

SW-27619

AFFIDAVIT FOR EVIDENTIARY SEARCH WARRANT

FILED  
THOMAS A WILDER, DIST. CLERK  
TARRANT COUNTY, TEXAS  
JUN 11 2013  
10:20am  
BY ANC DEPUTY

THE STATE OF TEXAS §  
COUNTY OF TARRANT §

THE UNDERSIGNED AFFIANT, BEING AN ATTORNEY FOR THE TEXAS STATE SECURITIES BOARD AND AGENT FOR JOHN MORGAN, SECURITIES COMMISSIONER OF THE STATE OF TEXAS, BEING DULY SWORN, ON OATH MAKES THE FOLLOWING STATEMENTS AND ACCUSATIONS:

1. THERE IS IN TARRANT COUNTY, TEXAS, A SUSPECTED PLACE AND PREMISES DESCRIBED AND LOCATED AS FOLLOWS:

An office suite used as the business office of Eddie L. Stivers, III, doing business as Life Style Protectors and Advisors, LLC, located at **3309 Winthrop Avenue, Suite 73, Fort Worth, Tarrant County, Texas**. The office is located in a two-story office building on the south east corner of Winthrop Avenue and Camp Bowie Blvd. Suite 73 is located on the second floor. There is one known door into the office. There is a sign on the left side of the door with "Life Style Protectors and Advisors, LLC" and "Suite 73".

2. THERE IS AT SAID SUSPECTED PLACE AND PREMISES PROPERTY CONCEALED AND KEPT IN VIOLATION OF THE LAWS OF TEXAS THAT CONSTITUTES EVIDENCE OF AN OFFENSE AND EVIDENCE THAT PARTICULAR PERSONS COMMITTED AN OFFENSE AS HEREIN BELOW SET FORTH, AND SAID PROPERTY AND EVIDENCE ARE DESCRIBED AS FOLLOWS:

The business records of Eddie L. Stivers, III, and the business records of Life Style Protectors and Advisors, LLC, which evidence violations of the penal provisions of The Securities Act of Texas and the Texas Penal Code, to-wit:

(1) Records which identify and provide the location of people who invested funds with and purchased securities from Eddie L. Stivers and Life Style Protectors and Advisors, LLC. The securities are Financial Agreements between individual investors and Life Style Protectors and Advisors, LLC, said Financial Agreements being promissory notes and evidences of indebtedness.

(2) Records documenting the receipt and disbursement of monies paid by customers and records documenting how such monies were disbursed or invested, including bank records, cancelled checks, monthly or periodic statements, deposit slips, and detail documents for those deposits, memoranda of incoming and outgoing wire transfers, any debit and credit memoranda, cashier's check records, any correspondence with the bank or financial

institution, records documenting the payment or receipt of commissions for sales of securities, interest statements, tax preparation work papers and forms, including Forms 1099 for reporting income on Federal Income Tax Returns, and evidence identifying the location of any safety deposit boxes.

(3) Investment advisory agreements, offering memoranda, prospectuses, advertising materials, brochures, subscription agreements, qualification questionnaires, and pamphlets used to sell investments and solicit clients for rendering investment advice.

(4) Individual Retirement Account applications, IRA Rollover instructions, and IRA funds transfer requests.

(5) Records which reveal the names and addresses of all persons, employees, officers, agents, affiliates and associates who have engaged in sales of and offered for sale securities.

(6) Agency agreements, sales agreements, marketing agreements, commission schedules, and memoranda pertaining to selling the securities for commissions or fees.

(7) Documents evidencing transactions with document delivery services including, but not limited to Federal Express, United Parcel Services, United States Post Office and UPS, used to send offering material to and receive executed subscription agreements and investment checks from investors.

(8) Limited liability company and corporate records, including memoranda, minutes of meetings, resolutions, books, journals, ledgers, financial statements, tax returns, bank records, trust agreements.

(9) Computers, central processing units (CPU), computer motherboards, printed circuit boards, processor chips, all data drives and/or storage drives, either internal or external, including, but not limited to USB flash drives, floppy drives and computer data storage disks, compact storage disks, optical drives, tape drives, digital video storage disks, hard drives, and magnetic tape.

(10) Any terminals, video display units, receiving devices, keyboards, mouse, digital scanning equipment, digital cameras, automatic dialers, modems, acoustic couplers and/or direct line couplers, peripheral interface boards, and connecting cables and/or ribbons and/or other peripheral devices not specifically mentioned.

(11) Any computer software, programs, and source documentation, computer logs, diaries, magnetic audio tapes and recorders, digital audio disks and/or recorders, any memory devices such as, but not limited to memory modules, memory chips, and any other form of memory device utilized by the computer or its peripheral devices.

(12) Any and all records or data produced in various forms, manuals, documents, or instructional material relating to such devices and peripherals, and any and all documentation, written or stored in electronic form relating to Internet service providers,

email addresses, passwords, encryption codes, web-sites, and or other documentation pertaining to the Internet, and any other computer related accessories and/or documentation not specifically mentioned herein.

(13) Any documentation and/or notations referring to the computer, the contents of the computer, the use of the computer or any computer software and/or communications, including, but not limited to machine readable data, all previously erased data, and any personal communications including but not limited to email, chat capture, captured files, correspondence stored in electronic form, and/or correspondence exchanged in electronic form.

