

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

~~CONFIDENTIAL~~
CR09-048 JNE/JJG

UNITED STATES OF AMERICA,)	INDICTMENT
)	
Plaintiff,)	(18 U.S.C. § 371)
)	(18 U.S.C. § 1341)
v.)	(18 U.S.C. § 1343)
)	(18 U.S.C. § 1957)
(1) KALIN THANH DAO,)	(18 U.S.C. § 2)
(2) NGHIA TRONG DAO, and)	(26 U.S.C. § 7206(1))
(3) THU NGUYET LE,)	
)	
Defendants.)	

THE UNITED STATES GRAND JURY CHARGES THAT:

INTRODUCTION

1. Defendant KALIN THANH DAO is a resident of Minnesota.
2. Defendant NGHIA TRONG DAO is a resident of Minnesota and the father of defendant KALIN DAO.
3. Defendant THU NGUYET LE is a resident of Minnesota and the mother of defendant KALIN DAO.
4. TD Financial Services, Inc., NLC Financial Services, Inc., TD/NLC Financial, Inc. and NLC Venture Group, LLC are all related corporations (hereafter TD/NLC) created by defendant Kalin Dao. The purported purpose of these companies was to provide financial and investor services, specifically investments in securities and other investment opportunities.
5. Defendant KALIN DAO was the CEO, President and/or principal officer of these corporations. Defendant NGHIA DAO assisted in the operations of TD/NLC by opening bank and brokerage accounts to deposit TD/NLC investor funds and incorporating TD

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MAR 10 2009
U.S. DISTRICT COURT ST. PAUL

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Financial Services, Inc. with the State of Minnesota. Defendant THU LE assisted in the operation of TD/NLC by opening bank accounts to deposit TD/NLC investor funds, conducting financial transactions, and by assisting defendant KALIN DAO in marketing and selling investments.

COUNTS 1 THROUGH 27
(Mail Fraud/Wire Fraud)
18 U.S.C. §§ 1341/1343

6. From at least in or about 2005 through in or about September 2008, in the State and District of Minnesota and elsewhere, defendants,

**KALIN THANH DAO,
NGHIA TRONG DAO, and
THU NGUYET LE,**

aiding and abetting one another and aided and abetted by others known and unknown to the Grand Jury, did knowingly and voluntarily devise, execute and participate in a scheme and artifice to defraud and to obtain approximately \$10,000,000 in money and property by means of material false and fraudulent pretenses, representations and promises.

THE FRAUD SCHEME AND ARTIFICE

7. The defendants used TD/NLC to execute an extensive fraud scheme. The defendants fraudulently sold sham investment programs through TD/NLC. They falsely represented the "programs" to be investments in securities, real estate,

entertainment promotions and commodities. Defendant KALIN DAO, aided and abetted by the other defendants and other persons, known and unknown to the Grand Jury, made numerous false statements and false representations, and omitted material information to fraudulently induce investors to provide the defendants with millions of dollars. Instead of investing the investors' funds as promised, the defendants diverted substantial amounts of the funds for their own purposes, including gambling, lulling payments and personal expenses.

8. To induce investors to provide their funds, the defendants made numerous false representations, including the following:
 - a. The investors' money would be placed in investment programs managed by TD/NLC, and that the investors' money would be placed into targeted investments within specific markets and industries;
 - b. Defendant KALIN DAO and other persons with TD/NLC had investment broker backgrounds and that a "partner" held a seat on the New York Stock Exchange;
 - c. Defendant KALIN DAO and representatives of TD/NLC held financial planning licenses and a "Series 7" license to sell securities;

