

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TENNESSEE
at CHATTANOOGA

UNITED STATES OF AMERICA,)

Plaintiff,)

v.)

CHERYL KYLES and)
DEREK HENRY)

Defendant.)

1:06-CR-29 (SEALED)

(Judge Collier/Carter)

INDICTMENT

COUNT ONE

18 U.S.C. § 371

(Conspiracy to Structure)

THE GRAND JURY CHARGES THAT:

A. AT ALL TIMES MATERIAL HEREIN:

1. The defendant, DEREK HENRY, was a mortgage broker and owned Goldmine Capital.
2. Phelps Supply Service, also known as PSS, was the name of a bank account over which DEREK HENRY had signature authority.
3. Interstate Software Solutions was the name of a bank account over which CHERYL KYLES had signature authority.
4. Transcontinental Title Company was a company involved in the closing of real estate transactions.

5. CHERYL KYLES was an employee of McKee Baking Company, Ooltewah, Tennessee, and had been employed by McKee Baking Company for more than ten years.

B. THE CONSPIRACY

From sometime on or about April 15, 2003, until on or about May 15, 2003, in the Eastern District of Tennessee and elsewhere, the defendants, DEREK HENRY and CHERYL KYLES, together and with others known and unknown to the Grand Jury, did knowingly combine, conspire, confederate and agree together and with other persons to structure transactions with domestic financial institutions for the purpose of evading the reporting requirements of Sections 5313(a) and 5325 of Title 31, United States Code, and the regulations promulgated thereunder, in violation of Title 31, United States Code, Section 5324(a)(3).

C. OBJECTS AND PURPOSES OF THE CONSPIRACY

Among the objects and purposes of the conspiracy were to:

1. Conceal that a substantial sum of cash was received;
2. Deposit the substantial sum of cash in amounts less than \$10,000 to avoid a reporting requirement;
3. Use the deposited cash to purchase cashier's checks to purchase real estate (i.e. 10414 Sims Harris in Ooltewah, Tennessee) in a manner that would hide the true identity of the owner;
4. Use the deposited cash to pay off a loan for a Goldmine Capital customer; and
5. Conceal the existence of this conspiracy.

D. OVERT ACTS

In furtherance of the aforesaid conspiracy and to accomplish the objects thereof the following overt acts, among others, were committed by the defendants and others in the Eastern District of Tennessee and elsewhere:

1. On or about April 15, 2003, DEREK HENRY received approximately \$415,000 in United States currency from an individual to purchase property located at 10414 Sims Harris, Ooltewah, Tennessee.

2. On or about April 16, 2003, CHERYL KYLES deposited \$2,400 cash to her Southeastern Credit Union account number **0787.

3. On or about April 16, 2003, CHERYL KYLES deposited \$6,700 cash to her Frontier Bank, Interstate Software Solutions account number ****3856.

4. On or about April 18, 2003, CHERYL KYLES deposited \$3,500 cash to her Southeastern Credit Union account number **0787.

5. On or about April 18, 2003, DEREK HENRY deposited \$3,000 cash to his First Volunteer Bank, Phelps Supply Service account number *****5701, at the Shallowford Road branch.

6. On or about April 18, 2003, DEREK HENRY deposited \$3,020 cash to his First Volunteer Bank, Phelps Supply Service account number *****5701 at the Gunbarrel Road branch.

7. On or about April 21, 2003, CHERYL KYLES deposited \$2,000 cash to her Southeastern Credit Union account number **0787.

8. On or about April 21, 2003, CHERYL KYLES deposited \$5,750 cash to her Frontier Bank, Interstate Software Solutions account number ****3856.

9. On or about April 21, 2003, DEREK HENRY deposited \$2,000 cash to his Southern Credit Union account number *****5241.

10. On or about April 23, 2003, CHERYL KYLES deposited \$7,550 to her Frontier Bank, Interstate Software Solutions account number ****3856.

11. On or about April 23, 2003, DEREK HENRY made a \$6,000 cash deposit to his Southern Credit Union account number *****5241.

12. On or about April 25, 2003, DEREK HENRY made a \$4,000 cash deposit to his Southern Credit Union account number *****5241.

13. On or about April 25, 2003, DEREK HENRY made a \$2,980 cash deposit to his First Volunteer Bank, Phelps Supply Service account number *****5701.

14. On or about April 28, 2003, CHERYL KYLES made a \$5,000 cash deposit to her Frontier Bank, Interstate Software Solutions account number *****3856.

15. On or about April 30, 2003, CHERYL KYLES made a \$5,000 cash deposit to her Frontier Bank, Interstate Software Solutions account number ****3856.

16. On or about May 2, 2003, CHERYL KYLES made a \$6,000 cash deposit to her Southeastern Credit Union account number **0787.

17. On or about May 5, 2003, CHERYL KYLES made a \$5,000 cash deposit to her Frontier Bank, Interstate Software Solutions account number ****3856.

18. On or about May 6, 2003, CHERYL KYLES purchased a \$59,000 cashier's check at Frontier Bank by using \$15,000 cash that was not deposited and by withdrawing \$44,000 from her Interstate Software Solutions account number ****3856.

19. On or about May 13, 2003, CHERYL KYLES made a \$6,000 cash deposit to her Frontier Bank, Interstate Software Solutions account number ****3856.

20. On or about May 13, 2003, CHERYL KYLES caused a savings account to be opened at First Volunteer Bank account number *****9706.

21. On or about May 13, 2003, CHERYL KYLES made a \$6,000 cash deposit to her First Volunteer Bank account number *****9706.

