

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN

J.S. DISTRICT COURT
EASTERN DISTRICT-WI
FILED

UNITED STATES OF AMERICA,

Plaintiff,

v.

SARAH E.K. LAUX,
a/k/a "Sarah Kitzke,"

Defendant.

2014 DEC -2 P 4:50

JON A. SANFILIPPO
CLERK.

Case No. 14-CR- **14 - CR229**
[18 U.S.C. §§ 1341, 1343, 1344,
1956 & 1957 & 26 U.S.C. § 7206]

INDICTMENT

Background Allegations Common To All Counts

THE GRAND JURY CHARGES:

1. Sarah E.K. Laux, a/k/a "Sarah Kitzke" ("Laux"), the defendant herein, is an attorney licensed to practice law in Wisconsin. At all material times, Laux practiced law through her solo law practice, Laux Law, LLC, located in Greenfield, Wisconsin. Laux focused her law practice on estate planning.
2. As a part of her estate planning practice, Laux encouraged some of her clients to buy annuities and offered to help some of those clients buy annuities.
3. At all material times, Laux was also licensed to sell, and did sell, life insurance policies.
4. Laux organized and, at all material times, operated, the following limited liability companies: MSLRC and Title, LLC; GGS Investments, LLC; Laux Law, LLC; SLX Consulting, LLC; Lasting Legacy, LLC; Laux Business Consulting, LLC; and Family Foundation Planning, LLC.

Counts 1 and 2: Bank Fraud

THE GRAND JURY FURTHER CHARGES:

5. Beginning in or about September 2011, and continuing through in or about September 2012, in the State and Eastern District of Wisconsin, and elsewhere,

SARAH E.K. LAUX, a/k/a "Sarah Kitzke,"

the defendant herein, knowingly devised and carried out a scheme to defraud Associated Trust Company, N.A., which was the trustee of the Carleen V. Guenther Irrevocable Trust; Associated Bank, N.A.; Carleen Vogel Guenther ("Carleen Guenther"), who was the beneficiary of the trust; and others. The scheme involved material misrepresentations and the concealment of material facts.

The scheme to defraud Associated Trust Company, Associated Bank, and others regarding the Carleen V. Guenther Irrevocable Trust (1960 Trust)

6. By agreement dated June 13, 1960, Carleen Guenther established the Carleen V. Guenther Irrevocable Trust ("1960 Trust").

7. The initial beneficiary of the 1960 Trust was Carleen Guenther. The secondary beneficiaries were Carleen Guenther's children. Before Carleen Guenther died on May 5, 2012, she had three living children – J.G., E.G., and A.M.

8. From August 9, 2005, through September 30, 2012, Associated Trust Company, N.A. ("Associated Trust") served as trustee of, and administered the assets of, the 1960 Trust.

9. Associated Trust is a wholly owned subsidiary of Associated Bank, N.A. Both Associated Trust and Associated Bank are members of the Federal Reserve System. Each is also a financial institution within the meaning of Title 18, United States Code, Section 20.

10. As trustee of the 1960 Trust, Associated Trust was responsible for carrying out the terms of the trust, investing the assets of the trust, and defending the trust.

11. The 1960 Trust required the Associated Trust, as trustee, to distribute net income of the trust to Carleen Guenther in regular installments.

12. The 1960 Trust also authorized Associated Trust to make distributions of principal from the trust to Carleen Guenther to the extent that Associated Trust, as trustee, deemed such distributions necessary to provide for Carleen Guenther's living expenses in case she experienced illness or insufficiency of income.

13. In or about 2008 or 2009, Carleen Guenther retained Laux to provide Carleen Guenther with estate planning advice. In or about 2009, Carleen Guenther gave Laux power of attorney over all of Carleen Guenther's personal checking and investment accounts at Associated Bank.

14. In or about September 2011, Carleen Guenther, whose health was declining, contacted Newcastle Place, a retirement home that provided assisted living services, to inquire about purchasing a condominium.

15. Carleen Guenther entrusted Laux with the task of arranging to purchase a condominium for Carleen Guenther at Newcastle Place.

16. In essence, as a part of her scheme to defraud Associated Trust, Associated Bank, Carleen Guenther, and others in connection with the 1960 Trust:

- a. Laux made false statements of material fact to Associated Trust and Associated Bank in order to convince Associated Trust to authorize the distribution of, and to cause Associated Bank to distribute, \$450,000 from the 1960 Trust for the ostensible purpose of funding the purchase of a

condominium at Newcastle Place for Carleen Guenther's use, when, in fact, Laux intended to convert those funds to her own use;

- b. Laux then converted those funds to her own use; and
- c. Laux prepared falsified documents and presented those falsified documents, and made false statements, to Associated Trust and Associated Bank to conceal that Laux had fraudulently converted the \$450,000 in distributions from the trust to Laux's own use.

