

By Lorraine McNerney
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JF/LR/ 2019R00244

**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA : Hon. Evelyn Padin
: :
v. : Criminal Number: 22- 690 (EP)
: :
THOMAS NICHOLAS SALZANO, : Count 1
a/k/a “Nicholas Salzano,” and : 18 U.S.C. § 371
REY E. GRABATO, II : (Securities Fraud Conspiracy)
: :
: Count 2
: 15 U.S.C. § 78j(b) and 78ff
: 17 C.F.R. §§ 240.10b-5
: 18 U.S.C. § 2
: (Securities Fraud)
: :
: Count 3
: 18 U.S.C. § 1349
: (Wire Fraud Conspiracy)
: :
: Counts 4 to 8
: 18 U.S.C. § 1343
: 18 U.S.C. § 2
: (Wire Fraud)
: :
: Counts 9 to 10
: 18 U.S.C. § 1028A(a)(1)
: 18 U.S.C. § 2
: (Aggravated Identity Theft)
: :
: Count 11
: 18 U.S.C. § 371
: (Conspiracy to Defraud the United States)
: :
: Count 12 to 13
: 26 U.S.C. § 7201
: 18 U.S.C. § 2
: (Evasion of Payment)
: :
: Counts 14 to 18
: 26 U.S.C. § 7206(1)
: 18 U.S.C. § 2
: (Subscribing to False Tax Returns)

INDICTMENT

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

INTRODUCTION

1. From in or around February 2018 through in or around January 2022, the defendants, **Thomas Nicholas Salzano, a/k/a “Nicholas Salzano” (“Salzano”)** and **Rey E. Grabato, II (“Grabato”)** (together, the “Defendants”), defrauded investors and potential investors of NRIA Partners Portfolio Fund I LLC (the “Fund”), a real estate fund operated by National Realty Investment Advisors, LLC (“NRIA”), of hundreds of millions of dollars through lies, deception, material misrepresentations and omissions relating to, among other things: (a) the financial position of NRIA; (b) the manner in which the Defendants and their co-conspirators used Fund investor money; and (c) Salzano’s managerial role at NRIA and his history of fraud.

2. The Defendants executed their scheme through an aggressive multi-year, nationwide marketing campaign that involved thousands of emails to investors; advertisements on billboards, television, and radio; and meetings and presentations to investors. **Salzano** led and directed the marketing campaign, which employed deception, material misrepresentations and omissions, and falsified documents to manipulate investors. The material misrepresentations and omissions at the heart of this campaign were intended to mislead Fund investors into believing that NRIA, which had existed since 2006, was a solvent business that generated significant profits. In reality, NRIA generated little to no profits and operated as a Ponzi scheme, which was kept afloat by new Fund investors. Despite investing almost none of their own capital into the business, the Defendants misappropriated millions of dollars of investor money to support their lavish lifestyles.

3. In addition to defrauding investors, **Salzano** and **Grabato** orchestrated a separate conspiracy to defraud the Internal Revenue Service (“IRS”) by conspiring to obstruct, impede, and

impair the IRS in its effort to collect tens of millions of dollars in outstanding taxes **Salzano** owed to the United States Treasury.

GENERAL ALLEGATIONS

4. At all times relevant to this Indictment:

Relevant Entities and Individuals

a. NRIA was a Delaware limited liability company based in Secaucus, New Jersey, established in 2006. Beginning in or around 2006, NRIA solicited real estate investors to purchase, finance, and co-develop residential units in several locations in Philadelphia, Pennsylvania, in exchange for certain fees (the “Philadelphia Investors”). Beginning in or around 2016, NRIA offered investments to the public in limited liability companies owned and controlled by NRIA or its affiliates that built and developed individual real estate properties, primarily in Florida and New York (the “LLC Investors”).

