

FILED

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

2018 AUG 30 PM 4:47
CLERK, US DISTRICT COURT,
MIDDLE DISTRICT OF FLORIDA,
JACKSONVILLE DISTRICT

UNITED STATES OF AMERICA

v.

CASE NO. 3:18-cr- 150-J-390RK
18 U.S.C. §§ 1341 and 2
18 U.S.C. §§ 657 and 2

DUANE ALLEN SIKES

INDICTMENT

The Grand Jury charges:

COUNTS ONE THROUGH TEN
(Mail Fraud)

A. Introduction

At times material to this Indictment, unless otherwise specified:

1. The defendant, DUANE ALLEN SIKES ("SIKES"), engaged in a fraudulent scheme to misappropriate approximately \$5.4 million from Vystar Credit Union.
2. The defendant worked in the mailroom at Vystar Corporate Headquarters in Jacksonville, Florida from approximately in or about 1994 through in or about 2017.
3. Part of the defendant's duties included obtaining checks issued by Vystar Credit Union (Vystar) to purchase postage for the Pitney Bowes postage meter which Vystar used to send out its mail.

4. Vystar issued checks approximately each week to add postage to the meter. However, the defendant did not use the Vystar issued check to purchase postage each week for the postage meter but, rather, approximately every other week, he misappropriated the check and purchased a large amount of U.S. postage stamps at the Jacksonville Main Post Office.

5. The defendant then shipped the rolls of stamps to a vendor, Ben-Art Stamp Company, the wholesale division of Mystic Stamp Company, Camden, New York, which sold the stamps, issued a check for the defendant's portion of the sales proceeds and mailed it to him through the United States mail.

6. Between in or about 2007 through in or about 2017, Ben-Art Stamp Company paid the defendant approximately \$3,663,200.00 for stamps the defendant sold to the company. The defendant used the sales proceeds for his own benefit.

B. Scheme and Artifice

From in or about 2007 through in or about August, 2017 in the Middle District of Florida, and elsewhere, the defendant,

DUANE ALLEN SIKES,

did knowingly devise and intend to devise, and participate in, a scheme and artifice to defraud and to obtain money and property by means of materially

false and fraudulent pretenses, representations, and promises, that is, to obtain money and property by means of materially false and fraudulent representations concerning the use of checks issued by Vystar to purchase postage for the postage meter machine, as more fully described herein.

C. Manner and Means

The manner and means by which the defendant carried out the scheme and artifice to defraud included, but were not limited to, the following:

1. The defendant, as part of his duties at Vystar, obtained a check issued by Vystar approximately once each week for the purchase of postage to be added to the Pitney Bowes postage meter Vystar used for its mailings. All of the issued checks were made payable to "US POSTMASTER."

2. The defendant would then mail some of the checks to Pitney Bowes for processing and credit to the Vystar postage meter.

3. The defendant used approximately every other weekly check to purchase a large amount of U.S. postage stamps, in rolls, at the Jacksonville Mail Post Office located at 1100 Kings Road, Jacksonville, Florida, rather than forwarding the check to Pitney Bowes for credit to the postage meter.

4. After purchasing the U.S. Postage stamps, the defendant mailed them to Ben-Art Stamp Company, which is the wholesale division of Mystic Stamp Company, in Camden, New York via FedEx.

5. Ben-Art Stamp Company, in turn, would purchase the stamps from the defendant for resale and mail a check made payable to the defendant through the United States Postal Service.

6. Ben-Art Stamp Company re-sold the stamps for approximately 80% of market value.

7. The defendant sold stamps to Ben-Art Stamp Company for approximately 15 years and over the course of this time, the volume of stamps the defendant sold to Ben-Art Stamp Company essentially remained the same.

8. Between 2007 and 2017, Ben-Art Stamp Company paid the defendant \$3,663,200.00 for stamps he sold to the company.

9. Between 2007 and 2017, the defendant embezzled approximately \$5.4 million from Vystar in the form of checks Vystar intended to be used to purchase postage for the postage meter which the defendant, instead, used to purchase, and then sell, United States postage stamps.

