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Rev. 11/82

CRIMINAL COMPLAINT

UNITED STATES DISTRICT COURT		CENTRAL DISTRICT OF CALIFORNIA	
UNITED STATES OF AMERICA v. DANIEL NELSON TYNON		DOCKET NO. <b>12-0751M</b>	FILED CLERK, U.S. DISTRICT COURT <b>MAR 27 2012</b> CENTRAL DISTRICT OF CALIFORNIA BY _____
		MAGISTRATE'S CASE NO.	
Complaint for violation of Title 18, United States Code § 1341 (Mail Fraud)			

NAME OF MAGISTRATE JUDGE Hon. Ralph Zarefsky		UNITED STATES MAGISTRATE JUDGE	LOCATION Los Angeles, CA
DATE OF OFFENSE Continuing from 2000 through February 2012	PLACE OF OFFENSE Los Angeles County	ADDRESS OF ACCUSED (IF KNOWN)	

COMPLAINANT'S STATEMENT OF FACTS CONSTITUTING THE OFFENSE OR VIOLATION:

Beginning in or before 2000, and continuing through February, 2012, in Los Angeles County, within the Central District of California, and elsewhere, defendant DANIEL NELSON TYNON knowingly and with intent to defraud, devised, participated in, and executed a scheme to defraud investors as to material matters, and to obtain money and property from investors by means of material false and fraudulent pretenses, representations, and promises, and the concealment of material facts. The scheme operated in the following manner: defendant would promise investors a guaranteed high annual return, such as 18%, and purport to invest their funds in tax liens when in fact defendant used the investors' money to pay for his own living expenses and to repay other investors. On or about June 24, 2011, within the Central District of California and elsewhere, defendant, for the purpose of executing the above-described scheme to defraud, willfully caused a check purporting to be an interest payment to be placed in an authorized depository for mail matter to be sent and delivered by the United States Postal Service, according to the directions thereon,

BASIS OF COMPLAINANT'S CHARGE AGAINST THE ACCUSED:  
(See attached affidavit which is incorporated as part of this Complaint)

MATERIAL WITNESSES IN RELATION TO THIS CHARGE:

Being duly sworn, I declare that the foregoing is true and correct to the best of my knowledge.	SIGNATURE OF COMPLAINANT Mark Trachtenberg <i>MT</i>
	OFFICIAL TITLE United States Postal Inspector

Sworn to before me and subscribed in my presence,

SIGNATURE OF MAGISTRATE JUDGE(1) <b>RALPH ZAREFSKY</b>	DATE March 27, 2012
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1) See Federal Rules of Criminal Procedure rules 3 and 54.  
AUSA Andrew Brown (x0102, 11<sup>th</sup> Floor)

AB

WARRANT

DETENTION RECOMMENDED

## AFFIDAVIT

I, Mark Trachtenberg, being duly sworn, depose and state:

### I. INTRODUCTION

1. I am a Postal Inspector with the United States Postal Inspection Service ("USPIS"). I have been so employed since March 1, 2008. As part of my training as a United States Postal Inspector, I attended a twelve-week training course in Potomac, Maryland, which included training in investigating federal financial crimes perpetrated by use of the United States mails. I am presently assigned to a Mail Fraud Investigative Team based in Pasadena, California. As a Postal Inspector, I have participated in investigations of various types of crimes including mail fraud, mortgage fraud, and investor fraud. I have also worked closely with, and learned from, other postal inspectors and other federal agents who are experienced in investigating investor fraud schemes. Before becoming a Postal Inspector, I was a federal bank examiner with the Federal Deposit Insurance Corporation ("FDIC") for more than nine years. As part of my duties as a federal bank examiner, I analyzed the financial condition of banks and evaluated their compliance with various banking regulations and federal laws.
2. This affidavit is made in support of a criminal complaint and warrant to arrest DANIEL NELSON TYNON ("TYNON") for violations of Title 18, United States Code, Section 1341 (mail fraud). The information set forth in this affidavit, which is based on my personal knowledge and observation as well as my discussions with other agents, is made for the limited purpose of obtaining

the requested arrest warrant and does not purport to set forth all of my knowledge of or investigation into this matter.

