

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Criminal No. 11-  
v. :  
WILLIAM GRAY : 18 U.S.C. §§ 641, 981(a)(1)(C), 982(a)(1)  
: 1341 and 1957; and § 2  
: 26 U.S.C. § 7201  
: 28 U.S.C. § 2461

**INFORMATION**

The defendant having waived in open court prosecution by indictment and any objection based on venue, the United States Attorney for the District of New Jersey charges:

**COUNT 1**  
**[18 U.S.C. § 641 - Theft of Government Property]**

At all times relevant to this Information:

**The Defendant**

1. Defendant WILLIAM GRAY was a resident of North Wildwood, New Jersey.
  - a. Between approximately June 1996 and January 2011, defendant WILLIAM GRAY was employed by the United States Department of Treasury as a police officer at the United States Mint in Philadelphia, Pennsylvania.
  - b. Prior to joining the United States Mint Police, defendant WILLIAM GRAY was employed, between September 1970 to May 1996, as a Police Officer by the City of Philadelphia Police Department.

## **The United States Mint**

2. The United States Mint (“Mint”) primarily produced circulating coinage for the United States to conduct trade and commerce. The Mint was created by Congress with the Coinage Act of 1792.

3. The Mint facility in Philadelphia, Pennsylvania was the largest and was one of four active coin-producing mints. The Mint operated 24 hours per day, seven days per week, 365 days per year.

4. The United States Mint Police, a federal law enforcement agency, protected the Philadelphia Mint facility, including money and coins and other Government assets stored in the Mint.

## **Coin Production Process**

5. “Coin” or “coins” were all circulated, uncirculated, uncurrent, mutilated, imperfect coins, mis-struck, set up, and trial struck pieces. “Coinage metal in any form” was all metal used in the manufacture of coins in any stage of coin processing.

6. The Mint had a highly structured and controlled process for making coins. The first step in modeling a coin was drawing and designing the coin. After a design was approved, the Mint produced a digital database that was measured and verified to confirm adherence to all design and manufacturing guidelines. All final designs were reviewed for defects such as misaligned letters, missing or misinterpreted design elements, and manufacturability. After approval, a new project was created and the data was placed in a comprehensive coin database and released to manufacturing.

7. The next step was production, which includes how coins were formed, treated,

and maintained. The process began with the creation of dies, which were used to strike all final circulating coins. Making working dies started with a "master" hub, created with a durable steel blank. The Mint used Computer Aided Manufacturing software to read and interpret the design data, which was used to mill a blank piece of steel into a finished hub. This process was repeated for a different design on a second hub representing the design for the coin's opposite side. The master hub was then used to produce a "master die." After a die was created, coins were ready to be stamped. Coin production started with rolled-up strips of flat metal known as coils. Coils were then punched out to make blanks, which were round, plain-surfaced disks of different sizes. Next, blanks were annealed (process of softening the metal using a high heat furnace), washed, dried, and rimmed to produce planchets (which were round metal disks that were ready to be struck as a coin and were also referred to as blanks).

8. Planchets then traveled to the stamping press through a press feed system. The presses contained finger feeds, also known as "feeder finger tips." Finger feeds were made of zinc, aluminum and other alloy metals, and varied in size depending on the coin denomination that they were feeding. They were installed on the press and functioned to guide each planchet into the area where the planchet was struck by the dies with the coin design. Finger feeds were routinely replaced when they became damaged due to wear and tear (break, bend, or became loose), or accidentally became misaligned and struck by dies with coin images. To strike the planchets, one die (known as the anvil) was held motionless by a finger feed, while the other die (known as the hammer) struck the planchet's surface. The anvil was usually a reverse (or tails) die and the hammer was the obverse (or heads). Presses normally churned out between 650 and 750 new coins every minute.

9. After coins were struck, they were placed in a collection box called a trap, where they were inspected to see if they met the Mint quality standards. If an error was spotted, coins in the collection box were scrapped and sent to coin destruction machines called wafflers. These coins would be distorted and mutilated, and the metal was recycled for future use. Coins that passed inspection were run through an automatic counting machine which was fitted with a sensor that detected correct products, counted the coins and dropped them into large bags. Coin bags that were filled were weighed and properly sealed, then loaded onto pallets and transported to vaults for storage. Coin bags remained in inventory until they were needed for circulation. The Mint shipped coins in bulk bags to branches of the Federal Reserve Bank, depots, and coin terminals.

**Removal of Items Containing Errors From the Coin Production Process**

10. There were only two ways for nonexpendable property belonging to the Mint lawfully to be removed from the Mint facility or come into the hands of a private owner: (1) proper sale of the property as a numismatic item; or (2) proper disposal of the property through the General Services Administration (GSA), commonly through public auction.

11. Although the Mint had sold some coin-making equipment as numismatic items (e.g., die sets that had been "cancelled" or otherwise obliterated), the Mint had not sold finger feeds, mule coins, or missing edge letter coins as numismatic items.

