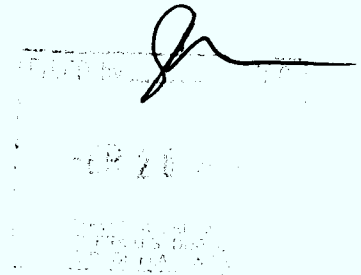


UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. 16-80146-CR-ROSENBERG/BRANNON(s)

18 U.S.C. § 1349
18 U.S.C. § 1344(1) and (2)



UNITED STATES OF AMERICA

vs.

GEORGE HEATON,
DEBORAH DENTRY BAGGETT, and
ERIC GRANITUR,

Defendants

_____ /

SUPERSEDING INDICTMENT

The Grand Jury charges that:

GENERAL ALLEGATIONS

At all times material to this Superseding Indictment:

1. The Vero Beach Hotel and Club, a/k/a, Vero Beach Hotel and Spa (hereinafter referred to as "Vero Hotel"), was located in Indian River County, Florida, and consisted of condominium units operated as an ocean-front resort hotel by a management company.

2. Vero Hotel was developed in two phases by Vero Beach Hotel and Club, LLC, and Vero Lodging, LLC (together hereinafter referred to as "Vero, LLC"), both of which were Florida limited liability companies headquartered in Palm Beach County, Florida. Phase one involved the renovation of an existing hotel. Phase two involved the construction of a new building adjacent to the existing hotel. Orion Bank (now Iberia Bank) provided financing for both phases. The financing

agreements contained conditions including the requirement that a certain number of condominium units be sold within a specified time frame.

3. Vero, LLC offered incentives to buyers to purchase condominium units at Vero Hotel, including, but not limited to, payment of buyers' down payments on the purchase price and closing costs (hereinafter referred to as "cash-to-close"), payment of buyers' sales contract deposits, discounts, and cash rebates.

4. Buyers of condominium units at Vero Hotel financed their purchases by submitting loan applications, financial records, and other information to financial institutions to obtain mortgages. Borrowers were required to truthfully and accurately disclose certain information, including the source of the borrower's down payment and settlement charges, the amount of cash provided by the borrower, the amount of the borrower's closing costs paid by the seller, and whether the condominium unit to be purchased would be used as the borrower's primary residence, secondary residence, or an investment property. This information was material to the decision of the financial institutions to loan money to the borrower, the amount of any such loan, and the terms of the loan, such as the interest rate the borrower would pay. Other information material to the decision of the financial institutions to loan money to the borrower included the true sale price and the type and amount of seller incentives and credits.

5. Escrow agents conducted closings for sales of Vero Hotel condominium units. The escrow agent was responsible for receiving and holding in trust in a bank account mortgage loan proceeds from the financial institutions that financed the purchases of condominium units, and disbursing those loan proceeds to parties to the transaction only after final approval by the financial institutions. The escrow agent was required to truthfully and accurately prepare and distribute to the

financial institutions a settlement statement, known as a "HUD-1," in preliminary form prior to the closing of escrow for review and approval, and in final form at the closing of escrow. The escrow agent was required to truthfully and accurately disclose on the estimated and final HUD-1 forms, among other information, the sales price, the closing funds provided by the borrower, and all of the seller's contributions. The escrow agent, the buyer, and the seller were required to attest to the truthfulness and accuracy of the HUD-1. At the closing of escrow, the escrow agent was also required to obtain from the borrowers and forward to the financial institutions executed documents, including mortgages, loan applications, and executed HUD-1 forms.

6. Orion Bank (now Iberia Bank), Oculina Bank, Floridian Community Bank, and J.P Morgan Chase Bank, NA, each were financial institutions, the accounts of which were insured by the Federal Deposit Insurance Corporation, an agency of the United States established to protect depositors by insuring deposits in member banks.

DEFENDANTS

7. Defendant **GEORGE HEATON** was the managing member of Vero 3000, LLC, which was the managing member of Vero Beach Hotel and Club, LLC, and a managing member of Vero Lodging, LLC, and led the development of the Vero Hotel.