(14) Any financial records, monies, and/or receipts kept as part of and/or indicative of the obtaining, and/or maintenance of said computer and financial and licensing information with respect to the computer software and hardware, other evidence concerning occupancy and control of said premises, including utility and/or company bills, cancelled mail envelopes, photographs, personal identification papers, rent receipts, and keys.

(15) Personal communications in electronic or written form, including, but not limited to email residing on any media, including electronic communications held or maintained in electronic storage.

(16) Other personal communications in electronic or written form, including, but not limited to chat capture, capture files, correspondence stored in electronic or written form, and/or correspondence exchanged in electronic or written form as indicative of use in obtaining, maintenance and/or evidence of said offense. All of the above records, whether stored on paper, on magnetic media such as tape, cassette, cartridge, disk, diskette, or on memory storage devices such as optical disks, programmable instruments such as telephones, "electronic address books," or any other storage media, together with indicia of use, ownership, possession, or control of such records.

(17) Documents, invoices, and any other evidence identifying the location of storage facilities.

(18) Any cash exceeding \$500.00 found in the search of the premises.

**3. SAID SUSPECTED PLACE AND PREMISES ARE IN CHARGE OF AND CONTROLLED BY THE FOLLOWING PERSON:**

Eddie L. Stivers, III, white male, date of birth: 06/06/1963, [REDACTED]  
[REDACTED]

**4. IT IS THE BELIEF OF AFFIANT, AND HE HEREBY CHARGES AND ACCUSES, THAT:**

Eddie L. Stivers, III, (hereinafter "Stivers") doing business as Life Style Protectors and Advisors, LLC, from May 2012 through the present, in Tarrant County, Texas, engaged and

is engaging in the offer for sale and sale of securities in the form of promissory notes and evidences of indebtedness in violation of Section 29 of The Securities Act of Texas, article 581, Tex. Rev. Civ. Stat. Ann. (West 2010 & Supp. 2012). Section 29.A makes it a felony for any person to sell or offer for sale a security without being registered with the Securities Commissioner as a securities dealer, salesman or agent. Section 29.B makes it a felony to sell unregistered securities. Section 29.C makes it a felony for any person, in connection with the offer for sale and sale of securities, to engage in fraud or fraudulent practices, or to engage in any act, practice or course of business which operates as a fraud or deceit upon any person. Stivers, has violated and is violating Section 29.A and 29.B of The Securities Act, by selling unregistered securities and selling securities without being registered as a securities dealer or agent. Stivers, has violated and is violating Section 29.C of The Securities Act by engaging in fraud in connection with the sale of the aforementioned securities, to-wit:

- (1) Stivers, intentionally failed to disclose to purchasers of said securities the material fact that an indictment charging Stivers, with two counts of aggregated securities fraud and one count of aggregated theft was returned on December 5, 2012 in Hood County, Texas, in Cause No. CR12356, and that subsequently Stivers, was arrested for said offenses by Investigator Robert Young of the Hood County District Attorney's Office; and
- (2) Stivers, knowingly and intentionally misrepresented the relevant fact that he would use the investors' funds to make investments on behalf of and for the benefit of the investors, and, he then used the investors' funds to pay unrelated personal expenses and to make payments to his criminal defense attorney in the Hood County case; and
- (3) Stivers, intentionally failed to disclose the material fact that he had used previous investors' funds to pay his and his family's personal expenses, and he had not returned the funds to the investors.

And all of the funds obtained from investors in Tarrant County, Texas, were obtained under one scheme and continuing course of conduct, and the aggregate amount of the funds obtained from said investors is \$100,000.00 or more, a first degree felony offense under the provisions of the Texas Securities Act.

Affiant further charges that Eddie L. Stivers, III, committed the offense of aggregated theft of property of the value of \$200,000.00 or more, a first degree felony in violation of Section 31.03 of the Texas Penal Code in connection with the sale of investments to investors by unlawfully appropriating the property of the investors, the owners of the property, in transactions described below in paragraphs 5.(5) and (6), without their effective consent, in that their consent was induced by deception, and with the intent to deprive the owners of their property by withholding the property from said owners permanently or for so extended a period of time that the value and enjoyment of the property was lost to said owners.

**5. AFFIANT HAS PROBABLE CAUSE FOR SAID BELIEF BY REASON OF THE FOLLOWING FACTS:**

(1) Affiant is employed as an attorney assigned to the Dallas Branch Office with the Texas State Securities Board, and is the Assistant Director of the Enforcement Division. Affiant has been employed with the Texas State Securities Board for more than 30 years. Affiant's duties include investigating offers and sales of securities for the purpose of detecting violations of The Securities Act of Texas. Those duties include preparing civil cases for referral to the Texas Attorney General and criminal cases for referral to the appropriate District Attorney or U.S. Attorney, and assisting these agencies in the prosecution of securities violators. Affiant is a licensed attorney with the State Bar of Texas.