17. Specifically, as a part of her scheme to defraud Associated Trust, Associated Bank, Carleen Gunther, and others in connection with the 1960 Trust:

- a. On or about November 22, 2011, Laux falsely represented to an employee of Associated Bank that Laux's client Carleen Guenther needed distributions from the 1960 Trust in order to purchase a condominium at Newcastle Place. This representation was false because, in fact, as Laux then knew, Carleen Guenther no longer intended to purchase a condominium at Newcastle Place.
- b. On or about December 6, 2011, Laux falsely represented to an employee of Associated Bank that, in order to purchase the condominium, Carleen Guenther needed \$200,000 to make an "endowment payment" to Newcastle Place and another \$250,000 to purchase the condominium.
- c. On December 7, 2011, Laux caused Associated Trust to authorize the distribution of, and caused Associated Bank to distribute, \$200,000 from the 1960 Trust to Carleen Guenther's Associated Bank office checking account ending in 9448. Laux did so based on the false and fraudulent

representation that she would use the \$200,000 to make an endowment payment to Newcastle Place for Carleen Guenther.

- d. However, on or about December 8, 2011, Laux converted that \$200,000 to her own use. She did so by causing Associated Bank to wire transfer \$300,000 – \$200,000 of which was traceable to the distribution made from the 1960 Trust the previous day – from Carleen Guenther’s Associated Bank office checking account ending in 9448 to an account that Laux controlled at Tri City Bank ending in 4497 and titled “MSLRC and Title LLC.”
- e. On December 9, 2011, after engaging in the financial transaction described in Count 17, Laux used funds traceable to this fraudulently obtained \$200,000 distribution to fund part of the \$457,372.57 purchase price of residential real property located at 13XXX N. Port Washington Road, Mequon, Wisconsin that Laux bought for her own use.
- f. On December 12, 2011, Laux caused Associated Trust to authorize the distribution of, and caused Associated Bank to distribute, \$250,000 from the 1960 Trust to Carleen Guenther’s Associated Bank office checking account ending in 9448. Laux did so based on the false and fraudulent representation that Laux would use the \$250,000 to purchase a condominium at Newcastle Place for Carleen Guenther.
- g. However, on or about December 20, 2011, Laux converted that \$250,000 to her own use. She did so by causing Associated Bank to wire transfer \$300,000 – \$250,000 of which was traceable to the distribution made from

the 1960 Trust on December 12 – from Carleen Guenther’s Associated Bank office checking account ending in 9448 to an account that Laux controlled at Tri City Bank ending in 1672 and titled “GGS Investments, LLC.”

- h. Ultimately, after engaging in various financial transactions, including those described in Counts 18 through 24 below, Laux used funds traceable to this fraudulently obtained \$250,000 distribution to pay personal expenses and to fund part of her and her husband’s purchase of H.A., Inc., an annuity and life insurance business, from an individual having the initials J.J., for the price of \$700,000.
- i. On or about May 15, 2012, ten days after Carleen Guenther died, during a meeting with employees of Associated Trust and Associated Bank and with Carleen Guenther’s daughter, A.M., Laux acknowledged that Laux had not used the \$450,000 distributed from the 1960 Trust to make payments to Newcastle Place to purchase a condominium. But Laux falsely stated that she was holding the \$450,000 in funds in bank accounts.
- j. On or about August 6, 2012, in response to the request of Associated Bank for documentation that Laux was holding the \$450,000 that had been distributed from the 1960 Trust, as well as the request of Associated Trust that Laux return those funds, Laux submitted to Associated Trust and Associated Bank falsified monthly statements for two bank accounts that Laux controlled at Tri City National Bank. Laux did so in order to conceal that, in fact, she had converted the \$450,000 to her own use.

**Executions of the scheme to defraud Associated Trust, Associated Bank,
and others regarding the Carleen V. Guenther Irrevocable Trust (1960 Trust)**

18. On or about the dates listed below, in the State and Eastern District of Wisconsin,
and elsewhere,

SARAH E.K. LAUX, a/k/a "Sarah Kitzke,"

the defendant herein, knowingly executed the above-described scheme to defraud financial
institutions Associated Bank and Associated Trust, as well as others, in the manner described
below.

Count	Date	Execution
1	December 7, 2011	Laux caused Associated Trust to authorize and cause the distribution of \$200,000 from the 1960 Trust to Carleen Guenther's Associated Bank office checking account ending in 9448.
2	December 12, 2011	Laux caused Associated Trust to authorize and cause the distribution of \$250,000 from the 1960 Trust to Carleen Guenther's Associated Bank office checking account ending in 9448.

All in violation of Title 18, United States Code, Sections 1344 and 2.

Counts 3 Through 11: Wire Fraud

THE GRAND JURY FURTHER CHARGES:

19. Beginning in or about June 2010, and continuing through in or about August 2012, in the State and Eastern District of Wisconsin, and elsewhere,

SARAH E.K. LAUX, a/k/a "Sarah Kitzke,"

the defendant herein, knowingly devised and carried out a scheme to defraud her clients Carleen Guenther and Eilcar Corporation, as well as Associated Trust, Associated Bank, Carleen Guenther's three daughters, and others. The scheme involved material misrepresentations and the concealment of material facts.

