine of Count One of this Indictment is re-
13 alleged as if set forth in full.

14 WIRE COMMUNICATIONS

15 24. On or about the dates set forth below in TABLE G,
16 defendant LANE, having devised and intended to devise the above-
17 described scheme and artifice to defraud, did knowingly transmit
18 and cause to be transmitted by means of wire in interstate
19 commerce a financial wire transfer by DFAS in Indiana to the bank
20 accounts of Anjakos, Chavez, Lopez, Hollier, and defendant LANE
21 in California and Texas, for the purpose of executing and
22 attempting to execute the said scheme and artifice to defraud:

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1 TABLE G: INTERSTATE WIRE COMMUNICATIONS CAUSED BY DEFENDANT LANE

2 Count	Date of Interstate Wire Transfer	Description of Interstate Wire Transfer	Amount
3 Two	June 17, 2005	DFAS wire transfer from Indiana into Anjakos's Texas bank account	\$5,500
4			
5			
6 Three	May 25, 2005	DFAS wire transfer from Indiana into Chavez's California bank account	\$6,033
7			
8			
9 Four	September 20, 2005	DFAS wire transfer from Indiana into Hollier California bank account	\$6,670
10			
11 Five	September 22, 2005	DFAS wire transfer from Indiana into Lopez's California bank account	\$6,708
12			
13 Six	February 9, 2005	DFAS wire transfer from Indiana into LANE's California bank account	\$4,000
14			
15			
16 Seven	February 25, 2005	DFAS wire transfer from Indiana into LANE's California bank account	\$3,526
17			
18 Eight	March 23, 2005	DFAS wire transfer from Indiana into LANE's California bank account	\$5,468
19			
20 Nine	April 6, 2005	DFAS wire transfer from Indiana into LANE's California bank account	\$7,635
21			
22			
23 Ten	August 5, 2005	DFAS wire transfer from Indiana into LANE's California bank account	\$5,511
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COUNT ELEVEN

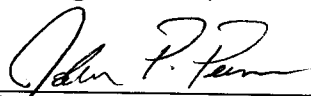
18 U.S.C. § 1512(b)(3)

25. On or about April 17, 2006, in the Central District of California and elsewhere, the defendant JESSE D. LANE, JR. did corruptly persuade and attempt to persuade another person, and engaged in misleading conduct toward another person, with the intent to cause and induce another person to hinder, delay, and prevent the communication to a law enforcement officer of the United States of information relating to the commission of a federal offense; that is, defendant LANE attempted to persuade co-conspirator Chavez to tell agents of the Federal Bureau of Investigation that Chavez was entitled to the additional payments, when he in fact knew that Chavez was not entitled to the payments.

A True Bill.

181
Grand Jury Foreperson

EDWARD C. NUCCI
Acting Chief, Public Integrity Section



JAMES A. CROWELL IV
Trial Attorney
Public Integrity Section

JOHN P. PEARSON
Trial Attorney
Public Integrity Section