

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

UNITED STATES OF AMERICA,)	<u>INDICTMENT</u>
)	
Plaintiff,)	CASE NO.
)	
v.)	JUDGE
)	
FRED A. BOUKZAM, and)	Title 18, Section 1344,
PON MANAGEMENT, INC.,)	United States Code
)	
Defendants.)	

The Grand Jury charges:

1. At all times material herein, First Merit Bank, Akron, Ohio, was a financial institution whose deposits were insured by the Federal Deposit Insurance Corporation.
2. At all times material to this indictment, the defendant, FRED A. BOUKZAM, was President of PON MANAGEMENT, INC., Strongsville, Ohio. PON MANAGEMENT, INC., owned and operated about fifteen (15) Ponderosa restaurants in the Northern District of Ohio.
3. Beginning as early as in or about January 2006, and continuing through on or about September 24, 2007, in the Northern District of Ohio, Eastern Division, the defendants, FRED A. BOUKZAM and PON MANAGEMENT, INC., did knowingly execute and attempt to execute a

scheme and artifice to defraud First Merit Bank, and to obtain monies, funds, credits, assets, securities, and other property owned by and under the custody and control of said financial institution, by means of false and fraudulent pretenses, representations, and promises, to wit: the defendants engaged in substantial check-kiting activity causing First Merit Bank to sustain a loss of approximately \$4,127,000.

4. During the time period alleged herein, the defendants maintained several checking accounts at First Merit Bank in a three-tier system of accounts which enabled them to engage in the check-kiting activity. Each of the 15 Ponderosa restaurants maintained its own checking account for business-related activities. These 15 checking accounts, referred to as entity accounts, were the first level of the three-tier system of accounts. On a daily basis, the balances in these 15 entity accounts would be transferred to one of two controlling disbursement accounts. These controlling disbursement accounts, the second level of accounts, were named Pon Management, Inc., and Steak-N-Buffer Management, Inc. These controlling disbursement accounts were used to pay expenses related to operation of the business entities, including payroll, inventory acquisition, and indirect costs. At the end of each day, the balances in these two controlling disbursement accounts would be swept into the third level of accounts, referred to as concentration accounts. The third level of accounts were also named Pon Management, Inc., and Steak-N-Buffer Management, Inc.

5. It was a critical part of the scheme and artifice to defraud First Merit Bank that the defendants deposited, and caused to be deposited, checks drawn on the Steak-N-Buffer control disbursement account into the Pon Management concentration account, and checks drawn on the Pon Management control disbursement account into the Steak-N-Buffer concentration account. First Merit Bank would extend immediate credit for the deposited items.

6. In furtherance of the scheme and artifice, the defendants caused the corporate bank accounts to be temporarily and artificially inflated which increased over the time period alleged herein as the defendants' check-kiting activity accelerated and magnified.

7. During this time period, as part of the scheme and artifice, the defendants caused more than 44,000 checks totaling approximately \$824 million dollars to be deposited into the second and third level of accounts in order to continue the fraudulent check-kiting activity.

8. During the final few days of this fraudulent activity, before First Merit Bank discovered and stopped it, the defendants had caused this check-kiting activity to increase to the following approximate levels:

Date	Number of Checks	Number of Deposit Tickets	Total Amount
09/19/07	328	86	\$5,181,132
09/20/07	335	87	\$5,247,802
09/21/07	348	88	\$5,223,759
09/24/07	333	80	\$4,943,239

9. As a result of the defendants' fraudulent conduct, First Merit Bank sustained a loss of approximately \$4,127,000.

All in violation of Title 18, United States Code, Section 1344.

A TRUE BILL.

United States v. Fred A. Boukzam, et al.

A TRUE BILL.

FOREPERSON

WILLIAM J. EDWARDS
ACTING UNITED STATES ATTORNEY