

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	
	:	Crim. No. 11-
v.	:	
	:	18 U.S.C. § 1349
WILLIAM GRAULICH IV	:	

I N F O R M A T I O N

The defendant having waived in open court prosecution by Indictment, the United States Attorney for the District of New Jersey charges:

1. At all times relevant to this Information:

a. Defendant WILLIAM GRAULICH IV was a resident of Henryville, Pennsylvania, and the owner and managing director of iVest International Holdings, Inc. (hereinafter, "iVest"). WILLIAM GRAULICH IV operated iVest from his residence in Henryville.

The Conspiracy

2. From in or about September 2007 through in or about August 2009, in the District of New Jersey and elsewhere, defendant

WILLIAM GRAULICH IV

did knowingly and intentionally conspire and agree with others to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing

such scheme and artifice to defraud, to transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce writings, signs, signals, pictures and sounds, contrary to Title 18, United States Code, Section 1343.

Object of the Conspiracy

3. The object of the conspiracy was for defendant GRAULICH and others to obtain money for their personal use from unwitting investors by making materially false and fraudulent promises and representations to the investors regarding how defendant GRAULICH would handle the investors' money and the amount of returns the money would generate, while engaging in or causing wire communications in interstate and foreign commerce, including wire transfers into and out of defendant GRAULICH's bank account in Morristown, New Jersey.

Methods and Means of the Conspiracy

4. It was a part of the conspiracy that defendant GRAULICH and others spoke to investors, either in person or by telephone, regarding an investment platform, and showed investors a PowerPoint presentation titled "Private Placement Arrangement" describing that investment platform. In these conversations and in the Private Placement Arrangement, investors were told about an "exclusive" investment platform that was by invitation only, and, historically, open only to those able to invest at least \$100 million. Defendant GRAULICH and others would pitch this investment platform to investors by falsely telling them that

their investment would be held in a "non-depletion attorney account" and "not [be] at risk." It was falsely promised that the monies in the non-depletion account would be used as collateral to obtain a line of credit, which would be used to trade financial instruments, including "Medium Term Notes" and "Standby Letters of Credit." Defendant GRAULICH and his co-conspirators falsely further promised that weekly returns of 22% were guaranteed.

5. It was further part of the conspiracy that defendant GRAULICH entered into a "Joint Venture Agreement" with investors formalizing the terms of the investment agreement. This written agreement again falsely promised that the investment would be used only as collateral to obtain lines of credit and guaranteed returns of 22% each week.

6. It was further part of the conspiracy that defendant GRAULICH and others induced the investors by the false and fraudulent promises and representations made by defendant GRAULICH and others to wire money into a business checking account set up by defendant GRAULICH.

7. It was further part of the conspiracy that defendant GRAULICH used some of the monies wired into the account by investors to pay "returns" to investors. Defendant GRAULICH used other portions of the money for his personal expenses. Defendant GRAULICH also transferred a large portion of the monies into

another account under his control, and used those funds to pay additional personal expenses.

Fraudulent Activity

8. To further the conspiracy, defendant GRAULICH and others conducted the following activity in the District of New Jersey and elsewhere:

9. On or about September 10, 2007, defendant GRAULICH caused to be established a business checking account ending in "4438" in the name of iVest at a JPMorgan Chase Bank branch in Morristown, New Jersey (hereinafter, "Account-1").

10. On or about August 6, 2008, an individual with the initials D.G. met with a representative of defendant GRAULICH and iVest (hereinafter, "Co-conspirator-1") in London, England to discuss an investment platform. During that meeting, Co-conspirator-1 displayed a PowerPoint presentation to D.G. titled "Private Placement Arrangement" describing that investment platform, and made the following false representations and promises:

a. That the investment platform was exclusive, by invitation only, and, up until January 2008, required a minimum \$100 million investment. Indeed, the Private Placement Arrangement commanded, "[d]iscretion is paramount!" and required "[a]ll participants [to] sign a strict Non-Disclosure, Non-Circumvention agreement, valid in perpetuity!" Notwithstanding

the historically high hurdles to entry, Co-conspirator-1 offered D.G. entry for an investment of \$5 million.