- d. TD/NLC had developed an exclusive investment software program to determine the best time to buy and sell the investments to achieve the maximum returns;
 - e. Returns would be between 8% and 2200% over the course of one (1) to eighteen (18) months;
 - f. Investment groups of 50 investors were being formed or were about to close;
 - g. TD/NLC had contacts in the emerging Asian markets that had "inside" information; and
 - h. TD/NLC was partnered with various Las Vegas casinos and promoted special events, which provided investment opportunities for the victim investors.
9. On December 18, 2006 the Minnesota Department of Commerce and defendant KALIN DAO as president of TD Financial Services, Inc. entered into a Consent Order. This order prohibited defendant KALIN DAO and TD Financial Services, Inc. from selling securities without a license. Shortly thereafter, on January 24, 2007, defendant KALIN DAO changed the name of TD Financial Service, Inc. to NLC Financial Services, Inc. and continued to fraudulently sell investments. After defendant KALIN DAO signed the Consent Order, she and her co-defendants failed to disclose to their investors and their potential

investors that the Order required KALIN DAO and TD Financial Services, Inc. to cease and desist from offering or selling securities in the State of Minnesota until they complied with state laws governing the sales of securities, including licensing requirements. Further, on November 30, 2007 Defendant KALIN DAO incorporated another entity, NLC Venture Group LLC to fraudulently sell investments and thereby continued to violate the terms of the Consent Order.

10. The defendants solicited investors by sending literature, displaying a website, and posting current and past investor testimonials detailing the purported investments, the potential returns, and the purported past performance of the TD/NLC programs. Among other things, these solicitations boasted "guaranteed investment returns" and "we offer the best investment plans in that you never have to put your money at risk so you can enjoy the return on your investment without worrying about whether or not your money will be lost."
11. The defendants used the U.S. Mails, interstate commercial couriers, and interstate wire communications to provide investors with fraudulent monthly account statements that falsely indicated that their investments had generated significant earnings. These monthly statements falsely showed

that the accounts were earning significant returns, thus, furthering the scheme by lulling investors into believing their funds were safe, secure, and earning the promised returns.

12. The proceeds from the fraud were deposited into numerous bank accounts under the control of the defendants including Bank of America account #*****9585 and US Bank account #*****9414. The proceeds were used by the defendants, among other things to (1) gamble, (2) make lulling payments to investors, and (3) make payments to individuals who assisted in the scheme and others associated with the defendants.

THE MAILINGS

13. From in or about 2005 through in or about September 2008, in the State and District of Minnesota and elsewhere, and for the purpose of executing and attempting to execute the scheme and artifice, the defendants,

**KALIN THANH DAO,
NGHIA TRONG DAO, and
THU NGUYET LE,**

each aiding and abetting the others and being aided and abetted by other persons known and unknown to the Grand Jury, did knowingly cause to be sent, delivered, and moved by the United States Postal Service and interstate commercial carrier

various mailings, items and things, as described below:

COUNT	DATE (ON OR ABOUT)	MAILING
1	October 28, 2006	TD/NLC account statement mailed from defendant KALIN DAO, Minneapolis, MN, to P.W.H., Little Rock, AR.
2	December 6, 2006	TD/NLC account statement mailed from defendant KALIN DAO, Minneapolis, MN, to P.W.H., Little Rock, AR.
3	December 29, 2006	TD/NLC account statement mailed from defendant KALIN DAO, Minneapolis, MN, to E.A.O., Savage, MN
4	February 4, 2007	TD/NLC account statement mailed from defendant KALIN DAO, Minneapolis, MN, to M.W.S., Burnsville, MN.
5	February 8, 2007	TD/NLC account statement mailed from defendant KALIN DAO, Minneapolis, MN, to P.W.H., Little Rock, AR.
6	June 1, 2007	TD/NLC account application form, mailed from V.S.J., Sherwood, AR, to defendant KALIN DAO, Minneapolis, MN.
7	June 26, 2007	correspondence requesting additional investment into L102 account, mailed from R.K.B., Sherwood, AR, to defendant KALIN DAO, Minneapolis, MN.
8	July 30, 2007	correspondence requesting additional investment into L102 account, mailed from R.B.S., Alamogordo, NM, to defendant KALIN DAO, Minneapolis, MN.

