

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT ARKANSAS

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS
WESTERN DIVISION

OCT -8 2009

JAMES M. MCCORMACK, CLERK
By: [Signature] DEPUTY CLERK

UNITED STATES OF AMERICA)	No. 4:09CR	00287 BSM
)		
v.)	18 U.S.C. § 844(h)	
)	18 U.S.C. § 844(i)	
AARON JONES)	18 U.S.C. § 1341	

INDICTMENT

THE GRAND JURY CHARGES:

COUNTS ONE, TWO, and THREE

A. Introduction

At all times material herein:

1. On or about May 5, 2005, AARON JONES and his spouse purchased the real property at 43 Chenal Circle, Little Rock, Arkansas (hereinafter, "43 Chenal Circle"), for approximately \$1,598,000 from Sellers A and B. As part of that transaction, JONES and his spouse also purchased approximately \$33,000 in furnishings at 43 Chenal Circle from Sellers A and B. At the time JONES and his spouse purchased 43 Chenal Circle, JONES and his spouse obtained a primary mortgage on the property from a commercial lender in the amount of approximately \$1.2 million, and a secondary mortgage on the property from Sellers A and B in the amount of approximately \$431,000. Therefore, the total amount JONES and his spouse owed on 43 Chenal Circle at the time of purchase was approximately \$1,631,000.

2. The secondary mortgage held by Sellers A and B was structured as follows: JONES and his spouse made no payment at the time they purchased 43 Chenal Circle in May 2005. In May 2006, JONES and his spouse were to pay Sellers A and B \$50,000. In May 2007, JONES and his spouse were to pay Sellers A and B \$50,000. On or about May 5, 2008, JONES and his spouse were to pay Sellers A and B the remainder of the balance owed, \$331,000. This loan from Sellers A and B to JONES and his spouse was interest-free.

3. In approximately October 2006, JONES and his spouse purchased the real property at 265 Salt Box Lane, Watersound, Florida (hereinafter, "265 Salt Box Lane"), for approximately \$1,225,000. At that time, JONES and his spouse funded the down payment for 265 Salt Box Lane in part with approximately \$245,000 that JONES and his spouse obtained by taking a third mortgage in that amount on 43 Chenal Circle. JONES and his spouse also obtained a mortgage of approximately \$857,000 on 265 Salt Box Lane as part of the purchase of 265 Salt Box Lane.

4. On or about May 31, 2007, JONES and his spouse listed 43 Chenal Circle for sale with Realtor A at an asking price of \$2.2 million. On or about May 31, 2007, when JONES and his spouse listed 43 Chenal Circle for sale with Realtor A, Realtor A entered the sales information for 43 Chenal Circle into Multiple Listing Services, Inc., a national database of properties for sale, and published the listing for 43 Chenal Circle on, among other websites, Realtor.com, a website accessible over the internet. In or about Fall 2007, a prospective buyer from West Plains, Missouri, in the market for a house in Little Rock,

traveled to Little Rock, Arkansas, to view 43 Chenal Circle, in addition to other properties in the greater Little Rock area.

5. On or about August 23, 2007, JONES and his spouse, through Realtor A, reduced the asking price for 43 Chenal Circle to \$1,995,000. On or about May 5, 2008, JONES and his spouse, through Realtor A, reduced the asking price for 43 Chenal Circle to \$1,849,000. Later in or about May 2008, JONES contacted Realtor A and stated that JONES and his spouse were ready to drop the price to \$1.6 million in order to cover the first two mortgages on the house and Realtor A's commission.

6. Between May 31, 2007, and approximately May 2008, there were approximately twelve showings of 43 Chenal Circle to prospective buyers, but no firm offers were made to purchase 43 Chenal Circle.

7. In or about November 2007, JONES and his spouse listed 265 Salt Box Lane for sale with Realtor B for approximately \$1,395,000. On or about May 20, 2008, JONES and his spouse listed 265 Salt Box Lane for sale with Realtor B, now at a different real estate company, at a reduced price of \$1,150,000.

8. With respect to the secondary mortgage on 43 Chenal Circle to Sellers A and B, JONES and his spouse made timely payments of \$50,000 each in May 2006 and May 2007. After the May 5, 2008 due date for the balloon payment of \$331,000 had passed, Seller A's accountant contacted JONES on May 16, 2008, to inquire about JONES's failure to pay. On or about May 20, 2008, JONES told Seller A that he did not have the money to

make the payment. JONES proposed that the loan to Sellers A and B be renegotiated to extend the loan, and JONES and Seller A agreed to renegotiate the terms of the loan. In early June 2008, the renegotiated loan paperwork was completed and JONES and his spouse paid Sellers A and B \$50,000 as part of that agreement. Per the renegotiated agreement, the balance of the loan, \$289,000, was due in May 2009. JONES and his spouse were also required to pay interest on this loan.

9. Between in or about mid-April 2008 and mid-May 2008, JONES's personal bank account was overdrawn in the amount of approximately \$17,000, including approximately ten personal checks written on that account which were returned for insufficient funds.

