

**IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF FLORIDA
PENSACOLA DIVISION**

UNITED STATES OF AMERICA

v.

INDICTMENT

**LARRY L. MASINO
and
DIXIE L. MASINO**

_____ /

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THE GRAND JURY CHARGES:

COUNT ONE

A. INTRODUCTION

At all times material to this Indictment:

1. Florida Statutes, Section 849.01 *et seq.*, generally prohibits gambling in the State of Florida. However, Florida Statutes, Section 849.0931 ("the bingo statute"), provides a limited exception to the general prohibition against gambling by allowing certain charitable, nonprofit, or veterans' organizations to conduct bingo games, provided the organization is directly involved in the conduct of the bingo games, the entire proceeds derived from bingo, less actual operating expenses, go to said organization, and the games are conducted in the manner



specified by the statute. All persons conducting bingo games must be a bona fide member of the organization sponsoring such games, and no person involved in conducting bingo games may be compensated in any way. Eligible organizations may not conduct bingo games more than two days a week. Any lease agreement for premises used to conduct bingo games must be for a lease period of at least one year, cannot provide for the payment of a percentage of the bingo proceeds to the lessor or any other party, and must charge a rental rate not exceeding those charged for similar premises in the same locale.

2. Racetrack Bingo Inc. ("RBI") was a Florida corporation owned by the defendants, **LARRY L. MASINO** and **DIXIE L. MASINO** (hereinafter "the defendants"), and their three children. The defendants conducted bingo games at RBI on behalf of eight to eleven nonprofit organizations in Okaloosa County, Florida. These organizations eventually formed Ft. Walton Beach Charities LLC ("FWBC"), a Florida corporation, for the sole purpose of managing and distributing proceeds of bingo games conducted by RBI.

3. At the direction of the defendants, each of the charities comprising FWBC annually entered into one-year written lease agreements with RBI, which were signed by either **LARRY L. MASINO** or **DIXIE L. MASINO** and a representative of the charity. The lease agreements stated FWBC would pay RBI a lease fee, which ranged from \$1,050 to \$1,770 per bingo session, depending on the

year. Each individual charity was required to sponsor and pay for two bingo sessions per week, which meant FWBC was responsible for paying RBI \$21,000 to \$35,400 every week. The lease fee charged to FWBC did not cover electronic bingo equipment rental, paper bingo supplies, bank fees, and setup and cleanup costs, which FWBC was required to pay directly from bingo proceeds in addition to the lease fee to RBI.

4. RBI conducted bingo games for FWBC at a building on Racetrack Road in Fort Walton Beach, Florida. This building was owned by DixLar Inc. (“DixLar”), a Florida corporation owned by the defendants and their children.

B. THE CHARGE

Between on or about January 1, 2006, and on or about July 31, 2015, in the Northern District of Florida and elsewhere, the defendants,

LARRY L. MASINO
and
DIXIE L. MASINO,

did knowingly and willfully combine, conspire, confederate, and agree together and with other persons to devise, and intend to devise, a scheme to defraud and for obtaining money and property by means of material false and fraudulent pretenses, representations, and promises, and to cause wire communications to be transmitted in interstate commerce for the purpose of executing such scheme, in violation of Title 18, United States Code, Section 1343.

C. MANNER AND MEANS

The manner and means by which this conspiracy was committed included the following:

1. The defendants, **LARRY L. MASINO** and **DIXIE L. MASINO**, operated RBI in violation of the bingo statute in order to gain profit for themselves and their children, and the defendants repeatedly and falsely assured FWBC members that the defendants were operating RBI in accordance with the bingo statute.

2. The defendants operated RBI in violation of the bingo statute by not using bona fide members of FWBC to conduct bingo games. The defendants hired their own employees, who were not bona fide members of any of the individual charities comprising FWBC, to conduct and oversee bingo games. The defendants instructed FWBC to list RBI's employees in their member rolls as "volunteers" in order to make it appear RBI was complying with the bingo statute.

3. The defendants operated RBI in violation of the bingo statute by compensating their employees for conducting bingo games. The defendants required FWBC to pay the RBI managers and "volunteers" for each bingo session.