22. On or about May 13, 2003, DEREK HENRY made a \$7,000 cash deposit to his Southern Credit Union account number *****5241.

23. On or about May 13, 2003, DEREK HENRY caused a savings account to be opened at First Citizen Bank account number *****5352.

24. On or about May 13, 2003, DEREK HENRY made a \$5,000 cash deposit to his First Volunteer Bank, Phelps Supply Service account number *****5701.

25. On or about May 14, 2003, DEREK HENRY made a \$7,020 cash deposit to his First Citizen's Bank account number *****5352.

26. On or about May 14, 2003, DEREK HENRY made a \$3,000 cash deposit to his First Volunteer Bank, Phelps Supply Service account number *****5701.

27. On or about May 14, CHERYL KYLES made a \$3,000 cash deposit to her First Volunteer Bank account number **5579.

28. On or about May 14, 2003, CHERYL KYLES made a \$7,000 cash deposit to her Frontier Bank, Interstate Software Solutions account number ****3856.

29. On or about May 15, 2003, DEREK HENRY made a \$9,000 cash deposit to his First Citizen's Bank account number *****5352.

30. On or about May 15, 2003, DEREK HENRY made a \$3,000 cash deposit to his First Volunteer Bank, Phelps Supply Service account number *****5701.

31. On or about May 15, 2003, CHERYL KYLES purchased a \$22,500 cashier's check at Frontier Bank by using \$8,465 cash that was not deposited and by withdrawing \$14,035 from her Interstate Software Solutions account number ****3856.

32. On or about May 15, 2003, CHERYL KYLES purchased a \$20,800 cashier's check from First Volunteer Bank by using \$8,500 cash that was not deposited and by withdrawing \$12,300 from her First Volunteer Bank account number **5579.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO
31 U.S.C. § 5324(a)(3)
(Structuring)

The Grand Jury further charges that, from on or about May 13, 2003, through on or about May 15, 2003, in the Eastern District of Tennessee, the defendant, DEREK HENRY, did knowingly and for the purpose of evading the reporting requirements of Sections 5313(a) and 5325 of Title 31, United States Code, and the regulations promulgated thereunder, structure and attempt to structure financial transactions with three different domestic financial institutions, as set forth below, by making cash deposits of less than \$10,000 that were used to purchase a house located at 10414 Sims Harris, Ooltewah, Tennessee, and by purchasing cashier's checks payable to PSS (Phelps Supply Service):

1. On May 13, 2003, the defendant, DEREK HENRY, made a \$7,000 cash deposit to his Southern Credit Union account number *****5241.

2. On May 13, 2003, the defendant, DEREK HENRY, made a \$5,000 cash deposit to his First Volunteer Bank, Phelps Supply Service, account number *****5701.

3. On May 14, 2003, the defendant, DEREK HENRY, made a \$7,020 cash deposit to his First Citizen's account number *****5352.

4. On May 14, 2003, the defendant, DEREK HENRY, made a \$3,000 cash deposit to his First Volunteer Bank, Phelps Supply Service, account number *****5701.

5. On May 15, 2003, the defendant, DEREK HENRY, made a \$9,000 cash deposit to his First Citizen's account number *****5352.

6. On May 15, 2003, the defendant, DEREK HENRY, made a \$3,000 cash deposit to his First Volunteer Bank, Phelps Supply Service, account number *****5701.

All in violation of Title 18, United States Code, Sections 5324(a)(3) and (d)(2).

COUNT THREE
31 U.S.C. § 5324(a)(3)
(Structuring)

The Grand Jury further charges that, from on or about May 13, 2003, through on or about May 15, 2003, in the Eastern District of Tennessee, the defendant, CHERYL KYLES, did knowingly and for the purpose of evading the reporting requirements of Sections 5313(a) and 5325 of Title 31, United States Code, and the regulations promulgated thereunder, structure and attempt to structure financial transactions with three different domestic financial institutions, as set forth below, by making cash deposits less than \$10,000 and using cash to purchase cashier's checks that were used to purchase a house located at 10414 Sims Harris, Ooltewah, Tennessee, and by purchasing cashier's checks payable to PSS (Phelps Supply Service):

1. On May 13, 2003, the defendant, CHERYL KYLES, made a \$6,000 cash deposit to her Frontier Bank, Interstate Software Solutions, account number ****3856.

2. On May 13, 2003, the defendant, CHERYL KYLES, made a \$6,000 cash deposit to her First Volunteer Bank account number **5579.

3. On May 15, 2003, the defendant, CHERYL KYLES, purchased a \$22,500 cashier's check at Frontier Bank by using \$8,465 cash that was not deposited and by withdrawing \$14,035 from her Interstate Software Solutions account number ****3856.

4. On May 15, 2003, the defendant, CHERYL KYLES, purchased a \$20,800 cashier's check from First Volunteer Bank by using \$8,500 cash that was not deposited and by withdrawing \$12,300 from her First Volunteer Bank account number **5579.

All in violation of Title 18, United States Code, Sections 5324(a)(3) and (d)(2).

COUNT FOUR
31 U.S.C. § 5324(b)(2)
(Causing False Report)

The Grand Jury further charges that, on or about June 6, 2003, in the Eastern District of Tennessee, the defendant, DEREK HENRY, did knowingly and for the purpose of evading the reporting requirements of Section 5331 of Title 31, United States Code, and the regulations promulgated thereunder, cause a nonfinancial trade or business, namely, Goldmine Software Systems, to file a report required under Section 5331 of Title 31, United States Code, and the regulations promulgated thereunder, that contains material omissions or misstatements of fact as set forth below:

1. That the transactor was "Mike Smith";
2. That the occupation of the transactor was "commodities seller"; and
3. That the amount of cash received was \$175,000.

