

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA	)	
	)	No.
v.	)	
	)	Violations: Title 18, United States
CHRISTOPHER VARLESI	)	Code, Sections 1341 and 1343
	)	

The SPECIAL FEBRUARY 2011-1 GRAND JURY charges:

1. At times material to the indictment:

a. Defendant CHRISTOPHER VARLESI lived in Chicago, Illinois, and was the sole proprietor of a company he called Gold Coast Futures & Forex.

b. Neither VARLESI nor Gold Coast Futures & Forex held any license or registration related to the buying and selling of securities or commodities or the operation of a pool of investor money for trading purposes.

2. Beginning in or about July 2008, and continuing until in or about January 2012, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

CHRISTOPHER VARLESI,

defendant herein, devised, intended to devise, and participated in a scheme to defraud and to obtain money and property from investors by means of materially false and fraudulent pretenses, representations, and promises, and by material omissions, which scheme is further described below.

3. It was part of the scheme that defendant VARLESI fraudulently obtained at least approximately \$1,400,000 from approximately 15 individual investors by making false

and misleading representations concerning, among other things, how VARLESI would use their money, the expected return on their investments, and the security of their money. VARLESI fraudulently retained the funds and concealed the scheme by, among other things, creating and distributing false account statements and making Ponzi-type payments to investors.

4. It was further part of the scheme that defendant VARLESI induced individuals to invest with him with false representations and promises that VARLESI would use their money to trade gold, commodity futures, and foreign currency. In fact, VARLESI misappropriated a substantial portion of the investor funds for his own benefit and to make Ponzi-type payments to other investors.

5. It was further part of the scheme that defendant VARLESI falsely told investors that their investments were guaranteed to be profitable, with no risk of losing principal.

6. It was further part of the scheme that defendant VARLESI provided promissory notes to certain investors in which VARLESI falsely promised the return of the entire principal amount of their investment, as well as guaranteed interest ranging from approximately 5% to 7.5% per month.

7. It was further part of the scheme that defendant VARLESI falsely represented to certain investors that he would reinvest their monthly interest payments in order to increase the investors' principal amount of investment, when instead, VARLESI did not reinvest the monthly interest payments, but rather, used the money for his own benefit and to pay other investors.

8. It was further part of the scheme that defendant VARLESI used investor funds to provide returns to other investors, which funds VARLESI falsely represented as profits or interest generated through trading.

9. It was further part of the scheme that, without the knowledge or permission of investors, defendant VARLESI used investors' funds to pay for personal expenses. For example, in or about May 2010, defendant VARLESI used at least approximately \$99,750 of investor funds to pay for a year's rent for an apartment in the Trump International Hotel & Tower in Chicago, Illinois.

10. It was further part of the scheme that defendant VARLESI sent investors via email and/or mail false and misleading statements that purported to reflect the money in their investment accounts and that showed interest and profits that did not actually exist.

11. It was further part of the scheme that defendant VARLESI gave at least one investor phony trading records that contained false and misleading information regarding VARLESI's trading activity.

12. It was further part of the scheme that, in order to lull investors and prevent the fraud from being uncovered, defendant VARLESI falsely promised investors that he would return investors' funds, when VARLESI knew that he no longer had the investors' money and did not have funds available to repay the investors.

13. It was further part of the scheme that defendant VARLESI concealed, misrepresented, and hid, and caused to be concealed, misrepresented, and hidden, the existence, purpose, and acts done in furtherance of the scheme.

14. As a result of the scheme, defendant VARLESI fraudulently obtained at least

approximately \$1,400,000 from approximately 15 investors and, after making Ponzi-type payments, caused losses of at least approximately \$600,000.

15. On or about February 22, 2010, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

CHRISTOPHER VARLESI,

defendant herein, for the purpose of executing the scheme, knowingly caused to be transmitted by means of a wire communication in interstate commerce, certain signs, signals, and sounds, namely a wire transfer through the Federal Reserve System in East Rutherford, New Jersey, of approximately \$50,000 from an account at Citibank to an account at Chase Bank in Chicago, Illinois, which transfer of funds represented Investor A's investment with VARLESI;

In violation of Title 18, United States Code, Section 1343.