**Summary of Laux's scheme to defraud her clients
Carleen Guenther and Eilcar Corporation as well as others**

20. The allegations set forth in paragraphs 1 through 17 of this Indictment are re-alleged and incorporated herein.

21. In or about 2009, in addition to providing estate planning advice to Carleen Guenther, Laux began providing legal and other services to the Carleen Guenther's family's company, Eilcar Corporation ("Eilcar"). Eilcar managed the personal finances of Carleen Guenther and her three daughters and was authorized to pay their legitimate personal expenses. Laux became the Secretary and Treasurer of Eilcar and, ultimately, an authorized signer for all Eilcar's bank accounts at Associated Bank.

22. In essence, as a part of Laux's scheme to defraud her clients Carleen Guenther and Eilcar Corporation as well as Associated Trust, Associated Bank, Carleen Guenther's daughters, and others:

- a. Laux used her position as an attorney for Carleen Guenther and Eilcar to gain access to money in which Carleen Guenther, Eilcar, and Carleen Guenther's daughters had an interest;
- b. Laux then engaged in financial transactions using their money based on materially false and fraudulent representations, omissions of material facts, and the materially false and fraudulent pretense that Laux was engaging in each of those financial transactions for the benefit of Carleen Guenther, Eilcar, or one or more of Carleen Guenther's daughters;
- c. Through the nine wire transfers set forth in Counts Three through Eleven below, Laux transferred to accounts Laux controlled, and thereby converted to her own use, approximately \$1,488,000 in funds belonging to Carleen Guenther, Eilcar, or both; and
- d. Laux converted an additional approximately \$166,140.72 of Eilcar's money to Laux's own use by issuing checks, drawn on an Eilcar Associated Bank account, to herself based on Laux's materially false and fraudulent representations and pretense that she had used those checks to pay for goods and services for Eilcar when in fact Laux did not buy those goods and services.

23. Laux used money belonging to Carleen Guenther and Eilcar to buy residential real property located at 13XXX N. Port Washington Road as well as the H.A., Inc. insurance business, and to pay Laux's personal bills and bills of Laux's law firm.

24. As a part of Laux's scheme to defraud Carleen Guenther and Eilcar, as well as Associated Trust, Associated Bank, Carleen Guenther's daughters, and others, and to conceal

that scheme to defraud, Laux made false statements of material facts to Associated Bank, Associated Trust, and others, including the following false statements:

- a. On or about June 29, 2011, Laux requested Associated Bank to transfer \$200,000 from one of Carleen Guenther's bank accounts to the Eilcar office checking account ending in 3953 on the false and fraudulent representation that Laux would use that money to pay upcoming bills for Carleen Guenther and her family when, in fact, Laux intended to convert that money to her own use.
- b. On or about December 6, 2011, Laux falsely represented to an employee of Associated Bank that Carleen Guenther needed \$450,000 in disbursements from the 1960 Trust to purchase a condominium at, and to make a related "endowment payment" to, Newcastle Place. In fact, Laux intended to convert the \$450,000 to her own use.
- c. On or about May 15, 2012, ten days after Carleen Guenther died, during a meeting with agents of Associated Trust and Associated Bank and with Carleen Guenther's daughter, A.M., Laux falsely stated she was holding in accounts at Tri City Bank the \$450,000 distributed from the 1960 Trust that Laux was to have used to purchase a condominium for Carleen Guenther at Newcastle Place.
- d. On or about August 6, 2012, in response to the request of Associated Bank for documentation that Laux was holding the \$450,000 distributed from the 1960 Trust, as well as the request of Associated Trust that Laux return those funds, Laux submitted falsified monthly statements for two bank

accounts that Laux controlled at Tri City National Bank. Laux did so in order to conceal the fact that she had converted the \$450,000 to her own use.

- e. Laux made false entries on the memo lines of checks, drawn on the Eilcar office checking account ending in 3953, that falsely and fraudulently represented that she had used those checks to pay for goods and services, including services of a trusts and estates attorney having the initials "J.K.," for the benefit of Eilcar. In fact, Laux converted those checks, which totaled approximately \$166,140.72, to her own use.

**Executions of Laux's scheme to defraud her clients
Carleen Guenther and Eilcar Corporation as well as others**

25. On or about the dates listed below, in the State and Eastern District of Wisconsin, and elsewhere,

SARAH E.K. LAUX, a/k/a "Sarah Kitzke,"

the defendant herein, for the purpose of executing the above-described scheme to defraud, caused the wire transfers described below to be made via the interstate Fedwire Funds Service.

Count	Date	Execution
3	June 30, 2010	Laux caused Associated Bank to wire transfer \$200,000 from the Associated Bank account ending in 3953 titled to "Eilcar Corporation" to account x4497 at Tri City Bank titled "MSLRC and Title LLC."
4	March 14, 2011	Laux caused Associated Bank to wire transfer \$88,000 from the Associated Bank account ending in 3953 titled to "Eilcar Corporation" to account x4497 at Tri City Bank titled "MSLRC and Title LLC."