All in violation of Title 31, United States Code, Section 5324(b)(2).

COUNT FIVE
18 U.S.C. § 1344
(Bank Fraud)

The Grand Jury further charges that, beginning in or about April 2003 and continuing through May 2003, in the Eastern District of Tennessee and elsewhere, the defendants, DEREK HENRY and CHERYL KYLES, aided, abetted, counseled, and induced by others, known and unknown, devised and intended to devise a scheme to defraud and to obtain a loan from Decision One Mortgage, a financial institution as defined in Title 18, United States Code, Section 20, by means of false and fraudulent pretenses and representations.

A. AT ALL TIMES MATERIAL HEREIN:

1. Goldmine Capital was incorporated in the State of Tennessee (and had been since January 14, 2003).
2. The defendant, DEREK HENRY, was an owner of Goldmine Capital LLC, a mortgage brokerage company located at 2300 Brookwood Drive, Chattanooga, Tennessee.
3. Goldmine Mortgage Corporation, 118 First Street SW, Hickory, North Carolina, was owned by Andrew Dison, Jr. and was licensed only in the State of North Carolina to broker mortgages. Goldmine Mortgage Corporation was not affiliated with Goldmine Capital LLC.
4. Decision One Mortgage was a mortgage company located in Charlotte, North Carolina.
5. Transcontinental Title Company was a real estate closing company that was located in Chattanooga, Tennessee.

6. The defendant, CHERYL KYLES, possessed a City of Chattanooga business license for Interstate Software Solutions (which she had obtained on January 23, 2003).

7. The defendant, CHERYL KYLES, was currently employed by McKee Baking Company, Ooltewah, Tennessee, and had been employed by McKee Baking Company for more than ten years.

B. THE SCHEME TO DEFRAUD:

1. It was a part of the scheme to defraud that the defendants, CHERYL KYLES and DEREK HENRY, would and did falsify a loan application for a real estate loan.

2. It was further a part of the scheme to defraud that the defendants, CHERYL KYLES and DEREK HENRY, would and did obtain a loan from Decision One Mortgage.

3. It was further a part of the scheme to defraud that the defendants, CHERYL KYLES and DEREK HENRY, would and did use the loan proceeds to purchase real estate.

4. It was further a part of the scheme to defraud to conceal the true ownership of the real estate that was purchased.

C. THE EXECUTION:

1. On or about April 15, 2003, CHERYL KYLES submitted a real estate purchase and sale agreement to the owners of real property at 10414 Sims Harris, Ooltewah, Tennessee, prepared by Kevin Green Realty, to purchase real property at 10414 Sims Harris, Ooltewah, Tennessee for \$300,000.

2. On or about April 29, 2003, Kevin L. Green, President of Wright Enterprises of Tennessee, Inc., prepared a letter falsely stating that he had prepared personal income taxes for CHERYL KYLES since 1999 and that, since 2000, she was self-employed as Interstate Software Solutions.

3. On or about May 2, 2003, a letter prepared by Barbara A. Goodloe falsely stated that she allowed CHERYL KYLES to reside at her 3904 Rosalind Lane, Chattanooga, Tennessee, property since February 2003.

4. On or about May 2, 2003, a Gift Letter prepared by Barbara Goodloe falsely stated that she gave \$10,000 to CHERYL KYLES and was faxed from Goldmine Capital to Decision One Mortgage.

5. On or about May 5, 2003, a verbal verifications form was prepared by Decision One Mortgage stating that the applicant, CHERYL KYLES, was self-employed.

6. On or about May 2, 2003, DEREK HENRY signed as the interviewer on a Uniform Residential Loan Application for CHERYL KYLES, submitted to Decision One Mortgage. The name and address of the interviewer's employer was listed as Goldmine Capital Company LLC, 2300 Brookwood Drive, Chattanooga, Tennessee.

7. On or about May 6, 2003, CHERYL KYLES signed a Uniform Residential Loan Application for a \$240,000 loan. An individual named Lorraine was listed as the interviewer for the application which reflected an April 21, 2003 date. The interviewer's employer was listed as Goldmine Mortgage Corp, 108 First Street SW, Hickory, North Carolina. The items listed in paragraphs 2, 3, 4, and 5 above were included in the application package submitted to Decision One Mortgage.

8. On or about May 6, 2003, CHERYL KYLES and DEREK HENRY attended a real estate closing at Transcontinental Title, Chattanooga, Tennessee, where KYLES was the purchaser of 10414 Sims Harris, Ooltewah, Tennessee. Decision One Mortgage Company loaned CHERYL KYLES \$240,000.

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

COUNT SIX
18 U.S.C. § 1956(a)(1)(B)(i)
(Money Laundering)

The Grand Jury further charges that, on or about May 6, 2003, in the Eastern District of Tennessee, the defendant, DEREK HENRY, aided and abetted by others, did knowingly conduct and attempt to conduct a financial transaction affecting interstate commerce, *i.e.*, the purchase of Official Check number 411597 in the amount of \$35,675 at Southeast Financial Credit in the name of Cheryl R. Kyles, which involved the proceeds of a specified unlawful activity, the sale and distribution of a controlled substance (cocaine), a specified unlawful activity as defined in Title 18, United States Code, Section 1956(c)(7), knowing that the transaction was designed in whole and in part to conceal and disguise the nature, the source, the ownership, and the control of the proceeds of said unlawful activity and that while conducting and attempting to conduct such financial transaction knew the property involved in the financial transaction represented the proceeds of some form of unlawful activity.