(2) In August of 2012, Affiant submitted a referral letter and evidence to the Hood County District Attorney recommending the prosecution of Stivers, for securities fraud in connection with the sale of securities, described as Financial Agreements, issued by companies controlled by Stivers. On December 5, 2012, the Hood County Grand Jury returned an indictment charging Stivers with two counts of securities fraud and one count of theft. A copy of the returned Hood County indictment is attached hereto as Exhibit 1 to this affidavit.

(3) On or about May 28, 2013, Affiant received information that Southwest Bank had received a wire transfer for the amount of \$548,000 from an IRA custodian located in Ohio for the benefit of Life Style Protectors and Advisors, LLC. Affiant served Southwest Bank with a subpoena issued by the Texas Securities Commissioner for the records of the accounts of Life Style Protectors and Advisors, LLC and Stivers on May 31, 2013. Southwest Bank produced the records for Life Style Protectors and Advisors, LLC account on June 3, 2013. Affiant has reviewed these records and these records show a \$548,000.00 wire transfer deposit received on May 24, 2013, and identified the source of the wire as Equity Trust Company. The records show that approximately \$50,000.00 of the funds deposited to the account had been expended by Stivers as early as May 31, 2013, including a check for \$20,000.00 payable to his criminal defense attorney. The records include a \$10,000.00 check payable to Southwest Bank which was used to purchase a \$10,000.00 cashier's check payable to the IRS. The remitter on the cashier's check is "Life Style Protectors and Advisors, LLC- Jim Walkup." Southwest Bank produced additional documents from the Life Style Protectors and Advisors, LLC's account which Affiant received on June 7, 2013. The Southwest Bank records have 4 checks payable to Eddie Stivers or for Cash drawn on the Life Style Protectors and Advisors' account from May 28, 2013 through June 4, 2013 for a total of \$25,000, and the checks were endorsed by Eddie L. Stivers and negotiated at Southwest Bank.

(4) On June 4, 2013, Affiant served a subpoena by email on Equity Trust Company for the records of the account from which the \$548,000.00 wire transfer originated. Equity Trust Company provided the identity of the beneficiary of the account, hereinafter referred to as INVESTOR1. On June 7, 2013, Affiant received the documents for the account of INVESTOR1 from Equity Trust Company. Included was a Financial Agreement dated May 9, 2013, issued by Life Style Protectors and Advisors, LLC, and executed by Eddie L. Stivers

for the amount of \$548,000 paying 10%, and the maturity date of May 10, 2018, payable to INVESTOR1.

(5) Affiant on June 4, 2013, contacted INVESTOR1, a resident of Fort Worth, Tarrant County, Texas, and then visited him at his residence. INVESTOR1 informed Affiant that he instructed the transfer to be made for the purpose of having Stivers make investments for INVESTOR1's benefit. INVESTOR1 informed Affiant that Stivers did not disclose that he was under indictment in Hood County, Texas, for securities fraud and theft at the time of INVESTOR1's investment, and that fact would have been material to his decision to invest. INVESTOR1 informed Affiant that he did not authorize Stivers to use his funds to pay his criminal defense attorney \$20,000, nor did Stivers disclose to him his intent to use his funds for that purpose, and that information would have been material to his decision to invest. INVESTOR1 informed Affiant that he received a solicitation inviting him to attend a dinner/investment seminar hosted by Stivers. INVESTOR1 informed Affiant that he and his wife attended the dinner/seminar. INVESTOR1 informed Affiant that he went to Stivers' office at 3309 Winthrop Ave., Fort Worth, Tarrant County, Texas, to execute the investment agreement and IRA account transfer instructions sometime in May of 2013. INVESTOR1 informed Affiant that he did not remember the address, but he said it was on the second floor of a building near the Ridglea Theater. INVESTOR1 showed Affiant the building on Google Internet, and said building is on the 3000 block of Winthrop Ave. INVESTOR1 informed Affiant that Stivers kept the executed documentation in the office and has not provided him with copies to date. INVESTOR1 informed Affiant that Stivers used a computer on his desk to prepare the documentation, and he saw filing cabinets in the office. INVESTOR1 informed Affiant that he telephoned Stivers on June 4, 2013 and requested that he refund his investment. INVESTOR1 informed Affiant on June 5, 2013 that he met with Stivers at his office at 3309 Winthrop Ave., Suite 73, Fort Worth, Texas on June 4, 2013, and he requested the return of his money. INVESTOR1 informed Affiant that Stivers told INVESTOR1 that he would be unable to refund INVESTOR1 his fund and INVESTOR1 did not receive a refund his money during this meeting.

(6) Affiant interviewed an individual hereinafter referred to as INVESTOR2 on February 25, 2013, about Stivers doing business as Life Style Protectors and Advisors, LLC. INVESTOR2 informed Affiant that her mother, an 85 year-old widow, invested over \$176,434.00 in Life Style Protectors and Advisors, LLC in November of 2012. INVESTOR2 informed Affiant that it was all of her mother's retirement savings. INVESTOR2 informed Affiant that she accompanied her mother on every meeting with Stivers, except for one around February 14, 2013. INVESTOR2 informed Affiant that Stivers did not provide her mother with copies of her investment documentation until February of 2013. Affiant has received and reviewed from INVESTOR2 copies of documentation which evidence of the purchase by INVESTOR2's mother of a Financial Agreement issued by Life Style Protectors and Advisors, LLC for \$32,579.00 dated November 15, 2012, the purchase of a Financial Agreement for \$84,980.00 dated November 21, 2012, and the purchase of a Financial Agreement by INVESTOR2's brother for \$129,567.26 dated January 22, 2013, each Financial Agreement being signed by Stivers. Life Style Protectors and Advisors' address on the agreements is **3309 Winthrop Avenue, Suite 73, Fort Worth, Texas**. The Financial Agreements reviewed by Affiant provide, in brief, the Life Style Protectors and Advisors,