12. From in or about 2007 through in or about October 2010, in the Eastern District of Pennsylvania and elsewhere, defendant

WILLIAM GRAY

did knowingly and willfully embezzle, steal, purloin and convert to his own use money and

things of value of the United States, in an amount over \$1,000, that is error coins, specifically, Presidential Dollar Coins with missing edge lettering, belonging to the United States Mint, which came into his possession during the course of his employment but to which he was not entitled.

#### The Scheme

13. Beginning in or about 2007, defendant WILLIAM GRAY, using his position as a U.S. Mint Police Officer, entered the coining area of the Philadelphia Mint where Presidential Dollar Coins were made. Defendant GRAY placed error coins, specifically, Presidential Dollar Coins with missing edge lettering, into various containers. Thereafter, defendant GRAY smuggled the error coins out of the Mint.

14. At various times, defendant WILLIAM GRAY shipped the error Presidential Dollar Coins from the United States Post Office in Rio Grande, New Jersey to a coin distributor in California that specialized in the sale of U.S. Mint error coins. Eventually, defendant GRAY used FedEx to ship the error coins from New Jersey to the coin distributor in California.

15. Upon receiving the error coins, the coin distributor sent defendant WILLIAM GRAY checks in various amounts to GRAY's address in North Wildwood, New Jersey. Initially, the coin distributor paid defendant GRAY approximately \$20 per coin and, eventually, the coin distributor paid defendant GRAY between \$70 to \$75 per coin. Between in or about March 2007 to in or about July 2010, defendant GRAY received approximately 50 checks, which were sent by FedEx to his home in North Wildwood, worth approximately \$2.4 million from the coin distributor.

16. Upon receiving the checks for the error coins, defendant WILLIAM GRAY deposited them into various accounts, including an account in his name at the Police and Fire

Credit Union.

In violation of Title 18, United States Code, Section 641 and Title 18, United States Code  
Section 2.

COUNT 2  
**[18 U.S.C. § 1341 - Mail Fraud]**

1. Paragraphs 1 through 11 and 13 through 16 of Count 1 are incorporated as if set forth at length herein.

2. From in or about March 2007 to in or about July 2010, in Cape May County, in the District of New Jersey, and elsewhere, defendant

WILLIAM GRAY

did knowingly devise and intend 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, as described in paragraphs 13 through 16 of Count 1.

3. In or about 2007, for the purpose of executing the aforesaid scheme and artifice, in the District of New Jersey and elsewhere, defendant

WILLIAM GRAY

did knowingly cause to be delivered by United States Postal Service, according to the directions thereon, Presidential Dollar error coins, addressed to a coin distributor in California from the United States Post Office in Rio Grande, New Jersey.

In violation of Title 18, United States Code, Section 1341 and Title 18, United States Code, Section 2.

COUNT 3  
**[18 U.S.C. § 1957 - Money Laundering]**

1. Paragraphs 1 through 11 and 13 through 16 of Count 1 are incorporated as if set forth at length herein.

2. On or about January 16, 2008, in the District of New Jersey and elsewhere, defendant

WILLIAM GRAY

did knowingly engage and attempt to engage in a monetary transaction, in criminally derived property of a value greater than \$10,000, that is the deposit of a \$33,947 check into a financial institution, which was derived from specified unlawful activity, namely, theft of Government property, contrary to Title 18, United States Code, Section 641, as set forth in Count One, and mail fraud, contrary to Title 18, United States Code, Section 1341, as set forth in Count Two.

In violation of Title 18, United States, Code, Section 1957(a) and Title 18, United States Code, Section 2.

COUNT 4  
**[26 U.S.C. § 7201 - Evasion of Income Tax]**

1. Paragraphs 1 through 11 and 13 through 16 of Count 1 are incorporated as if set forth at length herein.

2. Between 2007 and 2010, defendant WILLIAM GRAY received approximately \$2.4 million dollars from the sale of error coins he stole from the U.S. Mint.

3. For tax years 2007, 2008 and 2009, defendant WILLIAM GRAY reported to the Internal Revenue Service only Form W-2 wages, Form 1099 interest for himself and his wife, and omitted all of the proceeds from the stolen coins. Thus, he failed to disclose and report a significant portion of this income on his tax returns, thereby causing those tax returns to substantially understate the amount of income he received.

4. On or about April 8, 2008, defendant WILLIAM GRAY filed a 2007 tax return on behalf of himself and his wife. That return stated that their taxable income for the calendar year 2007 was \$129,097 and the amount of tax due and owing was \$25,140.

5. The return did not include approximately \$437,409 in additional taxable income defendant WILLIAM GRAY received in 2007. Upon this income, an additional tax of approximately \$152,335 was due and owing to the United States.

6. On or about April 4, 2009, defendant WILLIAM GRAY filed a 2008 tax return on behalf of himself and his wife. That return stated that their taxable income for the calendar year 2008 was \$78,810 and the amount of tax due and owing was \$25,140.

7. The return did not include approximately \$921,355 in additional taxable income defendant WILLIAM GRAY received in 2008. Upon this income, an additional tax of

approximately \$315,512 was due and owing to the United States.