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

COUNT SEVEN
18 U.S.C. § 1956(a)(1)(B)(i)
(Money Laundering)

The Grand Jury further charges that, on or about May 6, 2003, in the Eastern District of Tennessee, the defendant, DEREK HENRY, aided and abetted by others, did knowingly conduct and attempt to conduct a financial transaction affecting interstate commerce, *i.e.*, the purchase of Official Check number 020323 in the amount of \$59,000 at Frontier Bank in the name of Cheryl R. Kyles, which involved the proceeds of a specified unlawful activity, the sale and distribution of a controlled substance (cocaine), a specified unlawful activity as defined in Title 18, United States Code,

Section 1956(c)(7), knowing that the transaction was designed in whole and in part to conceal or disguise the nature, the source, the ownership, and the control of the proceeds of said unlawful activity and that while conducting and attempting to conduct such financial transaction knew the property involved in the financial transaction represented the proceeds of some form of unlawful activity.

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

COUNT EIGHT
18 U.S.C. § 1956(a)(1)(B)(i)
(Money Laundering)

The Grand Jury further charges that, on or about May 15, 2003, in the Eastern District of Tennessee, the defendant, DEREK HENRY, aided and abetted by others, did knowingly conduct and attempt to conduct a financial transaction affecting interstate commerce, *i.e.*, the purchase of Official Check number 021409 in the amount of \$22,500 at Frontier Bank in the name of Cheryl R. Kyles, which involved the proceeds of a specified unlawful activity, the sale and distribution of a controlled substance (cocaine), a specified unlawful activity as defined in Title 18, United States Code, Section 1956(c)(7), knowing that the transaction was designed in whole and in part to conceal or disguise the nature, the source, the ownership, and the control of the proceeds of said unlawful activity and that while conducting and attempting to conduct such financial transaction knew the property involved in the financial transaction represented the proceeds of some form of unlawful activity.

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

COUNT NINE
18 U.S.C. § 1956(a)(1)(B)(i)
(Money Laundering)

The Grand Jury further charges that, on or about May 15, 2003, in the Eastern District of Tennessee, the defendant, DEREK HENRY, aided and abetted by others, did knowingly conduct and attempt to conduct a financial transaction affecting interstate commerce, *i.e.*, the purchase of Official Check number 1055143 in the amount of \$20,800 at First Volunteer Bank in the name of Interstate Software Solutions, which involved the proceeds of a specified unlawful activity, the sale and distribution of a controlled substance (cocaine), a specified unlawful activity as defined in Title 18, United States Code, Section 1956(c)(7), knowing that the transaction was designed in whole and in part to conceal or disguise the nature, the source, the ownership, and the control of the proceeds of said unlawful activity and that while conducting and attempting to conduct such financial transaction knew the property involved in the financial transaction represented the proceeds of some form of unlawful activity.

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

COUNT TEN
18 U.S.C. § 1956(a)(1)(B)(ii)
(Money Laundering)

The Grand Jury further charges that, beginning on or about May 13, 2003 and continuing through May 15, 2003, in the Eastern District of Tennessee, the defendant, DEREK HENRY, aided and abetted by others, did knowingly conduct and attempt to conduct financial transactions affecting interstate commerce, which involved the proceeds of a specified unlawful activity, the sale and distribution of a controlled substance (cocaine), a specified unlawful activity as defined in Title 18, United States

Code, Section 1956(c)(7) to avoid federal transaction reporting requirements and that while conducting and attempting to conduct such financial transaction knew the property involved in the financial transaction represented some form of unlawful activity, as follows:

1. On May 13, 2003, the defendant, DEREK HENRY, made a \$7,000 cash deposit to his Southern Credit Union account number *****5241.

2. On May 13, 2003, the defendant, DEREK HENRY, made a \$5,000 cash deposit to his First Volunteer Bank, Phelps Supply Services account number *****5701.

3. On May 13, 2003, the defendant, DEREK HENRY, caused Cheryl Kyles to make a \$6,000 cash deposit to her Frontier Bank, Interstate Software Solutions account number ****3856.

4. On May 13, 2003, the defendant, DEREK HENRY, caused Cheryl Kyles to make a \$6,000 cash deposit to her First Volunteer Bank account number **5579.

5. On May 14, 2003, the defendant, DEREK HENRY, caused Cheryl Kyles to make a \$7,000 cash deposit to her Frontier Bank, Interstate Software Solutions account number ****3856.

6. On May 14, 2003, the defendant, DEREK HENRY, caused Cheryl Kyles to make a \$3,000 cash deposit to her First Volunteer Bank account number **5579.

7. On May 14, 2003, the defendant, DEREK HENRY, made a \$7,020 cash deposit to his First Citizen's Bank account number *****5352.

8. On May 14, 2003, the defendant, DEREK HENRY, made a \$3,000 cash deposit to his First Volunteer Bank, Phelps Supply Service account number *****5701.

9. On May 15, 2003, the defendant, DEREK HENRY, made a \$9,000 cash deposit to his First Citizen's Bank account number *****5352.

10. On May 15, 2003, the defendant, DEREK HENRY, made a \$3,000 cash deposit to his First Volunteer Bank, Phelps Supply Service account number *****5701.

11. On May 15, 2003, the defendant, DEREK HENRY, caused Cheryl Kyles to purchase a \$22,500 cashier's check payable to PSS at Frontier Bank by using \$8,465 cash that was not deposited and by withdrawing \$14,035 from her Interstate Software Solutions account number ****3856.