LLC, agrees to pay the purchaser an amount in return of 9.7% A.P.R. for a term of 3 years or 4 years, and 19.4% A.P.R. for a term of 365 days, with the principal and interest due on the maturity of the contract. INVESTOR2 informed Affiant that in February 2013 she learned Stivers was listed on the Texas State Securities Board website as being under indictment. INVESTOR2 informed Affiant that she confronted Stivers about bulletin, and he told her that he has never been in any trouble. On June 5, 2013, Affiant contacted INVESTOR2's mother who informed Affiant that neither she nor her son have received the return of their investment principal. On June 6, 2013, INVESTOR2 informed Affiant that both she and her mother requested the return of the investment funds from Stivers in February of 2012.

(7) Affiant served Community Trust Bank with a subpoena issued by the Texas Securities Commissioner on February 25, 2013, for the records of Stivers and Life Style Protectors and Advisors, LLC. Affiant has reviewed the records for the Life Style Protectors and Advisors, LLC, account which show a deposit for \$129,567.26 on January 22, 2013, from the brother of INVESTOR2. The records further show that by the end of February 2013, the account balance was \$50,044.67. These records show that most of the funds were withdrawn from the account to purchase cashier's checks, and that four cashier's checks from this account totaling \$61,000 are payable to Stivers.

(8) Affiant served Bank of Texas with a subpoena issued by the Texas Securities Commissioner on March 14, 2013 for the records of Stivers and Life Style Protectors and Advisors, LLC. Bank of Texas produced records for said accounts which Affiant has reviewed and the records included a deposit of a cashier's check for \$32,579.00 dated November 15, 2012, and a deposit of a check for \$84,980.00 from INVESTOR2's mother. By December 31, 2012, the account balance was \$1,663.53.

(9) Jeff Warsing, Investigator for the Texas State Securities Board Enforcement Division informed Affiant on June 5, 2013, that he went to 3309 Winthrop Avenue, Fort Worth, Texas, and examined the public area of the building on said day. Jeff Warsing informed Affiant that "Life Style Protectors and Advisors, LLC" was on the building directory. Jeff Warsing informed Affiant that he went to Suite 73 where he saw a sign on the left side of the door with "Life Style Protectors and Advisors, LLC" and "Suite 73" on it. Jeff Warsing informed Affiant that the door was ajar and he could see a desk with a monitor on it inside the office. Jeff Warsing informed Affiant that he could not see any other entry way into Suite 73.

(10) Affiant requested on or about June 5, 2013, an examination of the records of the Registration Division of the Texas State Securities Board for the registration of securities issued by Life Style Protectors and Advisors, LLC. Affiant was informed by personnel of the Registration Division of the Texas State Securities Board that the examination found no record of registration of securities by this issuer. Affiant believes this information is reliable because the Securities Registration Division maintains such records as part of its administrative duties, and Affiant has requested and relied on the searches of those records on numerous occasions in the past and believes the records are accurate and the searches for records are thorough and complete.

(11) Affiant requested on or about June 5, 2013, an examination of the records of the Registration Division of the Texas State Securities Board for the registration of Eddie L. Stivers, III, and Life Style Protectors and Advisors, LLC, as securities dealers or sales agents.

An examination of the records by personnel of the Registration Division of the Texas State Securities Board found no record of registration of these persons as securities dealers or sales agents. Affiant believes this information is reliable because the Securities Registration Division maintains such records as part of its administrative duties, and Affiant has requested and relied on the searches of those records on numerous occasions in the past and believes the records are accurate and the searches for records are thorough and complete.

(12) Affiant believes, based upon his personal observation of investment documents of INVESTOR2, and the information provided by INVESTOR1, the records of Life Style Protectors and Advisors, LLC are currently maintained at the office located at 3309 Winthrop Ave., Suite 73, Fort Worth, Tarrant County, Texas, and said records are evidence, fruits and instrumentalities of the offenses of securities fraud, selling unregistered securities, selling securities without being registered as a securities dealer or agent, and theft committed by Eddie L. Stivers, Life Style Protectors and Advisors, LLC, and others, both named and unnamed herein.