5	July 1, 2011	Laux caused Associated Bank to wire transfer \$250,000 from the Associated Bank account ending in 3953 titled to "Eilcar Corporation" to account x4497 at Tri City Bank titled "MSLRC and Title LLC."
6	December 8, 2011	Laux caused Associated Bank to wire transfer \$300,000 from the Associated Bank account ending in 9448 titled to "Carleen Guenther Office Checking" to account x4497 at Tri City Bank titled "MSLRC and Title LLC."
7	December 8, 2011	Laux caused Associated Bank to wire transfer \$200,000 from the Associated Bank account ending in 3953 titled to "Eilcar Corporation" to account x4497 at Tri City Bank titled "MSLRC and Title LLC."
8	December 20, 2011	Laux caused Associated Bank to wire transfer \$300,000 from the Associated Bank account ending in 9448 titled to "Carleen Guenther Office Checking" to account x1672 at Tri City Bank titled "GGS Investments LLC."
9	December 20, 2011	Laux caused Associated Bank to wire transfer \$50,000 from the Associated Bank account ending in 3953 titled to "Eilcar Corporation" to account x1672 at Tri City Bank titled "GGS Investments LLC."
10	January 23, 2012	Laux caused Associated Bank to wire transfer \$50,000 from the Associated Bank account ending in 3953 titled to "Eilcar Corporation" to account x1672 at Tri City Bank titled "GGS Investments LLC."
11	February 23, 2012	Laux caused Associated Bank to wire transfer \$50,000 from the Associated Bank account ending in 9448 titled to "Carleen Guenther Office Checking" to account x1672 at Tri City Bank titled "GGS Investments LLC."

All in violation of Title 18, United States Code, Sections 1343 and 2.

Count 12: Money Laundering

THE GRAND JURY FURTHER CHARGES:

26. On or about July 1, 2010, in the State and Eastern District of Wisconsin, and elsewhere,

SARAH E.K. LAUX, a/k/a "Sarah Kitzke,"

the defendant herein, knowingly conducted, and caused to be conducted, a financial transaction, namely, Laux deposited a check drawn on the Tri City Bank account ending in 4497 and titled to "MSLRC and Title, LLC," in the amount \$190,000, and made payable to "Lasting Legacy, LLC," into the Tri City Bank account ending in 4366 and titled to "Lasting Legacy, LLC."

27. The transaction occurred through a financial institution and occurred in and affected interstate commerce.

28. The transaction involved the proceeds of specified unlawful activity, namely, wire fraud, in violation of Title 18, United States Code, Section 1343.

29. While conducting the financial transactions, Laux knew that the money involved in the financial transaction represented proceeds of some form of unlawful activity.

30. While conducting the financial transaction, Laux knew that the transaction was designed in whole and in part to conceal and disguise the nature, location, source, ownership, and the control of the proceeds of specified unlawful activity.

All in violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.

Counts 13 Through 24: Money Laundering

THE GRAND JURY FURTHER CHARGES:

31. On or about the dates listed in the table below, in the State and Eastern District of Wisconsin, and elsewhere,

SARAH E.K. LAUX, a/k/a "Sarah Kitzke,"

the defendant herein, knowingly engaged in each of the monetary transactions described in the table below.

32. Each of these monetary transactions occurred through a financial institution and occurred in and affected interstate commerce.

33. Laux knew that each transaction involved criminally derived property.

34. The criminally derived property in each transaction had a value greater than \$10,000.

35. The property involved in counts 13 through 16 of these monetary transactions was derived from wire fraud, in violation of 18 U.S.C. § 1343.

36. The property involved in counts 17 through 24 of these monetary transactions were derived from wire fraud, in violation of 18 U.S.C. § 1343, and bank fraud, in violation of 18 U.S.C. § 1344.

37. Each of these monetary transactions occurred in the United States.

Count	Date	Transaction
13	July 1, 2010	Laux purchased a cashier's check in the amount of \$190,000, funded by a withdrawal from the Tri City Bank account ending in 4366 titled "Lasting Legacy, LLC," and made payable to an individual having the initials "J.J."

