UNITED STATES DISTRICT COURT
District of Minnesota

UNITED STATES OF AMERICA,

Plaintiff,

v.

DAVID THOMAS ROUGIER,

Defendant.

INDICTMENT

18 U.S.C. § 981(a)(1)(C)
18 U.S.C. § 1341
18 U.S.C. § 1343
21 U.S.C. § 853(p)
28 U.S.C. § 2461(c)

CR 18-50 JRT|DTS.

THE UNITED STATES GRAND JURY CHARGES THAT:

INTRODUCTION

1. DEFENDANT DAVID THOMAS ROUGIER is a 45 year-old man who resides in the City of Lakeville, Minnesota. He worked for several years in the 1990s and the early 2000s as an investment advisor and/or insurance agent. During that time, ROUGIER developed several long-term business relationships with clients of his investment and insurance services. ROUGIER held a securities license from 1995 until 2011, and an insurance producer's license from 1995 until 2012.

2. In 2012, ROUGIER consented to having both his securities license and his insurance license revoked by the State of Minnesota.

THE SCHEME TO DEFRAUD

3. In or around late 2010, ROUGIER began soliciting some of his longstanding clients to invest in precious metals by purchasing gold and silver through him. Several individuals agreed to give him money so that he could purchase gold or silver on their

behalf.

4. Beginning sometime between 2013 and 2014, ROUGIER began telling his victim-investors that he had found a company, which he identified as "TAUG Limited" ("TAUG") that would guarantee to purchase their gold and silver for a set price on a designated future date, typically three years from the date they signed a contract with TAUG. The set purchase price was always enough to guarantee a profit, and ROUGIER told victim-investors they would also retain the option of selling their gold and silver on the open market if that was more profitable than TAUG's guaranteed price.

5. ROUGIER presented some of his victim-investors with a purported contract between them and TAUG, under which they were charged an annual fee, typically between $1,000 and $2,000, in order to avail themselves of the guaranteed purchase price. This annual fee, referred to as an "asset management fee" was in addition to other annual fees that ROUGIER charged victim-investors for "storage" and other claimed expenses. These annual fees were always paid to ROUGIER. In reality, ROUGIER had not purchased any gold or silver for his victim-investors, there was no guarantee from TAUG or any other company to pay a certain amount for the nonexistent precious metals, and there would have been no maintenance, management, storage, or other type of servicing related to the nonexistent investments.

6. In July 2017, ROUGIER represented that a different company, which he referred to as Industrial and Commercial Bank of China (Asia) Limited, or "ICBC," had taken over TAUG's contracts. ROUGIER represented that ICBC would honor TAUG's existing contracts and offered new clients essentially the same services.

7. Between November 2010 and June 2017, more than a dozen individuals paid ROUGIER approximately $740,000 based upon his promises that he was using their money to buy gold and silver and, in some cases, that their investments were protected through the TAUG/ICBC contracts. However, ROUGIER did not use investors' money to purchase gold and silver as he promised. A review of ROUGIER'S bank records shows he received deposits of approximately $722,000 from investors between 2010 and 2016, and that he spent the vast majority of those funds on personal expenditures including $407,000 in cash withdrawals, $41,000 at strip clubs, nearly $100,000 on travel, shopping, restaurants, and other entertainment, and tens of thousands on living expenses, payments to his relatives, and other personal expenses.

Victim-Investor J.H.

8. J.H. and his wife met ROUGIER and began investing family assets with him in approximately 1994, when ROUGIER was working for another firm as an investment adviser. In 2011, ROUGIER convinced J.H. to invest in gold and silver bars through a company ROUGIER had formed that year, Wealth Fortification, LLC. On July 19, 2011, J.H. invested $75,000 with ROUGIER by writing a check to Wealth Fortification, LLC, based on ROUGIER'S promise that he would use to funds to purchase gold at the Perth Mint in Australia. ROUGIER subsequently provided J.H. with a statement appearing to be from the Perth Mint in Australia, indicating J.H.'s $75,000 investment had been used to purchase gold and silver bars that were being stored at the mint.