12. On May 15, 2003, the defendant, DEREK HENRY, caused Cheryl Kyles to purchase a \$20,800 cashier's check payable to P.S.S. from First Volunteer Bank by using \$8,500 cash that was not deposited and by withdrawing \$12,300 from her First Volunteer Bank account number **5579.

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

COUNT ELEVEN
18 U.S.C. § 1957
(Money Laundering)

The Grand Jury further charges that, on or about May 6, 2003, in the Eastern District of Tennessee, the defendant, DEREK HENRY, aided and abetted by others, did knowingly engage in a monetary transaction with a financial institution affecting interstate commerce in criminally derived property of a value greater than \$10,000, by using money derived from the distribution of cocaine, a specified unlawful activity as defined in Title 18, United States Code, Section 1956(c)(7), to conduct the following financial transaction: the purchase of Official Check number 411597 in the amount of \$35,675 at Southeast Financial Credit in the name of Cheryl R. Kyles.

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

COUNT TWELVE
18 U.S.C. § 1957
(Money Laundering)

The Grand Jury further charges that, on or about May 6, 2003, in the Eastern District of Tennessee, the defendant, DEREK HENRY, aided and abetted by others, did knowingly engage in a monetary transaction with a financial institution affecting interstate commerce in criminally derived property of a value greater than \$10,000, to wit, the purchase of Official Check number 020323 in the amount of \$59,000 at Frontier Bank in the name of Cheryl R. Kyles by using money derived from the distribution of cocaine, a specified unlawful activity as defined in Title 18, United States Code, Section 1956(c)(7).

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

COUNT THIRTEEN
18 U.S.C. § 1957
(Money Laundering)

The Grand Jury further charges that, on or about May 15, 2003, in the Eastern District of Tennessee, the defendant, DEREK HENRY, aided and abetted by others, did knowingly engage in a monetary transaction with a financial institution affecting interstate commerce in criminally derived property of a value greater than \$10,000, to wit, the deposit of \$89,800 at First Volunteer Bank account number *****5701 in the name of Phelps Supply Service by using money derived from the distribution of cocaine, a specified unlawful activity as defined in Title 18, United States Code, Section 1956(c)(7).

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

**COUNT FOURTEEN
18 U.S.C. § 1957
(Money Laundering)**

The Grand Jury further charges that, on or about May 15 2003, in the Eastern District of Tennessee, the defendant, DEREK HENRY, aided and abetted by others, did knowingly engage in a monetary transaction with a financial institution affecting interstate commerce in criminally derived property of a value greater than \$10,000, to wit, a \$97,615.60 wire transfer from First Volunteer Bank, account number *****5701, Phelps Supply Service, in the name of Goldmine Capital by using money derived from the distribution of cocaine, a specified unlawful activity as defined in Title 18, United States Code, Section 1956(c)(7).

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

FORFEITURE ALLEGATIONS

The Grand Jury further charges that in committing the felony offenses alleged in Counts One through Four above, which are fully incorporated herein, and upon conviction of the same, the defendants, CHERYL KYLES and DEREK HENRY, pursuant to Title 31, United States Code, Section 5317(c)(1), shall forfeit to the United States, their interest in any and all property, real or personal, involved in or traceable to property involved in a financial transaction in violation of the provisions of Title 31, United States Code, Sections 5324(a)(3) and 5324(b)(2), including, but not limited to:

Real property, consisting of two tracts, having a mailing address of 10414 Sims Harris, Ooltewah, Hamilton County, Tennessee, and being a portion of that property conveyed to Cheryl Kyles, by Warranty Deeds dated May 6, 2003 and recorded on May 21, 2003 in Deed Book 6680, Pages 325 and 352, in the Register's Office of Hamilton County, Tennessee, and recorded as Map & Parcel: 069-017.02 and more particularly described as follows:

TRACT ONE (1):

The following described real estate in the Second Civil District, Hamilton County, Tennessee: Being a part of the Southwest Quarter of Section Twenty-five (25), Township Three (3), Range Three (3), West of the Basis Line in the Ocoee District and being known as Lot Twenty-one (21), Runyan Hills Subdivision, and being more particularly described as follows: To Locate the point of beginning, begin at the intersection of the West line of Sims-Harris Road with the North line of Runyan Hills Lane, both lines being extended to their point of intersection, and then go North Eleven (11) degrees Fourteen (14) minutes Twenty-nine (29) seconds West Twenty-five and 51/100 (25.51) feet, with and along the West line of Sims-Harris Road, and then go with and along the West line of Sims-Harris Road, the following tangent bearings and distances: North Twenty (20) degrees Twenty-nine (29) minutes Fifty-six (56) seconds East eighty-one and 3/100 (81.03) feet, North Fifty-two (52) degrees Fifty-four (54) minutes Twenty-six (26) seconds East Eighty-seven and 27/100 (87.27) feet, and North Forty-five (45) degrees Three (03) minutes Six (06) seconds East Twenty-three and 30/100 (23.30) feet to the point of beginning; thence North Sixty-five (65) degrees Eight (08) minutes Seven (07) seconds West Nine Hundred Thirty-eight and 89/100 (938.89) feet, thence North Twenty-four (24) degrees Fifty-two (52) minutes East Two Hundred Twenty and 9/100 (220.09) feet; thence South Sixty-five (65) degrees Eight (08) minutes East Nine Hundred Sixty-six and 15/100 (966.15) feet to a point in the West line of Sims-Harris Road; thence with and along the West line of Sims-Harris Road in a Southwardly direction Two Hundred Twenty-eight and 7/10 (228.7) feet more or less, with a Tangent Bearing of South Thirty-one (31) degrees Fifty-five (55) minutes Forty-two (42) seconds West Two Hundred Twenty-one and 74/100 (221.74) feet to the point of beginning.

