

2007R00824/RAK

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.

v. : Criminal No. 07-637 (PGS)

GUY E. URCIUOLI : 18 U.S.C. §§ 1343, 1512(c)(2), & 2

INDICTMENT

The Grand Jury in and for the District of New Jersey, sitting in Newark, charges:

**COUNTS ONE THROUGH TWELVE
(WIRE FRAUD)**

InsPara Networking Technologies, Inc.

1. At all times relevant to this Indictment, InsPara Networking Technologies, Inc. ["InsPara" or the "Company"], a privately held corporation, was a business information technologies consulting firm incorporated in Delaware and headquartered in Cranford, New Jersey. InsPara also advertised that it had locations in London, England; Herndon, Virginia; New York, New York; Philadelphia, Pennsylvania; Dallas, Texas; Sante Fe, New Mexico; Atlanta, Georgia; and Boston, Massachusetts.

Defendant

2. At all times relevant to this Indictment, defendant GUY E. URCIUOLI was a resident of Wilton Manors, Florida. Beginning in or around May 2003, defendant GUY E. URCIUOLI served as InsPara's Vice President of Finance, and beginning in or around December 2003, defendant GUY E. URCIUOLI also served as a Director on the Board of Directors of the Company.

The Investor Victims

3. Defendant **GUY E. URCIUOLI** solicited the following investors, among others, to purchase shares of InsPara:

a. Investor J.F., a resident of Caldwell, New Jersey, who invested approximately \$100,000 to purchase shares of InsPara stock.

b. Investor R.F., a resident of Las Vegas, Nevada, who invested \$25,000 to purchase shares of InsPara stock.

c. Investor K.S., a resident of Elizabeth, Colorado, who invested \$25,000 to purchase shares of InsPara stock.

d. Investor M.C., a resident of Las Vegas, Nevada, who invested approximately \$768,000 to purchase shares of InsPara stock.

The Scheme to Defraud

4. From at least as early as in or about April 2003 to in or about June 2005, in the District of New Jersey and elsewhere, defendant **GUY E. URCIUOLI** knowingly and wilfully did devise and intend to devise a scheme and artifice to defraud InsPara investors, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, which scheme and artifice is set forth in substance below.

5. The principal object of the scheme and artifice was to defraud investors of money and property by making materially false and fraudulent statements to investors and concealing material information from them, namely the amount of defendant **GUY E. URCIUOLI**'s sales commissions, other compensation paid to him, purported personal investments by defendant **GUY E. URCIUOLI** and a close relative used to purchase shares of InsPara stock, and

defendant **GUY E. URCIUOLI**'s professional credentials.

The Means and Methods of the Scheme to Defraud

6. Among the means and methods used by defendant **GUY E. URCIUOLI** to carry out his scheme to defraud were those set forth below.

Defendant Urciuoli's Efforts to Solicit InsPara Investors

7. From in or around April 2003 through in or around March 2005, defendant **GUY E. URCIUOLI** solicited private investors to invest money to purchase shares of InsPara stock through Private Placements. Through these Private Placements, investors paid between \$.75 (Seventy-Five Cents) and \$2.00 (Two Dollars) per share of Company stock.

8. Defendant **GUY E. URCIUOLI** transmitted a variety of InsPara offering materials to InsPara investors through the mail and via interstate wire communications, including facsimile and e-mail.

9. Among the documents defendant **GUY E. URCIUOLI** sent and caused to be sent to InsPara investors were:

- a. InsPara's Business Summary;
- b. InsPara's Business Plan;
- c. Terms of Offering;
- d. Registration Rights Agreement;
- e. Stock Purchase Agreement; and
- f. Accredited Investor Questionnaire.

Representations Regarding Use of Investor Funds

10. In or about November 2003 and in or about December 2004, as part of the solicitation material, defendant **GUY E. URCIUOLI** sent and caused to be sent to investors InsPara's Business Plans [the "November 2003 Business Plan" and the "December 2004 Business Plan"]. The November 2003 and December 2004 Business Plans detailed, among other things, InsPara's history, strategic operational plan, marketing plan, and financial plan for continued growth and expansion.

11. According to the November 2003 Business Plan, under the heading of "Use of Funds," InsPara represented to investors that "the funds raised will be used to expand [the Company's] branch penetration both nationally and internationally." The November 2003 Business Plan further represented that the "infusion of capital" ... "will make [InsPara] an attractive candidate for an acquisition or possible public offering"

12. According to the December 2004 Business Plan, under the heading "Use of Funds," InsPara represented to investors, among other things, that \$2 million raised in the initial Private Placement was used to open its eight offices, located throughout the United States as well as Great Britain, and that "the additional funds will be used to expand our Branch penetration both nationally and internationally."

False Representations about Credentials and Personal and Family Investments in InsPara

13. Defendant **GUY E. URCIUOLI**, in order to induce investors and gain their confidence, falsely represented that: he was a licensed securities broker; he had invested substantial sums of his own money to purchase shares of InsPara stock; he was selling real estate and using the proceeds to purchase additional shares of InsPara stock; and his close relative had

invested money to purchase shares of InsPara stock.

False Representations Regarding Sales Commissions and Compensation

14. Beginning in or around late 2003, defendant **GUY E. URCIUOLI** sent and caused to be sent to some investors an initial InsPara Business Summary, which stated the following, in pertinent part: "The Offering will be made through registered broker dealers, who may receive commissions of up to ten percent (10%) of the offering price, and by officers and directors of the company."

15. At various dates relevant to this Indictment, in exchange for successfully soliciting private investors to purchase shares of InsPara stock, defendant **GUY E. URCIUOLI**'s undisclosed compensation terms included:

- a. a 13 percent cash commission based on any equity obtained by InsPara from any source, a percentage that subsequently was increased to at least 20 percent;
- b. 2 million shares of Company common stock;
- c. the authorization to purchase an additional 300,000 shares of Company common stock at the nominal price of \$.001 (one thousandth of one cent) per share;
- d. a base annual salary of \$150,000; and
- e. a non-dilution contractual provision that guaranteed defendant **GUY E.**

URCIUOLI a certain percentage ownership of InsPara. Under the terms of this provision, shares of Company stock were to be automatically issued to defendant **GUY E. URCIUOLI** upon the sale of shares of InsPara stock to investors, thereby ensuring that he maintained his percentage ownership of the Company.

16. Defendant **GUY E. URCIUOLI** failed to disclose to investors the true amount of the sales commissions he received, the issuance of stock he was authorized to receive as a result of their purchases, and his salary.

The Investors' Money

17. Defendant **GUY E. URCIUOLI** provided investors with written material that instructed investors to return the purchase funds via cashiers check, along with certain executed documents, to defendant **GUY E. URCIUOLI**'s address in Wilton Manors, Florida in order to complete the purchase of InsPara stock. The InsPara material also authorized payment through wire transfer, and provided wiring information for InsPara's bank account, held at Wachovia Bank, located in Cranford, New Jersey.

18. From in or around April 2003 through in or around March 2005, defendant **GUY E. URCIUOLI** solicited approximately \$5.1 million from dozens of investors to purchase shares of InsPara stock.

19. After InsPara received the investors' funds in its Wachovia account, defendant **GUY E. URCIUOLI** received his sales commission payments from InsPara via wire transfers made by the Company to a series of bank accounts controlled by defendant **GUY E. URCIUOLI**, which were held in the following company names: NLC International, Inc., Titan Trading Fund, L.L.C., Titan Holding Group, Inc., Consultech Services, Inc., and Titan Management Group, L.L.C.

20. From in or around May 2003 through in or around March 2005, defendant **GUY E. URCIUOLI** received approximately \$1.3 million in sales commission payments from InsPara.

21. On or about April 18, 2005, a Special Agent from the Federal Bureau of Investigation ["FBI"] served defendant **GUY E. URCIUOLI** with a grand jury subpoena seeking documents

relating to InsPara. In order to conceal the scheme and artifice, defendant **GUY E. URCIUOLI** obtained a series of statements, signed by a number of investors, purportedly acknowledging that defendant **GUY E. URCIUOLI** had disclosed his salary of \$150,000, the 20 percent sales commissions in cash received by him, a close relative, and/or an affiliate, and additional stock remittances pursuant to contracts with InsPara. These documents, among others, were then produced to the United States pursuant to the grand jury subpoena.

