

2. Defendant EDWARD RONALD SCHNABLE, JR. operated each of the business entities listed in paragraph 1, either alone or with a partner or partners, for the purpose of taking money from individuals who were falsely told by defendant SCHNABLE that the money would be invested in low risk or no risk investments with guaranteed rates of return.

3. Defendant EDWARD RONALD SCHNABLE, JR. solicited clients by making false representations that if they invested funds with him, they would be guaranteed a full return of their principal by a certain date, in addition to a rate of return of 10% to 14%.

THE SCHEME

4. From in or about 1995 through in or about 2003, defendant EDWARD RONALD SCHNABLE, JR. devised and intended to devise a scheme to defraud and to obtain money and property by means of false and fraudulent pretenses, representations, and promises.

MANNER AND MEANS

5. It was part of the scheme that defendant EDWARD RONALD SCHNABLE, JR.:

a. solicited clients to invest money with him and accepted more than \$5 million, by falsely representing to investors, orally or in writing, that they would receive a guaranteed rate of return of 10% and 14% interest on their investments, in addition to return of principal by a certain date, and that the funds were guaranteed “safe,” even though only a small portion of money entrusted to him was ever invested, and this portion was invested in a high-risk venture in the name of defendant SCHNABLE and his business entities.

b. caused investors to liquidate investments and insurance policies, to refinance their mortgages and to take out home equity loans, and to give the proceeds, or a portion thereof, to him.

c. spent most of the money given to him to invest to pay earlier investors and to pay the mortgage on his home.

d. sold shares in a vacation home owned by his in-laws, knowing that the purchasers would not be able to use the property.

e. informed some investors that he was pledging property as collateral for certain investments to assure investors of a guaranteed return on their investment, despite the fact that he did not own the property.

f. continued to solicit money from investors by making the same false promises described above, knowing full well that he would be unable to generate sufficient income to satisfy these financial obligations.

g. voided all promissory notes which he had issued to investors, and which he had defaulted on, and unilaterally, without the knowledge or consent of the investors, transferred the balance of the investors' funds into shares of a worthless foreign corporation created by the defendant in Costa Rica, which could not be traded on any open market and had no legitimate value.

h. assured investors that he would repay them in full, well knowing that he could not do so.

6. As a result of the scheme executed by defendant EDWARD RONALD SCHNABLE, JR., his investors lost approximately \$5,000,000, including but not limited to, the approximate losses set forth below:

INVESTOR	APPROXIMATE AMOUNT OF MONEY INVESTED WITH DEFENDANT	AMOUNT STILL OWED TO INVESTOR
1. A. A. T.	\$575,000	\$694,497 plus interest
2. T. K. and S. K.	\$410,000	\$410,000 plus interest
3. M. H.	\$142,000	\$160,000 plus interest
4. S. H.	\$423,786	\$423,786 plus interest
5. T. Y. and E. Y.	\$115,000	\$115,000 plus interest

7. On or about the following dates, in the Eastern District of Pennsylvania and elsewhere, defendant

**EDWARD RONALD SCHNABLE JR.,
a/k/a "Ron Schnable,"**

for the purpose of executing the scheme described above, and attempting to do so, knowingly caused to be delivered by commercial interstate carrier, that is, Federal Express, according to the directions thereon, the following items:

COUNT	DATE	FROM	TO	DESCRIPTION OF ITEM
1	9/30/02	G.H.C. Sociedad Anonima (GHC S.A.) San Jose, Costa Rica	A. A., Lansdale, PA	Letter confirming 200 shares in G.H.C. S.A.

COUNT	DATE	FROM	TO	DESCRIPTION OF ITEM
2	9/30/02	G.H.C. Sociedad Anonima (GHC S.A.) San Jose, Costa Rica	T. K., Souderton, PA	Letter confirming 50 shares in G.H.C. S.A.
3	9/30/02	G.H.C. Sociedad Anonima (GHC S.A.) San Jose, Costa Rica	M. H., Pennsburg, PA	Letter confirming 157 shares in G.H.C. S.A.
4	9/30/02	G.H.C. Sociedad Anonima (GHC S.A.) San Jose, Costa Rica	S. H., Harleysville, PA	Letter confirming 326 shares in G.H.C. S.A.
5	9/30/02	G.H.C. Sociedad Anonima (GHC S.A.) San Jose, Costa Rica	E. Y., Telford, PA	Letter confirming 115 shares in G.H.C. S.A.

All in violation of Title 18, United States Code, Section 1341.

COUNT SIX

THE GRAND JURY FURTHER CHARGES THAT:

1. The allegations contained in Paragraphs One through Six of Count One are incorporated here.

2. On or about October 7, 2002, in the Eastern District of Pennsylvania and elsewhere, defendant

**EDWARD RONALD SCHNABLE, JR.,
a/k/a “Ron Schnable,”**

for the purpose of executing the scheme described above, caused to be transmitted, by means of wire communication in interstate commerce, certain signals and sounds, specifically, an electronic transmission (e-mail) from Juan Jose Obando in Costa Rica to Core Group, P. R. and P. L., all located in Eastern District of Pennsylvania, relating to the Federal Express delivery of a letter dated 9/30/02 that was sent to investors concerning confirmation of shares of GHC stock.

In violation of Title 18, United States Code, Section 1343.

NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Sections 1341 and 1343, set forth in this indictment, defendant

EDWARD RONALD SCHNABLE, JR.
a/k/a “Ron Schnable”

shall forfeit to the United States of America any property, real or personal, that constitutes or is derived from proceeds traceable to the commission of such offenses, including, but not limited to the following: the sum of approximately Five Million Dollars (\$5,000,000.00).

2. If any of the property 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 party;
- (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 divided without difficulty;

it is the intent of the United States of America, pursuant to Title 18, United States Code, Section 981(a)(1)(C), Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of

the property subject to forfeiture.

All pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

A TRUE BILL:

GRAND JURY FOREPERSON

PATRICK L. MEEHAN
United States Attorney