b. The Fund was a Delaware limited liability company formed on or about February 5, 2018. The Fund served as an investment fund that purportedly acquired equity interests in limited liability companies that invested in real estate assets. The Fund was managed by NRIA. From in or around February 2018 to in or around January 2022, the Fund raised approximately \$650 million from approximately 2,000 investors, including hundreds of investors who were residents of the District of New Jersey, through unregistered securities offerings to accredited investors. Investors in the Fund purchased preferred non-voting membership interests in the Fund. As part of their investments, the Fund provided investors with monthly distributions, typically between six percent and ten percent of their original principal investment on an annual basis, through a direct transfer to their bank accounts. Each investor in the Fund also received a written guarantee from NRIA of an annual return of at least twelve percent per year for a period of five years plus a full return of their investment, or else any shortfall would be paid by NRIA.

c. On or about June 7, 2022, NRIA, the Fund, and its affiliates, including more than one hundred limited liability companies, filed voluntary petitions under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) in the District of New Jersey.

d. **Salzano** was a resident of Secaucus, New Jersey, and operated NRIA as a shadow chief executive officer (“CEO”). Marketing materials and investor documents referred to **Salzano** as a “senior independent executive advisor and portfolio manager” at NRIA, and at other times as, “one of its independent contractor consultants.” In reality, Salzano was the guiding force at NRIA: he ran the day-to-day operations of NRIA; made, reviewed, and approved significant business decisions; and directed NRIA’s marketing efforts. **Salzano** concealed his managerial role at NRIA to avoid scrutiny from investors and the IRS of his past criminal and fraudulent conduct.

e. From at least as early as in or around 2002 to in or around December 2004, **Salzano** was the Chief Managing Officer of a large telecommunications company that was located in Newark, New Jersey (the “Telecommunications Company”), which was in the business of reselling telecommunications services, purchased from common carriers or others.

f. In 2006, the Federal Trade Commission (“FTC”) filed charges against, and simultaneously settled with, **Salzano** for his role in defrauding small businesses, nonprofit organizations, churches, and municipalities through false and misleading claims by the Telecommunications Company of dramatic savings on their monthly telephone, cellular, and internet bills.

g. On or about September 6, 2013, **Salzano** pled guilty to five counts of theft by fraud, in violation of Louisiana Revised Statute § 14:67(B)(1) in Louisiana State Court for defrauding small businesses in Louisiana through the Telecommunications Company by falsely promising consumers that they would receive cost savings on telecommunications services. In or around

December 2018, **Salzano** successfully moved in Louisiana State Court for his prior fraud convictions to be expunged.

h. **Grabato** was a resident of Hoboken, New Jersey and the Republic of the Philippines. **Grabato** was the President of NRIA and the majority owner of NRIA. **Grabato** was a signatory on all of the bank accounts utilized by NRIA, including bank accounts to which investors of the Fund wired money. **Grabato's** signature appeared on checks and significant investment and company documents issued by NRIA and its subsidiaries.

i. Co-Conspirator-1 was a resident of Nutley, New Jersey. From in or around March 2009 to in or around May 2022, Co-Conspirator-1 was the head of sales at NRIA. Co-Conspirator-1 and **Salzano** closely reviewed, drafted, and approved marketing materials and communications used by NRIA employees to sell investments in the Fund. Investor and marketing materials listed Co-Conspirator-1's title at NRIA as, among other things, Vice President, Executive Vice President, and Senior Vice President and Independent Project Manager.

j. Bank-1 was a national bank with headquarters in Cherry Hill, New Jersey. **Salzano** and **Grabato** caused money from Fund investors to be placed into one of two bank accounts at Bank-1 held in the name of NRIA: one ending in 1803 (the "1803 Account"); and the other account ending in 1872 (the "1872 Account") (together, the "NRIA Bank Accounts"). Most Fund investor money was placed into the 1872 Account.

k. Bank-2 was a regional bank with headquarters in Wayne, New Jersey. **Grabato** held a personal account at Bank-2 ending in 7667 (the "7667 Account").