14	March 17, 2011	Laux caused a check in the amount of \$20,000, drawn on the Tri City Bank account ending in 4497 titled "MSLRC and Title, LLC," to be deposited into a Tri City Bank account ending in 2029 titled to "Laux Law, LLC."
15	March 30, 2011	Laux caused a check in the amount of \$20,000, drawn on the Tri City Bank account ending in 4497 titled "MSLRC and Title, LLC," to be deposited into a Tri City Bank account ending in 2029 titled to "Laux Law, LLC."
16	July 5, 2011	Laux purchased a cashier's check in the amount of \$188,686.46; funded by a withdrawal from the Tri City Bank account ending in 4497 titled "MSLRC and Title, LLC," and made payable to an individual having the initials "J.J."
17	December 9, 2011	Laux purchased a cashier's check in the amount of \$457,372.57, funded by a withdrawal from the Tri City Bank account ending in 4497 titled "MSLRC and Title, LLC," and made payable to "Burnet Title Company."
18	December 22, 2011	Laux caused a check in the amount of \$50,000, drawn on the Tri City Bank account ending in 1672 titled "GGS Investments, LLC," to be deposited into the Tri City Bank account ending in 4366 titled "Lasting Legacy, LLC."
19	December 22, 2011	Laux caused a check in the amount of \$50,000, drawn on the Tri City Bank account ending in 1672 titled "GGS Investments, LLC," to be deposited into the Tri City Bank account ending in 1517 titled "SLX Consulting, LLC."
20	January 20, 2012	Laux transferred \$25,000 from the Tri City Bank account ending in 1672 titled "GGS Investments, LLC" to the Tri City Bank account ending in 4366 titled "Lasting Legacy, LLC."
21	January 20, 2012	Laux transferred \$25,000 from the Tri City Bank account ending in 1672 titled "GGS Investments, LLC" to the Tri City Bank account ending in 1517 titled "SLX Consulting, LLC."
22	February 15, 2012	Laux caused a check in the amount of \$25,000, drawn on the Tri City Bank account ending in 1672 titled "GGS Investments, LLC," to be deposited into the Tri City Bank account ending in 1517 titled "SLX Consulting, LLC."
23	February 15, 2012	Laux caused a check in the amount of \$25,000, drawn on the Tri City Bank account ending in 1672 titled "GGS Investments, LLC," to be deposited into the Tri City Bank account ending in 4366 titled "Lasting Legacy, LLC."

24	July 26, 2012	Laux purchased a cashier's check in the amount of \$201,000, funded by a withdrawal from the Tri City Bank account ending in 1672 titled "GGS Investments, LLC," and made payable to an individual having the initials "J.J."
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All in violation of Title 18, United States Code, Sections 1957 and 2.

Count 25: Mail Fraud

THE GRAND JURY FURTHER CHARGES:

38. Beginning in or about January 2013, and continuing through on or about December 10, 2013, in the State and Eastern District of Wisconsin, and elsewhere,

SARAH E.K. LAUX, a/k/a "Sarah Kitzke,"

the defendant herein, knowingly devised and carried out a scheme to defraud her clients, Harold F. and Mary Ann F. The scheme involved material misrepresentations and the concealment of material facts.

Laux's Scheme to Defraud Harold F. and Mary Ann F.

39. The essence of Laux's scheme to defraud her clients, Harold F. and Mary Ann F., was to obtain money from Harold F. and Mary Ann F. based on Laux's materially false representations and the materially false pretense that Laux would invest Harold F. and Mary Ann F.'s money in annuities when, in fact, Laux intended to convert a substantial portion of their money to her own use.

40. In or about January 2013, Laux convinced Harold F. and Mary Ann F. to transfer approximately \$2,184,125.30 to Laux on materially false representations that she would use the money to purchase annuities for Harold F. and Mary Ann F. But Laux then converted approximately \$584,172.79 of Harold F. and Mary Ann F.'s investment monies to Laux's own use and to the use of Laux's family.

41. In furtherance of her scheme to defraud Harold F. and Mary Ann F., Laux made false statements and provided false annuity contracts as well as a false bank statement, to Mary Ann F. and to Mark F., the son of Harold F. and Mary Ann F., in order to conceal that Laux had misappropriated approximately \$584,172.79 of their investment monies.

42. Specifically, as a part of Laux's scheme to defraud Harold F. and Mary Ann F.:
- a. In or about January 2013, Laux advised Harold F. and Mary Ann F., who had hired Laux to provide them with estate planning advice, to buy annuities. Laux also advised Harold F. and Mary Ann F. that she could help them buy annuities.
 - b. During January 2013, to fund the purchase of the annuities, Laux caused Harold F. and Mary Ann F. to withdraw \$2,184,125.30 from a brokerage account that they held at SII Investments, an independent broker-dealer. Specifically, on or about January 3, 2013, Laux caused one of her employees to instruct SII Investments to withdraw funds that Mary Ann F. and Harold F. had on account with SII Investments and to mail the check to Laux Law, LLC.
 - c. On January 7, 2013, Laux caused Pershing LLC, the custodian of client funds for SII Investments, to issue a check in the amount of \$2,184,125.30 and made payable to HMFF Investments, LLC. Pershing, LLC sent the check, via commercial interstate carrier, from its headquarters in Jersey City, New Jersey, to Laux Law, LLC's address in Greenfield, Wisconsin.
 - d. On January 30, 2013, Laux opened four bank accounts at U.S. Bank:
 - (1) a business checking account, ending in 5276, and titled "Sarah Laux dba HMFF Investments LLC,"
 - (2) a business money market account, ending in 6445, titled "Sarah Laux dba HMFF Investments, LLC,"

