

STATE OF MICHIGAN 89th JUDICIAL DISTRICT 53rd JUDICIAL CIRCUIT	COMPLAINT FELONY	DISTRICT: CIRCUIT: CTN: 96-14900734-01 COMPLAINT #: 2014-0076935-B
District Court ORI: MI160015J	Circuit Court ORI: MI160025J	AG ORI: MI820025A

THE PEOPLE OF THE STATE OF MICHIGAN v		Victim or complainant: Larry Ginop, Steven Matthews, Kenneth and Anita Ginop, Richard Lobenherz, Steven and Darlene Schmidt, David and Mary Lou Oster, Gordon and Edith Kruskie and Donald and Kathleen Schrier
CHESAPEAKE ENERGY CORPORATION 6100 NORTH WESTERN AVENUE OKLAHOMA CITY, OK 73118		Complaining Witness SA PETE ACKERLY
Co-defendant(s)		Date: On or about May 1, 2010 - December 31, 2010
City/Twp./Village CHEBOYGAN COUNTY	County in Michigan Cheboygan	Defendant SID
Charge(s) See Below		Defendant DOB
		Maximum Penalty See Below

STATE OF MICHIGAN, COUNTY OF CHEBOYGAN

The complaining witness says that on the date and at Cheboygan County, the defendant, contrary to law,

In early 2010, defendant Chesapeake undertook a scheme through its agents to lock up northern Michigan landowners in natural gas leases, and prevent those landowners from taking other lease offers. To do so, Chesapeake and its land agents falsely told the landowners that mortgages were "no problem" on the leased land and offered to handle subordinating those mortgages. Later when competition from competitors had stopped and Chesapeake decided that Michigan's oil and gas prospects were not as lucrative as it liked, Chesapeake ordered mass lease cancellations based on the existence of those mortgages, as well as other pretextual reasons. The massive, orchestrated nature of the scheme indicates that Chesapeake entered into those leases knowing that it would cancel them if Chesapeake so chose -- a scheme known as "cold drafting" in the industry. The landowners relied on the leases, in some cases spending the promised lease money before receiving it, and in many cases turning down other potential lessors. Chesapeake's scheme gave it uncompensated lease options at the expense of hundreds of northern Michigan landowners. Chesapeake signed between 700-800 landowners to leases; it honored less than 30 leases.

COUNT 1: CRIMINAL ENTERPRISES - CONDUCTING

being associated with an enterprise, and its agents, including but not limited to OIL Niagaran and Northern Michigan Exploration Company, did knowingly conduct or participate in the affairs of the enterprise directly or indirectly through a pattern of racketeering activity, consisting of two or more of the following incidents of racketeering, to wit:

on or about between May 1, 2010 and December 31, 2010, in Michigan, defendant did commit the following offense for financial gain, to wit: did, with the intent to defraud or cheat, make or use a false pretense to cause a person to grant, convey, assign, demise, lease or mortgage any interest in land having a value of \$1,000.00 or more but less than \$20,000.00 from Larry Ginop; False Pretenses \$1,000.00 or more but less than \$20,000.00;

and on or about May 1, 2010 and December 31, 2010, in Michigan, defendant did commit the following offense for financial gain, to wit: did, with the intent to defraud or cheat, make or use a false pretense to cause a person to grant, convey, assign, demise, lease or mortgage any interest in land having a value of \$1,000.00 or more but less than \$20,000.00 from Steven Matthews; False Pretenses \$1,000.00 or more but less than \$20,000.00,

and on or about May 1, 2010 and December 31, 2010, in Michigan, defendant did commit the following offense for financial gain, to wit: did, with the intent to defraud or cheat, make or use a false pretense to cause a

person to grant, convey, assign, demise, lease or mortgage any interest in land having a value of \$1,000.00 or more but less than \$20,000.00 from Kenneth and Anita Ginop; False Pretenses \$1,000.00 or more but less than \$20,000.00,

and on or about May 1, 2010 and December 31, 2010, in Michigan, defendant did commit the following offense for financial gain, to wit: did, with the intent to defraud or cheat, make or use a false pretense to cause a person to grant, convey, assign, demise, lease or mortgage any interest in land having a value of \$1,000.00 or more but less than \$20,000.00 from Richard Lobenherz; False Pretenses \$1,000.00 or more but less than \$20,000.00,

and on or about May 1, 2010 and December 31, 2010, in Michigan, defendant did commit the following offense for financial gain, to wit: did, with the intent to defraud or cheat, make or use a false pretense to cause a person to grant, convey, assign, demise, lease or mortgage any interest in land having a value of \$1,000.00 or more but less than \$20,000.00 from Steven and Darlene Schmidt; False Pretenses \$1,000.00 or more but less than \$20,000.00,

and on or about May 1, 2010 and December 31, 2010, in Michigan, defendant did commit the following offense for financial gain, to wit: did, with the intent to defraud or cheat, make or use a false pretense to cause a person to grant, convey, assign, demise, lease or mortgage any interest in land having a value of \$1,000.00 or more but less than \$20,000.00 from David and Mary Lou Oster; False Pretenses \$1,000.00 or more but less than \$20,000.00,

and on or about May 1, 2010 and December 31, 2010, in Michigan, defendant did commit the following offense for financial gain, to wit: did, with the intent to defraud or cheat, make or use a false pretense to cause a person to grant, convey, assign, demise, lease or mortgage any interest in land having a value of \$1,000.00 or more but less than \$20,000.00 from Gordon and Edith Kruskie; False Pretenses \$1,000.00 or more but less than \$20,000.00,

and on or about May 1, 2010 and December 31, 2010, in Michigan, defendant did commit the following offense for financial gain, to wit: did, with the intent to defraud or cheat, make or use a false pretense to cause a person to grant, convey, assign, demise, lease or mortgage any interest in land having a value of \$1,000.00 or more but less than \$20,000.00 from Donald and Kathleen Schrier; False Pretenses \$1,000.00 or more but less than \$20,000.00,

which had the same or a substantially similar purpose, and which amount to or pose a threat of continued criminal activity; contrary to MCL 750.159i(1). [750.159i1]