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COUNT	DATE (ON OR ABOUT)	MAILING
9	August 18, 2007	correspondence requesting additional investment into L100 account, mailed from E.A.O., Savage, MN, to defendant KALIN DAO, Minneapolis, MN.
10	November 1, 2007	TD/NLC account statement mailed from defendant KALIN DAO, Minneapolis, MN, to S.R.S. Bentonville, AR.
11	November 7, 2007	correspondence requesting additional investment into L102 account, mailed from E.A.O., Savage, MN, to defendant KALIN DAO, Minneapolis, MN.
12	December 22, 2007	NLC Venture Group Terms & Conditions contract form, mailed from S.R., Little Rock, AR, to defendant KALIN DAO, Minneapolis, MN.
13	January 8, 2008	NLC Direct Deposit Authorization form, mailed from S.A.D., Bonners Ferry, ID, to defendant KALIN DAO, Minneapolis, MN.
14	January 9, 2008	NLC Venture Group Terms & Conditions contract form, mailed from S.A.S., Spirit Lake, IA., to defendant KALIN DAO, Minneapolis, MN.
15	January 10, 2008	NLC Venture Group Terms & Conditions contract form, mailed from R.L.L., Topeka, KS. to defendant KALIN DAO, Minneapolis, MN.

All in violation of Title 18, United States Code, Sections 1341 and 2.

THE WIRES

14. From in or about 2005 through in or about September 2008, in the State and District of Minnesota and elsewhere, and for the purpose of executing and attempting to execute the scheme and artifice, the defendants,

**KALIN THANH DAO,
NGHIA TRONG DAO, and
THU NGUYET LE,**

each aiding and abetting the others and aided and abetted by persons known and unknown to the Grand Jury, by means of wire communications, did knowingly cause to be transmitted in interstate commerce numerous writings, signals and sounds, including the interstate wire communications described below:

COUNT	DATE (ON OR ABOUT)	AMOUNT	WIRE DETAILS
16	March 22, 2007	\$20,000.00	L.W.L. wire from U.S. Federal Credit Union, Shakopee, MN, to Bank of America, Las Vegas, NV, "Destron, Inc. Attn: KALIN DAO".
17	April 18, 2007	\$10,000.00	L.W.L. wire from U.S. Federal Credit Union, Shakopee, MN, to Bank of America, Las Vegas, NV, "Destron, Inc., "Attn: KALIN DAO".

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COUNT	DATE (ON OR ABOUT)	AMOUNT	WIRE DETAILS
18	August 22, 2007	\$25,000.00	E.A.O. wire from TCF Bank, Savage, MN to Bank of America, Las Vegas, NV, "Destron, Incorporated, 4010 Bloomington Ave., Further Credit to KALIN DAO".
19	August 27, 2007	\$52,000.00	E.A.O. wire from TCF Bank, Savage, MN to Bank of America, Las Vegas, NV, "Destron, Incorporated, 4010 Bloomington Ave., Further Credit to KALIN DAO"
20	February 16, 2007	\$20,000.00	Bremer Bank Acct #***6469 - TD Financial Services, Inc. wire from Bremer Bank, Lake Elmo, MN, to Destron, Inc./MGM Grand/KALIN DAO, Las Vegas, NV
21	March 1, 2007	\$45,000.00	Bremer Bank Acct #***6469 - TD Financial Services, Inc. wire from Bremer Bank, Lake, Elmo, MN, to Destron, Inc./MGM Grand/KALIN DAO, Las Vegas, NV
22	March 28, 2007	\$90,000.00	Bremer Bank Acct # ***6469 - NLC Financial Services, Inc. wire from Bremer Bank, Lake Elmo, MN, to Destron, Inc./MGM Grand/KALIN DAO, Las Vegas, NV