8. On or about April 10, 2010, defendant WILLIAM GRAY filed a 2009 tax return on behalf of himself and his wife. That return stated that their taxable income for the calendar year 2009 was \$66,586 and the amount of tax due and owing was \$8,651.

9. The return did not include approximately \$978,911 in additional taxable income defendant WILLIAM GRAY received in 2009. Upon this income, an additional tax of approximately \$333,804 was due and owing to the United States.

10. The additional tax due and owing to the United States for tax years 2007, 2008 and 2009 was \$801,651.

11. On or about April 10, 2010, in the District of New Jersey, defendant

WILLIAM GRAY

knowingly and willfully did attempt to evade and defeat a substantial part of the income tax due and owing to the United States in that he signed and caused to be filed a false and fraudulent 2009 U.S. Individual Income Tax Return, Form 1040, described in paragraph 8 of this Count, knowing it to be false and fraudulent as described in paragraph 9 of this Count.

In violation of Title 26, United States Code, Section 7201 and Title 18, United States Code, Section 2.

## **FIRST FORFEITURE ALLEGATION**

1. The allegations contained in Counts 1 and 2 of this Information are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. Upon conviction of the offenses in violation of Title 18, United States Code, Sections 641 and 1341 set forth in Counts 1 and 2 of this Information, the defendant, WILLIAM GRAY, shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the offense(s). The property to be forfeited includes, but is not limited to, the following:

- i. A sum of money equal to \$2,300,000 in United States currency, representing the amount of proceeds obtained as a result of the offenses, in violation of 18 U.S.C. §§ 641 and 1341 (less the value of the items listed below);
- ii. 3236 Mercer Street, Philadelphia, PA 19134;
- iii. 3270 Salmon Street, Philadelphia, PA 19134;
- iv. 2010 Lincoln MKS (Black) - VIN# 1LNHL9DR3AG614391;
- v. 2010 Ford Explorer (White) - VIN# 1FMEU7EE4AUB02091;
- vi. 2003 Ford Taurus SEL (Black) - VIN# 1FAHP56S33A221200;
- vii. Ford Edge Sport - VIN# 1FMCU93158KA68123;
- viii. 2009 Ford Flex (Lt Blue) - VIN# 2EMDK52C59BA03970; and
- ix. 2009 Nauticstar, Model 1810CC- Serial# JNT16498I809 with a

2009 Yamaha, Model F90TXR Motor bearing Serial#  
61PX-1035247.

3. 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 of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

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

## SECOND FORFEITURE ALLEGATION

1. The allegations contained in Count 3 of this Information are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 982(a)(1).

2. Pursuant to Title 18, United States Code, Section 982(a)(1), upon conviction of the offense in violation of Title 18, United States Code, Section 1957 set forth in Count 3 of this Information, the defendant, WILLIAM GRAY, shall forfeit to the United States of America any property, real or personal, involved in such offense, and any property traceable to such property. The property to be forfeited includes, but is not limited to, the following:

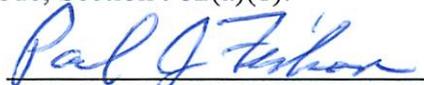
- i. A sum of money equal to \$2,300,000 in United States currency, representing the amount of proceeds obtained as a result of the offense (less the value of the items listed below);
- ii. 3236 Mercer Street, Philadelphia, PA 19134;
- iii. 3270 Salmon Street, Philadelphia, PA 19134;
- iv. 2010 Lincoln MKS (Black) - VIN# 1LNHL9DR3AG614391;
- v. 2010 Ford Explorer (White) - VIN# 1FMEU7EE4AUB02091;
- vi. 2003 Ford Taurus SEL (Black) - VIN# 1FAHP56S33A221200;
- vii. Ford Edge Sport - VIN# 1FMCU93158KA68123;
- viii. 2009 Ford Flex (Lt Blue) - VIN# 2EMDK52C59BA03970; and
- iv. 2009 Nauticstar, Model 1810CC- Serial# JNT16498I809 with a 2009 Yamaha, Model F90TXR Motor bearing Serial# 61PX-1035247.

3. 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 of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and Title 28, United States Code, Section 2461(c).

Pursuant to Title 18, United States Code, Section 982(a)(1).



PAUL J. FISHMAN  
United States Attorney

CASE NUMBER: 11-

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**United States District Court  
District of New Jersey**

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**UNITED STATES OF AMERICA**

v.

**WILLIAM GRAY**

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**INFORMATION FOR**

**18 U.S.C. § 641  
18 U.S.C. § 1341  
18 U.S.C. § 1957  
26 U.S.C. § 7201  
18 U.S.C. § 981 and 28 U.S.C. § 2461  
18 U.S.C. § 982  
18 U.S.C. § 2**

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**PAUL J. FISHMAN.**  
*U.S. ATTORNEY NEWARK, NEW JERSEY*

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**JASON M. RICHARDSON**  
*Assistant U.S. Attorney  
CAMDEN, New Jersey  
(856) 757-5026*

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