


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.

Honorable Ricardo S. Martinez

July 25 20 19
WILLIAM M. McCOOL, Clerk
By  Deputy

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

UNITED STATES OF AMERICA,
Plaintiff

NO. CR19-001RSM

SUPERSEDING INDICTMENT

v.

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

Defendant.

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 approximately \$6 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 Rancho Santa Fe, 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 7. GRACEY provided victims with a copy of a DXC-created presentation
18 describing the planned transaction and its anticipated business benefits. To persuade
19 victims that he had access to the securities he described, GRACEY prepared and
20 provided victims with a fraudulent stock certificate purporting to show that GRACEY
21 owned 65 million shares of Vencore stock. The fraudulent certificate contained the
22 names and forged signatures of persons with the initials M.C. and B.B., who are real
23 people and were then officers of Vencore Corporation. GRACEY also provided victims
24 with phony share purchase agreements, which purported to convey the Perspecta shares
25 to the victims in return for payments by the victims to GRACEY.

26 8. Between June 2016 and May 2018, GRACEY collected more than \$3.5
27 million from victims who believed that they were purchasing the securities GRACEY

1 described. However, GRACEY did not convey any of the promised securities to the
2 victims, and never intended to do so. While DXC, KeyPoint, and Vencore were, in fact,
3 legitimate businesses planning a merger, GRACEY had no connection to any of these
4 companies, and had simply obtained the DXC presentation from DXC's website, where it
5 was publicly available. GRACEY did not own any securities related to Perspecta, DXC,
6 KeyPoint, or Vencore, and therefore had no authority to convey any of the securities that
7 he purported to offer for sale.

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

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

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

19 **The SEC Action and GRACEY's Continuation of the Fraud**

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

25 12. Following the entry of the temporary restraining order, and without the
26 knowledge of the SEC, GRACEY continued his fraudulent stock sales. Between June
27 2018 and December 2018, GRACEY offered additional victims "pre-IPO" shares in a

1 new gene editing company that, GRACEY said, would be formed through the merger of
2 two existing companies called Beam Therapeutics and Editas Medicine. GRACEY told
3 investors that he could not disclose the name of the new company because of insider
4 trading laws.

5 13. GRACEY claimed to own ten million shares of Beam Therapeutics stock,
6 which, GRACEY said, gave him rights to shares in the new company. GRACEY
7 falsified and provided to victims a fraudulent stock certificate purporting to memorialize
8 that GRACEY owned 10 million shares of Beam Therapeutics stock. The fraudulent
9 certificate contained the names and forged signatures of persons with the initials J.E. and
10 S.K., who are real people and were the Chief Executive Officer and President,
11 respectively, of Beam Therapeutics. GRACEY also presented victims with phony share
12 purchase agreements that purported to convey stock to the victims in return for payments
13 to GRACEY.

14 14. GRACEY collected more than \$2.2 million from victims in connection
15 with this fraudulent offering. However, GRACEY did not convey any of the securities as
16 promised, and never intended to do so. While Beam Therapeutics was, in fact, a
17 legitimate business that was planning to engage in common business ventures with
18 another legitimate business called Editas Medicine, GRACEY did not own any securities
19 related to Beam Therapeutics, and therefore had no authority to convey any of the
20 securities that he purported to offer for sale.

21 15. To prevent the SEC from detecting these additional fraudulent transactions
22 and seizing the proceeds, GRACEY directed the victims to wire the funds to bank
23 accounts in the name of a relative of GRACEY (referenced hereafter as "Person 1"). In
24 addition, at GRACEY's direction, Person 1 formed a corporation named "Strider ENT."
25 Person 1 then opened a bank account in the name of the corporation and provided
26 GRACEY with the account information. GRACEY then used the account to accept fraud
27 proceeds and funnel those monies to himself.

GRACEY's Use of the Fraud Proceeds to Promote His Scheme

16. As described above, GRACEY collected approximately \$6 million from victims in connection with his fraudulent stock sales. GRACEY used the fraud proceeds to further promote his fraud scheme by perpetuating the illusion that he was a wealthy investor. For example, GRACEY used over \$1.2 million of the fraud proceeds to rent the estate in Beverly Hills, and approximately \$100,000 and \$75,000 of the fraud proceeds to rent the estates in Rancho Santa Fe and Clyde Hill, respectively. Similarly, GRACEY used over \$900,000 of the fraud proceeds to rent luxury automobiles. GRACEY used all of these estates and luxury cars as props in his ongoing scheme to defraud investors.

C. Execution of the Scheme to Defraud

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

18. On or about the dates set forth below, at Clyde Hill, within the Western District of Washington, and elsewhere, for the purpose of executing and attempting to execute this scheme and artifice to defraud, KEENAN A. GRACEY, a/k/a Keenan A. Gracey, a/k/a Xander Gracey, a/k/a Xander Keenan, and others known and unknown to the Grand Jury, did knowingly transmit and cause to be transmitted by wire communication, in interstate and foreign commerce, the following writings, signs, signals, pictures and sounds, each transmission of which constitutes a separate count of this Superseding 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
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.