## **COUNT TWO**

The SPECIAL FEBRUARY 2011-1 GRAND JURY further charges that:

1. The allegations in paragraphs 1-14 of Count One of this indictment are incorporated here.

2. On or about April 12, 2010, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

CHRISTOPHER VARLESI,

defendant herein, for the purpose of executing the scheme, knowingly caused to be transmitted by means of a wire communication in interstate commerce, certain signs, signals, and sounds, namely a wire transfer through the Federal Reserve System in East Rutherford, New Jersey, of approximately \$500,000 from an account at Citibank to an account at Chase Bank in Chicago, Illinois, which transfer of funds represented Investor A's investment with VARLESI;

In violation of Title 18, United States Code, Section 1343.

### **COUNT THREE**

The SPECIAL FEBRUARY 2011-1 GRAND JURY further charges that:

1. The allegations in paragraphs 1-14 of Count One of this indictment are incorporated here.

2. On or about September 21, 2010, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

CHRISTOPHER VARLESI,

defendant herein, for the purpose of executing the scheme, knowingly caused to be delivered by United States mail, according to the directions thereon, an envelope addressed to VARLESI, at a location in Chicago, Illinois, containing a check for \$10,000 issued to VARLESI by Investor B, which represented Investor B's investment with VARLESI;

In violation of Title 18, United States Code, Section 1341.

#### **COUNT FOUR**

The SPECIAL FEBRUARY 2011-1 GRAND JURY further charges that:

1. The allegations in paragraphs 1-14 of Count One of this indictment are incorporated here.

2. On or about November 29, 2010, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

**CHRISTOPHER VARLESI,**

defendant herein, for the purpose of executing the scheme, knowingly caused to be transmitted by means of a wire communication in interstate commerce, certain signs, signals, and sounds, namely a wire transfer through the Federal Reserve System in East Rutherford, New Jersey, of approximately \$60,000 from an account at Ann Arbor Commerce Bank to an account at Chase Bank in Chicago, Illinois, which transfer of funds represented Investor C's investment with VARLESI;

In violation of Title 18, United States Code, Section 1343.

## **COUNT FIVE**

The SPECIAL FEBRUARY 2011-1 GRAND JURY further charges that:

1. The allegations in paragraphs 1-14 of Count One of this indictment are incorporated here.

2. On or about April 19, 2011, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

CHRISTOPHER VARLESI,

defendant herein, for the purpose of executing the scheme, knowingly caused to be placed in a post office or authorized depository for delivery by the United States Postal Service, according to the directions thereon, an envelope addressed to Investor D, at a location in New Britain, Connecticut, containing a check for \$350 that VARLESI falsely claimed to be interest earned on Investor D's investment;

In violation of Title 18, United States Code, Section 1341.



## **COUNT SIX**

The SPECIAL FEBRUARY 2011-1 GRAND JURY further charges that:

1. The allegations in paragraphs 1-14 of Count One of this indictment are incorporated here.

2. On or about June 28, 2011, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

**CHRISTOPHER VARLESI,**

defendant herein, for the purpose of executing the scheme, knowingly caused to be placed in a post office or authorized depository for delivery by the United States Postal Service, according to the directions thereon, an envelope addressed to Investor D, at a location in New Britain, Connecticut, containing a check for \$700 that VARLESI falsely claimed to be interest earned on Investor D's investment;

In violation of Title 18, United States Code, Section 1341.

## **FORFEITURE ALLEGATION**

The SPECIAL FEBRUARY 2011-1 GRAND JURY further charges:

1. The allegations contained in this indictment are incorporated here for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. As a result of the violations of Title 18, United States Code, Sections 1341 and 1343, as alleged in Counts One through Six of this indictment,

CHRISTOPHER VARLESI,

defendant herein, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), all property constituting, and derived from, and traceable to, proceeds obtained, directly or indirectly, as a result of defendant's violations of Title 18, United States Code, Sections 1341 and 1343, including approximately \$600,000.

3. If any of the forfeitable property described above, as a result of any act or omission by 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 of America shall be entitled to forfeiture of substitute property under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1).

All pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c).

A TRUE BILL:

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FOREPERSON

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UNITED STATES ATTORNEY