

**FILED**  
U.S. DISTRICT COURT  
EASTERN DISTRICT ARKANSAS

DEC 03 2013

IN THE UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF ARKANSAS

JAMES W. McCORMACK, CLERK  
By: *Cathy Swanson*  
DEP CLERK

UNITED STATES OF AMERICA )  
)  
v. )  
)  
JOHN B. STACKS )  
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)

No. 4:13CR 00347 JLH  
18 U.S.C. §1343  
18 U.S.C. §287  
18 U.S.C. §1001(a)(2)  
18 U.S.C. §1957

**INDICTMENT**

THE GRAND JURY CHARGES THAT:

Counts One, Two and Three  
(Wire Fraud)

**A. Introduction**

It is material to the indictment that:

1. Mountain Pure, LLC (referred to hereafter as "MP") is headquartered in Little Rock, Arkansas, and among other things, sells bottled water to distributors / stores.
2. MP has affiliated bottling plants in Magee, Mississippi and Palestine, Texas.
3. Defendant John Stacks is the primary owner of MP.
4. Defendant John Stacks owns land, a house, and outbuildings located at 14340 Highway 65 S, Damascus, Arkansas (referred to hereafter as "damaged property").

5. The U.S. Small Business Administration (referred to hereafter as “SBA”) is an independent agency of the federal government that provides low interest disaster loans to homeowners, renters, businesses of all sizes and private, nonprofit organizations to repair or replace real estate, personal property, machinery & equipment, inventory and business assets that have been damaged or destroyed in a declared disaster. SBA is a good faith lender that will grant loans only if there is a reasonable expectation that they will get paid.

6. On May 2, 2008, a tornado struck north central Arkansas in the Damascus area in Van Buren County. On May 20, 2008, President George W. Bush issued a major disaster presidential declaration for the state of Arkansas, including Van Buren County, under the authority of the Robert T. Stafford Disaster Relief and Emergency Act, Public Law 93-288, as amended, 42 U.S.C. §§ 5121-5207. Thus, SBA was authorized to make disaster related loans in the Damascus, Arkansas area.

7. When an applicant applies for disaster relief from the SBA, an initial inspection typically occurs in which an SBA representative visits the site where the disaster or damage is claimed to have occurred to verify the extent of the damages. Once the site inspection occurs, the applicant submits various types of financial information to establish their eligibility to receive a disaster loan and ability to repay the disaster loan.

8. SBA disaster funds that are awarded to an applicant and designated for furniture and fixtures, machinery and equipment, and real estate reconstruction can only be spent for those purposes and solely to repair or replace those items that were claimed to have been owned by the applicant and pre-existing before the disaster. Additionally, while an applicant can pay for labor to complete reconstruction, he cannot use the proceeds of the loan to pay compensation to himself or members of his immediate family.

**B. Means and manner of the scheme to defraud.**

9. STACKS applied for a disaster loan from SBA to replace MP equipment that was allegedly on the premises of his Damascus, Arkansas property at the time a tornado struck on May 2, 2008.

10. As part of and in furtherance of the scheme to defraud and to fraudulently obtain a disaster loan from SBA, STACKS made and caused to be made false and fraudulent material oral and written pretenses, representations and promises to SBA concerning the presence of MP equipment integral to operation of his MP business on the premises of his Damascus property at the time of the tornado on May 2, 2008.

11. As further part of and in furtherance of the scheme to defraud and to fraudulently obtain a disaster loan from SBA, STACKS made and caused to be made false and fraudulent material oral and written pretenses, representations and promises to SBA concerning his financial condition.

**C. The Charge**

From in or about June 2008 through in or about present, in the Eastern District of Arkansas and elsewhere, the defendant,

JOHN B. STACKS,

devised and intended to devise a scheme and artifice to defraud and to obtain money by means of false and fraudulent pretenses, representations and promises, and caused monies to be transferred by means of the wire on the following dates and in the amounts set forth below.

Count	Date	Wire Amount	Wired To	Wired From
1	03/24/2009	\$ 250,000.00	Home Bank of Arkansas Account # XXXX0491 in the name of JOHN B. STACKS General Account located in Greenbrier, Arkansas	SBA – Kansas City Financial Center – Kansas City, Missouri
2	03/30/2009	\$ 167,000.00	Home Bank of Arkansas Account # XXXX0491 in the name of JOHN B. STACKS General Account located in Greenbrier, Arkansas	SBA – Kansas City Financial Center – Kansas City, Missouri
3	04/23/2009	\$ 109,100.00	Home Bank of Arkansas Account # XXXX0491 in the name of JOHN B. STACKS General Account located in Greenbrier, Arkansas	SBA – Kansas City Financial Center – Kansas City, Missouri
TOTAL		\$ 526,100.00		

All in violation of Title 18, United States Code, Section 1343.