(13) It is Affiant's experience as an enforcement attorney for the Texas State Securities Board that the following records are maintained by companies that offer for sale and sell securities, and these records are evidence of violations of the registration provisions and anti-fraud provisions of The Securities Act of Texas:

a) all records which identify and provide the location of all persons who may have been offered or sold and evidence the offer and sale of securities, including investment contracts, evidences of indebtedness, promissory notes, bonds, guarantees, limited partnership interests, limited liability company interests, interests in trusts, including contracts, agreements, invoices, receipts, correspondence and memoranda pertaining to the sales, limited partnership agreements, limited liability company agreements, partnership agreements, joint venture agreements, certificates evidencing ownership interests, subscription agreements, trust agreements, escrow agreements, confirmations, investor qualification questionnaires, investor lists, investor files, pre-sale customer information sheets, company tax returns and Form 1099 income tax forms prepared for investors, reports to investors, telephone records of calls placed, receipts, confirmations, investment checks and wire transfer memoranda;

b) records documenting monies paid by investors and customers and all records documenting how such monies were dispersed or invested, and records evidencing the receipt and disbursement of commissions and compensation from sales of securities, including ledgers, journals, bank records, including, but not limited to canceled checks, monthly account statements, deposit slips, and detail documents for those deposits, memoranda for incoming and outgoing wire transfers, debit and credit memoranda, cashier's check records, currency transaction reports, financial statements, audits, annual reports, any correspondence with the bank or financial institution;



c) advertising materials, offering memoranda, prospectuses, brochures and pamphlets used to solicit the purchase of and offer for sale securities and investments;

(d) records which may reveal the names and addresses of all persons, employees, agents, salesmen, officers, directors, principal shareholders, and control persons, of persons and entities issuing and selling securities, including but not limited to W-4 income tax forms, W-2 income tax forms, payroll records, commission records, and employee applications;

(e) agency agreements, sales agreements, marketing agreements, commission schedules, and memoranda pertaining to the sales of the securities identify sales agents and compensation paid for sales of securities;

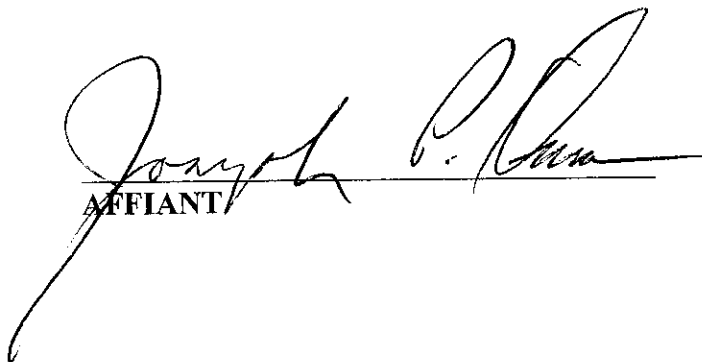
(f) documents evidencing transactions with express delivery services, including but not limited to, Federal Express, United Parcel Services, United States Post Office, Airborne Express and Emery;

(g) Corporate, partnership, joint venture, limited liability company records, including, but not limited to memoranda, minutes of meetings, resolutions, books, journals, ledgers, financial statements, tax returns, bank records, escrow agreements, escrow agent communications, operating agreements, insurance policies, leases, invoices, employment contracts, indemnification agreements, releases, disclosure documents, sales contracts, loans, and security agreements.

(h) Based upon Affiant's knowledge, training and experience along with experience of law enforcement personnel with whom Affiant has consulted on this issue, Affiant knows that data erased or unsaved can remain on a computer for some time after it is deleted and/or viewed in slack or unallocated space. It will remain on the computer until such data is overwritten by another file. Based upon Affiant's knowledge, training and experience along with experience of law enforcement personnel with whom Affiant has consulted on this issue, Affiant knows that effective searches and seizures of evidence from computers commonly require law enforcement officers to seize most or all of computer items, including hardware, software, instructions, and storage media, and then have these items processed later by a qualified computer forensic expert in a controlled laboratory environment. This is true because computer storage devices, hard drive disks, diskettes and other drives, can store the equivalent of thousands of pages of information. When users desire to conceal criminal evidence, they often store the information in random order with deceptive file names. Directories and subdirectories that contain these files can also be electronically hidden from normal view. Special forensic software is required to detect these hidden directories. This requires the searching authorities to examine all the stored data to determine whether it is included in the search warrant. This sorting process can take weeks or months, depending on the volume of the data stored. This would make it impractical to attempt this kind of forensic analysis on site at the time of the search warrant execution. Searching computer systems for criminal evidence is a highly technical process requiring expert skills in a properly controlled environment. The search of a computer in a controlled


forensic setting is designed to protect the integrity of the evidence. A computer forensic analysis can often recover hidden, erased, compressed, password protected, and/or encrypted data and files. Since computer evidence is extremely vulnerable to tampering or destruction from both external sources and destructive codes imbedded in the system, the controlled environment of a forensic laboratory is essential to its complete and accurate analysis and retrieval. In order to fully retrieve data from a computer system, the forensic analyst needs all magnetic storage devices, as well as the central processing unit. In addition, the forensic analyst needs all the system software, encryption, encoding, archiving, unarchiving, and security software (operating system, applications, and hardware drivers) which may have been used to retrieve, store, create, transmit, encrypt or encode the data. Affiant seeks the above noted items to facilitate and affect search with minimal intrusion and to lessen the likelihood of damage to non-pertinent files or equipment. In addition, there is probable cause that the computers, their storage devices, keyboards, modems, as well as all internal and external storage devices are instruments used in the commission of the offenses described above, and should be seized.