10. The defendant used these funds for his own benefit.

D. Execution of the Scheme

a. On or about the dates listed below, in the Middle District of Florida, and elsewhere, the defendant,

DUANE ALLEN SIKES,

for the purpose of executing and attempting to execute the scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, did knowingly and with intent to defraud cause certain items to be sent, delivered, and moved by a private and commercial interstate commercial carrier, that is, the below-listed mailings, the dates being approximate:

COUNT	DATE	DESCRIPTION
One	9/16/13	Package of stamps sent Via FedEx by Sikes to Ben-Art Stamp Company
Two	10/27/14	Package of stamps sent via FedEx by SIKES to Ben-Art Stamp Company
Three	10/26/15	Package of stamps sent via FedEx by SIKES to Ben-Art Stamp Company
Four	2/22/16	Package of stamps sent via FedEx by SIKES to Ben-Art Stamp Company
Five	1/30/17	Package of stamps sent via FedEx by SIKES to Ben-Art Stamp Company

All in violation of 18 U.S.C. §§ 1341 and 2.

b. On or about the dates listed below, in the Middle District of Florida, and elsewhere, the defendant,

DUANE ALLEN SIKES,

for the purpose of executing and attempting to execute the scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, did knowingly and with intent to defraud cause certain items to be sent, delivered, and moved by United States mail that is, the below-listed mailings, the dates being approximate:

Six	9/17/13	Check #28599 for \$15,000.00, made payable to Duane A. Sikes, issued and mailed by Ben-Art Stamp Company for the purchase of stamps provided by Sikes.
Seven	10/28/14	Check #29103 for \$12,000.00, made payable to Duane A. Sikes, issued and mailed by Ben-Art Stamp Company for the purchase of stamps provided by Sikes.
Eight	10/27/15	Check # 29505 for \$12,000.00, made payable to Duane A. Sikes, issued and mailed by Ben-Art Stamp Company for

		the purchase of stamps provided by Sikes.
Nine	2/23/16	Check # 29583 for \$12,000.00, made payable to Duane A. Sikes, issued and mailed by Ben-Art Stamp Company for the purchase of stamps provided by Sikes.
Ten	1/31/17	Check #29910 for \$12,000.00.00, made payable to Duane A. Sikes, issued and mailed by Ben-Art Stamp Company for the purchase of stamps provided by Sikes.

All in violation of 18 U.S.C. §§ 1341 and 2.

**COUNT ELEVEN
(Embezzlement of Credit Union Funds)**

Part A of this Indictment is realleged and incorporated by reference as if fully set forth herein.

On or about October 23, 2014, in the Middle District of Florida and elsewhere, the defendant,

DUANE ALLEN SIKES,

being an employee of Vystar Credit Union, a credit union federally insured by the National Credit Union Administration, with intent to injure and defraud Vystar Credit Union, willfully embezzled, abstracted, purloined or willfully

misapplied money, funds, and credits of Vystar Credit Union, in that the defendant caused the credit union to issue a check in the amount of \$19,600.00 to the US POSTMASTER which it intended would purchase additional postage for the Vystar Credit Union Pitney Bowes postage meter, but the defendant embezzled the funds and used them to purchase postage stamps issued by the United States Post Office which he later resold and used the funds for his own benefit.

In violation of 18 U.S.C. §§ 657 and 2.

COUNT TWELVE
(Embezzlement of Credit Union Funds)

Part A of this Indictment is realleged and incorporated by reference as if fully set forth herein.

On or about October 21, 2015, in the Middle District of Florida and elsewhere, the defendant,

DUANE ALLEN SIKES,

being an employee of Vystar Credit Union, a credit union federally insured by the National Credit Union Administration, with intent to injure and defraud Vystar Credit Union, willfully embezzled, abstracted, purloined or willfully misapplied money, funds, and credits of Vystar Credit Union, in that the defendant caused the credit union to issue a check in the amount of \$19,600.00 to the US POSTMASTER which it intended would purchase

additional postage for the Vystar Credit Union Pitney Bowes postage meter, but the defendant misappropriated the funds and used them to purchase postage stamps issued by the United States Post Office which he later resold and used the funds for his own benefit.

In violation of 18 U.S.C. §§ 657 and 2.

**COUNT THIRTEEN
(Embezzlement of Credit Union Funds)**

Part A of this Indictment is realleged and incorporated by reference as if fully set forth herein.