8. Defendant **DEBORAH DENTRY BAGGETT** was an accountant and an officer of Accountability Plus, Inc., who, among other things, performed accounting work, assisted in the financing of the Vero Hotel development, and administered Vero Hotel incentives, for defendant **GEORGE HEATON**, and purchased multiple Vero Hotel condominium units.

9. Defendant **ERIC GRANITUR** was an attorney and an escrow agent who operated Live Oak Title, LLC, and conducted closings for sales of certain Vero Hotel condominium units.

COUNT 1

**Conspiracy to Commit Bank Fraud
(18 U.S.C. § 1349)**

10. The allegations contained in paragraphs 1 through 9 of this Superseding Indictment are realleged and incorporated by reference as though fully set forth herein.

11. Beginning at least as early as in or about November 2006, and continuing through at least in or about September 2009, at Indian River and Palm Beach Counties, in the Southern District of Florida, and elsewhere, the defendants,

**GEORGE HEATON,
DEBORAH DENTRY BAGGETT, and
ERIC GRANITUR,**

did willfully, that is, with the intent to further the object of the conspiracy, and knowingly combine, conspire, confederate and agree with each other, and with others known and unknown to the Grand Jury, to knowingly and with intent to defraud, execute, and cause the execution of, a scheme and artifice to defraud one or more financial institutions, which scheme and artifice would employ material falsehoods and omissions, and to knowingly, and with intent to defraud, execute and cause the execution of a scheme and artifice to obtain moneys, funds, credits, assets, and other property owned by, and under the custody and control of one or more financial institutions, by means of false and fraudulent pretenses, representations, promises and omissions relating to a material fact, in violation of Title 18, United States Code, Sections 1344(1) and (2).

PURPOSE AND OBJECT OF THE CONSPIRACY

12. It was a purpose and object of the conspiracy for the defendants and coconspirators to unjustly enrich themselves through the sale of condominium units at the Vero Hotel by providing buyers with incentives to purchase condominium units, and concealing the incentives from the

financial institutions that financed the purchases of the condominiums, thereby causing the financial institutions to fund the loans based on materially false and fraudulent pretenses, representations, promises and material omissions.

MANNER AND MEANS OF THE CONSPIRACY

13. The defendants and coconspirators carried out the conspiracy in the following manner and by using the following means, among others:

a. Vero Hotel incentives, including payment of the buyer's cash-to-close, sales contract deposits, discounts, and cash rebates were not disclosed in the purchase and sale agreements, the buyers' mortgage loan applications, the property appraisal reports, and the HUD-1 forms submitted to the financial institutions that financed purchases of condominium units at the Vero Hotel;

b. Defendants **GEORGE HEATON, DEBORAH DENTRY BAGGETT, ERIC GRANITUR**, and their coconspirators, concealed and caused to be concealed from the financial institutions that financed purchases of condominium units at the Vero Hotel the fact that the seller was providing the funds to be used for buyers' incentives, through several methods, including, among others, the following:

(i). misrepresenting and causing to be misrepresented the amount of seller credits to buyers in purchase and sale agreements, HUD-1 forms and other documents submitted to the financial institutions that financed purchases of condominium units at the Vero Hotel;

(ii). misrepresenting and causing to be misrepresented the true sale price in purchase and sale agreements, HUD-1 forms and other documents submitted to the financial institutions that financed purchases of condominium units at the Vero Hotel;

(iii). deducting and causing to be deducted the amount of the buyers' cash-to-close and other incentives from the portion of the loan proceeds due to seller at closing;

(iv). reimbursing and causing buyers to be reimbursed their cash-to-close after closing;

(v). providing and causing escrow agents to be provided with cash-to-close and cash deposits for buyers in advance of closing, including, on two occasions, taking funds from the bank account of another Accountability Plus, Inc. client without that client's permission;

(vi). falsely representing and causing to be represented the fact that buyers had paid cash deposits outside of closing;

(vii). providing and causing cash rebates to be provided to buyers after closing; and

(viii). transferring funds used for buyers' incentives through a bank account of a Palm Beach County law firm (hereinafter "the law firm") in order to conceal and attempt to conceal the source of the funds.