Being the same property conveyed to Mark A. Hennessee Jr. and wife, Patricia J. Hennessee, by Deed from William R. Ferguson III, dated 02/12/1988 and recorded 02/15/1988 in Book 3451, Page 242, in the Register's Office for Hamilton County, Tennessee.

TRACT TWO (2):

Being a part of the Southwest Quarter of Section Twenty-five (25), Township Three (3), Range Three (3), West of the Basis Line in the Ocoee District, and being know as Lot

Twenty-two (22), Runyan Hills Subdivision, and being more particularly described as follows: To locate the point of beginning, begin at the intersection of the West line of Sims-Harris Road with the North line of Runyan Hills Lane, both lines being extended to their point of intersection, and then go North Eleven (11) degrees Fourteen (14) minutes Twenty-nine (29) seconds West, with and along the West line of Sims-Harris Road, Twenty-five and 51/100 (25.51) feet, and then go with and along the West line of Sims-Harris Road the following Tangent Bearings and distances; North Twenty (20) degrees Twenty-nine (29) minutes Fifty-six (56) seconds East Eighty-one and 3/100 (81.03) feet, North Fifty-two (52) degrees Fifty-four (54) minutes Twenty-six (26) seconds East Eighty-seven and 27/100 (87.27) feet, North Forty-five (45) degrees three (03) minutes Six (06) seconds East Twenty-three and 30/100 (23.30) feet, North Forty-five (45) degrees Three (03) minutes Six (06) seconds East Forty-two and 28/100 (42.28) feet, North Twenty-eight (28) degrees Five (05) minutes Thirty-five (35) seconds East Sixty-two and 57/100 (62.57) feet, North Thirteen (13) degrees Thirty-three (33) minutes Thirty (30) seconds East Sixty and 49/100 (60.49) feet and North Two (2) degrees Thirty-seven (37) minutes Fourteen (14) seconds East Sixty-three and 34/100 (63.34) feet to the point of beginning; thence North Sixty-five (65) degrees Eight (08) minutes West Nine Hundred Sixty-six and 15/100 (966.15) feet; thence North Twenty-four (24) degrees Fifty-two (52) minutes East Two Hundred Fifty-nine and 23/100 (259.23) feet; thence South Sixty-five (65) degrees Twenty (20) minutes Twenty-five (25) seconds East One Hundred Eighty-seven and 10/100 (187.10) feet; thence South Sixty-five (65) degrees Four (04) minutes Ten (10) seconds East Four Hundred Eighty-five (485) feet to a point in the West line of Sims-Harris Road; thence with and along the West line of Sims-Harris Road in a Southeasterly direction Three Hundred Ninety-five and 9/10 (395.9) feet more or less, with a Tangent Bearing of South Twenty-three (23) degrees Forty-three (43) minutes Eleven (11) seconds East Three Hundred Ninety-two and 9/100 (392.09) feet to the point of beginning.

Being the same property conveyed to Mark A. Hennessee Jr. and wife, Patricia J. Hennessee, by Warranty Deed from William R. Ferguson, III, dated 2/12/1988 and recorded 2/15/1988 in Book 3451, Page 242, in the Register's Office for Hamilton County, Tennessee.

The Grand Jury further charges that in committing the felony offenses alleged in Count Five above, which is fully incorporated herein, and upon conviction of the same, the defendants, CHERYL KYLES and DEREK HENRY, pursuant to Title 18, United States Code, Section 982(a)(2)(A), shall forfeit to the United States, their interest in any and all property constituting and derived from any proceeds obtained, directly or indirectly, as a result of a violation of Title 18, United States Code, Section 1344, including, but not limited to:

Real property, consisting of two tracts, having a mailing address of 10414 Sims Harris, Ooltewah, Hamilton County, Tennessee, and being a portion of that property conveyed to Cheryl Kyles, by Warranty Deeds dated May 6, 2003 and recorded on May 21, 2003 in Deed Book 6680, Pages 325 and 352, in the Register's Office of Hamilton County, Tennessee, and recorded as Map & Parcel: 069-017.02 and more particularly described as follows:

TRACT ONE (1):

The following described real estate in the Second Civil District, Hamilton County, Tennessee: Being a part of the Southwest Quarter of Section Twenty-five (25), Township Three (3), Range Three (3), West of the Basis Line in the Ocoee District and being known as Lot Twenty-one (21), Runyan Hills Subdivision, and being more particularly described as follows: To Locate the point of beginning, begin at the intersection of the West line of Sims-Harris Road with the North line of Runyan Hills Lane, both lines being extended to their point of intersection, and then go North Eleven (11) degrees Fourteen (14) minutes Twenty-nine (29) seconds West Twenty-five and 51/100 (25.51) feet, with and along the West line of Sims-Harris Road, and then go with and along the West line of Sims-Harris Road, the following tangent bearings and distances: North Twenty (20) degrees Twenty-nine (29) minutes Fifty-six (56) seconds East eighty-one and 3/100 (81.03) feet, North Fifty-two (52) degrees Fifty-four (54) minutes Twenty-six (26) seconds East Eighty-seven and 27/100 (87.27) feet, and North Forty-five (45) degrees Three (03) minutes Six (06) seconds East Twenty-three and 30/100 (23.30) feet to the point of beginning; thence North Sixty-five (65) degrees Eight (08) minutes Seven (07) seconds West Nine Hundred Thirty-eight and

89/100 (938.89) feet, thence North Twenty-four (24) degrees Fifty-two (52) minutes East Two Hundred Twenty and 9/100 (220.09) feet; thence South Sixty-five (65) degrees Eight (08) minutes East Nine Hundred Sixty-six and 15/100 (966.15) feet to a point in the West line of Sims-Harris Road; thence with and along the West line of Sims-Harris Road in a Southwardly direction Two Hundred Twenty-eight and 7/10 (228.7) feet more or less, with a Tangent Bearing of South Thirty-one (31) degrees Fifty-five (55) minutes Forty-two (42) seconds West Two Hundred Twenty-one and 74/100 (221.74) feet to the point of beginning.

