

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA * CRIMINAL DOCKET NO. 07-384

v. * SECTION: "J"

JAMES ZOUCHA *

* * *

FACTUAL BASIS

If this matter were to proceed to trial, the Government would introduce admissible evidence that the defendant, **JAMES ZOUCHA**, conspired with Gwen Moyo, Derrick Shepherd, AA Communications, Inc., and others to commit mail and wire fraud in connection with the issuance of fraudulent construction bid, payment, and performance bonds.

Among other things, the evidence would include various admissions of Zoucha made in non-custodial, voluntary statements to Special Agents of the Federal Bureau of Investigation (FBI), and voluntary testimony before the Federal Grand Jury after being advised of his constitutional rights which he waived. These admissions are corroborated by substantial written documentation and other evidence.

Although Zoucha represented himself at times as the "Attorney in Fact" of United Assurance Company, Limited (UACL) and the President of AA Communications, Inc. (AA), he is a retired Marine enlisted man and mail carrier on disability who had no formal training in the insurance or bonding businesses. Zoucha is not and has never been licensed to sell, solicit, underwrite, or in any way conduct the business of insurance or construction bonds in Louisiana or any other state.

Zoucha acted solely at the direction of Moyo, whom he met one time socially, probably in the late 1980s, and thereafter communicated with her solely through telephone and/or e-mail. Zoucha admitted that he was aware that Moyo had previously been convicted of a federal crime and had served time in federal prison, but believed her claim that she had been falsely convicted due to the embezzlement of one of her employees.

Moyo presented Zoucha with a business opportunity to begin a telecommunications business which eventually was to become AA. As "seed money," Zoucha allowed Moyo to use his credit card to generate the necessary capital for the telecommunications business. Zoucha subsequently discovered that Moyo ran the card's credit limit up to approximately \$29,000, purchasing many personal items such as a fur coat, hotel expenses, and car rentals. Moyo has never repaid the credit card purchases in full, and the balance remains approximately \$29,000. Moyo intermittently paid Zoucha \$2,000 per month for the preparation of bonding documents, which documents Zoucha obtained from commercial sources and for which he has no formal training in preparing.

The telecommunications business never materialized, but Moyo did begin soliciting construction bonds energetically. In addition, Zoucha sometimes solicited bonding business over the internet.

Moyo marketed primarily to small, minority owned businesses who had difficulty obtaining construction bonds through traditional sources. Zoucha prepared the bonds using American Institute of Architects (AIA) forms which he duplicated on his computer, relying primarily on Moyo for direction and authority to do so.

Zoucha routinely utilized common carriers such as Federal Express, UPS, and DHL to transmit the prepared bond documents either to Moyo, insurance agents and brokers, or the clients directly as instructed by Moyo. Zoucha conducted his bond related business in Southern California while the majority of Moyo's bond related dealings occurred in Louisiana to the best of Zoucha's knowledge. Accordingly, his telephonic dealings and e-mail communications with Moyo were interstate in nature as well.

Zoucha continued to prepare bonds for Moyo even after, in 2006, he had been sued by various subcontractors on bonds where he had been designated as the "Surety." Zoucha relied on Moyo's representations that these claims would be paid even after Zoucha had been cast in Judgment for the sum of \$384,227 plus interest and attorneys' fees to one of the creditors, Pete Fuller Painting Contractors in October, 2006. This judgement was taken after Moyo reneged on a settlement with Fuller that she had agreed to fund.

In a series of e-mails from Zoucha to Moyo, he repeatedly complained to her as to the financial difficulties of their enterprise. For example, Zoucha wrote on July 3, 2006, in pertinent part that:

...

Last Jan I ask to meet with you to talk about things, you said after you had made the accounting done we would meet. Well you was in Calif for 2-3 weeks BUT never got here. We have made over \$1,000,000.00 in the 4 years and I myself only got about \$65,000.00 which again don't add up to you \$2,000.00 You and I agreed when we got started and I told you that was the bare amount I could get by with. [sic]

These Bid bonds today was gave to you about 2 weeks ago and you failed to tell me until it was all but impossible to do, Being my computer went down and I Have NO car to get around also people take off for the 4th.
[sic]
Still waiting to meet you,

Jim

Again, on July 20, 2006, Zoucha wrote Moyo asking, in pertinent part:

...