l. Individual-1 was a resident of Southampton, New York. Individual-1 was the one hundred percent owner of NRIA Capital Partners Inc. ("NRCP"). Until in or around March 2022, NRCP owned twenty percent of NRIA. NRIA investor and marketing materials listed Individual-1 as

having various titles at NRIA, including Director and Head of Finance, Co-Chief Investment Officer, and Managing Director.

m. Individual-2 was a resident of Manalapan, New Jersey and one of Co-Conspirator-1's children. Individual-2 held various titles at NRIA, including most recently, Senior Vice President of Project Management.

n. Individual-3 was a resident of New Brunswick, New Jersey, and a relative of **Grabato**.

o. Individual-4 was the wife of **Salzano** and resided in Secaucus, New Jersey.

p. Individual-5 resided in Brooklyn, New York, and was an individual with whom **Salzano** had a romantic relationship.

q. Individual-6 was one of **Salzano's** children and resided in Hopatcong, New Jersey. Individual-6 was the Director of Investor Relations at NRIA.

r. Individual-7 was **Salzano's** ex-wife and resided in Glen Ridge, New Jersey.

s. The Victim Accountant was a tax return preparer with offices in Scotch Plains, New Jersey, and Hoboken, New Jersey. From in or around 2009 to in or around 2017, the Victim Accountant prepared **Grabato's** personal tax returns.

t. Victim Investor-1 resided in West Windsor, New Jersey, and was an investor in the Fund.

u. Victim Investor-2 resided in San Jose, California, and was an investor in the Fund.

v. Victim Investor-3 resided in Cupertino, California, and was an investor in the Fund.

w. The Victim Lender was a loan provider for real estate investors and developers, located in Sherman Oaks, California.

x. The Victim Chief Executive Officer was the CEO of the Victim Lender.

y. Company-1 was a software, web design, and mobile application company based in India.

z. Company-2 was a New Jersey limited liability company established in or around 2012 by Individual-6.

aa. Company-3 was a New Jersey limited liability company that operated as a shell company. **Grabato** was the sole signatory on a bank account at Bank-1 ending in 5906 in the name of Company-3 (the “Company-3 Account”).

bb. Company-4 was a limited liability company established in New Jersey in or around January 2022.

Relevant Regulatory Principles and Definitions

cc. A “security” was, among other things, any note, stock, bond, debenture, evidence of indebtedness, investment contract, or participation in any profit-sharing agreement.

dd. A “private placement memorandum” (“PPM”), also known as a private offering document or confidential offering memorandum, was a securities disclosure document used in a private offering of securities by a company or investment fund.

ee. A “distribution” was a disbursement of assets from a fund to an investor.

ff. The EB-5 Immigrant Investor Program (“EB-5”) was a program administered by the U.S. Citizenship and Immigration Services that offered qualified foreign investors an opportunity to apply for permanent residence in the United States after making a certain investment in a commercial enterprise in the United States.

COUNT 1
Conspiracy to Commit Securities Fraud
(18 U.S.C. § 371)

1. The General Allegations section of this Indictment is realleged here.

The Conspiracy

2. From in or around February 2018 to in or around January 2022, in Hudson County, in the District of New Jersey, and elsewhere, the Defendants,

THOMAS NICHOLAS SALZANO,
a/k/a “Nicholas Salzano,” and
REY E. GRABATO, II,

did willfully and knowingly combine, conspire, confederate, and agree with others, by the use of the means and instrumentalities of interstate commerce, and of the mails, and of facilities of national securities exchanges, to use and employ, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances by: (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices and courses of business which operated and would operate as a fraud and deceit upon persons, contrary to Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5.

Goal of the Conspiracy

3. The goal of the conspiracy was to enrich the Defendants, their families, and their associates by soliciting and obtaining hundreds of millions of dollars of investors' funds through false and misleading pretenses, representations, omissions, and promises regarding NRIA.

