

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF MISSOURI

MARK FAUGHN, TERRIE FAUGHN,)
MARVIN L. GLASS, CAROLYN S.)
GLASS, THOMAS MCINTYRE,)
DEBORAH MCINTYRE and ROGER) Case No. 4:14-cv-00245
SPARKS,)
)
)
Plaintiffs,)
)
)
v.)
)
JPMORGAN CHASE BANK, N.A.,)
)
)
Defendant)

AMENDED COMPLAINT

COME NOW Plaintiffs, and for their cause of action against defendant JPMorgan Chase Bank, N.A. (“JPMorgan”), state as follows:

PARTIES

1. Plaintiffs Mark and Terri Faughn are citizens of Butler County, and reside at 71 County Road 454, Poplar Bluff, Missouri.
2. Plaintiffs Marvin L. and Carolyn S. Glass are citizens of Butler County, and reside at 60 Hawkeye Lane, Harviell, Missouri.
3. Plaintiffs Thomas and Deborah McIntyre are citizens of Dent County and reside at 19816 E. Highway 32, Salem, Missouri.
4. Plaintiff Roger Sparks is a citizen of Jackson County and resides at 524 N.E. Oaks Ridge Drive, Lees Summit, Missouri.

5. Defendant JPMorgan is a subsidiary of JPMorgan Chase & Co., a Delaware corporation, with its principle place of business at 270 Park Avenue, New York, NY. JPMorgan may be served through its registered agent, CT Corporation System, at 111 Eighth Avenue, 13th Floor, New York, New York 10017.

JURISDICTION AND VENUE

6. This Court has personal jurisdiction over defendant by reason of defendant's contacts within this judicial district.

7. This Court has subject matter jurisdiction of this action pursuant to 28 U.S.C. § 1332(a)(1) based on total diversity with an amount in excess of \$75,000.00 in controversy.

8. Venue is proper pursuant to 28 U.S.C. § 1391(a)(2) because the Plaintiffs are all residents of the State of Missouri and forwarded all issued payments to Millennium from the State of Missouri.

9. Divisional venue in Kansas City, Missouri is proper because defendants are non-residents and Plaintiff Roger Sparks is a resident of Jackson County in the Western Division.

ALLEGATIONS COMMON TO ALL COUNTS

10. William Wise ("Wise") orchestrated a Ponzi scheme which involved using the internet to advertise the sale of Certificates of Deposit ("CDs") with unusually high rates of interest. Investors' money was then laundered and moved to offshore accounts controlled by Wise.

11. The CDs were fake and were worthless.

12. Plaintiffs collectively paid a total \$1,878,500.00 for the CDs Wise and the Hoegels purported to sell.

13. William Wise ("Wise") orchestrated the scheme.

14. Jacqueline Hoegel and her daughter, Kristi Hoegel, (collectively, “the Hoegels”) assisted Wise with the scheme.

15. In 1999, Wise established Millennium Bank (“Millennium”) in St. Vincent and Grenadines in the Caribbean.

16. Millennium purported to be a subsidiary of a Swiss bank known as the United Trust of Switzerland.

17. Wise and the Hoegels opened accounts at Washington Mutual Bank (“WAMU”) in Las Vegas, Nevada for several Las Vegas limited liability companies, including UT of S, LLC, United T of S, LLC and Sterling I.S., LLC (collectively, “Millennium Accounts”). All used the same business address in Napa, California.

18. Investors, including Plaintiffs, mailed checks to Napa, California, where the Hoegels operated an office, or wired funds directly to bank accounts in the United States that were designated by Wise and the Hoegels.

19. The Hoegels took the investors’ checks to two WAMU retail bank locations on a frequent basis, depositing hundreds of checks in the Millennium Accounts.

20. Employees at WAMU, including a branch manager, Tamara Miller (“Miller”), and a commercial banking officer, Bianca Greeves (“Greeves”), actively assisted the Hoegels with the bulk deposits.

21. Miller, Greeves and other WAMU employees helped Wise and the Hoegels to wire funds from the Millennium accounts out to bank accounts which were in off-shore banking locations and were controlled by Wise.

22. WAMU ignored the activities of Wise and the Hoegels.

23. Miller and Greeves offered the Hoegels the ability to make deposits remotely and to remotely wire funds off-shore.

24. Given remote access, the Hoegels began moving investor monies in and out of the Millennium Accounts from their own office.

25. WAMU was aware of the rapid movement of money in and out of the Millennium Accounts.

26. JPMorgan acquired WAMU's assets, including the Millennium accounts, from the Federal Deposit Insurance Company on September 25, 2008, following WAMU's failure.

27. Wise and the Hoegels continued to make transactions with the investor monies after JPMorgan's acquisition of WAMU's assets.