What is going on with the Fuller case. Think it is due in court very soon if not today or tomorrow. Please don't let them have a judgement and my home is put up for sale. [sic]

...

On August 8, 2006, Zoucha wrote:

Gwen,

I have heard nothing from you on the following

1. The Fuller lawsuit
2. The new Lawyer you said you was getting
3. The Lawsuit that AMOS Metz Rentals filed
4. The Lawsuit that NRA filed
5. The Deal on the Thomas bond

I am as we agreed to your partner and I know nothing that is going on.
[sic]

...

Always when we talk on the phone you tell me you will call back and tell me what is going on BUT never do. This is not the way a company should run with only one side getting everything and giving out nothing to the partner. [sic]

...

In the Fall of 2006, Moyo told Zoucha that AA's bank accounts had been frozen or seized. She told Zoucha that she would explain what happened but never did. Zoucha also received written communications from the Louisiana Department of Insurance explaining that they had obtained court orders enjoining Zoucha, Moyo, AA Communications, and related parties from engaging in the unauthorized business of insurance stemming from a complaint of one of their customers, Great Southern Dredging (GSDI).

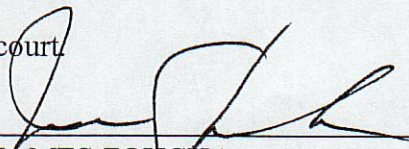
In connection with the GSDI bond, Zoucha prepared the construction payment and performance bonds and signed as the "Attorney in Fact" of United Assurance Company, Ltd. Zoucha had no authority to act as the "Attorney in Fact" of UACL other than what Moyo verbally told him he had. When Zoucha learned that the GSDI bond had been rejected by the owner, Zoucha told Moyo to return the construction bond premium payment which she failed to do. During the same general period of time, Moyo failed to return the construction bond premium paid by a minority contractor, Entek, despite the fact that the bond documents prepared by Zoucha had been rejected. Zoucha again urged Moyo to return the premium which she failed to do.

In December, 2006, Zoucha received via UPS a check drawn on Dryades Savings Bank account titled Shepherd & Associates, LLC Trust Account, 2009 Ames Blvd., Marrero, La., 70072, account number XXXXX07016, check number 1573, dated December 18, 2006, in the

amount of \$5,000. Zoucha had been asking Moyo for the money through the Fall of 2006 because he had not been paid by Moyo for some time although Moyo repeatedly reassured him that payment would be forthcoming. The check was payable to "James Zoucha" and "Replacing Check" was written in the memo line. Zoucha admitted receiving the check through UPS, endorsing it, and depositing the amount of the check into his checking account. The proceeds represented two months pay from Moyo as well as a \$1,000 Christmas bonus.

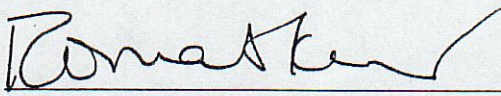
Zoucha also admitted that he received the November, 2006 Cease and Desist Order obtained by the Louisiana Department of Insurance in the Louisiana State Court barring him, Moyo, AA Communications, and others from engaging in the unauthorized business of insurance relating to construction bonds. Despite this, Zoucha continued to work with Moyo and others in preparing subsequent bonds despite knowing that he had been enjoined by the Louisiana state

court.



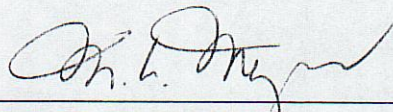
JAMES ZOUCHA
Defendant

9-9-08
Date



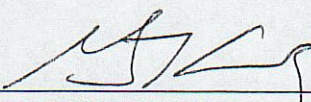
ROMA A. KENT, ESQ.
Counsel for James Zoucha

September 9, 2008
Date



MICHAEL W. MAGNER
Assistant United States Attorney

Sept. 9, 2008
Date



GREG KENNEDY
Assistant United States Attorney

9-9-08
Date