10. When JONES and his spouse purchased 43 Chenal Circle on or about May 5, 2005, JONES and his spouse insured 43 Chenal Circle and its contents with The Standard Fire Insurance Company/The Travelers Companies Inc. against loss or damage by any peril not specifically excluded, such as by fire. This policy was renewed annually, including on or about May 5, 2008, for the time period May 5, 2008 through May 5, 2009. The "Exclusions" section of JONES's insurance policy with The Standard Fire Insurance Company provided as follows:

EXCLUSIONS -- WE DO NOT COVER LOSS RESULTING DIRECTLY OR INDIRECTLY FROM.... INTENTIONAL LOSS, MEANING ANY LOSS ARISING OUT OF ANY ACT COMMITTED: (1) BY OR AT THE DIRECTION OF AN INSURED; and (2) WITH THE INTENT TO CAUSE A LOSS.

B. The Scheme

11. As part of the scheme, on or about May 24, 2008, JONES took his spouse, his children, and his pets to 265 Salt Box Lane for a beach vacation. JONES's spouse, children, and pets remained at 265 Salt Box Lane while JONES returned to 43 Chenal Circle on Wednesday, May 28, 2008. As part of the scheme, on or about Friday, May 30, 2008, JONES caused 43 Chenal Circle to be set on fire. As part of the scheme, JONES told responding law enforcement authorities that an intruder bound and blindfolded JONES and set 43 Chenal Circle on fire.

12. As part of the scheme, beginning on approximately May 30, 2008, JONES submitted insurance claims to The Standard Fire Insurance Company/The Travelers Companies, Inc., in excess of approximately \$2.8 million, for 43 Chenal Circle and its contents, falsely and fraudulently claiming that the loss did not originate by any act, design and procurement on JONES's part.

13. As a result of JONES's false and fraudulent claim, The Standard Fire Insurance Company/The Travelers Companies, Inc., paid approximately \$1.2 million to the primary mortgage holder of 43 Chenal Circle.

C. Purpose of the Scheme to Defraud

14. From in or about May 2008 and continuing until at least the return of this Indictment, in the Eastern District of Arkansas, AARON JONES, defendant herein, devised a scheme for obtaining in excess of \$2.8 million dollars from The Standard Fire Insurance

Company/The Travelers Companies, Inc. by means of false and fraudulent pretenses and representations, and through such scheme obtained in excess of approximately \$1.2 million dollars, which money was paid to the primary mortgage holder for the real property at 43 Chenal Circle, Little Rock, Arkansas.

D. The Mailings

15. On or about the following dates, in the Eastern District of Arkansas, AARON JONES, defendant herein, having devised the above-described scheme to obtain money by means of false and fraudulent pretenses and representations, for the purpose of executing and in order to effect the scheme, knowingly caused:

A. **COUNT ONE:** Mail to be delivered by the United States Postal Service to "Lowell Heinen, General Adjuster, Personal Lines Claim, Travelers, P.O. Box 1906, Allen, TX 75013," as follows: A Letter and Sworn Statement in Proof of Loss in the amount of \$2,940,229.69, postmarked in Little Rock, Arkansas, on July 28, 2008;

B. **COUNT TWO:** Mail to be delivered by the United States Postal Service to "Lowell Heinen, General Adjuster, Personal Lines Claim, Travelers, P.O. Box 1906, Allen, TX 75013," as follows: A Letter and Amended Sworn Statement in Proof of Loss in the amount of \$2,816,618.40, postmarked in Little Rock, Arkansas on September 12, 2008; and

C. **COUNT THREE:** Mail to be delivered by a private or commercial interstate carrier, namely, Federal Express, via Next Business Day AM service, from legal

counsel for The Standard Fire Insurance Company/The Travelers Companies, Inc., Foran Glennon Palandech & Ponzi PC, 222 North LaSalle Street, Ste 1400, Chicago, Illinois, to legal counsel for AARON JONES, Hope, Fuqua, & Campbell P.A., Little Rock, Arkansas, as follows: a check for \$1.2 million dollars, delivered on January 12, 2009;

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

COUNT FOUR

On or about May 30, 2008, in the Eastern District of Arkansas, AARON JONES, defendant herein, knowingly used fire to commit mail fraud, a felony prosecutable in a court of the United States, as set forth in any or all of Counts One, Two, and Three of this Indictment;

In violation of Title 18, United States Code, Section 844(h).

COUNT FIVE

On or about May 30, 2008, in the Eastern District of Arkansas, AARON JONES, defendant herein, maliciously damaged and destroyed, by means of fire, a building, real property, and personal property at 43 Chenal Circle, Little Rock, Arkansas, used in interstate commerce in that the real property was for sale and advertised as for sale over the internet;

In violation of Title 18, United States Code, Section 844(i).

(END OF TEXT. SIGNATURE PAGE ATTACHED)