c. Defendants **GEORGE HEATON** and **DEBORAH DENTRY BAGGETT** and their coconspirators misrepresented to Orion Bank the number of contracts, and the source of contract deposit funds, for the sale of condominium units at the Vero Hotel in order to maintain financing for the construction of the Vero Hotel, through several methods, including the following:

(i). On or about December 5, 2006, defendant **GEORGE HEATON** executed a loan modification agreement with Orion Bank, increasing the amount of Vero Lodging, LLC's loan to \$23 million, subject to conditions which included, among others, that "purchase and sale contracts shall be bona fide third party, arms-length transactions;"

(ii). In or about December 2006, defendant **DEBORAH DENTRY BAGGETT** placed and caused to be placed the name and social security number of Accountability Plus, Inc. client "A" as a buyer on a purchase and sale agreement for unit 424, and caused the agreement to be submitted to Orion Bank, without A's knowledge and consent;

(iii). In or about December 2006, defendant **DEBORAH DENTRY BAGGETT** placed and caused to be placed the name and social security number of Accountability Plus, Inc. client "B" as a buyer on a purchase and sale agreement for unit 423, and caused the agreement to be submitted to Orion Bank, without B's knowledge and consent;

(iv). In or about December 2006, defendant **DEBORAH DENTRY BAGGETT** submitted and caused to be submitted A's personal financial information to Orion Bank, without A's knowledge and consent;

(v). In or about December 2006, defendant **DEBORAH DENTRY BAGGETT** submitted and caused to be submitted B's bank account information to Orion Bank, without B's knowledge and consent;

(vi). On or about December 8, 2006, defendant **GEORGE HEATON** transferred and caused to be transferred \$489,500 from a bank account under his control into a bank account of the law firm, designating the funds to be used as deposits for the purchase of units 423 and 424;

(vii). On or about December 11, 2006, the law firm, at the direction of defendant **DEBORAH DENTRY BAGGETT**, transferred and caused to be transferred \$489,500 from its account into a bank account of an Indian River County title company, to be used as deposits for the purchase of units 423 and 424; and

(viii). On or about December 13, 2006, defendant **GEORGE HEATON** requested the Indian River County title company to disburse from its account to a designated Vero, LLC account at Orion Bank, a portion of the deposit funds for units 423 and 424, to be used for Vero Hotel construction improvements.

d. In or about April 2008, defendants **GEORGE HEATON** and **DEBORAH DENTRY BAGGETT** and their coconspirators recovered and attempted to recover the deposit funds defendant **GEORGE HEATON** previously provided for units 423 and 424, through the following method:

(i). preparing and causing the preparation of a Release and Cancellation of Contract form for unit 423, containing the name and purported signature of B, instructing the escrow agent to release and disburse deposit funds to the law firm;

(ii). preparing and causing the preparation of an amendment to the purchase and sale agreement for unit 423, containing the name and purported signature of B, to release the deposit being held by the Indian River County title company to the law firm;

(iii). preparing and causing the preparation of a letter containing the name and purported signature of B, addressed to an attorney at the law firm, requesting the law firm to disburse the deposit funds for unit 423 to a bank account of defendant **GEORGE HEATON**;

(iv). preparing and causing the preparation of a Release and Cancellation of Contract form for unit 424, containing the name and purported signature of A, instructing the escrow agent to release and disburse deposit funds to the law firm;

(v). preparing and causing the preparation of an amendment to the purchase and sale agreement for unit 424, containing the name and purported signature of A, to release the

deposit being held by the Indian River County title company to the law firm; and

(vi). preparing and causing the preparation of a letter containing the name and purported signature of A, addressed to an attorney at the law firm, requesting the law firm to disburse the deposit funds for unit 424 to a bank account of defendant **GEORGE HEATON**.