COUNTS 11-16
(Promotional Money Laundering)

19. The allegations contained in Paragraphs 1-18 are hereby incorporated by reference as if fully set forth herein.

20. On or about the dates set forth below, at Newcastle, within the Western District of Washington, and elsewhere, KEENAN A. GRACEY did knowingly conduct and attempt to conduct the following financial transactions affecting interstate and foreign commerce, which, as KEENAN GRACEY knew, involved the proceeds of a specified unlawful activity, that is, Wire Fraud in violation of Title 18, United States Code, Section 1343, with the intent to promote the carrying on of that specified unlawful activity. Each of the following transactions constitutes a separate count of this Superseding Indictment:

Count	Date	Description
11	3/22/17	\$20,000 payment by GRACEY to R.A. for rental of Rancho Santa Fe estate
12	10/6/17	\$13,500 payment by GRACEY to Adventure 2016 LLC for rental of Clyde Hill estate
13	1/8/18	\$8,692 payment by GRACEY to Zadart Exotic Car Club and Rentals of Bellevue for rental of Rolls Royce Wraith
14	2/28/18	\$30,000 payment to G.S.P. for rental of Beverly Hills estate
15	3/9/18	\$16,308 payment by GRACEY to California Exotic Car Rental toward charge of \$58,339 for rental of Bentley GTC, Ferrari 458 Spider, and Lamborghini Aventador
16	8/6/18	\$50,000 payment by GRACEY to G.S.P. for rental of Beverly Hills estate

All in violation of Title 18, United States Code, Section 1956(a)(1)(A)(i) and Section 2.

COUNT 17

(Aggravated Identity Theft)

21. The Grand Jury incorporates Paragraphs 1 through 18 of this Superseding Indictment as if fully set forth herein.

22. On or about April 7, 2018, at Clyde Hill, within the Western District of Washington, and elsewhere, KEENAN GRACEY knowingly possessed and used, without lawful authority, a means of identification of another person during and in relation to a felony listed in Title 18, United States Code, Section 1028A(c). Specifically, KEENAN GRACEY possessed and used the name and signature of B.B., a real person, in that GRACEY transmitted a text message to a victim with the initials J.S. containing a falsified Vencore stock certificate bearing B.B.'s name and forged signature during and in relation to the offense of Wire Fraud, as charged in Counts 1 through 10 of this Indictment.

All in violation of Title 18, United States Code, Section 1028A and Section 2.

COUNT 18

(Aggravated Identity Theft)

23. The Grand Jury incorporates Paragraphs 1 through 18 of this Superseding Indictment as if fully set forth herein.

24. On or about November 2, 2018, at Clyde Hill, within the Western District of Washington, and elsewhere, KEENAN GRACEY knowingly possessed and used, without lawful authority, a means of identification of another person during and in relation to a felony listed in Title 18, United States Code, Section 1028A(c). Specifically, KEENAN GRACEY possessed and used the name and signature of J.E., a real person, in that GRACEY transmitted a text message to a victim with the initials D.E. containing a falsified Beam Therapeutics stock certificate bearing the name and forged signature of J.E., during and in relation to the offense of Wire Fraud, as charged in Counts 1 through 10 of this Indictment.

All in violation of Title 18, United States Code, Section 1028A and Section 2.

FORFEITURE ALLEGATION

A. Wire Fraud

25. The allegations contained in Paragraphs 1-18 are hereby incorporated by reference to allege forfeitures pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

26. 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, that constitutes or is derived from proceeds traceable to the offense, including but not limited to a judgment for a sum of money representing the property proceeds of the offense.

B. Money Laundering

27. The allegations contained in Paragraphs 19-20 are hereby incorporated by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 982(a)(1).

28. Upon conviction of any of the offenses charged in Counts 11-16 of this Indictment, the defendant, KEENAN GRACEY, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(1), any property, real or personal, that was involved in the offense or is traceable to such property, including but not limited to a judgment for a sum of money representing the proceeds he obtained from the offense.

C. Substitute Assets

29. 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;

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

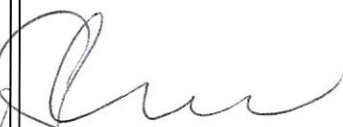
DATED: July ~~25~~ 2019

A TRUE BILL:


DATED: 7-25-2019

[Signature of Foreperson redacted pursuant to the policy of the Judicial Conference of the United States]

FOREPERSON



BRIAN T. MORAN
United States Attorney



ANDREW C. FRIEDMAN
Assistant United States Attorney



SETH WILKINSON
Assistant United States Attorney

DEFENDANT STATUS SHEET

(One for each defendant)

I. CASE STATUS

Name of Defendant: Keenan Gracey

Has defendant had initial appearance in this case? Yes No

MJ

CR 19-01RSM

II. CUSTODIAL STATUS

If defendant had initial appearance, please check one of the following:

- Continue Conditions of Release
- Continue Detention
- Temporary Detention, a detention hearing has been scheduled for

III. ARRAIGNMENT

- Warrant to Issue (If so, please complete *Defendant Arrest Warrant Info Sheet*)
- Summons to be Issued for Appearance on

Defendant's Address:

- Letter to Defense Counsel for Appearance on August 1

Defense Attorney's Name and address: Philip Pitzer--email to Philipepitzer@aol.com

The estimated trial time is 15 days.

(Revised March 2018)