Manner and Means of the Conspiracy

4. It was part of the conspiracy that:

The Concealment of **Salzano's** Role at NRIA and his History of Fraud at the Telecommunications Company

a. From in or around 2006 to in or around October 2021, to avoid scrutiny from investors of **Salzano's** history of fraud at the Telecommunications Company, **Salzano** concealed his true managerial role at NRIA by referring to himself in marketing materials variously as a “senior independent executive advisor and portfolio manager” or an “independent contractor consultant,” while using **Grabato** as a stand-in CEO. In reality, **Salzano** ran the day-to-day operations of NRIA, and **Grabato** took directions from **Salzano**.

b. NRIA company documents, including its operating agreements, and checks were signed by **Grabato**. Despite running its operations and directing **Grabato**, **Salzano** was never listed as an owner of NRIA on any company documents, tax documents, bank accounts, or investor documents.

c. The Defendants caused Fund investors to receive misleading PPMs, which failed to disclose the extent of **Salzano's** dominant role at NRIA and his past history of fraud.

The Misleading Marketing Campaign for the Fund

d. From at least as early as in or around February 2018 and continuing through at least as early as in or around January 2022, NRIA employed a team of salespeople, known as “project managers,” to aggressively market Fund securities to potential investors located throughout the United States, including in the District of New Jersey. Co-Conspirator-1, with direction from **Salzano**, oversaw the project managers, trained them on how to employ sales tactics, and disseminated scripts, email templates, and talking points to use in soliciting investments in the Fund. The project managers and other support staff at NRIA, many of whom were related to Co-Conspirator-1 or **Salzano**, generally had no experience in the real estate industry, no background in finance, and had never sold securities to investors.

e. **Salzano** communicated directly with investors by email, phone calls, and in-person meetings, and solicited investments from the general public by using presentations and interviews on social media, radio, and television.

f. **Salzano** individually and through Co-Conspirator-1 and project managers at NRIA, failed to disclose to investors the material fact that NRIA was spending a significant percentage of investor money on a marketing campaign whose primary goal was to bring in new investors, rather than to generate profits through NRIA's development activities. From at least as early as in or around February 2018 to in or around November 2021, the Defendants caused NRIA to spend tens of millions of dollars of Fund investor money on marketing fees to pay for a nationwide marketing campaign, which included billboards, radio advertisements, and television advertisements. The goal was to obtain new Fund investors and to perpetuate the scheme, to the detriment of existing Fund investors. The aggressive marketing campaign orchestrated by **Salzano** was replete with material misrepresentations, misleading statements, and omissions about, among other things, NRIA's financial condition and the many ways in which the Defendants and others were stealing investor money.

Material Misrepresentations and Omissions about Monthly Distributions and Cash Flow

g. From the Fund's inception in or around February 2018, the Defendants, both individually and through project managers at NRIA, represented to investors and prospective investors that NRIA was a solvent, profitable business that generated significant cash flow, separate and apart from investor fundraising. In reality, throughout its history, NRIA generated little or no profits from its developments, and in many cases lost money.

h. From at least as early as in or around February 2018 through at least in or around September 2021, Fund investor money was deposited at the direction and approval of **Salzano** and **Grabato**, into the NRIA Bank Accounts, which were commingled bank accounts. **Salzano** and **Grabato**

utilized the commingled NRIA Bank Accounts to pay approximately \$100 million in monthly distributions to Fund investors. NRIA had little to no operating income from its properties to pay these distributions and payments, aside from Fund investor money.

i. The Defendants hid the Ponzi-like nature of the scheme from Fund investors in various ways. From in or around February 2018 to at least in or around June 2021, the PPMs, marketing materials, and advertisements, all of which were approved by **Salzano**, left a false and misleading impression that monthly distributions paid to Fund investors were derived from the ongoing profits of NRIA's real estate portfolio.

j. **Salzano** caused NRIA to place billboards in the District of New Jersey that offered investors monthly "cash flow," a term used in the real estate industry to refer to profits. Below is an example of an NRIA billboard that was outside of the George Washington Bridge in Fort Lee, New Jersey until at least in or around May 2022:



k. **Salzano** provided project managers with templates and scripts for how to handle questions from investors about whether NRIA was operating a Ponzi scheme. As **Salzano** well knew,

these scripts and templates falsely represented that NRIA was not a Ponzi scheme and that it had substantial cash flow from operations to pay investor distributions.

Material Misrepresentations and Omissions about Payments to Pre-Fund Investors

l. Prior to opening the Fund in or around February 2018, NRIA offered real estate investments to the Philadelphia Investors and the LLC Investors (together, the “Pre-Fund Investors”) in which NRIA made certain guarantees regarding expected returns.

m. Beginning in or around 2018, after opening the Fund, NRIA had insufficient capital to pay the Pre-Fund Investors their promised returns at the end of their investment terms, as most of NRIA’s developments in Philadelphia, Florida, and Brooklyn were either not profitable or unfinished. NRIA, at the direction of **Salzano**, used millions of dollars of Fund investor money to pay distributions directly to the Pre-Fund Investors to cover the guarantees NRIA or its affiliates had promised, fraudulently concealing the material fact to then-current and potential Fund investors.

n. To avoid causing the Ponzi scheme to collapse, NRIA, at the direction of **Salzano**, offered the Pre-Fund Investors “bonuses” in the form of additional units of the Fund in order to induce them to roll their money over to the Fund and thereby extending the date upon which NRIA had to pay them their original investment and guaranteed returns.

o. From in or around 2019 to in or around 2021, NRIA provided approximately \$27 million worth of “bonus” units to the Pre-Fund Investors to induce them to roll over their pre-Fund investments into the Fund. These “bonuses” diluted the value of units held by existing Fund investors, concealed NRIA’s losses on pre-Fund developments, and perpetuated the Ponzi scheme. **Salzano** individually and through Co-Conspirator-1 and project managers, failed to disclose the material fact of these roll-over bonuses to current and potential Fund investors and further offered misleading and false representations to investors that NRIA did not operate like a Ponzi scheme.

Material Misrepresentations and Omissions about NRIA's "Skin in the Game"

p. In advertisements and communications to potential Fund investors, **Salzano** individually and through Co-Conspirator-1 and project managers, repeatedly misrepresented the amount of capital, or "skin in the game," NRIA put into Fund developments. The purpose of these misrepresentations was to mislead investors into believing that NRIA was putting significant amounts of its own capital at risk in its developments. In reality, NRIA invested almost none of its own money into its real estate developments, which left Fund investors with little recourse in the event of losses, cost over-runs, and project failures, and rendered the guarantees provided by NRIA to Fund investors worthless.

q. **Salzano** falsely represented to potential Fund investors—and trained other project managers to tell potential Fund investors—that NRIA put in approximately five percent of the development costs, typically between approximately \$1 to \$5 million of down payment money into each of its developments, and that Fund investors only put in five percent of NRIA's total development costs, leaving the false impression that Fund investors only had five percent of their capital at risk in any given project and, therefore, had less exposure in the event of construction delays or project failure.

r. **Salzano** also falsely represented to potential fund investors that senior lenders generally covered approximately 70 to 80 percent of developments costs, and the other 10 to 15 percent came from mezzanine investors and EB-5 investors. In reality, as **Salzano** well knew, NRIA obtained a small amount of financing from EB-5 investors and mezzanine investors. The bulk of the financing for NRIA developments came from Fund investors and lenders. At the direction of **Salzano** and others, this false and misleading sales pitch was perpetuated and amplified in videos on social media, advertisements, interviews and presentations made by **Salzano** and others at NRIA, and in direct communications with investors.

Material Misrepresentations and Omissions about Finder's Fees

s. In emails and communications with Fund investors, **Salzano**, Co-Conspirator-1, and other project managers falsely represented that NRIA did not pay finder's fees or commissions for bringing in new investors to the Fund.

t. In reality, as **Salzano** and Co-Conspirator-1 well knew, NRIA used millions of dollars of Fund investor money to pay finder's fees and commissions to existing Fund investors and outside consultants for bringing in new investors, and attempted to cover it up through false paperwork. The Defendants also paid finder's fees to existing investors and outside consultants in the form of units of the Fund, in lieu of cash.

Salzano Falsified and Forged Financial Statements and Sent them to Fund Investors

u. On or about January 29, 2019, Victim Investor-1 asked Individual-2 for four years of financial statements for NRIA. In response, **Salzano** sent Individual-2 an email attaching, among other documents, fraudulent NRIA financial statements and compilation reports for 2015 and 2016. The statements and reports falsely represented that they were prepared by the Victim Accountant's firm and fraudulently contained the Victim Accountant's name, phone number, and signature. On or about January 30, 2019, the following day, Individual-2 forwarded **Salzano's** email, including the fraudulent financial statements and reports, to Victim Investor-1. In fact, the Victim Accountant never prepared financial statements for NRIA and did not authorize **Salzano** to use the Victim Accountant's letterhead nor the Victim Accountant's signature on any documents. After receiving the fraudulent financial statements, Investor-1 invested a total of approximately \$150,000 in the Fund.

v. On or about February 7, 2019, Individual-2 sent another investor, Victim Investor-2, the same fraudulent financial statements and reports that Individual-2 obtained from

Salzano. On or about February 27, 2019, Victim Investor-2 invested approximately \$50,001 into the Fund.

Salzano Falsified and Forged a Letter of Intent and Sent it to an Investor

w. In or around May 2018, Victim Investor-3 invested approximately \$150,000 in the Fund. In or around January 2019, Co-Conspirator-1 asked Victim Investor-3 to increase Victim Investor-3's investment in the Fund by offering Victim Investor-3, as an additional incentive, a joint venture interest in a project known as "River Run," located in North Bergen, New Jersey.

x. To induce Victim Investor-3 to invest more in the Fund, on or about January 16, 2019, Co-Conspirator-1 sent Victim Investor-3 a fraudulent and falsified letter of intent falsely purporting to be from the Victim Lender for a loan in the principal amount of approximately \$25,257,000 for River Run that Co-Conspirator-1 obtained from **Salzano**. The letter of intent contained, among other things, the Victim Lender's logo and the signatures of **Grabato** and the Victim Chief Executive Officer. This was a fraud—the Victim Lender never issued a letter of intent to NRIA or its affiliates for a loan on River Run. **Salzano** used the Victim Lender's letterhead without the Victim Lender's authorization and forged the Victim Chief Executive Officer's signature.

y. **Salzano** initially denied Victim Investor-3's request for a redemption. After learning that his fraud had been discovered by both the Victim Lender and Victim Investor-3, **Salzano** approved a full redemption to Victim Investor-3.

z. Despite being aware that **Salzano** sent a falsified and forged document to Victim Investor-3, **Grabato** and Co-Conspirator-1 took no remedial actions against **Salzano** and continued to help conceal from investors **Salzano's** history of fraud at the Telecommunications Company and **Salzano's** true role at NRIA.

Grabato and Salzano Misappropriated Investor Money and Falsified the Books and Records of NRIA to Cover it Up

aa. Despite putting little to none of their own money into the business, **Salzano** and **Grabato** and others at NRIA transferred substantial amounts of the proceeds of the conspiracy and scheme to themselves for their personal benefit. Further, they attempted to conceal their misappropriation of investor funds by diverting the money through a web of shell companies, bank accounts in the names of phony companies, and related parties and caused these transactions to be falsely booked as marketing expenses in NRIA's books and records. **Salzano** caused Co-Conspirator-1 and other project managers to make false and misleading statements in presentations, advertisements, and communications with investors that NRIA was paid last, when, as the Defendants well knew, they had misappropriated millions of dollars of investor money for themselves before any investor got paid their guaranteed returns.