9. On June 22, 2012, J.H. invested another $25,000 with ROUGIER by writing a check to "Wealth Security Firm," a company ROUGIER formed that year, believing this

amount would be used to purchase additional gold and silver. J.H. subsequently made several smaller payments to ROUGIER, including at least one check made payable to "Privatized Asset Management," another company ROUGIER formed in 2012, which was purportedly for the payment of an "annual management fee" to ROUGIER.

10. ROUGIER eventually provided J.H. with documentation stating that J.H. had a "cost basis" of $140,000 (presumably meaning the total amount of principal that J.H. had invested).

11. In 2014, ROUGIER told J.H. about TAUG, stating that the company would guarantee prices at which it would purchase J.H.'s gold and silver after a three-year period. ROUGIER said J.H. would receive at least $325,000 for his gold and silver on June 30, 2017, because TAUG would cover the difference if J.H. could not sell the gold and silver for at least that amount using market prices available as of that date.

12. On August 1, 2014, J.H. signed a three-year contract purporting to be with TAUG, under which TAUG guaranteed that J.H. would receive a combined $325,000 for his precious metals on June 30, 2017. The contract lists TAUG's business address as P.O. Box 21184, Eagan, MN 55121, the same address ROUGIER used in connection with a personal TD Ameritrade Account he opened in 2005 and a personal checking account he opened at Associated Bank in 2010, as well as in documents ROUGIER filed with the Minnesota Secretary of State when he formed Wealth Fortification, LLC, in 2011.

13. On June 9, 2016, J.H. met with ROUGIER to discuss the status of J.H.'s investments. ROUGIER told J.H. he needed to make a payment to maintain the TAUG guaranty of a $325,000 payout for his precious metals. J.H. provided ROUGIER with a

check for $2,790, made payable to David ROUGIER, for this purpose. Later that same day, J.H. emailed ROUGIER and requested several items, including a receipt for the check he had provided earlier.

14. On June 17, 2016, ROUGIER emailed a response to J.H., and attached a copy of a purported receipt from TAUG. The receipt described J.H.'s payment of $2,790.00 on June 9, 2016, as the "final payment for assurance and storage."

15. In a phone call on April 27, 2017, J.H. told ROUGIER he wanted to cash out his investment at the expiration of their contract on June 30, 2017. ROUGIER told J.H. that J.H.'s silver was currently being stored in Hong Kong and his gold was being stored in Singapore.

16. On July 6, 2017, ROUGIER sent an email to J.H. regarding the status of his investments. ROUGIER estimated the existing value of J.H.'s precious metals was $105,000 (e.g. the price at which they could be sold at that time) and told J.H. he would receive a cash payout of approximately $219,000 from TAUG, resulting in combined proceeds of $324,000.

17. In a phone call on July 12, 2017, ROUGIER told J.H. that the payout by TAUG was already in process and should be in ROUGIER'S account by July 19, at which time ROUGIER would forward it to J.H.'s account. ROUGIER stated that the sale of J.H.'s precious metals was forthcoming and he would provide more details in the future.

18. On July 24, 2017, ROUGIER sent an email to J.H. stating that TAUG had been purchased by ICBC as of May 22, 2017. ROUGIER told J.H. that existing TAUG contracts would be honored by ICBC; however, the guaranteed payments would take

longer to process.

19. To date, J.H. has not received any payment from ROUGIER.

Victim-Investors D.O. and A.O.

20. D.O. and A.O. are a married couple who first invested with ROUGIER in approximately February 2011, based on the promise that he was using their funds to purchase precious metals. Between 2011 and 2016, D.O. and A.O. made additional investments and paid fees to ROUGIER totaling approximately $140,000.

21. In December 2014, ROUGIER presented D.O. and A.O. with an agreement from TAUG purporting to guarantee they would receive at least $258,000 for their gold and silver after 36 months - or December 2017. At the time, D.O. and A.O. had invested approximately $90,000.

22. To date, D.O. and A.O. have not received any funds from ROUGIER or TAUG.

Victim-Investor R.A.