- (3) a business checking account, ending in 5201, titled "Sarah Laux dba Lasting Legacy LLC," and
 - (4) a business money market account, ending in 5615, titled "Sarah Laux dba Lasting Legacy LLC."
- e. On January 30, 2013, Laux caused the \$2,184,125.30 check from Pershing, LLC, to be cashed and its proceeds deposited into two of the accounts that Laux had opened that day at US Bank. Specifically, Laux deposited \$1,184,125.30 of the proceeds into the "Sarah Laux dba HMFF Investments LLC" business checking account ending in 5276, and \$1,000,000 into in the "Sarah Laux dba HMFF Investments LLC" business money market account ending in 6445.
- f. On or about February 6, 2013, Laux wrote a memorandum to Mary Ann F. and Harold F. In it, Laux represented that she would use \$2,120,000 of Mary Ann F. and Harold F.'s money to purchase nine annuities during 2013. Specifically, Laux represented that, beginning in March 2013, she would purchase one annuity contract per month for eight months at a price of \$250,000, as well as a ninth and final annuity on November 1, 2013, at a price of \$120,000. Laux was to fund the purchase of these annuities using \$2,120,000 of the \$2,184,125.30 in investment proceeds that Laux had received from Pershing, LLC, on behalf of Mary Ann F. and Harold F.
- g. On March 5, 2013, Laux converted to her own use \$500,000 of Mary Ann F. and Harold F.'s money. Laux did so by causing two cashier's checks, totaling \$500,000, to be issued against the "Sarah Laux

dba HMFF Investments LLC” business checking account ending in 5276. At the time, that account contained approximately \$1,120,000 of Mary Ann F. and Harold F.’s investment monies, which Laux had promised to use to buy annuities. Laux converted the \$500,000 as follows:

- (1) Laux caused US Bank to issue a cashier’s check in the amount of \$250,000, made payable to “Lasting Legacy,” and falsely indicating in the remitter section that the check was to be used to purchase a “PRIVATE ANNUITY [SIC] MARCH 2013.” Laux caused that cashier’s check to be deposited into a business checking account at US Bank held in the name of “Sarah Laux dba Lasting Legacy LLC” and ending in 5201, which account Laux controlled and used for her own purposes.
- (2) Laux caused US Bank to issue a second cashier’s check in the amount of \$250,000, made payable to “Lasting Legacy,” and falsely indicating in the remitter section that the check was to be used to purchase a “PRIVATE ANNUITY, APRIL 2013.” Laux also caused this second check to be deposited into her “Sarah Laux dba Lasting Legacy LLC” business checking account at US Bank ending in 5201.

h. On or about June 7, 2013, during a meeting at Laux’s law office that occurred approximately three months after Harold F. had died, Laux made materially false statements to Mary Ann F. and her son Mark F. Specifically, in response to Mark F.’s question about whether Laux had actually purchased the annuities that she was to have purchased by then,

Laux falsely stated that she had done so but that the types of annuities she had purchased did not “kick in” until twelve months after purchase, such that Mary Ann F. would not have access to the first annuity contract until it “kicked in” during March 2014.

- i. On or about June 8, 2013, during a meeting at Laux’s law office, Laux made false statements and provided falsified financial records to Mary Ann F. and Mark F., as follows:
 - (1) Laux provided Mary Ann F. and Mark F. with falsified summary descriptions of three annuity contracts that Laux falsely claimed to have purchased for Mary Ann F. when, in fact, as of June 8, 2013, Laux had not purchased any annuity contracts for either Mary Ann F. or Harold F.
 - (2) Laux falsely stated that the originals of those three annuity contracts would remain in Laux’s safe until all nine annuity contracts had been purchased, when in fact no such contracts existed.
 - (3) Laux falsely stated that she had withdrawn \$750,000 from the accounts in order to fund the purchase of three annuity contracts, each in the amount of \$250,000, which Laux falsely represented to have already purchased for Mary Ann F.
 - (4) Laux provided Mary Ann F. and Mark F. with falsified monthly bank statements, dated February 28, 2013, and May 31, 2013, for the business checking account, ending in 5276, and the business money market account, ending in 6445, each held at US Bank in the name

of "Sarah Laux dba HMFF Investments LLC." Those falsified statements misstated the address to which those statements had actually been mailed. The falsified May 31, 2013 statement misstated the actual balances in those accounts. Laux submitted those falsified bank statements to Mary Ann F. and to Mark F. in order to conceal that, as of May 31, 2013, Laux had not in fact used either of those accounts to purchase any of the three annuity contracts that Laux had promised to purchase by then. Laux submitted those falsified bank statements for the further purpose of concealing her intent to convert, within days, an additional approximately \$84,172.79 from account 5276.

- j. On or about June 11, 2013, Laux returned \$1,090,827.21 to Mary Ann F. and Mark F and admitted to them that she had converted \$600,000 of Mary Ann F.'s money. But that statement was false in that Laux had, as of June 11, in fact converted only \$500,000 of Mary Ann F.'s money. Laux overstated the amount that she had converted, at that time, by \$100,000 in order to conceal her intent to convert, the next day, an additional approximately \$84,172.79 from account 5276.
- k. On June 12, 2013, Laux converted to her own use an additional \$84,172.79 of Mary Ann F.'s money by making a withdrawal from US Bank account x5276 and having a cashier's check in that amount issued to "Sarah E.K. Laux." That day, Laux met with Mary Ann F. and Mark F.

but she did not disclose to them that she had converted the additional \$84,172.79 from Mary's investment account earlier that same morning.