4. The defendants operated RBI in violation of the bingo statute by charging an unreasonable lease fee to FWBC. The defendants charged FWBC \$84,000 to \$141,600 per month for RBI's "turn-key" bingo operation. The

defendants fraudulently alleged this amount was similar to comparable locations and services provided in Okaloosa County, Florida.

5. The defendants operated RBI in violation of the bingo statute by grossly inflating the lease fee in order to unlawfully retain proceeds of RBI's bingo operation for their personal profit and compensation that were otherwise supposed to go to the charities. The defendants provided a written breakdown of RBI's expenses to FWBC, which alleged that the lease fee covered rent for the building, utilities, maintenance, security, legal fees, and other services provided by RBI. The defendants fraudulently told FWBC members this written breakdown, which was attached to some of the lease agreements, represented RBI's actual expenses.

6. The defendants directed managers employed by RBI to deposit all bingo proceeds into FWBC's bank account. The defendants also directed the RBI managers to prepare and send weekly summary sheets via fax or email to FWBC showing how much money was received from bingo operations and how much the charities owed for expenses to other vendors and to RBI for the lease fee. If there were insufficient bingo proceeds earned in a given week to cover the lease fee plus the other expenses that FWBC was responsible for paying directly, the defendants determined how much FWBC would still need to pay RBI that week. FWBC provided the weekly lease fee via check, which would be deposited into RBI's bank account.

7. The defendants used the lease fee payments from FWBC to pay RBI's reported business expenses, which included: DixLar's mortgage payments for the building on Racetrack Road; utilities and maintenance for the building on Racetrack Road; the defendants' and their children's payroll; the defendants' retirement contributions; and reimbursement of the defendants' and their children's personal expenses. After expenses were paid, the defendants distributed the excess money to themselves and their children via regular profit distribution checks from RBI based on the number of "shares" each held. Some of the profit distribution checks were reported for tax purposes as profit distributions from DixLar, as DixLar's only reported income was "rent" from RBI.

8. RBI conducted two bingo sessions per day, totaling 14 bingo sessions per week. However, the total lease fee charged to FWBC by the defendants was for 20 bingo sessions per week.

9. The defendants fraudulently told FWBC representatives and the Okaloosa County Board of Commissioners that RBI's operating expenses were increasing each year to explain why the charities were receiving less money than they had in past years, when, in fact, RBI's expenses had decreased.

10. As a result of the conspiracy, FWBC paid approximately \$12.7 million to RBI in lease fees, millions of which the defendants fraudulently retained

and diverted for their personal benefit in the form of wages, retirement contributions, and profit distribution checks.

All in violation of Title 18, United States Code, Section 1349.

COUNT TWO

Between on or about January 1, 2006, and on or about July 31, 2015, in the Northern District of Florida, the defendants,

**LARRY L. MASINO
and
DIXIE L. MASINO,**

did conduct, manage, supervise, direct, and own all or part of an illegal gambling business, to wit, a gambling business involving bingo games called Racetrack Bingo Inc., which business was in violation of the laws of the State of Florida, to wit, Florida Statutes, Section 849.0931, and which involved five or more persons who conducted, managed, supervised, directed, and owned all or part of said illegal gambling business, and which remained in substantially continuous operation for a period in excess of 30 days, and which had a gross revenue of \$2,000 in any single day.

In violation of Title 18, United States Code, Section 1955.

COUNT THREE

A. INTRODUCTION

The allegations contained in sections A and C of Count One of this Indictment are realleged and incorporated as if fully set forth herein.

B. THE CHARGE

Between on or about January 1, 2006, and on or about July 31, 2015, in the Northern District of Florida and elsewhere, the defendants,

LARRY L. MASINO
and
DIXIE L. MASINO,

did knowingly and willfully combine, conspire, confederate, and agree together and with other persons to engage and attempt to engage in a monetary transaction by, through, and to a financial institution, affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, to wit, depositing profit distribution checks drawn on Racetrack Bingo Inc. bank accounts totaling approximately \$5.8 million, such property having been derived from a specified unlawful activity, to wit, conspiracy to commit wire fraud, in violation of Title 18, United States Code, Section 1349, as charged in Count One of this Indictment, and operating an illegal gambling business, in violation of Title 18, United States Code, Section 1955, as charged in Count Two of this Indictment, all in violation of Title 18, United States Code, Section 1957.

In violation of Title 18, United States Code, Section 1956(h).