**II. STATEMENT OF PROBABLE CAUSE**

3. In November of 2011, I was forwarded a Memorandum of Interview written by Postal Inspector Frederick Busch of the Boston Division of the USPIIS. The Memorandum summarized Inspector Busch's September 8, 2011 interview of a victim ("R.C."). During the interview, R.C. told Inspector Busch the following:
  - a. R.C. was introduced to TYNON by another victim ("A.F."). All three individuals were members of the Rotary Club. A.F. advised R.C. that TYNON ran an investment company that paid high rates of return. Sometime in 2007, R.C. met with TYNON in Hawaii to discuss TYNON's investment opportunity.
  - b. TYNON advised R.C. that he operates a business in California called Dant Corporation that purchases county property tax liens on behalf of investors. The tax liens generate returns of 23% to 28%. R.C. learned that counties holding tax liens on properties sell their liens as a means to produce revenue for the county, and investors can purchase liens that will generate a profit. The property owner then either pays interest on the taxes due generating a profit for the lien holder, or defaults. If the property owner defaults and fails to pay the tax, the lien holder can file to claim the deed to the property.
  - c. On August 24, 2007, R.C. mailed a check via the United States Postal Service ("USPS") to TYNON in the amount of \$250,000 for the purchase of tax liens. R.C. later mailed TYNON two additional checks increasing

his investment to a total of \$450,000. TYNON provided R.C. a contract that states R.C. would receive quarterly interest payments of 12% per year. The promised interest rate was increased to 18% with R.C.'s final investment.

- d. R.C. received his first quarterly payment in December of 2007, and he continued to receive quarterly payments until approximately November of 2010. R.C. estimated that funds returned to him in the form of interest payments total about \$227,250. All of the disbursement checks from TYNON had been mailed through the USPS. All of the checks were signed by TYNON, including those issued in May of 2010 drawn on Union Bank, account number XXXXXX0029.
  - e. In February of 2011, TYNON mailed a letter to R.C. advising him that Dant Corporation was relocating its corporate office from Van Nuys, California to Reno, Nevada. The letter indicated the move may cause a delay in scheduled disbursements. R.C. has not received any disbursements or been able to contact TYNON since receiving that letter.
4. On January 4, 2012, I contacted R.C. by telephone. R.C. confirmed that he provided Inspector Busch the aforementioned information. In addition, R.C. sent me emails containing scanned copies of the following documents:
- a. An Investment Agreement between Dant Corporation and R.C. The agreement states that R.C.'s funds will be invested in tax deed certificates.
  - b. Copies of interest checks R.C. received via the mail from TYNON. The checks were drawn on Union Bank, account number XXXXXX0029.
  - c. Dant Corporation marketing materials provided to R.C. by TYNON. The materials include a letter to "Prospective Partner" with a type-written

signature by Daniel TYNON as President of Dant Corporation, information on tax lien investing, and an explanation of Dant Corporation's role in investing.

- d. A civil complaint filed against TYNON and Dant Corporation by two victims including victim "S.W." R.C. does not know either of the victims.

The civil complaint includes the following allegations:

- i. TYNON and Dant Corporation solicited funds for the purchase, acquisition, perfection, and management of lien rights known as tax deeds and/or tax certificates.
- ii. The two plaintiffs have a total of \$1.1 million invested with TYNON.
- iii. S.W. initially invested with TYNON in January of 2000 with a promised rate of return of 18% paid quarterly. S.W. subsequently made additional investments with TYNON.
- iv. S.W. received a document titled "Investment Agreement of Dan Tynon of Dant Corporation and [S.W.]" signed by TYNON. The agreement states that the funds will be invested in tax deed certificates.
- v. Prior to 2011, TYNON regularly communicated with S.W. and S.W. received all promised quarterly payments. All interest checks were signed by TYNON.
- vi. In January of 2011, TYNON notified S.W. that Dant Corporation was moving to Nevada. Since that date, S.W. has not received any quarterly interest payments on his principal.

