

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)
)
) No.
)
) Violations: Title 18, United States
GREGORY WEBB) Code, Sections 1341 and 1343
)

COUNT ONE

The SPECIAL SEPTEMBER 2012 GRAND JURY charges:

1. At times material to the indictment:
 - a. Defendant GREGORY WEBB (“WEBB”) formed InfrAegis, Inc. (“InfrAegis”) in or about April 2003 under the name Intelagents, Inc. The company name changed to InfrAegis in 2005. InfrAegis’ principal offices were in Elk Grove Village, Illinois. InfrAegis also operated through a subsidiary, Bacteria Sciences Worldwide, LLC (“BSW”). InfrAegis was purportedly in the business of designing and selling products for the homeland security and food safety markets;
 - b. WEBB was chairman, Chief Executive Officer, and President of InfrAegis, and owned the majority of InfrAegis’ stock; and
 - c. WEBB, through InfrAegis, offered and sold, and caused the offer and sale, of shares of stock in InfrAegis.

2. Beginning no later than in or about 2007, continuing until at least in or about October 2013, in the Northern District of Illinois, and elsewhere,

GREGORY WEBB,

defendant herein, devised, intended to devise, and participated in a scheme to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, promises and representations, and by concealment of material facts, which scheme is more fully described below.

3. It was part of the scheme that WEBB and InfrAegis obtained over \$9,000,000 from prospective investors and existing investors in InfrAegis in connection with the offering and selling of stock in InfrAegis by fraudulently making and causing to be made materially false representations about the solvency and financial condition of InfrAegis, the contracts that InfrAegis expected to be awarded or had been awarded, and the expected and actual returns on investments in InfrAegis.

4. It was further part of the scheme that WEBB and InfrAegis developed and approved the offering materials and provided to investors and prospective investors various offering materials, including offering memoranda and executive summaries, that WEBB knew falsely portrayed InfrAegis as a financially successful company that had both high-level connections in the homeland security market and lucrative contracts for the sale of its products.

5. It was further part of the scheme that WEBB and InfrAegis held conference calls for investors and prospective investors, during which WEBB made

representations that he knew to be false about the financial health of InfrAegis and about multi-million dollar contracts that InfrAegis had purportedly procured or was in the process of procuring.

6. It was further part of the scheme that, between 2007 and at least April 2010, WEBB and InfrAegis falsely represented, in written materials provided to investors and during investor conference calls, that the City of Chicago had agreed to install InfrAegis' iaMedium – a kiosk that purportedly could detect the presence of nuclear or biological weapons – throughout the City of Chicago and that the agreement would result in profits of over \$80 million per year. WEBB and InfrAegis knew at the time that, although InfrAegis engaged in some discussions with Chicago officials about the installation of iaMediums in 2007 and 2008, Chicago never entered into any agreement or contract with InfrAegis and never agreed to install the iaMedium system in Chicago.

7. It was further part of the scheme that between 2009 and least October 2010, WEBB and InfrAegis falsely represented, in written materials provided to investors and during investor conference calls, that InfrAegis had a contract with the Washington Metropolitan Area Transit Authority (“WMATA”) to install InfrAegis' iaMedium throughout the Metro train system in Washington D.C. and surrounding areas. WEBB and InfrAegis knew at the time that, although WMATA had agreed in July 2009, to engage in initial negotiations with InfrAegis for the deployment of iaMediums in the Metro system, those negotiations were terminated in January 2010. WMATA terminated those negotiation when it deemed InfrAegis

to be not financially responsible after InfrAegis failed to deposit funds into an account, as required by InfrAegis' agreement to continue negotiations with

8. It was further part of the scheme that between June 2008 and at least May 2010, WEBB and InfrAegis falsely represented, in written materials provided to investors and during investor conference calls that InfrAegis had manufactured units to be used for molecular microbial testing for food safety purposes, based on technology developed by Individual A, and that these units were to be provided to Company A for testing. WEBB and InfrAegis knew at the time that, although InfrAegis had an agreement with Individual A for the use of Individual A's molecular microbial food safety technology, InfrAegis never produced a product to be tested by Company A and INRAEGIS did not even have an agreement with Company A for testing of any product until June 2011.