**Count Four**

(False and Fraudulent Claim)

A. The grand jury realleges Paragraphs A1 through A8 and Paragraphs B9 and B10.

B. On or about February 11, 2009, in the Eastern District of Arkansas, the defendant,

JOHN B. STACKS,

submitted a materially false and fraudulent claim to the SBA, an agency or department of the United States, that is, STACKS signed a Loan Authorization and Agreement certifying that all representations in his loan application and supporting documentation were true, correct, complete and offered to induce SBA to make the disaster loan knowing that the claim for \$703,300 was false and fraudulent in that STACKS misrepresented his financial condition and would not, therefore, have been approved for a loan but for the material misrepresentations.

All in violation of Title 18, United States Code, Section 287.

**Count Five**

(False Statement)

On or about January 5, 2009, in the Eastern District of Arkansas, the defendant,

JOHN B. STACKS,

made a materially false, fictitious, and fraudulent statement and representation in a matter within the jurisdiction of the Executive Branch of the government of the United States, that is, STACKS falsely represented to the SBA that the MP Texas plant had a contract to sell bottled water to an international third party vendor when, in fact, STACKS knew that was false.

All in violation of 18 U.S.C. §1001(a)(2).

**Count Six**

(False Statement)

On or about January 6, 2009, in the Eastern District of Arkansas, the defendant,

JOHN B. STACKS,

made and caused to be made a materially false, fictitious, and fraudulent statement and representation in a matter within the jurisdiction of the Executive Branch of the government of the United States, that is, STACKS caused a document to be emailed to SBA that contained false 2008 revenues and 2009 revenue projections for the MP Texas plant.

All in violation of 18 U.S.C. §1001(a)(2).

**Count Seven**

(False Statement)

On or about February 11, 2009, in the Eastern District of Arkansas, the defendant,

JOHN B. STACKS,

made a materially false, fictitious, and fraudulent statement and representation in a matter within the jurisdiction of the Executive Branch of the government of the United States, that is, STACKS represented to the SBA on the Loan Authorization and Agreement that there had been no substantial adverse change in his financial condition since the date of the application for his loan.

All in violation of 18 U.S.C. §1001(a)(2).

**Count Eight**

(False Statement)

On or about February 11, 2009, in the Eastern District of Arkansas, the defendant,

JOHN B. STACKS,

made a materially false, fictitious, and fraudulent statement and representation in a matter within the jurisdiction of the Executive Branch of the government of the United States, that is, STACKS represented to the SBA on the Loan Authorization and Agreement that the application was true, correct, and complete and was offered to induce SBA to make the loan.

All in violation of 18 U.S.C. §1001(a)(2).

**Count Nine**

(Money Laundering)

On or about March 24, 2009, in the Eastern District of Arkansas, the defendant,

JOHN B. STACKS,

knowingly caused another to engage in a monetary transaction through a financial institution, affecting interstate commerce, in criminally derived funds of a value greater than \$10,000 that were derived from a specified unlawful activity, that is, wire fraud, a violation of Title 18, United States Code, Section 1343 as alleged in Count One of the Indictment.

All in violation of Title 18, United States Code, Section 1957.

**Count Ten**

(Money Laundering)

On or about April 2, 2009, in the Eastern District of Arkansas, the defendant,

JOHN B. STACKS,

knowingly caused another to engage in a monetary transaction through a financial institution, affecting interstate commerce, in criminally derived funds of a value greater than \$10,000 that were derived from a specified unlawful activity, that is, wire fraud, a violation of Title 18, United States Code, Section 1343 as alleged in Count Two of the Indictment.

All in violation of Title 18, United States Code, Section 1957.

**Count Eleven**

(Money Laundering)

On or about April 27, 2009, in the Eastern District of Arkansas, the defendant,

JOHN B. STACKS,

knowingly caused another to engage in a monetary transaction through a financial institution, affecting interstate commerce, in criminally derived funds of a value greater than \$10,000 that were derived from a specified unlawful activity, that is, wire fraud, a violation of Title 18, United States Code, Section 1343 as alleged in Count Three of the Indictment.

All in violation of Title 18, United States Code, Section 1957.

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