Being the same property conveyed to Mark A. Hennessee Jr. and wife, Patricia J. Hennessee, by Deed from William R. Ferguson III, dated 02/12/1988 and recorded 02/15/1988 in Book 3451, Page 242, in the Register's Office for Hamilton County, Tennessee.

TRACT TWO (2):

Being a part of the Southwest Quarter of Section Twenty-five (25), Township Three (3), Range Three (3), West of the Basis Line in the Ocoee District, and being know as Lot Twenty-two (22), Runyan Hills Subdivision, and being more particularly described as follows: To locate the point of beginning, begin at the intersection of the West line of Sims-Harris Road with the North line of Runyan Hills Lane, both lines being extended to their point of intersection, and then go North Eleven (11) degrees Fourteen (14) minutes Twenty-nine (29) seconds West, with and along the West line of Sims-Harris Road, Twenty-five and 51/100 (25.51) feet, and then go with and along the West line of Sims-Harris Road the following Tangent Bearings and distances; North Twenty (20) degrees Twenty-nine (29) minutes Fifty-six (56) seconds East Eighty-one and 3/100 (81.03) feet, North Fifty-two (52) degrees Fifty-four (54) minutes Twenty-six (26) seconds East Eighty-seven and 27/100 (87.27) feet, North Forty-five (45) degrees three (03) minutes Six (06) seconds East Twenty-three and 30/100 (23.30) feet, North Forty-five (45) degrees Three (03) minutes Six (06) seconds East Forty-two and 28/100 (42.28) feet, North Twenty-eight (28) degrees Five (05) minutes Thirty-five (35) seconds East Sixty-two and 57/100 (62.57) feet, North Thirteen (13) degrees Thirty-three (33) minutes Thirty (30) seconds East Sixty and 49/100 (60.49) feet and North Two (2) degrees Thirty-seven (37) minutes Fourteen (14) seconds East Sixty-three and 34/100 (63.34) feet to the point of beginning; thence North Sixty-five (65) degrees Eight (08) minutes

West Nine Hundred Sixty-six and 15/100 (966.15) feet; thence North Twenty-four (24) degrees Fifty-two (52) minutes East Two Hundred Fifty-nine and 23/100 (259.23) feet; thence South Sixty-five (65) degrees Twenty (20) minutes Twenty-five (25) seconds East One Hundred Eighty-seven and 10/100 (187.10) feet; thence South Sixty-five (65) degrees Four (04) minutes Ten (10) seconds East Four Hundred Eighty-five (485) feet to a point in the West line of Sims-Harris Road; thence with and along the West line of Sims-Harris Road in a Southeasterly direction Three Hundred Ninety-five and 9/10 (395.9) feet more or less, with a Tangent Bearing of South Twenty-three (23) degrees Forty-three (43) minutes Eleven (11) seconds East Three Hundred Ninety-two and 9/100 (392.09) feet to the point of beginning.

Being the same property conveyed to Mark A. Hennessee Jr. and wife, Patricia J. Hennessee, by Warranty Deed from William R. Ferguson, III, dated 2/12/1988 and recorded 2/15/1988 in Book 3451, Page 242, in the Register's Office for Hamilton County, Tennessee.

The Grand Jury further charges that in committing the felony offenses alleged in Counts Six through Fourteen, which are fully incorporated herein, and upon conviction of the same, the defendant, DEREK HENRY, pursuant to Title 18, United States Code, Section 982(a)(1) shall forfeit to the United States, his interest in any and all property, real or personal, involved in such offenses, or any property traceable to such property in violation of Title 18 United States Code, Sections 1956(a)(1)(B)(i), 1956(a)(1)(B)(ii) and 1957, including, but not limited to:

Real property, consisting of two tracts, having a mailing address of 10414 Sims Harris, Ooltewah, Hamilton County, Tennessee, and being a portion of that property conveyed to Cheryl Kyles, by Warranty Deeds dated May 6, 2003 and recorded on May 21, 2003 in Deed Book 6680, Pages 325 and 352, in the Register's Office of Hamilton County, Tennessee, and recorded as Map & Parcel: 069-017.02 and more particularly described as follows:

TRACT ONE (1):

The following described real estate in the Second Civil

District, Hamilton County, Tennessee: Being a part of the Southwest Quarter of Section Twenty-five (25), Township Three (3), Range Three (3), West of the Basis Line in the Ocoee District and being known as Lot Twenty-one (21), Runyan Hills Subdivision, and being more particularly described as follows: To Locate the point of beginning, begin at the intersection of the West line of Sims-Harris Road with the North line of Runyan Hills Lane, both lines being extended to their point of intersection, and then go North Eleven (11) degrees Fourteen (14) minutes Twenty-nine (29) seconds West Twenty-five and 51/100 (25.51) feet, with and along the West line of Sims-Harris Road, and then go with and along the West line of Sims-Harris Road, the following tangent bearings and distances: North Twenty (20) degrees Twenty-nine (29) minutes Fifty-six (56) seconds East eighty-one and 3/100 (81.03) feet, North Fifty-two (52) degrees Fifty-four (54) minutes Twenty-six (26) seconds East Eighty-seven and 27/100 (87.27) feet, and North Forty-five (45) degrees Three (03) minutes Six (06) seconds East Twenty-three and 30/100 (23.30) feet to the point of beginning; thence North Sixty-five (65) degrees Eight (08) minutes Seven (07) seconds West Nine Hundred Thirty-eight and 89/100 (938.89) feet, thence North Twenty-four (24) degrees Fifty-two (52) minutes East Two Hundred Twenty and 9/100 (220.09) feet; thence South Sixty-five (65) degrees Eight (08) minutes East Nine Hundred Sixty-six and 15/100 (966.15) feet to a point in the West line of Sims-Harris Road; thence with and along the West line of Sims-Harris Road in a Southwardly direction Two Hundred Twenty-eight and 7/10 (228.7) feet more or less, with a Tangent Bearing of South Thirty-one (31) degrees Fifty-five (55) minutes Forty-two (42) seconds West Two Hundred Twenty-one and 74/100 (221.74) feet to the point of beginning.

Being the same property conveyed to Mark A. Hennessee Jr. and wife, Patricia J. Hennessee, by Deed from William R. Ferguson III, dated 02/12/1988 and recorded 02/15/1988 in Book 3451, Page 242, in the Register's Office for Hamilton County, Tennessee.

TRACT TWO (2):

Being a part of the Southwest Quarter of Section Twenty-five (25), Township Three (3), Range Three (3), West of the Basis Line in the Ocoee District, and being know as Lot Twenty-two (22), Runyan Hills Subdivision, and being more particularly described as follows: To locate the point of beginning, begin at the intersection of the West line of Sims-

Harris Road with the North line of Runyan Hills Lane, both lines being extended to their point of intersection, and then go North Eleven (11) degrees Fourteen (14) minutes Twenty-nine (29) seconds West, with and along the West line of Sims-Harris Road, Twenty-five and 51/100 (25.51) feet, and then go with and along the West line of Sims-Harris Road the following Tangent Bearings and distances; North Twenty (20) degrees Twenty-nine (29) minutes Fifty-six (56) seconds East Eighty-one and 3/100 (81.03) feet, North Fifty-two (52) degrees Fifty-four (54) minutes Twenty-six (26) seconds East Eighty-seven and 27/100 (87.27) feet, North Forty-five (45) degrees three (03) minutes Six (06) seconds East Twenty-three and 30/100 (23.30) feet, North Forty-five (45) degrees Three (03) minutes Six (06) seconds East Forty-two and 28/100 (42.28) feet, North Twenty-eight (28) degrees Five (05) minutes Thirty-five (35) seconds East Sixty-two and 57/100 (62.57) feet, North Thirteen (13) degrees Thirty-three (33) minutes Thirty (30) seconds East Sixty and 49/100 (60.49) feet and North Two (2) degrees Thirty-seven (37) minutes Fourteen (14) seconds East Sixty-three and 34/100 (63.34) feet to the point of beginning; thence North Sixty-five (65) degrees Eight (08) minutes West Nine Hundred Sixty-six and 15/100 (966.15) feet; thence North Twenty-four (24) degrees Fifty-two (52) minutes East Two Hundred Fifty-nine and 23/100 (259.23) feet; thence South Sixty-five (65) degrees Twenty (20) minutes Twenty-five (25) seconds East One Hundred Eighty-seven and 10/100 (187.10) feet; thence South Sixty-five (65) degrees Four (04) minutes Ten (10) seconds East Four Hundred Eighty-five (485) feet to a point in the West line of Sims-Harris Road; thence with and along the West line of Sims-Harris Road in a Southeasterly direction Three Hundred Ninety-five and 9/10 (395.9) feet more or less, with a Tangent Bearing of South Twenty-three (23) degrees Forty-three (43) minutes Eleven (11) seconds East Three Hundred Ninety-two and 9/100 (392.09) feet to the point of beginning.

Being the same property conveyed to Mark A. Hennessee Jr. and wife, Patricia J. Hennessee, by Warranty Deed from William R. Ferguson, III, dated 2/12/1988 and recorded 2/15/1988 in Book 3451, Page 242, in the Register's Office for Hamilton County, Tennessee.

If, as a result of any act or omission of the defendant, any of the property described in the above paragraph (1) cannot be located upon the exercise of due diligence; (2)

has been transferred or sold to or deposited with a third party; (3) has been placed beyond the jurisdiction of the court; (4) has been substantially diminished in value; or (5) has been commingled with other property which cannot be divided without difficulty, the defendant shall forfeit any other property of the defendant up to the value of property described above.

By virtue of the commission of the offenses charged in Counts One through Fourteen above by the defendants, CHERYL KYLES and DEREK HENRY, the above-described real property is vested in the United States of America pursuant to Title 21, United States Code, Section 853, as incorporated in Title 31, United States Code, Section 5317(c)(1)(B) and Title 18, United States Code, Section 982(b).

A TRUE BILL:

/s/ Foreperson
GRAND JURY FOREPERSON

JAMES R. DEDRICK
ACTING UNITED STATES ATTORNEY

By: /s/ John P. MacCoon
John P. MacCoon
Assistant U.S. Attorney