On or about February 19, 2016, in the Middle District of Florida and elsewhere, the defendant,

DUANE ALLEN SIKES,

being an employee of Vystar Credit Union, a credit union federally insured by the National Credit Union Administration, with intent to injure and defraud Vystar Credit Union, willfully embezzled, abstracted, purloined or willfully misapplied money, funds, and credits of Vystar Credit Union, in that the defendant caused the credit union to issue a check in the amount of \$19,600.00 to the US POSTMASTER which it intended would purchase additional postage for the Vystar Credit Union Pitney Bowes postage meter, but the defendant misappropriated the funds and used them to purchase postage stamps issued by the United States Post Office

which he later resold and used the funds for his own benefit.

In violation of 18 U.S.C. §§ 657 and 2.

**COUNT FOURTEEN
(Embezzlement of Credit Union Funds)**

Part A of this Indictment is realleged and incorporated by reference as if fully set forth herein.

On or about January 27, 2017, in the Middle District of Florida and elsewhere, the defendant,

DUANE ALLEN SIKES,

being an employee of Vystar Credit Union, a credit union federally insured by the National Credit Union Administration, with intent to injure and defraud Vystar Credit Union, willfully embezzled, abstracted, purloined or willfully misapplied money, funds, and credits of Vystar Credit Union, in that the defendant caused the credit union to issue a check in the amount of \$19,600.00.00 to the US POSTMASTER which it intended would purchase additional postage for the Vystar Credit Union Pitney Bowes postage meter, but the defendant misappropriated the funds and used them to purchase postage stamps issued by the United States Post Office which he later resold and used the funds for his own benefit.

In violation of 18 U.S.C. §§ 657 and 2.

COUNT FIFTEEN
(Embezzlement of Credit Union Funds)

Part A of this Indictment is realleged and incorporated by reference as if fully set forth herein.

On or about July 27, 2017, in the Middle District of Florida and elsewhere, the defendant,

DUANE ALLEN SIKES,

being an employee of Vystar Credit Union, a credit union federally insured by the National Credit Union Administration, with intent to injure and defraud Vystar Credit Union, willfully embezzled, abstracted, purloined or willfully misapplied money, funds, and credits of Vystar Credit Union, in that the defendant caused the credit union to issue a check in the amount of \$17,200.00.00 to the US POSTMASTER which it intended would purchase additional postage for the Vystar Credit Union Pitney Bowes postage meter, but the defendant misappropriated the funds and used them to purchase postage stamps issued by the United States Post Office that he later resold and used the funds for his own benefit.

In violation of 18 U.S.C. §§ 657 and 2.

FORFEITURE

1. The allegations contained in Counts One through Fifteen are incorporated by reference for the purpose of alleging forfeiture pursuant to 18 U.S.C. § 982(a)(2)(A).

2. Upon conviction of a violation of 18 U.S.C. § 1341 and/or 18 U.S.C. § 657, the defendant, DUANE ALLEN SIKES, shall forfeit to the United States, pursuant to 18 U.S.C. § 982(a)(2)(A), any property constituting, or derived from, proceeds obtained, directly or indirectly, as a result of such violation.

3. The property to be forfeited includes, but is not limited to, the following:

- a. the sum of at least \$3,663,200.00 which represents the proceeds obtained as a result of the violations charged in Counts One through Ten;
- b. the entire contents of Community First Credit Union Checking Account No. 132128, and
- c. the amount of proceeds the defendant obtained, directly or indirectly, as a result of the violations charged in Counts Eleven through Fifteen.

4. If any of the property described above, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;

- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

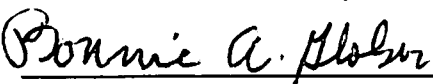
the United States shall be entitled to forfeiture of substitute property pursuant to 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. § 982(b)(1).

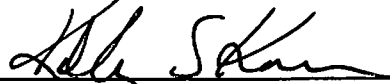
A TRUE BILL,



Foreperson

MARIA CHAPA LOPEZ
United States Attorney

By: 
Bonnie A. Globber
Assistant United States Attorney

By: 
Kelly Karase
Assistant United States Attorney
Deputy Chief, Jacksonville Division

No.

UNITED STATES DISTRICT COURT
Middle District of Florida
Jacksonville Division

THE UNITED STATES OF AMERICA

vs.

DUANE ALLEN SIKES

INDICTMENT

Violations: Cts. 1 -10: 18 U.S.C. §§ 1341 and 2
Cts. 11-15: 18 U.S.C. §§ 657 and 2

A true bill,



Foreperson

Filed in open court this 30th day
of August, 2018.



Clerk

Bail \$ _____