**WHEREFORE, AFFIANT ASKS FOR ISSUANCE OF A WARRANT THAT WILL AUTHORIZE ANY PEACE OFFICER OF TARRANT COUNTY, TEXAS AND/OR THE STATE OF TEXAS TO SEARCH SAID SUSPECTED PLACE AND PREMISES FOR SAID PROPERTY AND SEIZE THE SAME.**

  
AFFIANT

**SUBSCRIBED AND SWORN TO BEFORE ME BY SAID AFFIANT ON THIS THE**

11 DAY OF JUNE 2013.

  
JUDGE OF THE 396<sup>th</sup> DISTRICT COURT  
Tarrant County, Texas

**FILED**

DEC - 5 2012

*Tanna Trumble Hill*  
Tanna Trumble Hill  
Clerk District Court, Hood County, Texas

INDICTMENT NO. CR12356

355<sup>TH</sup> JUDICIAL DISTRICT OF TEXAS

STATE OF TEXAS

OFFENSES: Aggregated Theft of Property,  
\$200,000.00 or more; Sec. 31.03 Texas Penal  
Code

VS. EDDIE LACY STIVERS, III

DEGREE: First Degree Felony

DATE OF BIRTH: 06-06-63

SOC.SEC.NO. 465-98-2906

TRN NO. \_\_\_\_\_

SID NO. 05304877

DATE FILED: 12-05-2012

STATE'S WITNESSES: Robert Young  
Joseph Oman

AMOUNT OF BAIL: \$ 25000<sup>00</sup>  
*MWJ* 12-7-12

STATE'S ATTORNEY: Dale R. Barron

**IN THE NAME AND BY AUTHORITY OF THE STATE OF TEXAS:**

The Grand Jurors for the County of Hood, State of Texas, duly selected, impaneled, sworn, charged, and organized as such at the July Term 2012, of the 355<sup>th</sup> Judicial District Court of Hood County, Texas, upon their oaths present in and to the Court that on or about the dates listed below, and before the presentment of this indictment, in Hood County, Texas, that EDDIE LACY STIVERS, III, hereafter referred to as defendant, did then and there unlawfully appropriate, to wit: acquire and exercise control over property, other than real property, to wit: current money of the United States of America, from the following owners, and in the following amounts:

<u>Owner</u>	<u>Date of Appropriation</u>	<u>Amount of Appropriation</u>
Philemon Strahm	June 9, 2005	\$4,000.00
Philemon Strahm	June 25, 2005	\$5,550.00
Philemon Strahm	June 29, 2005	\$5,500.00

EXHIBIT

FILED  
RECORDED

James & Sharon Quirk	October 13, 2005	\$15,000.00
J.D. Hall	February 27, 2006	\$3,500.00
Philemon Strahm	March 17, 2006	\$2,000.00
Sean Rekemeyer	June 9, 2006	\$3,000.00
James A. Crowe	June 10, 2006	\$15,000.00
James A. Crowe	July 31, 2006	\$1,775.00
E.C. Goodman, Jr.	August 24, 2006	\$15,000.00
James & Sharon Quirk	December 1, 2006	\$2000.00
Timothy A. Crowe	December 18, 2006	\$10,000.00
Jerry D. Crowe	December 29, 2006	\$11,500.00
<hr/> William Darin Crowe	December 29, 2006	\$2,500.00
Gloria C. Burton	January 4, 2007	\$20,000.00
Kathy M. Mobly	March 11, 2007	\$10,000.00
John T. Bunn	March 13, 2007	\$50,000.00
Hiram Wayne Keating	May 21, 2007	\$25,000.00
Philemon Strahm	May 30, 2007	\$1,000.00
Tim Rothenbush	June 4, 2007	\$10,000.00
Philemon Strahm	July 30, 2007	\$20,000.00
Fred A. Oberlender	August 30, 2007	\$50,000.00
Thomas D. Murphy, III	November 16, 2007	\$\$10,000.00
David Blankenship	January 28, 2008	\$10,000.00
Brian W. Loving	March 3, 2008	\$10,000.00
Donald W. Loving	March 3, 2008	\$10,000.00

William C. Smartt	March 3, 2008	\$20,000.00
Peni Gardner	July 17, 2008	\$10,000.00
Theodore B. Harp, Jr.	July 27, 2008	\$15,000.00
Theodore B. Harp, Sr.	July 28, 2008	\$15,000.00
Christel R. Laughlin	August 14, 2008	\$10,000.00
David L. Block	August 28, 2008	\$9,875.51
Theodore B. Harp, Jr.	October 3, 2008	\$25,000.00
Tony Blevel	November 11, 2008	\$30,000.00
Dodd Meadows	February 12, 2009	\$10,000.00
Dodd Meadows	April 2, 2009	\$15,000.00
<del>Aimee Coker</del>	<del>November 10, 2009</del>	<del>\$1,000.00</del>
Aimee Coker	November 22, 2009	\$9,000.00
Eugene Torode	December 9, 2009	\$5,000.00
Aimee Coker	March 10, 2010	\$6,500.00
Evelyn Joseph	April 22, 2010	\$20,000.00
Gay Hudson	June 22, 2010	\$5,000.00
James Roberts	August 31, 2010	\$10,000.00
Jacob Hutchings	January 4, 2011	\$10,000.00
Sherri Lyn Reynolds	February 11, 2011	\$5,000.00