e. On or about August 28, 2008, defendant **DEBORAH DENTRY BAGGETT** withdrew and caused to be withdrawn \$250,000 from a bank account of Accountability Plus, Inc. client A, and transferred the funds into an account of the law firm to be used as cash-to-close for buyer "R.S." to purchase Vero Hotel condominium unit 424, then, after receiving the proceeds from the sale of unit 424, defendant **DEBORAH DENTRY BAGGETT** replaced the funds taken from A's account, without A's knowledge and consent;

f. On or about November 5, 2008, defendants **GEORGE HEATON** and **DEBORAH DENTRY BAGGETT** transferred and caused the transfer of \$180,000 from a Vero Beach Hotel and Club, LLC account to an account controlled by defendant **DEBORAH DENTRY BAGGETT**, who then further transferred the funds to a bank account of a Palm Beach County title company to be used for defendant **DEBORAH DENTRY BAGGETT**'s purchase of unit 423;

g. On or about February 5, 2009, defendants **GEORGE HEATON**, **DEBORAH DENTRY BAGGETT**, **ERIC GRANITUR**, and their coconspirators, conducted and caused to be conducted a closing for the sale of Vero Hotel condominium units 206, 314, 407, and 414 to buyer "S.M.", and concealed and caused to be concealed from Orion Bank, which financed S.M.'s purchase, incentives provided to S.M., by:

(i). deducting and causing to be deducted S.M.'s cash-to-close and a portion of S.M.'s cash rebate incentive from the loan proceeds received from Orion Bank;

(ii). disbursing and causing to be disbursed a portion of the cash rebate incentive by wire transfer into a bank account controlled by S.M., and another portion by converting a Live Oak Title check into a cashier's check;

(iii). wire transferring and causing to be wire transferred the remainder of the loan proceeds into an account of the law firm, which then disbursed and caused to be disbursed a cash rebate incentive to S.M.; and

(iv). causing an attorney at the law firm to draft documents that purported to characterize the incentives as lease back and profit participation agreements.

h. On or about April 7, 2009, defendants **GEORGE HEATON, DEBORAH DENTRY BAGGETT, ERIC GRANITUR**, and their coconspirators, conducted and caused to be conducted a closing for the sale of Vero Hotel condominium unit 104 to buyer S.M., and concealed and caused to be concealed from Oculina Bank, which financed S.M.'s purchase, incentives provided to S.M., by:

(i). deducting and causing to be deducted S.M.'s cash-to-close incentive from the loan proceeds received from Oculina Bank;

(ii). falsely representing and causing to be represented the fact that S.M. had paid a cash deposit outside of closing; and

(iii). causing an attorney at the law firm to draft documents that purported to characterize the incentives as lease back and profit participation agreements.

i. On or about September 3, 2009, defendant **DEBORAH DENTRY BAGGETT** withdrew and caused to be withdrawn \$327,796.57 from a bank account of Accountability Plus, Inc. client A, and transferred the funds into an account of the law firm to be

used as cash-to-close for defendant **DEBORAH DENTRY BAGGETT**'s purchase of Vero Hotel condominium unit 103, then, after receiving the proceeds from the sale of unit 103, defendants **GEORGE HEATON** and **DEBORAH DENTRY BAGGETT** replaced the funds taken from A's account, without A's knowledge and consent;

j. The conduct of the defendants and coconspirators caused financial institutions to fund mortgage loans, totaling at least approximately \$20 million, based on materially false and fraudulent pretenses, representations, promises and material omissions.

All in violation of Title 18, United States Code, Section 1349.

COUNTS 2-9

Bank Fraud

(18 U.S.C. § 1344(1) and (2))

14. The allegations contained in paragraphs 1 through 9, 12, and 13 of this Superseding Indictment are realleged and incorporated by reference as though fully set forth herein.

15. Beginning at least as early as in or about November 2006, and continuing through at least in or about September 2009, at Indian River and Palm Beach Counties, in the Southern District of Florida, and elsewhere, the defendants,

**GEORGE HEATON,
DEBORAH DENTRY BAGGETT, and
ERIC GRANITUR,**

did knowingly, and with intent to defraud, execute, and attempt to execute, and cause the execution of, a scheme and artifice to defraud one or more financial institutions, which scheme and artifice would employ material falsehoods and omissions, and to knowingly, and with intent to defraud, execute and cause the execution of, a scheme and artifice to obtain moneys, funds, credits, assets, and other property owned by, and under the custody and control of one or more financial institutions,

by means of false and fraudulent pretenses, representations, promises and omissions relating to a material fact, in violation of Title 18, United States Code, Sections 1344(1) and (2).