b. That D.G.'s investment would be "held in a non-depletion attorney account with full banking responsibility" and "not [be] at risk" (emphasis in original). Co-conspirator-1 explained to D.G. that the non-depletion attorney account and the monies in it would be used as collateral to obtain a line of credit, which would be used to trade purported financial instruments, including "Medium Term Notes" and "Standby Letters of Credit."

c. That the Private Placement Arrangement promised "[g]uaranteed return of [c]apital," "[g]uaranteed profit/yield from each trade," and "[g]uaranteed weekly payments . . . throughout contractual period" (emphasis in original). In fact, Co-conspirator-1 represented to D.G. that, in recent weeks, the investment platform had been producing returns of approximately 50% per week.

11. Based on these representations and promises, D.G. continued speaking with representatives of defendant GRAULICH and iVest about the investment platform. Specifically, sometime after meeting with Co-conspirator-1, D.G. spoke with a second representative of defendant GRAULICH and iVest (hereinafter, "Co-conspirator-2"). Co-conspirator-2 explained that the investment platform was managed by defendant GRAULICH who had successfully managed the platform for years. Co-conspirator-2 also claimed

that defendant GRAULICH was extraordinarily wealthy, and owned homes and yachts in both the United States and the Caribbean. Further, much as Co-conspirator-1 had done, Co-conspirator-2 made a number of false representations and promises to D.G. about the investment platform, including:

a. That the investment platform was exclusive. Indeed, Co-conspirator-2 refused even to discuss the platform with D.G. until D.G.'s financial bonafides were proven.

b. That D.G.'s investment would be subject to no risk, and extraordinary returns would be guaranteed.

12. In or about August 2008, D.G. spoke to defendant GRAULICH on a conference call. On that call, defendant GRAULICH affirmed the previous false representations and promises that Co-conspirator-1 and Co-conspirator-2 had made to D.G., including:

a. That defendant GRAULICH had been operating the investment platform for years with great success.

b. That D.G.'s investment would be secure and returnable on request, and that returns would be significant and be paid by defendant GRAULICH to D.G. each week.

c. That defendant GRAULICH was licensed with the Securities and Exchange Commission ("SEC").

13. Notwithstanding the above-described representations and promises, D.G. remained somewhat skeptical of the investment platform. To allay D.G.'s concerns, defendant GRAULICH waived the purported \$5 million minimum investment

requirement and permitted D.G. to make an initial investment of only \$2.8 million. D.G. agreed to do so.

14. Shortly thereafter, Co-conspirator-2 sent D.G. a "Joint Venture Agreement" dated August 29, 2008 (hereinafter, "JVA") via electronic mail. The JVA, which was signed by defendant GRAULICH as "managing partner" of iVest, committed to writing the false representations and promises that defendant GRAULICH, Co-conspirator-1, and Co-conspirator-2 had previously made to D.G. Specifically, the JVA provided, in part:

a. "Purpose. [D.G.] and IVEST have agreed to create this Joint Venture for the sole purpose of safekeeping of the Joint Venture Assets, to obtain certain lines of credit, and to utilize those lines of credit in making investments. Profits made from the trade activities over these funds are freely transferable upon mutual agreement. The assets are being used as collateral for loan and financing transactions, and the funds will not be used in any way to promote any illegal activities."

b. "[D.G.] shall receive from the net profits a sum equal to an average of twenty-two (22%) percent per week over the term of this Agreement In the event that the stated rate of return is not achieved in a specific week[,] the difference between the amount paid and 22% shall be paid in the following week."

15. On or about August 29, 2008, D.G. signed the JVA and returned it to defendant GRAULICH.

16. On or about August 29, 2008, D.G. wired approximately \$2.8 million to Account-1 from D.G.'s bank account at Barclays Bank in London, England.

17. On or about November 19, 2008, during a telephone call with D.G., defendant GRAULICH falsely represented that between the time of D.G.'s \$2.8 million investment on or about August 29, 2008 and the time of the call, D.G.'s investment had grown by nearly \$550,000. All of that money - approximately \$3.1 million total - was, according to defendant GRAULICH, untouched and resident in Account-1.¹ Based on defendant GRAULICH's representations, on or about November 20, 2008, D.G. wired an additional \$1.6 million to Account-1 from D.G.'s bank account at Barclays Bank in London, England.