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COUNT	DATE (ON OR ABOUT)	AMOUNT	WIRE DETAILS
23	March 29, 2007	\$98,000.00	Bremer Bank Acct # ***6469 - NLC Financial Services, Inc. wire from Bremer Bank, Lake Elmo, MN, to Destron, Inc./MGM Grand/KALIN DAO, Las Vegas, NV
24	March 30, 2007	\$30,900.00	Bremer Bank Acct # ***6469 - NLC Financial Services, Inc. wire from Bremer Bank, Lake Elmo, MN to Destron, Inc./MGM Grand/KALIN DAO, Las Vegas, NV
25	April 3, 2007	\$90,000.00	Bremer Bank Acct # ***6469 - NLC Financial Services, Inc. wire from Bremer Bank, Lake Elmo, MN, to Destron, Inc./MGM Grand/KALIN DAO, Las Vegas, NV
26	April 17, 2007	\$40,000.00	Bremer Bank Acct # ***6469 - NLC Financial Services, Inc. wire from Bremer Bank, Lake Elmo, MN, to Destron, Inc./MGM Grand/KALIN DAO, Las Vegas, NV
27	April 18, 2007	\$15,000.00	Bremer Bank Acct # ***6469 - NLC Financial Services, Inc. wire from Bremer Bank, Lake Elmo, MN, to Destron, Inc./MGM Grand/KALIN DAO, Las Vegas, NV

All in violation of Title 18, United States Code, Sections
1343 and 2.

COUNT 28
(Conspiracy)
18 U.S.C. § 371

15. The Grand Jury hereby re-alleges and incorporates paragraphs 1 through 14 of this Indictment.
16. From in or about 2005 through in or about September 2008, in the State and District of Minnesota and elsewhere, the defendants,

**KALIN THANH DAO,
NGHIA TRONG DAO, and
THU NGUYET LE,**

did knowingly and willfully combine, conspire, and agree to commit offenses against the United States, that is, mail fraud and wire fraud as described in counts 1 through 27 above, in violation of Title 18, United States Code, Sections 1341 and 1343.

OVERT ACTS

17. In order to effect the objects of the conspiracy and in furtherance of the conspiracy, the defendants committed and caused the mailings and wire transactions alleged in counts 1 through 27 of this indictment. All in violation of Title 18, United States Code, Section 371.

COUNTS 29 - 45
(Money Laundering)
18 U.S.C. § 1957

18. The Grand Jury re-alleges and incorporates paragraphs 1 through 14 of the Indictment as if set forth in full herein.

19. On or about the date set forth below, in the State and District Minnesota and elsewhere, the defendant,

KALIN THANH DAO,

knowingly engaged and attempted to engage in a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, such property having been derived from specified unlawful activity, that is mail fraud (18 U.S.C. § 1341) and wire fraud (18 U.S.C. § 1343), as further described below:

COUNT	DATE (ON OR ABOUT)	AMOUNT	MONETARY TRANSACTION
29	March 2, 2007	\$20,000	Wire transfer deposit from TD Financial Services to personal Wells Fargo account of M.P.
30	March 7, 2007	\$20,000	Wire transfer deposit from TD Financial Services to personal Wells Fargo account of M.P.
31	March 12, 2007	\$13,400	Wire transfer deposit from TD Financial Services to personal Wells Fargo account of M.P.
32	April 4, 2007	\$15,000	Wells Fargo Check #****303185 to KALIN DAO from P.B., signed, endorsed and deposited to Wells Fargo account of M.P.
33	April 12, 2007	\$40,000	Wire transfer withdrawal from personal Wells Fargo account of M.P. to NLC Financial Service