16. On or about the stated closing dates for the sale of the Vero Hotel condominium units specified in each Count below, the specified defendants, for the purpose of executing, and causing the execution of, the scheme and artifice to defraud, and attempting to do so, submitted, caused to be submitted, and aided and abetted the submission of, documents, including HUD-1 forms, loan applications, and mortgage documents, to the specified financial institution:

COUNT	DEFENDANT	HUD-1 CLOSING	UNIT	BANK
2	GEORGE HEATON DEBORAH DENTRY BAGGETT	January 26, 2008	225	J.P. Morgan Chase
3	GEORGE HEATON DEBORAH DENTRY BAGGETT	January 31, 2008	327	J.P. Morgan Chase
4	GEORGE HEATON DEBORAH DENTRY BAGGETT	August 28, 2008	424	Orion
5	GEORGE HEATON DEBORAH DENTRY BAGGETT	October 6, 2008	413	Orion
6	GEORGE HEATON DEBORAH DENTRY BAGGETT	November 7, 2008	423	Floridian Community
7	GEORGE HEATON DEBORAH DENTRY BAGGETT ERIC GRANITUR	February 5, 2009	206, 314, 407, 414	Orion
8	GEORGE HEATON DEBORAH DENTRY BAGGETT ERIC GRANITUR	April 7, 2009	104	Oculina
9	GEORGE HEATON DEBORAH DENTRY BAGGETT	September 2, 2009	103	Floridian Community

All in violation of Title 18, United States Code, Sections 1344(1) and (2), and 2.

CRIMINAL FORFEITURE

1. Upon conviction of any of the violations alleged in Counts 1-9 of this Superseding Indictment, the defendants **GEORGE HEATON** and **DEBORAH DENTRY BAGGETT** shall forfeit to the United States any property, real or personal, which constitutes or is derived from proceeds traceable to the violation, including, but not limited to, the sum of at least \$8,623,500.00 in United States currency.

Pursuant to Title 18, United States Code, Section 982(a)(2).

2. If the property described in paragraph 1 above as being subject to forfeiture, as a result of any act or omission of the defendants,

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third person;
- (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 subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), to seek forfeiture of any other property of the defendants up to the value of the above forfeitable property.

All pursuant to Title 18, United States Code, Section 982 and Title 21, United States Code, Section 853.

3. Upon conviction of any of the violations alleged in Counts 1, 7 and 8 of this Superseding Indictment, defendant **ERIC GRANITUR** shall forfeit to the United States any

property, real or personal, which constitutes or is derived from proceeds traceable to the violations, including, but not limited to, the sum of at least \$3,251,250.00 in United States currency.

Pursuant to Title 18, United States Code, Section 982(a)(2).


4. If the property described in paragraph 3 above as being subject to forfeiture, 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 person;
- (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 subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), to seek forfeiture of any other property of the defendant up to the value of the above forfeitable property.

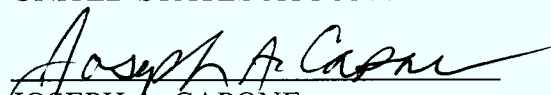
All pursuant to Title 18, United States Code, Section 982 and Title 21, United States Code, Section 853.

A TRUE BILL



WIFREDO A. FERRER
UNITED STATES ATTORNEY

FOREPERSON



JOSEPH A. CAPONE
SPECIAL ASSISTANT UNITED STATES ATTORNEY

UNITED STATES OF AMERICA

CASE NO. 16-80146-CR-ROSENBERG/BRANNON(s)

vs.

CERTIFICATE OF TRIAL ATTORNEY*

GEORGE HEATON, DEBORAH DENTRY BAGGETT
 And ERIC GRANITUR Defendants.

Superseding Case Information:

Court Division: (Select One)

Miami Key West
 FTL WPB FTP

New Defendant(s) YES X NO
 Number of New Defendants 2
 Total number of counts 9

I do hereby certify that:

- I have carefully considered the allegations of the indictment, the number of defendants, the number of probable witnesses and the legal complexities of the Indictment/Information attached hereto.
- I am aware that the information supplied on this statement will be relied upon by the Judges of this Court in setting their calendars and scheduling criminal trials under the mandate of the Speedy Trial Act, Title 28 U.S.C. Section 3161.