18. Between December 4, 2008 and January 30, 2009, defendant GRAULICH paid out approximately \$1 million in purported returns to D.G. After January 30, 2009, however, D.G. received no additional payments from defendant GRAULICH or iVest.

Misrepresentations by defendant GRAULICH and his Co-conspirators

19. Defendant GRAULICH represented - and Co-conspirator-1, Co-conspirator-2, and the express language of the JVA confirmed - that D.G.'s money would be held in Account-1 and only "used as collateral for loan and financing transactions." That statement was false. Indeed, on or about September 2, 2008

¹ Account-1 purportedly contained approximately \$3.1 million rather than \$3.3 because the JVA required D.G. to pay 15% of D.G.'s net profits to a "paymaster."

- the very next banking day following D.G.'s wire of approximately \$2.8 million to Account-1 - defendant GRAULICH wired approximately \$3.03 million from Account-1 to a second iVest business checking account held at J.P. Morgan Chase Bank ending in "1859" ("Account-2").² Roughly half of the remaining monies in Account-1 following the \$3.03 million transfer were used by defendant GRAULICH to purchase a Jaguar vehicle from Jaguar of Allentown for approximately \$57,244.50 on or about September 15, 2008.

20. Defendant GRAULICH used Account-2 for, among other things, his personal living expenses, including payments to Bennett Jaguar, CVS, Bushkill Golf, Stone Bar Inn, Gulf Oil, Verizon, and DIRECTV.

21. At the time of D.G.'s \$1.6 million wire, defendant GRAULICH stated that D.G.'s principal and returns - approximately \$3.1 million in total - were untouched in Account-1. In fact, on or about November 19, 2008, the day immediately preceding the \$1.6 million wire, the balance of Account-1 was just under \$9,000, not \$3.1 million.

22. D.G.'s \$1.6 million wire into Account-1 was used, in part, to perpetuate the fraud by making payments to D.G. Specifically, between on or about December 4, 2008 and on or about January 27, 2009, defendant GRAULICH used approximately \$1

² The vast majority of that \$3.03 million wire belonged to D.G. since immediately prior to D.G.'s \$2.8 million wire, Account-1 had a balance of approximately \$342,000.

million of D.G.'s own monies to pay D.G. "returns," sending D.G. four separate wire transfers from Account-1 to D.G.'s account at Royal Bank of Scotland, in London, England. The remainder of the monies were used by defendant GRAULICH for a variety of personal expenses, including approximately \$100,000 in tax payments, approximately \$10,000 in mortgage payments, approximately \$25,000 in legal bills, and approximately \$100,000 on New York Yankees tickets.

23. Through at least August 2009, defendant GRAULICH continued to pay his personal expenses from monies obtained from D.G. and others and held in Account-1 and Account-2.

In violation of Title 18, United States Code, Section 1349.

FORFEITURE ALLEGATIONS

1. The allegations contained in all paragraphs of this Information are hereby realleged and incorporated by reference for the purpose of noticing forfeitures pursuant to Title 28, United States Code, Section 2461(c).

2. The United States hereby gives notice to the defendant charged in this Information that, upon conviction of the offense charged in this Information, the government will seek forfeiture, in accordance with Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 981(a)(1)(C), of any and all property, real or personal, that constitutes or is derived from proceeds traceable to the violations of Title 18, United States Code, Section 1349, alleged in this Information, including but not limited to the following:

a. A sum of money equal to at least \$3,367,102 in United States currency.

3. If by any act or omission of the defendant, any of the property subject to forfeiture described in paragraph 2 herein:

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 subdivided without difficulty,

the United States of America will be entitled to forfeiture of substitute property up to the value of the property described above in paragraph 2, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).


PAUL J. FISHMAN
United States Attorney

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WILLIAM GRAULICH IV

INFORMATION FOR
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PAUL J. FISHMAN
UNITED STATES ATTORNEY, NEWARK, NEW JERSEY

CHRISTINE I. MAGDO
ASSISTANT U.S. ATTORNEY
NEWARK, NEW JERSEY
973.645.2700