9. It was further part of the scheme that WEBB and InfrAegis concealed material facts from prospective and existing InfrAegis investors in order to continue to be able to fraudulently induce prospective and existing shareholders to purchase additional InfrAegis stock by failing to disclose the following information, among other information:

a. that in 2007, the State of Illinois Secretary of State Securities Department issued a Temporary Order of Prohibition, which prohibited InfrAegis and WEBB, and other entities related to InfrAegis, from selling securities in or from the State of Illinois until further order of the Illinois Secretary of State;

b. that in 2008, the State of Illinois Secretary of State Securities Department issued a second Temporary Order of Prohibition, which prohibited InfrAegis, WEBB, BSW, and other officers of InfrAegis, from selling securities in or from the State of Illinois until further order of the Illinois Secretary of State; and

c. that the Orders of Prohibition imposed by the Illinois Secretary of State Securities Department were not lifted until June 4, 2010, when the Illinois Secretary of State Securities Department entered into a Consent Order of Prohibition with WEBB, InfrAegis, and the other named entities and individuals, which prohibited them from offering and selling securities in or from the State of Illinois except in compliance with the Illinois Securities Law of 1953.

10. As a result of the scheme, by the above means, WEBB and InfrAegis fraudulently caused over 200 investors to suffer a loss in excess of \$9,000,000, through the offer and sale of stock in InfrAegis.

11. It was further part of the scheme that WEBB and InfrAegis concealed, misrepresented, and hid and caused to be concealed, misrepresented, and hidden, the existence and purpose of the scheme and the acts done in furtherance of the scheme.

12. On or about March 10, 2009, in the Northern District of Illinois, Eastern Division, and elsewhere,

GREGORY WEBB,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted by means of wire communications in interstate commerce, certain writings, signs and signals, namely, an interstate wire transfer processed through the Federal Reserve System of approximately \$30,000 from the account of Victim A to the account of InfrAegis;

In violation of Title 18, United States Code, Section 1343.

COUNT TWO

The SPECIAL SEPTEMBER 2012 GRAND JURY further charges:

1. Paragraphs 1 through 11 of Count One of this indictment are incorporated here.

2. On or about March 13, 2009, in the Northern District of Illinois, Eastern Division, and elsewhere,

GREGORY WEBB,

defendant herein, for the purpose of executing the above-described scheme, knowingly placed or caused to be placed in an authorized depository for mail matter, to be sent by United States mail according to the directions thereon, an envelope addressed to Victim A at an address in Oxford, Alabama, containing a stock certificate for InfrAegis in the name of Victim A, evidencing the purchase of shares of InfrAegis stock;

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

COUNT THREE

The SPECIAL SEPTEMBER 2012 GRAND JURY further charges:

1. Paragraphs 1 through 11 of Count One of this indictment are incorporated here.

2. On or about August 3, 2009, in the Northern District of Illinois, Eastern Division, and elsewhere,

GREGORY WEBB,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted by means of wire communications in interstate commerce, certain writings, signs and signals, namely, an interstate wire transfer processed through the Federal Reserve System of approximately \$50,000 from the account of Victim A to the account of InfrAegis, to purchase shares of InfrAegis stock;

In violation of Title 18, United States Code, Section 1343.

COUNT FOUR

The SPECIAL SEPTEMBER 2012 GRAND JURY further charges:

1. Paragraphs 1 through 11 of Count One of this indictment are incorporated here.

2. On or about August 18, 2009, in the Northern District of Illinois, Eastern Division, and elsewhere,

GREGORY WEBB,

defendant herein, for the purpose of executing the above-described scheme, did knowingly placed or caused to be placed in an authorized depository for mail matter, to be sent by United States mail according to the directions thereon, an envelope addressed to Victim A at an address in Oxford, Alabama, containing a stock certificate for InfrAegis in the name of Victim A, evidencing the purchase of shares of InfrAegis stock;

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

COUNT FIVE

The SPECIAL SEPTEMBER 2012 GRAND JURY further charges:

1. Paragraphs 1 through 11 of Count One of this indictment are incorporated here.

2. On or about January 20, 2010, in the Northern District of Illinois, Eastern Division, and elsewhere,

GREGORY WEBB,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be transmitted by means of wire communications in interstate commerce, certain writings, signs and signals, namely, an interstate wire transfer processed through the Federal Reserve System of approximately \$15,000 from the account of Victim B to the account of InfrAegis, to purchase shares of InfrAegis stock;

In violation of Title 18, United States Code, Section 1343.