23. R.A. met ROUGIER through one of her neighbors several years ago.

24. In approximately June 2017, ROUGIER contacted R.A. and asked her to invest money in gold and silver. ROUGIER sent her a document on "ICBC" letterhead to show how much she would make on her investment. Specifically, the document purported to show the "True Guarantee" of her account over a period of five years after her initial investment. Based upon an initial investment of $2,500, it showed that R.A.'s account value would be $2,750 after one year, $5,637 after three years, and $15,950 at the end of the fifth year.

25. R.A. invested $2,500 with ROUGIER based on his representation that he was using the money to purchase gold and silver and she would receive the promised returns.

26. Subsequent to her initial investment in June 2017, ROUGIER has asked R.A. to invest additional funds. Most recently, ROUGIER wanted to meet with R.A. in January 2018, to talk with her about investing more funds.

COUNT 1
(Mail Fraud)

27. The grand jury re-alleges and incorporates paragraphs 1 through 26 as if fully set forth herein.

28. From at least in or about November 2010 through January 2018, in the State and District of Minnesota, the defendant,

DAVID THOMAS ROUGIER,

did knowingly devise and execute a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, promises, and material omissions, which scheme and artifice is described above in paragraphs 1 through 26.

29. On or about February 10, 2015, for the purpose of executing and attempting to execute the above-described scheme and artifice to defraud, ROUGIER knowingly caused to be sent, delivered, and moved by the United States Postal Service, items including an envelope from ROUGIER to D.O. and A.O., which contained a contract purporting to be between D.O. and A.O., and "TAUG Limited," under which TAUG guaranteed that it would pay D.O. and A.O. a predetermined price for their precious metals

at the end of a 36-month period, all in violation of Title 18, United States Code, Section 1341.

COUNT 2
(Wire Fraud)

30. The grand jury re-alleges and incorporates paragraphs 1 through 29 as if fully set forth herein.

31. From at least in or about November 2010 through January 2018, in the State and District of Minnesota, the defendant,

DAVID THOMAS ROUGIER,

did knowingly devise and execute a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, promises, and material omissions, which scheme and artifice is described above in paragraphs 1 through 29.

32. On or about June 17, 2016, for the purpose of executing and attempting to execute the above-described scheme and artifice to defraud, ROUGIER knowingly transmitted and caused to be transmitted by means of wire communications in interstate and foreign commerce, certain writings, signs, signals, and sounds, described as follows: an email to J.H., discussing the status of the gold and silver that ROUGIER claimed to have purchased with J.H.'s funds, and also attaching a receipt for a payment of $2,790 that J.H. had given to ROUGIER earlier in the day, confirming that the payment was for "final payment for assurance and storage," all in violation of Title 18, United States Code, Section 1343.

COUNT 3
(Wire Fraud)

33. The grand jury re-alleges and incorporates paragraphs 1 through 32 as if fully set forth herein.

34. From at least in or about November 2010 through January 2018, in the State and District of Minnesota, the defendant,

DAVID THOMAS ROUGIER,

did knowingly devise and execute a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, promises, and material omissions, which scheme and artifice is described above in paragraphs 1 through 32.

35. On or about June 26, 2017, for the purpose of executing and attempting to execute the above-described scheme and artifice to defraud, ROUGIER knowingly transmitted and caused to be transmitted by means of wire communications in interstate and foreign commerce, certain writings, signs, signals, and sounds, described as follows: an email to R.A., with an attached "statement" purporting to be issued by ICBC which documented R.A.'s investment and guaranteed certain values over a five-year period, all in violation of Title 18, United States Code, Section 1343.

FORFEITURE ALLEGATIONS

Counts 1, 2 and 3 of this Indictment are hereby realleged and incorporated as if fully set forth herein 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).

As the result of the offenses alleged in Counts 1, 2 and 3 of this Indictment, the defendant 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), any property, real or personal, which constitutes or is derived from proceeds traceable to the violations of Title 18, United States Code, Sections 1341 and 1343.

If any of the above-described forfeitable property is unavailable for forfeiture, the United States intends to seek the forfeiture of substitute property as provided for in Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

All in violation of Title 18, United States Code, Sections 981(a)(1)(C), 1341, 1343, and Title 28, United States Code, Section 2461(c).

A TRUE BILL

United States Attorney

FOREPERSON