Execution of the Scheme to Defraud

43. In or about January 2013, in the State and Eastern District of Wisconsin, and elsewhere,

SARAH E.K. LAUX, a/k/a "Sarah Kitzke,"

the defendant herein, for the purpose of executing the above-described scheme to defraud, knowingly caused Pershing LLC to send via commercial interstate carrier a check in the amount of \$2,184,125.30 and made payable to HMFF Investments, LLC, from Pershing LLC's headquarters in Jersey City, New Jersey, to Laux Law, LLC's address in Greenfield, Wisconsin.

All in violation of Title 18, United States Code, Sections 1341 and 2.

Counts 26 and 27: Money Laundering

THE GRAND JURY FURTHER CHARGES:

44. On or about the dates listed in the table below, in the State and Eastern District of Wisconsin, and elsewhere,

SARAH E.K. LAUX, a/k/a "Sarah Kitzke,"

the defendant herein, knowingly conducted, and caused to be conducted, the financial transactions described in the table below.

45. Each of these transactions occurred through a financial institution and occurred in and affected interstate commerce.

46. Each of these transactions also involved the proceeds of specified unlawful activity, namely, mail fraud, in violation of Title 18, United States Code, Section 1341.

47. While conducting each of these financial transactions, Laux knew that the money involved in the financial transaction represented proceeds of some form of unlawful activity.

48. While conducting each of these financial transactions, Laux knew that the transaction was designed in whole and in part to conceal and disguise the nature, location, source, ownership, and the control of the proceeds of specified unlawful activity.

Count	Date	Transaction
26	March 6, 2013	On March 6, 2013, Laux wired \$250,000 from US Bank account ending in 5201, which funds were traceable to funds Laux had misappropriated from Mary Ann F. and Harold F., to a Tri City Bank account ending in 4366 titled "Lasting Legacy, LLC."

27	March 20, 2013	On March 20, 2013, Laux wired \$250,000 from US Bank account ending in 5201, which funds were traceable to funds Laux had misappropriated from Mary Ann F. and Harold F., to a Tri City Bank account ending in 4366 titled "Lasting Legacy, LLC."
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All in violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.

Counts 28 Through 32: Money Laundering

THE GRAND JURY FURTHER CHARGES:

49. On or about the dates listed in the table below, in the State and Eastern District of Wisconsin, and elsewhere,

SARAH E.K. LAUX, a/k/a "Sarah Kitzke,"

the defendant herein, knowingly engaged in each of the monetary transactions described in the table below.

50. Each of these monetary transactions occurred through a financial institution and occurred in and affected interstate commerce.

51. Laux knew that each transaction involved criminally derived property.

52. The criminally derived property in each transaction had a value greater than \$10,000.

53. The property involved in each of these monetary transactions was derived from mail fraud, in violation of 18 U.S.C. § 1341, and wire fraud, in violation of 18 U.S.C. § 1343.

54. Each of these monetary transactions occurred in the United States.

Count	Date	Transaction
28	March 7, 2013	Laux caused a check in the amount of \$80,000, drawn on the Tri City Bank account ending in 4366 titled "Lasting Legacy, LLC," to be deposited into the Chase Bank account ending in 5202 titled to an individual having the initials "M.L."
29	March 7, 2013	Laux caused a check in the amount of \$20,000, drawn on the Tri City Bank account ending in 4366 titled "Lasting Legacy, LLC," to be deposited into the Tri City Bank account ending in 2029 titled to "Laux Law, LLC."

30	March 18, 2013	Laux purchased a cashier's check in the amount of \$122,000, funded by a withdrawal from the Tri City Bank account ending in 4366 titled "Lasting Legacy, LLC," and made payable to an individual having the initials "J.J."
31	March 21, 2013	Laux caused a check in the amount of \$25,000, drawn on the Tri City Bank account ending in 4366 titled "Lasting Legacy, LLC," to be deposited into the Tri City Bank account ending in 2029 titled to "Laux Law, LLC."
32	March 25, 2013	Laux caused a check in the amount of \$20,000, drawn on the Tri City Bank account ending in 4366 titled "Lasting Legacy, LLC," to be deposited into an Anchor Bank account ending in 0322 titled to "Sarah Kitzke."

All in violation of Title 18, United States Code, Sections 1957 and 2.

Count 33: Making and Subscribing a False Personal Income Tax Return

THE GRAND JURY FURTHER CHARGES:

55. On or about November 25, 2011, in the State and Eastern District of Wisconsin and elsewhere,

SARAH E.K. LAUX, a/k/a "Sarah Kitzke,"

the defendant herein, who during the calendar year 2010 was married and a resident of Mequon, Wisconsin, willfully caused to be made, subscribed, and then caused to be filed with the IRS a materially false and fraudulent 2010 U.S. Individual Income Tax Return, Form 1040, on behalf of herself and her husband.

56. The return was verified by a written declaration that it was made under penalties of perjury. But when the defendant signed the return, she did so willfully and did not believe it to be true, correct, and complete as to every material matter. Specifically, the return was false and fraudulent in all the following material respects:

- a. It was reported on the return that the defendant and her husband's total income for 2010 was the sum of \$104,249, whereas, as the defendant then and there knew and believed, the defendant and her husband's total income for that calendar year was in excess of the amount stated on the return.
- b. It was reported on the return that the defendant and her husband's taxable income for 2010 was the sum of \$59,621, whereas, as the defendant then and there knew and believed, the defendant and her husband's taxable

income for that calendar year was in excess of the amount stated on the return.

- c. It was reported on the return that the defendant and her husband's total tax for 2010 was the sum of \$6,106, whereas, as the defendant then and there knew and believed, the defendant and her husband's total tax for that calendar year was in excess of the amount stated on the return.

All in violation of Title 26, United States Code, Section 7206(1).

Forfeiture Notice

57. Upon conviction of either or both of the bank fraud offenses in violation of Title 18, United States Code, Section 1344, set forth in Counts 1 and 2 of this Indictment, Defendant Sarah Laux shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 982(a)(2)(A), any property constituting, or derived from, proceeds obtained, directly or indirectly, as a result of such violation. The property to be forfeited includes, but is not limited to, the following:

- a. The real property located at 13XXX N. Port Washington Road, Mequon, Wisconsin;
- b. The businesses Lasting Legacy, LLC, and Family Foundation Planning, LLC; and
- c. A sum of money equal to the proceeds derived from the offense.

58. Upon conviction of any one or more of the wire fraud or mail fraud offenses, in violation of Title 18, United States Code, Sections 1341 or 1343, set forth in Counts 3-11 and 25 of this Indictment, Defendant Sarah Laux shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the offense or offenses. The property to be forfeited includes, but is not limited to, the property items identified in paragraph 57.

59. Upon conviction of any one or more of the money laundering offenses, in violation of Title 18, United States Code, Sections 1956 or 1957, set forth in Counts 12, 13-24, 26-27, and 28-32 of this Indictment, Defendant Sarah Laux shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 982(a)(1), any property, real or

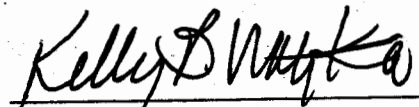
personal, involved in such offense, and any property traceable to such property. The property to be forfeited includes, but is not limited to, the property items identified in paragraph 57.

60. If any of the property described above, as a result of any act or omission by a defendant: cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third person; has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been commingled with other property which cannot be subdivided without difficulty, the United States of America shall be entitled to forfeiture of substitute property, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and Title 28, United States Code, Section 2461(c).

A TRUE BILL


FOREPERSON

Dated: 12-2-2014


For JAMES L. SANTELLE
United States Attorney

U.S. Department of Justice
 Executive Office for United States Attorneys
 U.S. Attorneys

Name of Defendant: Sarah E.K. Laux		Address: City, State and Zip Code: Unknown		
Date of Birth: XX-XX- 1979		Occupation: Unknown		
Name of Defendant's Attorney: Michael J. Fitzgerald		Address of Defendant's Attorney: 526 East Wisconsin Avenue		
Name of U.S. Attorney: Scott J. Campbell				
Has warrant been issued? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	When? n/a	By Whom? n/a		
Has warrant been executed? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	When? n/a	Where? n/a		
Has defendant appeared before a Magistrate? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	When? n/a	Who? n/a		
Is the defendant in custody? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	Where? Not in custody			
Pretrial Scheduling Conference Necessary? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO				
Issue: WARRANT	SUMMONS	NOTICE	MISDEMEANOR	FELONY
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Milwaukee Case <input checked="" type="checkbox"/> Green Bay Case <input type="checkbox"/> County: Milwaukee				
Minor Offense				
Petty Offense				
Arraignment & plea before:		Judge:	Magistrate:	

(The above information to be furnished in duplicate (1 copy for file and 1 copy for Marshal with 2 conformed copies of indictment and/or information of defendant))

THE ABOVE INFORMATION TO BE FURNISHED IF KNOWN

Count	Date	Charge	Penalty
1-2	12/07/11 12/12/11	Bank Fraud; 18 U.S.C. §1344	30 years imprisonment; \$1 million fine; 5 years SR; \$100 SA
3-11	6/30/10- 2/23/12	Wire Fraud; 18 U.S.C. §1343	20 years imprisonment \$250,000 fine; 3 years SR; \$100 SA

Count	Date	Charge	Penalty
25	01/2013	Mail Fraud, 18 U.S.C. § 1341	20 years imprisonment \$250,000 fine; 3 years SR; \$100 SA
12 26 27	7/1/10 3/6/13 3/20/13	Money Laundering; 18 U.S.C. § 1956	20 years imprisonment; \$500,000 fine or up to 2x the value of the funds laundered; 3 years SR; \$100 SA
13-24 28-32	7/1/10- 2/15/12 3/7/13- 3/25/13	Money Laundering; 18 U.S.C. § 1957	10 years imprisonment; \$250,000 fine; 3 years SR; \$100 SA
33	11/25/11	False Tax Return; 26U.S.C. § 7206(1)	5 years imprisonment;\$100,000 fine; 3 years SR; \$100 SA

Agency/Agent: IRS Special Agent Park Jones

OCDETF: YES NO