COUNT SIX

The SPECIAL SEPTEMBER 2012 GRAND JURY further charges:

1. Paragraphs 1 through 11 of Count One of this indictment are incorporated here.

2. On or about January 21, 2010, in the Northern District of Illinois, Eastern Division, and elsewhere,

GREGORY WEBB,

defendant herein, for the purpose of executing the above-described scheme, knowingly caused to be delivered by the United States Postal Service, according to the directions thereon, an envelope addressed to InfrAegis at an address in Elk Grove Village, Illinois, containing a check payable to InfrAegis in the amount of \$3,000, from Victim C;

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

COUNT SEVEN

The SPECIAL SEPTEMBER 2012 GRAND JURY further charges:

1. Paragraphs 1 through 11 of Count One of this indictment are incorporated here.

2. On or about February 9, 2010, in the Northern District of Illinois, Eastern Division, and elsewhere,

GREGORY WEBB,

defendant herein, for the purpose of executing the above-described scheme, knowingly deposited or caused to be deposited matter to be sent by Federal Express, a commercial interstate carrier, namely, an envelope addressed to Victim B at an address in Chattanooga, Tennessee, containing a stock certificate for InfrAegis in the name of Victim B, evidencing the purchase of shares of InfrAegis stock;

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

COUNT EIGHT

The SPECIAL SEPTEMBER 2012 GRAND JURY further charges:

1. Paragraphs 1 through 11 of Count One of this indictment are incorporated here.

2. On or about February 10, 2010, in the Northern District of Illinois, Eastern Division, and elsewhere,

GREGORY WEBB,

defendant herein, for the purpose of executing the above-described scheme, knowingly placed or caused to be placed in an authorized depository for mail matter, to be sent by United States mail according to the directions thereon, an envelope addressed to Victim C at an address in Sioux City, Iowa, containing a stock certificate for InfrAegis in the name of Victim C, evidencing the purchase of shares of InfrAegis stock;

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

COUNT NINE

The SPECIAL SEPTEMBER 2012 GRAND JURY further charges:

1. Paragraphs 1 through 11 of Count One of this indictment are incorporated here.

2. On or about March 5, 2010, in the Northern District of Illinois, Eastern Division, and elsewhere,

GREGORY WEBB,

defendant herein, for the purpose of executing the above-described scheme, knowingly placed or caused to be placed in an authorized depository for mail matter to be sent by United States mail, according to the directions thereon, an envelope addressed to Victim D at an address in Laverne, Minnesota, containing a stock certificate for InfrAegis in the name of Victim D, evidencing the purchase of shares of InfrAegis stock;

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

COUNT TEN

The SPECIAL SEPTEMBER 2012 GRAND JURY further charges:

1. Paragraphs 1 through 11 of Count One of this indictment are incorporated here.

2. On or about March 5, 2010, in the Northern District of Illinois, Eastern Division, and elsewhere,

GREGORY WEBB,

defendant herein, for the purpose of executing the above-described scheme, knowingly placed or caused to be placed in an authorized depository for mail matter, to be sent by United States mail according to the directions thereon, an envelope addressed to Victim E at an address in Laverne, Minnesota, containing a stock certificate for InfrAegis in the name of Victim E, evidencing the purchase of shares of InfrAegis stock;

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

COUNT ELEVEN

The SPECIAL SEPTEMBER 2012 GRAND JURY further charges:

1. Paragraphs 1 through 11 of Count One of this indictment are incorporated here.

2. On or about March 5, 2010, in the Northern District of Illinois, Eastern Division, and elsewhere,

GREGORY WEBB,

defendant herein, for the purpose of executing the above-described scheme, knowingly placed or caused to be placed in an authorized depository for mail matter, to be sent by United States mail according to the directions thereon, an envelope addressed to Victim F at an address in Laverne, Minnesota, containing a stock certificate for InfrAegis in the name of Victim F, evidencing the purchase of shares of InfrAegis stock;

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

FORFEITURE ALLEGATION

The SPECIAL SEPTEMBER 2012 GRAND JURY alleges:

1. The allegations contained in this indictment are incorporated here for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. As a result of the violations of Title 18, United States Code, Sections 1341 and 1343, as alleged in Counts One through Eleven of this indictment,

GREGORY WEBB,

defendant herein, 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 and all right title and interest they may have in any property, real and personal, which constitutes and is derived from proceeds traceable to the charged offense, including approximately \$9,037,753.

3. If any of the forfeitable property described above, as a result of any act or omission by 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 under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1).

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

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY