

Presented to the Court by the foreman of the Grand Jury in open Court, in the presence of the Grand Jury and FILED in the U.S. DISTRICT COURT at Seattle, Washington.

January 3 20 19  
WILLIAM M. McCOOL, Clerk  
By *[Signature]* Deputy

UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF WASHINGTON AT SEATTLE

UNITED STATES OF AMERICA,  
Plaintiff

v.

KEENAN A. GRACEY,  
a/k/a Keenen A. Gracey,  
a/k/a Xander Gracey,  
a/k/a Xander Keenan,

Defendant.

NO **CR19-001** RSM  
INDICTMENT

The Grand Jury charges that:

**COUNTS 1-10**

**Wire Fraud**

**A. The Scheme to Defraud**

1. Beginning no later than in or about June 2016, and continuing until at least December 7, 2018, at Clyde Hill, within the Western District of Washington, and elsewhere, KEENAN A. GRACEY, a/k/a Keenen A. Gracey, a/k/a Xander Gracey, a/k/a Xander Keenan ("GRACEY"), devised and intended to devise a scheme and artifice to

1 defraud, and to obtain money and property by means of materially false and fraudulent  
2 pretenses, representations and promises.

3 2. The essence of the scheme and artifice to defraud was for GRACEY to  
4 falsely represent himself as a wealthy businessman who could offer investors special  
5 access to “pre-IPO” stock in soon-to-be-formed companies, which, GRACEY promised,  
6 would produce returns of up to 60 times the original investment when the companies  
7 conducted initial public offerings. GRACEY collected more than \$5.5 million from  
8 victims by purporting to “sell” them this stock, when in fact GRACEY did not own or  
9 have access to any such stock and had no authority to sell it.

10 **B. Manner and Means**

11 The following conduct was part of GRACEY’s scheme and artifice to defraud:

12 **GRACEY’s Illusion of Wealth**

13 3. GRACEY falsely presented himself to potential investors as a successful  
14 businessman from an extremely wealthy English family. For example, GRACEY told  
15 investors that GRACEY’s great-grandfather was the “lord commander of the British  
16 empire” and a co-founder of both the General Dynamics Corporation and Lloyd’s of  
17 London. GRACEY falsely told investors that GRACEY had graduated from the London  
18 School of Economics; had earned a Master’s Degree in finance from Oxford University;  
19 and had become a successful businessman with hundreds of millions of dollars in  
20 investments.

21 4. GRACEY used deceptive means to create the appearance that he was  
22 indeed a wealthy investor. GRACEY rented multi-million dollar estates in Beverly Hills,  
23 and San Diego, California; and Clyde Hill and Newcastle, Washington. GRACEY  
24 entertained potential investors at these estates and represented himself as the owner.  
25 Similarly, GRACEY rented luxury automobiles and told investors that he was the owner  
26 of those cars. GRACEY falsified a bank statement to make it appear that he had  
27

1 hundreds of millions of dollars of cash on hand, and showed the bank statement to  
2 potential investors as evidence of his own wealth.

3 **GRACEY's Fraudulent Securities Offerings**

4 5. GRACEY identified people (referenced hereafter as "victims") with money  
5 to invest and/or relationships with others who had money to invest. GRACEY offered  
6 the victims what GRACEY characterized as a "once in a lifetime" business opportunity.  
7 GRACEY said this opportunity involved purchasing "pre-IPO" shares in a company that,  
8 GRACEY represented, had planned an initial public offering ("IPO"). GRACEY said  
9 that, at the time of the IPO, the investors would be able to sell their shares at a profit of  
10 50 to 60 times the initial investment. Initially (during 2016 and part of 2017), GRACEY  
11 described the company as a virtual reality startup, and claimed to sit on the company's  
12 board of directors.

13 6. Between the fall of 2017 and May 2018, GRACEY offered victims "pre-  
14 IPO" shares in a new business entity that GRACEY said would be formed by the merger  
15 of three government contracting companies. GRACEY identified the merging companies  
16 as "DXC," "KeyPoint," and "Vencore," and the new entity to be formed as "Perspecta."  
17 GRACEY provided victims with a copy of a DXC-created presentation describing the  
18 planned transaction and its anticipated business benefits. GRACEY provided victims  
19 with phony share purchase agreements, which purported to convey the Perspecta shares  
20 to the victims in return for payments by the victims to GRACEY.

21 7. While it was true that DXC, KeyPoint, and Vencore were legitimate  
22 businesses planning a merger, GRACEY had no connection to any of these companies,  
23 and had simply obtained the DXC presentation from DXC's website, where it was  
24 publicly available. GRACEY did not own any securities related to Perspecta, DXC,  
25 KeyPoint, or Vencore, and therefore had no authority to convey any of the securities that  
26 he purported to offer for sale.

1 8. GRACEY collected more than \$3.5 million from victims in connection  
2 with these fraudulent offerings. GRACEY spent the money for his own purposes, which  
3 included the costs of renting high-end estates and luxury cars, which GRACEY then used  
4 to defraud additional victims.

5 **GRACEY's Attempts to Lull Investors**

6 9. When some of the victims became suspicious of GRACEY and demanded  
7 that GRACEY return their investment principal, GRACEY attempted to lull the investors  
8 by providing false reasons why he could not return the money. For example, GRACEY  
9 told victims that returning the money would constitute securities fraud or would  
10 otherwise raise suspicions from the government.

11 10. When victims persisted in demanding their money back, GRACEY entered  
12 into fraudulent agreements designed to further lull the victims. For example, in some  
13 cases, GRACEY prepared and executed loan agreements in which he promised to repay  
14 the money to the victims. When GRACEY signed these agreements, GRACEY had no  
15 intention of making the promised payments.

16 **The SEC Action and Gracey's Continuation of the Fraud**

17 11. On May 10, 2018, the United States Securities Exchange Commission  
18 ("SEC") filed a civil complaint alleging that GRACEY had committed securities fraud in  
19 connection with his "sales" of Perspecta stock. Upon motion of the SEC, the United  
20 States District Court for the Central District of California entered a temporary restraining  
21 order freezing GRACEY's assets and prohibiting GRACEY from selling securities.

22 12. Following the entry of the temporary restraining order, and without the  
23 knowledge of the SEC, GRACEY continued his fraudulent stock sales. Between June  
24 2018 and December 2018, GRACEY offered additional victims "pre-IPO" shares in a  
25 new gene editing company that, GRACEY said, would be formed through the merger of  
26 two existing companies called Beam Therapeutics and Editas Medicine. GRACEY told  
27

1 investors that he could not disclose the name of the new company because of insider  
2 trading laws.

3 13. GRACEY claimed to own ten million shares of Beam Therapeutics stock,  
4 which, GRACEY said, gave him rights to shares in the new company. GRACEY  
5 presented victims with phony share purchase agreements that purported to convey stock  
6 to the victims in return for payments to GRACEY. While it was true that Beam  
7 Therapeutics is a legitimate businesses that is engaged or planning to engage in common  
8 business ventures with another legitimate business called Editas Medicine, GRACEY did  
9 not own any securities related to Beam Therapeutics, and therefore had no authority to  
10 convey any of the securities that he purported to offer for sale.

11 14. GRACEY collected more than \$2 million from victims in connection with  
12 this fraudulent offering. To prevent the SEC from detecting these additional fraudulent  
13 transactions and seizing the proceeds, GRACEY directed the victims to wire the funds to  
14 bank accounts in the name of a relative of GRACEY (referenced hereafter as "Person 1").

15 **C. Execution of the Scheme to Defraud**

16 15. GRACEY used the interstate wires to execute his scheme to defraud. At  
17 GRACEY's direction, victims transferred the money, via the Federal Reserve Wire  
18 Network, or "Fedwire," to bank accounts designated by GRACEY. In some cases  
19 GRACEY directed victims to wire the funds to GRACEY's Wells Fargo Bank account in  
20 Newcastle, Washington. In other cases, GRACEY directed victims to wire the funds  
21 from the victims' Washington-based bank accounts to accounts in the name of Person 1.  
22 Because of the configuration of the computer system used by FedWire, all FedWire  
23 transfers that originate or terminate in Washington involve an interstate wire  
24 transmission.

25 16. On or about the dates set forth below, at Clyde Hill, within the Western  
26 District of Washington, and elsewhere, for the purpose of executing and attempting to  
27 execute this scheme and artifice to defraud, KEENAN A. GRACEY, a/k/a Keenan A.

1 Gracey, a/k/a Xander Gracey, a/k/a Xander Keenan, and others known and unknown to  
 2 the Grand Jury, did knowingly transmit and cause to be transmitted by wire  
 3 communication, in interstate and foreign commerce, the following writings, signs,  
 4 signals, pictures and sounds, each transmission of which constitutes a separate count of  
 5 this Indictment:

Count	Date	Description
1	1/25/17	Interstate wire in connection with \$300,000 FedWire transfer from victim R.E. to GRACEY's Wells Fargo account in Newcastle, Washington
2	3/24/17	Interstate wire in connection with \$25,000 FedWire transfer from victim D.S. to GRACEY's Wells Fargo account in Newcastle, Washington
3	7/24/17	Interstate wire in connection with \$10,000 FedWire transfer from victim A.N. to GRACEY's Wells Fargo account in Newcastle, Washington
4	8/25/17	Interstate wire in connection with \$120,000 FedWire transfer from victim S.D. and D.D. to GRACEY's Wells Fargo account in Newcastle, Washington
5	12/6/17	Interstate wire in connection with \$15,000 FedWire transfer from victim M.R. to GRACEY's Wells Fargo account in Newcastle, Washington
6	12/30/17	Interstate wire in connection with \$80,000 FedWire transfer from victim M.T. to GRACEY's Wells Fargo account in Newcastle, Washington
7	1/16/18	Interstate wire in connection with \$250,000 FedWire transfer from victim J.S. to GRACEY's Wells Fargo account in Newcastle, Washington
8	3/2/18	Interstate wire in connection with \$21,000 FedWire transfer from victim L.D. to GRACEY's Wells Fargo account in Newcastle, Washington

Count	Date	Description
9	3/23/18	Interstate wire in connection with \$5,000 FedWire transfer from victim S.P. to GRACEY's Wells Fargo account in Newcastle, Washington
10	6/6/18	Interstate wire in connection with \$10,000 FedWire transfer from Boeing Employees Credit Union account of victim D.E in Mill Creek, Washington to Virginia-based Wells Fargo Account of Person 1

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

### FORFEITURE ALLEGATION

17. The allegations contained in Paragraphs 1-16 are hereby incorporated by reference to allege forfeitures 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).

18. Upon conviction of any of the offenses charged in Counts 1-10 of this Indictment, the defendant, KEENAN GRACEY, 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 such offense, including but not limited to a judgment for a sum of money representing the property described in this paragraph.

19. Substitute Assets. If any of the above-described forfeitable property, 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;

1 it is the intent of the United States, pursuant to Title 21, United States Code, Section  
2 853(p) and Title 28, United States Code, Section 2461(c), to seek the forfeiture of any  
3 other property of the defendant up to the value of the above-described forfeitable  
4 property.

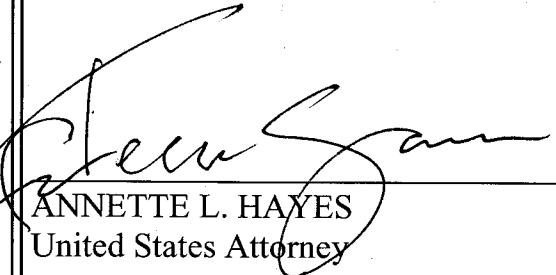
5 DATED: January 3, 201~~8~~<sup>9</sup>

8 A TRUE BILL:

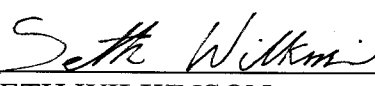
9 DATED: 3 January 2019

11 *[Signature of Foreperson redacted pursuant  
12 to the policy of the Judicial Conference of  
13 the United States]*

14 FOREPERSON

15   
16 ANNETTE L. HAYES  
17 United States Attorney

18   
19 ANDREW C. FRIEDMAN  
20 Assistant United States Attorney

21   
22 SETH WILKINSON  
23 Assistant United States Attorney