FELONY: 20 Years and/or \$100,000.00; criminal forfeiture of proceeds, substituted proceeds, and instrumentalities of racketeering listed on attached notification (see MCL 750.159j(4)); court may order court costs, costs of investigation, and/or costs of prosecution

COUNT 2: FALSE PRETENSES - \$1,000.00 OR MORE BUT LESS THAN \$20,000.00

did, with the intent to defraud or cheat Larry Ginop, make or use a false pretense to cause a person to grant, convey, assign, demise, lease, or mortgage any interest in land, having a value of \$1,000.00 or more but less than \$20,000.00; contrary to MCL 750.218(4)(a). [750.2184A]

FELONY: 5 Years and/or \$10,000.00, or 3 times the value of the money or property involved, whichever is greater.

COUNT 3: FALSE PRETENSES - \$1,000.00 OR MORE BUT LESS THAN \$20,000.00

did, with the intent to defraud or cheat Steven Matthews, make or use a false pretense to cause a person to grant, convey, assign, demise, lease, or mortgage any interest in land, having a value of \$1,000.00 or more but less than \$20,000.00; contrary to MCL 750.218(4)(a). [750.2184A]

FELONY: 5 Years and/or \$10,000.00, or 3 times the value of the money or property involved, whichever is greater.

COUNT 4: FALSE PRETENSES - \$1,000.00 OR MORE BUT LESS THAN \$20,000.00

did, with the intent to defraud or cheat Kenneth and Anita Ginop, make or use a false pretense to cause a person to grant, convey, assign, demise, lease, or mortgage any interest in land, having a value of \$1,000.00 or more but less than \$20,000.00; contrary to MCL 750.218(4)(a). [750.2184A]

FELONY: 5 Years and/or \$10,000.00, or 3 times the value of the money or property involved, whichever is greater.

COUNT 5: FALSE PRETENSES - \$1,000.00 OR MORE BUT LESS THAN \$20,000.00

did, with the intent to defraud or cheat Richard Lobenherz, make or use a false pretense to cause a person to grant, convey, assign, demise, lease, or mortgage any interest in land, having a value of \$1,000.00 or more but less than \$20,000.00; contrary to MCL 750.218(4)(a). [750.2184A]

FELONY: 5 Years and/or \$10,000.00, or 3 times the value of the money or property involved, whichever is greater.

COUNT 6: FALSE PRETENSES - \$1,000.00 OR MORE BUT LESS THAN \$20,000.00

did, with the intent to defraud or cheat Steven and Darlene Schmidt, make or use a false pretense to cause a person to grant, convey, assign, demise, lease, or mortgage any interest in land, having a value of \$1,000.00 or more but less than \$20,000.00; contrary to MCL 750.218(4)(a). [750.2184A]

FELONY: 5 Years and/or \$10,000.00, or 3 times the value of the money or property involved, whichever is greater.

COUNT 7: FALSE PRETENSES - \$1,000.00 OR MORE BUT LESS THAN \$20,000.00

did, with the intent to defraud or cheat David and Mary Lou Oster, make or use a false pretense to cause a person to grant, convey, assign, demise, lease, or mortgage any interest in land, having a value of \$1,000.00 or more but less than \$20,000.00; contrary to MCL 750.218(4)(a). [750.2184A]

FELONY: 5 Years and/or \$10,000.00, or 3 times the value of the money or property involved, whichever is greater.

COUNT 8: FALSE PRETENSES - \$1,000.00 OR MORE BUT LESS THAN \$20,000.00

did, with the intent to defraud or cheat Gordon and Edith Kruskie, make or use a false pretense to cause a person to grant, convey, assign, demise, lease, or mortgage any interest in land, having a value of \$1,000.00 or more but less than \$20,000.00; contrary to MCL 750.218(4)(a). [750.2184A]

FELONY: 5 Years and/or \$10,000.00, or 3 times the value of the money or property involved, whichever is greater.

COUNT 9: FALSE PRETENSES - \$1,000.00 OR MORE BUT LESS THAN \$20,000.00

did, with the intent to defraud or cheat Donald and Kathleen Schrier, make or use a false pretense to cause a person to grant, convey, assign, demise, lease, or mortgage any interest in land, having a value of \$1,000.00 or more but less than \$20,000.00; contrary to MCL 750.218(4)(a). [750.2184A]

FELONY: 5 Years and/or \$10,000.00, or 3 times the value of the money or property involved, whichever is greater.

Upon conviction of a felony or an attempted felony court shall order law enforcement to collect DNA identification profiling samples.

The complaining witness asks that defendant be apprehended and dealt with according to law.

Warrant authorized on 6/4/14 by: _____
Date

Scott L. Teler
 Scott L. Teler (P40777)
 Assistant Attorney General
 Corporate Oversight Division
 P.o. Box 30755
 Lansing, MI 48909
 (517) 373-1160

Security for costs posted

Complaining witness signature

Subscribed and sworn to before me on _____
Date

Judge/Magistrate/Clerk Bar no.