And said appropriations were without the effective consent of said owners in that consent was induced by deception, to wit: said defendant created and confirmed by words and conduct false impressions of fact that were likely to affect the judgment of said owners in the transactions and that the defendant did not believe to be true; and said defendant failed to correct false impressions of fact

that were likely to affect the judgment of said owners in the transactions, that said defendant previously created and confirmed by words and conduct, and that said defendant did not at the time believe to be true; and said Defendant promised performance that was likely to affect the judgment of said owners in the transactions that the Defendant did not intend to perform and knew would not be performed;

And said defendant acted with the intent to deprive said owners of said property by withholding said property permanently and for so extended a period of time that a major portion of the value and enjoyment of said property was lost to said owners, and by disposing of said property in a manner that made recovery of said property by said owners unlikely; and all of said amounts were obtained, as alleged, as part of one scheme and continuing course of conduct, and the aggregate value of the

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property so appropriated was \$200,000.00 or more;

### COUNT TWO

And it is further presented in and to said Court that EDDIE LACY STIVERS, III, hereafter referred to as defendant, did then and there offer for sale and sell financial agreements for the purchase and issuance of stock in Patriot Holding Company and Patriot Insurance Company, and to participate in the profits of any affiliate of Patriot Holding Company, being securities, to wit: investment contracts and pre-organization certificates and shares of stock, to each of the persons listed below, and in the following amounts:

<u>Person</u>	<u>Date</u>	<u>Amount</u>
David Blankenship	January 28, 2008	\$10,000.00
Tony Bleuel	November 11, 2008	\$30,000.0
David L. Brock	August 28, 2008	\$9,875.51
John T. Bunn	March 13, 2007	\$50,000.00

Gloria C. Burton	January 4, 2007	\$20,000.00
Aimee Coker	November 10, 2009	\$1,000.00
Aimee Coker	November 22, 2009	\$9,000.00
Jane A. Crowe	June 10, 2006	\$15,000.00
Jane A. Crowe	July 31, 2006	\$1,775.00
Jerry D. Crowe	December 29, 2006	\$11,500.00
Timothy A. Crowe	December 18, 2006	\$10,000.00
William Darin Crowe	December 29, 2006	\$2,500.00
Peni Gardner	July 17, 2008	\$10,000.00
E.C. Goodman, Jr.	August 24, 2006	\$15,000.00
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Theodore B. Harp, Jr.	July 27, 2008	\$15,000.00
Theodore B. Harp, Jr.	October 3, 2008	\$25,000.00
Theodore B. Harp, Sr.	July 28, 2008	\$15,000.00
Hiram Wayne Keating	May 21, 2007	\$25,000.00
Charles R. Laughlin	August 14, 2008	\$10,000.00
Brian W. Loving	March 3, 2008	\$10,000.00
Donald W. & Mary Loving	March 3, 2008	\$10,000.00
Dodd Meadows	February 12, 2009	\$10,000.00
Kathy M. Mobly	May 11, 2007	\$10,000.00
Thomas D. Murphy, III	November 16, 2007	\$10,000.00
Fred A. Oberlender	August 30, 2007	\$50,000.00
James A. & Sharon Quirk	October 13, 2005	\$15,000.00
James A. & Sharon Quirk	December 1, 2006	\$2,000.00

Sean Rekemeyer	January 9, 2006	\$3,000.00
Tim Rothenbush	June 4, 2007	\$10,000.00
William C. Samrtt	March 3, 2008	\$20,000.00
Philemon Strahm	June 9, 2005	\$4,000.00
Philemon Strahm	June 25, 2005	\$5,500.00
Philemon Strahm	June 29, 2005	\$5,500.00
Philemon Strahm	March 17, 2006	\$2,000.00
Philemon Strahm	May 30, 2007	\$1,000.00
Philemon Strahm	July 30, 2007	\$20,000.00
Eugene Torode	December 9, 2009	\$5,000.00

And said defendant committed fraud in connection with the sales and offers for sale of said securities

by:

**PARAGRAPH ONE**

intentionally failing to disclose that the defendant, doing business as Stivers & Associates had failed to pay previous investors funds that were due and owing to them and that the defendant failed to issue shares of stock to previous investors who were sold financial agreements for the purchase and issuance of stock in Patriot Insurance Company, said information being material fact; and

**PARAGRAPH TWO**

intentionally failing to disclose that funds contributed by investors in the purchase of financial agreements for the purchase and issuance of stock in Patriot Holding Company and Patriot Insurance Company were used to pay the personal expenses of the defendant and his wife, said information being material fact; and



**PARAGRAPH THREE**

knowingly and intentionally misrepresenting that purchasers of financial agreements for the purchase and issuance of stock in Patriot Holding Company and Patriot Insurance Company would be refunded their principal investment and interest thereon in the event projected returns on their investments failed to materialize within a time certain, said information being a relevant fact; and

**PARAGRAPH FOUR**

knowingly and intentionally misrepresenting to purchasers of financial agreements for the purchase and issuance of stock in Patriot Holding Company that their funds would be held in an escrow account until the minimum subscription of 1,000,000 shares for the subscription price of