28. JPMorgan was aware of fraudulent activity involving the WAMU accounts, including the rapid movement of money from Millennium Accounts to offshore accounts.

29. For six months, JPMorgan failed to take appropriate action to prevent the movement of investor monies or the use of its accounts in fraudulent activity. During those six months, JPMorgan continued to provide uninterrupted banking services to Wise.

30. JPMorgan was legally required to notify a law enforcement agency of the illegal activity the Millennium accounts, but failed to do so.

31. While JPMorgan was aware of the fraudulent activity, but failed to prevent it or notify law enforcement about it, over \$16 million passed in and out of the bank, and ended up in overseas accounts beyond the reach of U.S. law enforcement authorities.

32. JPMorgan, by its acts and omissions, knowingly aided and abetted the Millennium fraud, causing investors, including Plaintiffs, to lose their investment monies.

33. The loss of Plaintiff's investment monies was a reasonably foreseeable result of JPMorgan's failure to notify law enforcement of the Millennium scheme.

COUNT ONE
AIDING AND ABETTING COMMON LAW FRAUD

Come now Plaintiffs, and for their cause of action against Defendant under Count One of this Amended Complaint, state and allege as follows:

34. Plaintiffs incorporate Paragraphs 1 through 33 of this Complaint as though fully set forth herein.

35. Wise and the Hoegels represented to the public and to the Plaintiffs that Millennium was a St. Vincent & Grenadines bank offering Certificates of Deposit for sale, and that Millennium was a subsidiary of a Swiss bank, UT of S.

36. These representations were false and intended to deceive potential investors so that Wise and the Hoegels could collect and steal investor funds.

37. The Plaintiffs relied on Wise and the Hoegels' representations in electing to forward monies to them in exchange for fake certificates of deposit issued to them, which were worthless.

38. JPMorgan knew that Wise and the Hoegels were not conducting any banking business, but were rather collecting and moving investor monies to accounts that Wise and the Hoegels had established outside of the U.S.

39. JPMorgan provided substantial assistance to Wise and the Hoegels, including, but not limited to the following acts and omissions:

- a. Allowing Wise and the Hoegels to use JPMorgan bank accounts for laundering and stealing investor monies;

- b. Providing remote deposit and wiring services to Wise and the Hoegels, which facilitated the theft of investor funds;
- c. Failing to close the Millennium Accounts after Defendant became aware of fraudulent activity; and
- d. Failing to notify law enforcement about the ongoing illegal activities by Wise and the Hoegels.

40. Wise and the Hoegels were able to steal sums in excess of \$16 million, including monies invested by the Plaintiffs, as the direct and proximate result of JPMorgan's failure to act on its specific knowledge of the Millennium fraud.

WHEREFORE, Plaintiffs respectfully request judgment against Defendant under Count I of this Complaint for such damages as are fair and reasonable together with their costs and fees, for interest, and for such other and further relief as the Court deems just and proper under the circumstances.

COUNT TWO CONSPIRACY

Come now Plaintiffs, and for their cause of action against Defendant under Count Two of this Complaint, state and allege as follows:

- 41. Plaintiffs incorporate Paragraphs 1 through 40 of this Amended Complaint as though fully set forth herein.
- 42. Defendant JPMorgan engaged in a civil conspiracy with Wise and the Hoegels through the acts and omissions alleged herein.
- 43. The purpose of the conspiracy was to profit from the Millennium fraud.
- 44. Defendant, Wise and the Hoegels had a unity of purpose and common design.

45. Defendant profited from the funds that Wise and the Hoegels funneled through the Millennium Accounts.

46. Defendant deliberately elected not to report the money laundering to law enforcement.

47. Defendant kept its knowledge and evidence of money laundering by Wise and the Hoegels a secret for a period of time while money was moved from the Millennium accounts to offshore accounts.

48. By keeping the money laundering by Wise and the Hoegels a secret, Defendant permitted Wise and the Hoegels to move the funds in the Millennium Accounts beyond reach of recovery by U.S. law enforcement.

49. As the direct and proximate result of Defendant's participation in the conspiracy, Plaintiffs were damaged.

WHEREFORE, Plaintiffs respectfully request judgment against Defendant under Count II of this Amended Complaint for such damages as are fair and reasonable together with their costs and fees, for interest, and for such other and further relief as the Court deems just and proper under the circumstances.

Respectfully submitted,

/s/ Rick D. Holtsclaw

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ATTORNEY FOR PLAINTIFF

REQUEST FOR TRIAL BY JURY

COMES NOW the plaintiff and hereby respectfully requests trial by jury of all issues so triable in the above-captioned cause.

/s/ Rick D. Holtsclaw
ATTORNEY FOR PLAINTIFF70