COUNT	DATE (ON OR ABOUT)	AMOUNT	MONETARY TRANSACTION
34	April 19, 2007	\$11,000	Wire transfer deposit from TD Financial Services to personal Wells Fargo account of M.P.
35	April 25, 2007	\$30,000	Wire transfer deposit from TD Financial Services to personal Wells Fargo account of M.P.
36	May 4, 2007	\$65,000	Wire transfer withdrawal from personal Wells Fargo account of M.P. to NLC Financial Services
37	May 14, 2007	\$15,000	Deposit of check #098 from TD Financial Services to personal Wells Fargo account of M.P.
38	May 14, 2007	\$30,000	Deposit of check #1019 from defendant NGHIA DAO's E-trade account #****3854 to personal Wells Fargo account of M.P.
39	May 18, 2007	\$15,000	Deposit of check #097 from TD Financial Services to personal Wells Fargo account of M.P.
40	May 22, 2007	\$26,000	Deposit of check #1003 from TD Financial Service, E-trade account #****8829 to personal Wells Fargo account of M.P.
41	June 22, 2007	\$30,000	Deposit of check #5188 from NLC Financial Services to personal Wells Fargo account of M.P.
42	August 30, 2007	\$36,650	Deposit of check #5638 from NLC Financial Services, Guaranty Bank account #*****8329 to personal Wells Fargo account of M.P.

COUNT	DATE (ON OR ABOUT)	AMOUNT	MONETARY TRANSACTION
43	September 13, 2007	\$20,000	Deposit of check #4618 from TD Financial Services to personal Wells Fargo account of M.P.
44	November 15, 2007	\$12,600	Deposit of check #6280 from NLC Financial Services to personal Wells Fargo account of M.P.
45	December 3, 2007	\$12,000	Transfer from TD Financial, Wells Fargo account #*****3677 to personal Wells Fargo account of M.P.

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

COUNTS 46 THROUGH 50
(False Tax Returns)
26 U.S.C. § 7206(1)

20. On or about the dates set forth below, in the State and District of Minnesota, the defendants as named in each count, did willfully make and subscribe a Form 1040 Individual Income Tax Return, which was verified by a written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service, which said return the defendant did not believe to be true and correct as to every material matter as further described below:

COUNT	DEFENDANT	TAX YEAR	FORM	FALSE ITEMS
46	Nghia Dao	2006	1040	Gross income, Sch. C. business loss; line 12, form 1040, and AGI (\$868,359.00)
47	Nghia Dao	2007	1040	Gross income, Sch. C. business loss; line 12, form 1040, and AGI (\$1,932.380.00)
48	Thu N Le	2005	1040	Filing Status, and claiming Kalin Dao as an exemption
49	Thu N Le	2006	1040	Filing Status, and claiming Kalin Dao as an exemption
50	Thu N Le	2007	1040	Filing Status, and claiming Kalin Dao as an exemption

All in violation of Title 26, United States Code, Section 7206(1).

FORFEITURE ALLEGATIONS

Counts 1-45 of this Indictment are hereby realleged and incorporated as if fully set forth herein by reference, for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Sections 981(a)(1)(A) & (C), 982(a)(1), and Title 28, United States Code, Section 2461(c).

As the result of the offenses alleged in Counts 1-28 of this Indictment, the defendant shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C), in

conjunction with Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the violations alleged in Counts 1-28 of this Indictment, including but not limited to:

- a. \$95,418.04 seized from US Bank Account No. *****9414;
- b. \$29,355.86 seized from eTRADE Brokerage Account No. ****8829;
- c. \$38,096.04 seized from Bank of America Account No.*****9585.

Further, as a result of the offenses alleged in Counts 29-45 of this Indictment, the defendant shall forfeit to the United States pursuant to Title 18, United States Code, Sections 981(a)(1)(A) and Section 982(a)(1), any property, real or personal, involved in such offenses, or any property traceable to such property, including but not limited to:

- a. \$95,418.04 seized from US Bank Account No. *****9414;
- b. \$29,355.86 seized from eTRADE Brokerage Account No. ****8829;
- c. \$38,096.04 seized from Bank of America Account No.*****9585.

If any of the above-described forfeitable property is unavailable for forfeiture, the United States intends to seek the forfeiture of substitute property as provided for in Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States

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Code, Section 982(b)(1) and by Title 28, United States Code, Section 2461(c).

All in violation of Title 18, United States Code, Sections 2, 371, 981(a)(1)(A) & (C), 982(a)(1), 1341, 1343, and 1957.

A TRUE BILL

UNITED STATES ATTORNEY

FOREPERSON