

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN
U.S. DISTRICT COURT
EASTERN DISTRICT-WI
FILED

UNITED STATES OF AMERICA,

Plaintiff,

v.

WALTER W. STERN, III, and
NORMA LEONARD-ALLEN,

Defendants.

2011 DEC 20 P 4: 25

JON A. SANFILIPPO
CLERK

Case No. 11-CR-

11 - CR 301

INDICTMENT

COUNT ONE

THE GRAND JURY CHARGES:

1. Between June 1, 2005, and October 13, 2010, in the State and Eastern District of Wisconsin,

WALTER W. STERN, III,

knowingly conspired with Norma Leonard-Allen to commit money laundering offenses defined in Title 18, United States Code, Section 1956(a)(1)(B)(i), namely, to conduct financial transactions that involved the proceeds of a specified unlawful activity, namely, bankruptcy fraud, knowing that the property involved in the financial transactions represented the proceeds of that unlawful activity.

2. While conducting these financial transactions, Stern and Leonard-Allen knew that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of bankruptcy fraud.

Object of the Conspiracy

3. The principal object of the money laundering conspiracy was to conceal and disguise \$95,000 in bankruptcy fraud proceeds from the bankruptcy court, trustee, and creditors.

Manner and Means of the Conspiracy

4. On or about June 1, 2005, Leonard-Allen entered into a Marital Settlement Agreement ("MSA") with her then-husband, J.A., pursuant to which she was to receive a total of \$95,000 in four installments.

5. On or about June 22, 2005, the first MSA installment check of \$29,000 was deposited into her divorce attorney's trust account, and remained there until January 11, 2006.

6. On or about September 30, 2005, and with the assistance of her bankruptcy attorney, M.L., Leonard-Allen filed a Chapter 7 bankruptcy petition in the United States Bankruptcy Court for the Eastern District of Wisconsin, Case No. 05-37752-PP. Leonard-Allen concealed the MSA from attorney M.L. On the bankruptcy petition and in the subsequent meeting of creditors, Leonard-Allen also concealed the \$95,000 that was due to her under the MSA, including the \$29,000 in her divorce attorney's trust account.

7. None of the four MSA installment checks were deposited into Leonard-Allen's AM Community Credit Union account, the sole account she disclosed on her bankruptcy petition.

8. On or about October 27, 2005, the second MSA installment check of \$20,000 was delivered to Leonard-Allen's divorce attorney. Leonard-Allen did not negotiate this check until on or about March 3, 2006, when she endorsed it to Stern.

9. On or about January 14, 2006, Leonard-Allen's bankruptcy case was determined to be a no-asset case and she received the benefit of a discharge of her debts.

10. On or about January 17, 2006, the third MSA installment check of \$20,000 was delivered to Leonard-Allen's divorce attorney. On or about February 17, 2006, Leonard-Allen used the third MSA installment check to purchase a Southern Lakes Credit Union teller check (number ***658). (laundering transaction no. 1)

11. On or about March 3, 2006, and using funds from the first three installment checks that Leonard-Allen endorsed to him, Stern purchased a certificate of deposit ("CD") from Banks of Wisconsin in the amount of \$64,000. The CD (number ending in 2767) was issued in the name of "Walter W. Stern, III," and made payable to Leonard-Allen upon his death. (laundering transaction no. 2)

12. On or about April 25, 2006, Leonard-Allen received the fourth MSA installment check in the amount of \$26,000. Leonard-Allen did not negotiate this check until August 4, 2006, when she purchased a Southern Lakes Credit Union teller check (number ***841) in the amount of \$20,000. (laundering transaction no. 3)

13. On or about January 6, 2007, and using funds from the first CD and the fourth MSA installment check, Stern purchased a second CD from Banks of Wisconsin in the amount of \$86,396.88. This CD (number ending in 9437) was also issued in the name of "Walter W. Stern, III," and made payable to Leonard-Allen upon his death. (laundering transaction no. 4)

14. On or about October 13, 2010, Leonard-Allen falsely testified before grand jury 10-01 that Stern did not refer her to attorney M.L. to represent her in bankruptcy and that, until Leonard-Allen told him in January 2007, Stern did not previously know about her 2005 bankruptcy.

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

COUNT TWO

THE GRAND JURY FURTHER CHARGES:

15. On or about October 13, 2010, in the State and Eastern District of Wisconsin,

NORMA LEONARD-ALLEN,

while under oath and testifying in a proceeding before grand jury 10-01, a grand jury of the United States in the Eastern District of Wisconsin, knowingly made a false material declaration, namely:

16. The grand jury was conducting an investigation to determine whether violations of Title 18, United States Code, Sections 1956(a) and (h) had been committed, and to identify the persons who had committed, caused the commission of, and conspired to commit such violations. It was material to the investigation that the grand jury ascertain if Stern was aware that Leonard-Allen was contemplating, and later did file for, bankruptcy.

17. Leonard-Allen knowingly made the following declaration in response to a question with respect to the material matter alleged in paragraph 16 as follows:

“Q. And Walter Stern referred you to [attorney M.L.]? A. No.”

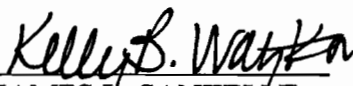
18. Leonard-Allen knew this testimony was false since, on or about July 6, 2005, Leonard-Allen advised attorney M.L. that Stern had referred her to attorney M.L.

All in violation of Title 18, United States Code, Section 1623.

A TRUE BILL:


FOREPERSON

Dated: 12/20/2011


JAMES L. SANTELLE
United States Attorney