COUNTS FOUR THROUGH TWENTY-ONE

On or about the dates listed below, in the Northern District of Florida, the defendant,

LARRY L. MASINO,

did knowingly engage and attempt to engage in a monetary transaction by, through, and to a financial institution, affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, to wit, depositing the following profit distribution checks drawn on Racetrack Bingo Inc. bank accounts, such property having been derived from a specified unlawful activity, to wit, conspiracy to commit wire fraud, in violation of Title 18, United States Code, Section 1349, as charged in Count One of this Indictment, and operating an illegal gambling business, in violation of Title 18, United States Code, Section 1955, as charged in Count Two of this Indictment:

COUNT	DATE	PAYEE	AMOUNT
4	February 18, 2011	LARRY L. MASINO	\$28,000
5	April 18, 2011	LARRY L. MASINO	\$31,850
6	June 15, 2011	LARRY L. MASINO	\$29,500
7	March 6, 2012	LARRY L. MASINO	\$28,000
8	June 2, 2012	LARRY L. MASINO	\$34,000
9	September 18, 2012	LARRY L. MASINO	\$32,000
10	November 30, 2012	LARRY L. MASINO	\$40,000
11	March 5, 2013	LARRY L. MASINO	\$40,000

COUNT	DATE	PAYEE	AMOUNT
12	June 12, 2013	LARRY L. MASINO	\$40,000
13	September 16, 2013	LARRY L. MASINO	\$40,000
14	December 31, 2013	LARRY L. MASINO	\$33,130
15	March 21, 2014	LARRY L. MASINO	\$40,000
16	June 3, 2014	LARRY L. MASINO	\$40,000
17	August 8, 2014	LARRY L. MASINO	\$40,000
18	November 10, 2014	LARRY L. MASINO	\$40,000
19	December 18, 2014	LARRY L. MASINO	\$40,000
20	March 16, 2015	LARRY L. MASINO	\$52,000
21	June 24, 2015	LARRY L. MASINO	\$33,130

In violation of Title 18, United States Code, Section 1957.

COUNTS TWENTY-TWO THROUGH FORTY-ONE

On or about the dates listed below, in the Northern District of Florida, the defendant,

DIXIE L. MASINO,

did knowingly engage and attempt to engage in a monetary transaction by, through, and to a financial institution, affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, to wit, depositing the following profit distribution checks drawn on Racetrack Bingo Inc. bank accounts, such property having been derived from a specified unlawful activity, to wit, conspiracy to commit wire fraud, in violation of Title 18, United States Code, Section 1349, as charged in Count One of this Indictment, and operating an illegal

gambling business, in violation of Title 18, United States Code, Section 1955, as charged in Count Two of this Indictment:

COUNT	DATE	PAYEE	AMOUNT
22	February 18, 2011	DIXIE L. MASINO	\$28,000
23	April 20, 2011	DIXIE L. MASINO	\$31,850
24	June 13, 2011	DIXIE L. MASINO	\$29,500
25	August 30, 2011	DIXIE L. MASINO	\$35,000
26	November 30, 2011	DIXIE L. MASINO	\$31,500
27	March 6, 2012	DIXIE L. MASINO	\$28,000
28	June 11, 2012	DIXIE L. MASINO	\$34,000
29	September 19, 2012	DIXIE L. MASINO	\$32,000
30	December 3, 2012	DIXIE L. MASINO	\$40,000
31	March 5, 2013	DIXIE L. MASINO	\$40,000
32	June 12, 2013	DIXIE L. MASINO	\$40,000
33	September 9, 2013	DIXIE L. MASINO	\$40,000
34	January 8, 2014	DIXIE L. MASINO	\$40,000
35	March 21, 2014	DIXIE L. MASINO	\$40,000
36	June 2, 2014	DIXIE L. MASINO	\$40,000
37	August 11, 2014	DIXIE L. MASINO	\$40,000
38	November 13, 2014	DIXIE L. MASINO	\$40,000
39	December 16, 2014	DIXIE L. MASINO	\$40,000
40	March 16, 2015	DIXIE L. MASINO	\$52,000
41	June 22, 2015	DIXIE L. MASINO	\$40,000

In violation of Title 18, United States Code, Section 1957.