- vii. S.W. was notified that TYNON had suffered a stroke and that TYNON's friend, Stan Deck, would be handling the investments and business until TYNON was capable of returning to work.
  - viii. Since March of 2011, S.W. has unsuccessfully tried to communicate numerous times with TYNON, Deck, and Dant Corporation to learn why he is no longer receiving quarterly interest payments.
  - ix. On August 1, 2011, S.W. received an email from TYNON indicating he was out of the country. The email did not address the status of S.W.'s \$500,000 investment.
5. On January 23, 2012, I interviewed victim A.F., the individual that had introduced R.C. to TYNON. During the interview, A.F. told me the following information:
- a. A.F. had met TYNON through their mutual involvement in the Rotary Club. Both had been Governors of Rotary Club divisions.
  - b. In approximately 2001, TYNON told A.F. he invests in tax liens and that he pays his investors at least 18% return. The liens were on county property taxes. TYNON said he screens the liens for specific criteria to make sure they meet his requirements before buying any particular lien.
  - c. A.F. initially invested with TYNON in 2001. At first, TYNON mailed A.F. quarterly interest payments through the mail. Later, around 2008, TYNON opened up a bank account and gave A.F. power-of-attorney over the account. To pay A.F. his quarterly interest, TYNON would deposit the funds into that bank account and A.F. would withdraw the funds.

- d. A.F. invested a total of approximately \$2.3 million with TYNON. A.F. estimates he received about \$2.08 million back in interest payments since his initial investment.
- e. A.F. introduced TYNON to about nine of his family members and friends (including his children) that ended up also investing with TYNON. A.F. thought that those individuals invested a total of \$5.2 million with TYNON.
- f. A.F. received his last payment from TYNON in December of 2010. After that, TYNON said he was moving his office to Nevada.
- g. A.F. was able to contact TYNON by telephone on June 1, 2011. A.F. explained to TYNON that his daughter was not able to pay her mortgage, which she had obtained to invest with TYNON, because of TYNON's failure to make payments as promised. TYNON deposited \$18,000 into the bank account he had set up for A.F. the next day. Those were the last funds A.F. or his family received from TYNON.
- h. Another investor A.F. introduced to TYNON ("R.K.") received a \$1,500 check from TYNON as recently as August of 2011.
- i. A.F. became good friends with TYNON over the years. They traveled together internationally for Rotary Club events. A.F. knows from his time spent with TYNON that he has a wife that lives in Thailand, and a girlfriend in Cambodia.
- j. A.F. last spoke to TYNON by telephone on June 10, 2011. TYNON told A.F. that a Dant Corporation employee ran off with some of the investors' money. Around July 1, 2011, TYNON sent A.F. an email saying he was going to Thailand for a month.

- k. TYNON once told A.F. he has been buying tax liens since 1984. TYNON said he has 75 investors, of which 15 have invested more than \$1 million each.
6. On February 15, 2012, a victim ("S.P.") forwarded me an email she received from Stan Deck on February 8, 2012. The email indicates the following:
  - a. Dant Corporation has moved from Nevada to Hong Kong.
  - b. The poor economy has negatively impacted the performance of the tax liens.
  - c. Interest checks will be delayed to protect the high dividend rate.
  - d. "Please send all emails here whereas Dan [TYNON] is no longer with us, I pray that God grants him peace."
  - e. Signed by Stan Deck.
7. At my request, S.P. forwarded me the "internet header" information from the email sent by Stan Deck. That information indicates the email originated from IP address 110.49.233.177. According to DomainTools.com, that IP address originates in Bangkok, Thailand, not Hong Kong.
8. On March 16, 2012, I contacted victim S.W. He confirmed that he filed the civil lawsuit against TYNON previously mentioned, and won a default judgment. S.W. also received an email from Stan Deck on February 8, 2012, indicating that TYNON is "no longer with us."
9. I reviewed a Chase credit card statement in TYNON's name with a closing date of February 15, 2012. The statement indicates new charges were made on TYNON's credit card as late as February 13, 2012 in Thailand.
10. I reviewed bank records from Union Bank, account number XXXXXX0029. That bank account is in the name Dant Corporation. TYNON is the only

signer on that account. In addition, I reviewed the account records for six additional accounts at Union Bank controlled only by TYNON.

11. Based on my review of TYNON's bank records, I identified over 40 potential investors. These individuals and entities appear to be investors because of their large deposits with TYNON and/or the pattern of apparent interest payments made to them by TYNON. From the interviews I've conducted to date and the documents I've reviewed, I've confirmed that all but seven individuals are indeed investors of TYNON.
12. In reviewing bank records from Union Bank, account number XXXXXX0029, I identified three investors that deposited money with TYNON since July 1, 2010. Their investments after that date total \$225,620. The account's beginning balance was \$320,973. Transfers into and out of the account between other domestic bank accounts controlled by TYNON increased the balance of the account by a net amount of \$239,476.
13. By September 30, 2011, the balance of account number XXXXXX0029 was zero. Between July 1, 2010 and September 30, 2011, a total of \$547,925 was paid to confirmed or suspected investors. Wire transfers to overseas banks that did not list TYNON as the beneficiary total \$126,075. A total of \$109,893 was withdrawn by TYNON in the form of cash or wired to a Thai bank account that TYNON was listed as the beneficiary on the wire transfer records. The remaining \$2,176 in the account was spent on miscellaneous expenses, such as the rent on Dant Corporation's "virtual office" service in Reno, Nevada. None of the funds in this account appeared to be invested in liens on tax deeds.
14. I interviewed all three victims that invested with TYNON since July 1, 2010, including victim ("G.F."). All repeated similar allegations that TYNON told

them directly, or through other investors, that TYNON invested their funds in liens on tax deeds. All three also received interest payments from TYNON in the mail with checks drawn on bank account XXXXXX0029.

15. On March 19, 2011, victim G.F. emailed me a scanned copy of the last interest check he received from TYNON, and a copy of the envelope it was delivered in. The check is dated June 23, 2011, and drawn on "Dant Corp., 14550 Friar Street, Van Nuys, CA 91411." That address would have shown through the window in the envelope as the return address on the mailing. The envelope also has a canceled stamp that is postmarked June 25, 2011, in Santa Clarita, CA. That postmark indicates the letter was processed through the USPS Santa Clarita Mail Processing and Distribution Center on that date, indicating the letter was mailed on or about June 24, 2011.
16. I reviewed additional bank accounts controlled by TYNON at Union Bank, Southwestern Federal Credit Union, and TD Ameritrade for activity since 2007 through October of 2011. It appears that the funds in those accounts were primarily used to pay general living expenses, pay credit cards, and to repay previous investors; there is no evidence that any tax liens were ever purchased. Nor was there any apparent income from tax lien investing. Accordingly, it appears that TYNON was operating a Ponzi scheme.
17. Of the eight victims interviewed thus far, all repeated similar allegations that TYNON told them directly, or through other investors, that TYNON invested their funds in liens on tax deeds.
18. These investors similarly stated that they would either mail or personally hand TYNON funds, and that they parted with their money based on the representation that TYNON was engaged in legitimate investing in county tax liens.

19. In return for their investments, the investors would receive investment agreements signed by TYNON. The investors often received these agreements through the mail. These agreements stated in general the amount of the principal the investors had invested with TYNON, the promised return on the investment, and that the funds would be invested by TYNON on tax liens.
20. In or about December of 2010, the investors generally reported that TYNON stopped paying those investors interest and failed to return their principal. In February of 2011, investors were told Dant Corporation's office move would cause a delay in payments. In February of 2012, some investors were told TYNON was "no longer with us."
21. Based on my interviews with victim investors, it is my understanding that TYNON's tax lien-related fraud scheme started before the year 2001 and collapsed at the end of 2010. Based on the collective interviews of approximately eight investors to date, it appears that investors invested at least \$4.8 million.

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III. CONCLUSION

Based on the foregoing facts, I believe there is probable cause to believe that TYNON violated Title 18, United States Code, Section 1341 (mail fraud).

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Mark Trachtenberg  
United States Postal Inspection Service

Subscribed to and Sworn before me  
this 27<sup>th</sup> day of March 2012.

RALPH ZAREFSKY  
UNITED STATES MAGISTRATE JUDGE