3. Interpreter: (Yes or No) No
 List language and/or dialect _____

4. This case will take 10 days for the parties to try.

5. Please check appropriate category and type of offense listed below:

(Check only one)

(Check only one)

I	0 to 5 days	_____	Petty	_____
II	6 to 10 days	<u>X</u>	Minor	_____
III	11 to 20 days	_____	Misdem.	_____
IV	21 to 60 days	_____	Felony	<u>X</u>
V	61 days and over	_____		

6. Has this case been previously filed in this District Court? (Yes or No) Yes

If yes:

Judge: Rosenberg

Case No. 16-cr-80146-RLR

(Attach copy of dispositive order)

Has a complaint been filed in this matter? (Yes or No) No

If yes: Magistrate Case No. _____

Related Miscellaneous numbers: _____

Defendant(s) in federal custody as of _____

Defendant(s) in state custody as of _____

Rule 20 from the District of _____

Is this a potential death penalty case? (Yes or No) Yes No

7. Does this case originate from a matter pending in the Northern Region of the U.S. Attorney's Office prior to October 14, 2003? Yes No

8. Does this case originate from a matter pending in the Central Region of the U.S. Attorney's Office prior to September 1, 2007? Yes No


 JOSEPH A. CAPONE
 SPECIAL ASSISTANT UNITED STATES ATTORNEY
 Admin. No. A5500459

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
PENALTY SHEET**

Defendant's Name: **GEORGE HEATON**

Case No. 16-80146-CR-ROSENBERG/BRANNON(s)

Count # 1:

18 USC § 1349

Conspiracy to Commit Bank Fraud

*Max. Penalty: 30 Years' Imprisonment; Fine of up to \$1,000,000.00, or the greater of twice the gross gain or twice the gross loss; 5 years' Supervised Release

Counts # 2-9:

18 USC §§ 1344(1) and (2)

Bank Fraud

*Max. Penalty: 30 Years' Imprisonment; Fine of up to \$1,000,000.00, or the greater of twice the gross gain or twice the gross loss; 5 years' Supervised Release

*Refers only to possible term of incarceration, does not include possible fines, restitution, special assessments, parole terms, or forfeitures that may be applicable.

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
PENALTY SHEET**

Defendant's Name: **DEBORAH DENTRY BAGGETT**

Case No. 16-80146-CR-ROSENBERG/BRANNON(s)

Count # 1:

18 USC § 1349

Conspiracy to Commit Bank Fraud

*Max. Penalty: 30 Years' Imprisonment; Fine of up to \$1,000,000.00, or the greater of twice the gross gain or twice the gross loss; 5 years' Supervised Release

Counts # 2-9:

18 USC §§ 1344(1) and (2)

Bank Fraud

*Max. Penalty: 30 Years' Imprisonment; Fine of up to \$1,000,000.00, or the greater of twice the gross gain or twice the gross loss; 5 years' Supervised Release

*Refers only to possible term of incarceration, does not include possible fines, restitution, special assessments, parole terms, or forfeitures that may be applicable.

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
PENALTY SHEET**

Defendant's Name: **ERIC GRANITUR**

Case No. 16-80146-CR-ROSENBERG/BRANNON(s)

Count # 1:

18 USC § 1349

Conspiracy to Commit Bank Fraud

*Max. Penalty: 30 Years' Imprisonment; Fine of up to \$1,000,000.00, or the greater of twice the gross gain or twice the gross loss; 5 years' Supervised Release

Counts # 7 and 8:

18 USC §§ 1344(1) and (2)

Bank Fraud

*Max. Penalty: 30 Years' Imprisonment; Fine of up to \$1,000,000.00, or the greater of twice the gross gain or twice the gross loss; 5 years' Supervised Release

*Refers only to possible term of incarceration, does not include possible fines, restitution, special assessments, parole terms, or forfeitures that may be applicable.