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~~\$10,000,000 was sold, and if less than the minimum number of shares were sold, subscribers would receive a refund of their principal investment together with interest actually earned on amounts, held on deposit for more than fifteen (15) days, said information being relevant facts;~~

And all of said amounts were obtained under one scheme and continuing course of conduct, and the aggregate amount that was obtained was \$100,000.00 or more;

**COUNT THREE**

And it is further presented in and to said Court that EDDIE LACY STIVERS, III, hereafter referred to as defendant, did then and there offer for sale and sell promissory notes issued by Insurance Choice One, L.L.C., being securities, to wit; notes and evidences of indebtedness, to each of the persons listed below, and in the following amounts:

The defendant on or about January 4, 2011, offered for sale and sold to Jacob Hutchings a promissory note issued by Insurance Choice One, L.L.C., the defendant's company, in the amount of \$10,000.00.00, the terms of which provided that Jacob Hutchings would receive the return of his

principal within four months of the date of said promissory note along with a 1% equity position in the gross receipts of Insurance Choice One, L.L.C.; and, the defendant on or about June 22, 2010, offered for sale and sold to Gay Hudson a promissory note issued by Insurance Choice One, L.L.C., the defendant's company, in the amount of \$5,000.00.00, the terms of which provided that Gay Hudson would receive the return of her principal within six months of the date of said promissory note along with interest calculated at 18% per annum; and, the defendant on or about April 2, 2009, offered for sale and sold to Dodd Meadows a note issued by the defendant in the amount of \$9,000.00.00, the terms of which provided that Dodd Meadows would receive the return of his principal within eight weeks from the date of said note along with interest calculated at 6% per annum; and,

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~~the defendant on or about March 9, 2010, offered for sale and sold to Aimee Coker a promissory note issued by the defendant and The Patriot Holdings in the amount of \$6,500.00.00, the terms of which provided that Aimee Coker would receive the return of her principal along with interest calculated at 18% per annum once and until The Patriot Insurance Company, the defendant's company, was fully funded and operational; and,~~

the defendant on or about April 22, 2010, offered for sale and sold to Evelyn Joseph a financial agreement with a balloon payment, also described therein as a note, in the amount of \$20,000.00, the terms of which provided that Evelyn Joseph would receive a total of \$30,000.00 paid to her within 120 days from the date of the note; and,

the defendant on or about February 11, 2011, offered for sale and sold to Sherri Lyn Reynolds a promissory note issued by Insurance Choice One, L.L.C., in the amount of \$5,000.00, the terms of which provided that Sherri Lynn Reynolds would receive the return of her principal along with interest calculated at 18% per annum, within one year from the date of said promissory note; and,

the defendant on or about August 31, 2010, offered for sale and sold to James Roberts an Installment Promissory Note with Balloon Payment issued by Eddie L. Stivers and Insurance Choice One, L.L.C., in the amount of \$10,000.00, the terms of which provided that James Roberts would earn accrued monthly compound interest at the rate of 1.5% per month;

And said defendant committed fraud in connection with the sales and offers for sale of said securities by:

**PARAGRAPH ONE**

intentionally failing to disclose that the defendant, doing business as Stivers & Associates had failed to pay previous investors funds that were due and owing to them and that the defendant failed to issue shares of stock to previous investors who were sold financial agreements for the purchase and issuance of stock in Patriot Insurance Company, said information being material fact; and

**PARAGRAPH TWO**

intentionally failing to disclose that funds contributed by investor in the purchase of financial agreements for the purchase and issuance of stock in Patriot Holding Company and Patriot Insurance Company were used to pay the personal expenses of the defendant and his wife, said information being material fact; and

**PARAGRAPH THREE**

knowingly and intentionally misrepresenting that purchasers of financial agreements for the purchase and issuance of stock in Patriot Holding Company and Patriot Insurance Company would be refunded their principal investment and interest thereon in the event projected returns on their investments failed to materialize within a time certain, said information being a relevant fact; and

PARAGRAPH FOUR

knowingly and intentionally misrepresenting to purchasers of financial agreements for the purchase and issuance of stock in Patriot Holding Company that their funds would be held in an escrow account until the minimum subscription of 1,000,000 shares for the subscription price of \$10,000,000 was sold, and if less than the minimum number of shares were sold, subscribers would receive a refund of their principal investment together with interest actually earned on amounts, held on deposit for more than fifteen (15) days, said information being relevant facts;

And all of said amounts were obtained under one scheme and continuing course of conduct, and the aggregate amount that was obtained was \$10,000.00 or more but less than \$100,000.00;

COUNT FOUR

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And it is further presented in and to said Court that the defendant, EDDIE LACY STIVERS, III, knowingly acquired an interest in and possessed the proceeds of criminal activity, to wit: current money of the United States of America, in the aggregated amount of two hundred thousand dollars (\$200,000.00) or more, and said proceeds were generated from the commission of the offense of Theft in the amount of two hundred thousand dollars (\$200,000.00) or more, a felony under the laws of the State of Texas, and the commission of fraud in connection with the sale of securities in an amount of \$100,000.00 or more, a felony under the laws of the State of Texas;

Against the peace and dignity of the State.

*Virginia Conner*  
FOREPERSON OF THE GRAND JURY