CRIMINAL FORFEITURE

The allegations in Counts One through Forty-One of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeiture. From the defendants' engagement in the violations alleged in Counts One through Forty-One of this Indictment, the defendants,

LARRY L. MASINO
and
DIXIE L. MASINO,

shall forfeit to the United States of America:

(A) pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), upon conviction of an offense in violation of Title 18, United States Code, Sections 1349 and 1955, any and all of the defendants' right, title, and interest in any property, real and personal, constituting and derived from proceeds traceable to such offenses;

(B) pursuant to Title 18, United States Code, Section 982(a)(1), upon conviction of an offense in violation of Title 18, United States Code, Sections 1956 and 1957, any and all of the defendants' right, title, and interest in any property, real and personal, involved in such offenses, and any property traceable to such property; and

(C) pursuant to Title 18, United States Code, Section 1955(d) and Title 28, United States Code, Section 2461(c), upon conviction of an offense in violation

of Title 18, United States Code, Section 1955, any property, including money, used in violation of the offense.

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

- i. \$80,484.85 seized from First City Bank account ending in 4685 held in the name of Racetrack Bingo Inc.; and
- ii. \$49,390.64 seized from Bank of America account ending in 7308 held in the name of "Larry L. Masino Trust";
- iii. \$43,635.99 seized from Bank of America account ending 7311 held in the name of "Larry L. Masino Trust";
- iv. \$337,212.37 seized from Servis1st Bank account ending in 7110 held in the name of "Dixie L. Masino Trust";
- v. funds in Regions Bank account ending in 2321 held in the name of "Regions Bank as Trustee of the Dixie L. Masino Individual Retirement Account Under Agreement Dated August 17, 2009";
- vi. funds in Regions Bank account ending in 3605 held in the name of "Regions Bank as Agent for Dixie L. Masino as Trustee of the Dixie L. Masino Trust Under Amendment and Restatement Dated July 12, 2006";
- vii. the real property located at 1500 Via De Luna Drive, G-15, Pensacola Beach, Florida 32561, more particularly described as:

Lot 15, Block G, First Addition to Regency Cabanas, a Subdivision of portion of the West 400 feet of Block 9 Santa Rosa Villas Subdivision, according to the plat thereof recorded in Plat Book 11, Page 78, of the Public Records of Escambia County, Florida.

- viii. the real property located at 125 Nandina Road, Gulf Breeze, Florida 32561, more particularly described as:

Lot 1, Block 14, Fifth Addition to Gulf Breeze Park according to the plat thereof, recorded in Plat Book B, Page(s) 154 of the Public Records of Santa Rosa County, Florida.

- ix. the real property located at 4125 Baisden Road, Pensacola, Florida 32503, more particularly described as:

Lot 41, Block 72, Cordova Park Unit No. 24, being a portion of Section 17 and 3, Township 1 and 2, Range 29 West, Escambia County, Florida, according to plat recorded in Plat Book 10 at Page 98 of the Public Records of said county.

If any of the property described above as being subject to forfeiture, as a result of any act or omission of any defendant:

- i. cannot be located upon the exercise of due diligence;
- ii. has been transferred or sold to, or deposited with, a third person;
- iii. has been placed beyond the jurisdiction of this Court;
- iv. has been substantially diminished in value; or

v. has been commingled with other property that cannot be divided
without difficulty,

it is the intent of the United States, pursuant to Title 21, United States Code,
Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c),
to seek forfeiture of any other property of said defendants up to the value of the
forfeitable property.

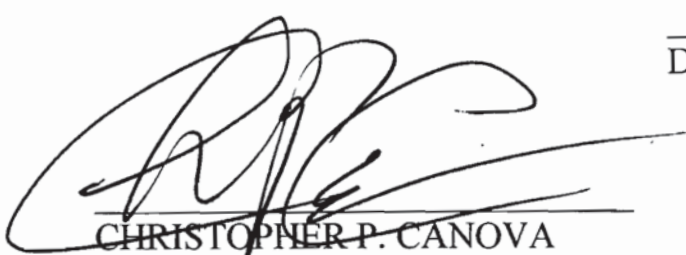
A TRUE BILL:


Redacted per privacy policy

FOREPERSON

2/17/16

DATE


CHRISTOPHER P. CANOVA
Acting United States Attorney


ALICIA H. KIM
Assistant United States Attorney