22. On or about the dates set forth below, for the purpose of executing the scheme and artifice described above, and attempting to do so, in the District of New Jersey and elsewhere, defendant

GUY E. URCIUOLI

knowingly and willfully caused to be transmitted in interstate commerce to and from the District of New Jersey, by means of wire communications, certain writings, signs, signals, pictures, and sounds, as set forth below, each constituting a separate count of this Indictment:

<u>Count</u>	<u>Date</u>	<u>Description</u>
1	2/11/04	A wire transfer of \$25,000 from New Jersey to Pennsylvania to purchase shares of InsPara stock by investor J.F.
2	4/22/04	A wire transfer of \$25,000 from New Jersey to Pennsylvania to purchase shares of InsPara stock by investor J.F.
3	12/28/04	A wire transfer of \$49,529 from New Jersey to Pennsylvania to purchase shares of InsPara stock by investor J.F.
4	12/8/03	A wire transfer of \$25,000 from Nevada to New Jersey to purchase shares of InsPara stock by investor R.F.
5	2/24/2005	A wire transfer of \$25,000 from Colorado to New Jersey to purchase shares of InsPara stock by investor K.S.
6	12/17/03	A wire transfer of \$100,000 from Nevada to New Jersey to

purchase shares of InsPara stock by investor M.C.

- | | | |
|----|----------|---|
| 7 | 1/7/04 | A wire transfer of \$100,000 from Nevada to New Jersey to purchase shares of InsPara stock by investor M.C. |
| 8 | 2/11/04 | A wire transfer of \$25,000 from Nevada to New Jersey to purchase shares of InsPara stock by investor M.C. |
| 9 | 9/1/04 | A wire transfer of \$270,000 from Nevada to New Jersey to purchase shares of InsPara stock by investor M.C. |
| 10 | 9/10/04 | A wire transfer of \$15,315 from Nevada to New Jersey to purchase shares of InsPara stock by investor M.C. |
| 11 | 12/21/04 | A wire transfer of \$233,333 from Nevada to New Jersey to purchase shares of InsPara stock by investor M.C. |
| 12 | 1/18/05 | A wire transfer of \$25,000 from Nevada to New Jersey to purchase shares of InsPara stock by investor M.C. |

All in violation of 18, United States Code, Sections 1343 and 2.

COUNT THIRTEEN

(Obstruction of Justice - 18 U.S.C. § 1512(c)(2))

1. The allegations set forth in Paragraphs 1 through 21 of Counts One through Twelve of this Indictment are hereby realleged and incorporated as though set forth in full herein.

2. On or about April 18, 2005, a Special Agent from the FBI served a federal grand jury subpoena on defendant **GUY E. URCIUOLI**, through his agent, at InsPara's headquarters in Cranford, New Jersey. The subpoena, among other things, directed defendant **GUY E. URCIUOLI** to produce to the federal grand jury investigating this matter documents relating to InsPara and its investors.

3. On or about April 22, 2005, defendant **GUY E. URCIUOLI** convened a meeting of several InsPara investors in Las Vegas, Nevada at the home of investor A.H. Defendant **GUY E. URCIUOLI** advised the investors that the purported purpose of the meeting was to obtain the investors' voting rights in order to protect their investments and the Company from wrongdoing committed by others.

4. At this meeting, defendant **GUY E. URCIUOLI** presented a document entitled "Disclosure Statement" to the investors for their signatures. In addition to containing a reference to transferring the investors' voting rights consistent with the purported reason for the meeting, the Disclosure Statement contained numerous statements regarding previously undisclosed compensation terms for defendant **GUY E. URCIUOLI**, including 20 percent commissions, additional stock remittances, and salary, which statements were designed to mislead the investors, conceal his unlawful conduct, and obstruct law enforcement.

5. On or about June 10, 2005, defendant **GUY E. URCIUOLI** presented and caused to

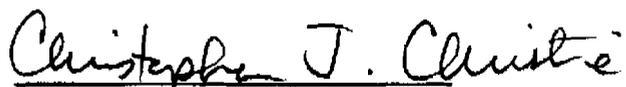
be presented to a Special Agent of the FBI documents in response to the above-referenced federal grand jury subpoena, which included a series of signed "Disclosure Statements" which were signed by investors.

6. On or about June 10, 2005, in Essex County, in the District of New Jersey and elsewhere, defendant

GUY E. URCIUOLI

did knowingly, willfully and corruptly attempt to obstruct, influence and impede an official proceeding, namely, the federal Grand Jury's investigation of financial improprieties regarding solicitations of private investors of InsPara, by producing a signed document entitled "Disclosure Statement," signed by investor A.H.

In violation of Title 18, United States Code, Sections 1512(c)(2) and 2.


CHRISTOPHER J. CHRISTIE
UNITED STATES ATTORNEY

CASE NUMBER: 07-637(PGS)

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

UNITED STATES OF AMERICA

v.

GUY E. URCIUOLI

INDICTMENT FOR

Wire Fraud; Obstruction of Justice

18 U.S.C. §§ 1343, 1512(c)(2), & 2

A True Bill,

CHRISTOPHER J. CHRISTIE

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