bb. **Grabato**, who was the sole signatory on the NRIA Bank Accounts, helped to facilitate the misappropriation by, among other things, giving **Salzano** access to the NRIA Bank Accounts, checks, and debit cards, providing **Salzano** with a stamp with **Grabato's** signature on it, permitting **Salzano** to place assets, such as a luxury townhome and luxury cars, in **Grabato's** name and paying for them with investor money, providing **Salzano** with envelopes of cash, and setting up shell companies through which **Salzano** and others at NRIA misappropriated investor money and hide it from the IRS. **Salzano** used this money, much of which was traceable to Fund investors, for an array of lavish personal expenses, including erectile dysfunction medications, expensive dinners, extravagant birthday parties, and payments to Individual-4 (**Salzano's** wife), Individual-5 (with whom **Salzano** had a romantic relationship), and Individual-7 (**Salzano's** ex-wife), none of whom worked at NRIA in any capacity.

cc. **Grabato** paid Individual-3, his relative, kickbacks to form Company-3 and to open a bank account in the name of Company-3, on which **Grabato** was the sole signatory. Company-3 was a shell company with no business operations that **Grabato** and **Salzano** used solely to divert investor money from the NRIA Bank Accounts. These illicit transactions included, among others, hundreds of thousands of dollars in payments to Company-1 to scrub the internet of links related to **Salzano's** prior history of fraud at the Telecommunications Company and to suppress negative results by posting fake articles, websites, and social media posts on the internet about **Salzano** and the Telecommunications Company containing false and made-up information. One such website falsely claimed that the Telecommunications Company was a non-governmental organization set up to “create awareness among the global population about the consequences of melting ice/glaciers, rising sea levels, etc.”

dd. Representatives of Company-1 sent reports to **Salzano** that detailed the progress Company-1 was making in suppressing negative search results for the Telecommunications Company, **Salzano**, and others associated with the Telecommunications Company.

ee. To further the deception, **Salzano** and **Grabato** often caused money from the NRIA Bank Accounts, substantially derived from Fund investors, to be transferred to the Company-3 Account to pay Company-1. **Salzano** then directed accounting staff at NRIA to falsely enter the transactions in NRIA's books and records as a “public relation expense” or “investor relations advertising.”

ff. **Salzano** directed **Grabato** to authorize approximately \$91,000 of payments to a resort on the New Jersey shore (the “New Jersey Resort”) directly from the NRIA Bank Accounts, traceable to Fund investors, to pay for vacations for **Salzano** and his family and annual elaborate weekend-long birthday parties for **Salzano**, which included a banquet and hotel rooms for dozens of

Salzano's family, friends, and co-workers, including **Grabato**, and their significant others. To conceal the purpose of the trips and parties, **Salzano** and **Grabato** wrote false memo lines on the checks to the New Jersey Resort, such as "REQUIRED BUSINESS MEETINGS" and "NATIONAL REALTY SALES CONVENTION." **Salzano** also caused accounting staff at NRIA to falsely enter the transactions as investor marketing and recruiting expenses and required business meetings in NRIA's books and records.

gg. At **Salzano's** direction, **Grabato** misappropriated investor money by paying Individual-4 (**Salzano's** wife) a salary of between \$3,000 to \$7,000 per week for a no-show job. From in or around June 2017 to January 2022, **Grabato** caused NRIA to pay Individual-4 approximately \$1.3 million, almost all of which was traceable to Fund investors, for a job that both **Grabato** and **Salzano** knew Individual-4 did not perform. **Salzano** and Individual-4 used the money deposited from NRIA to pay for Individual-4's and **Salzano's** personal expenses and to support their lavish lifestyle. **Grabato** then directed accounting staff at NRIA to falsely book payments to Individual-4 as marketing expenses in NRIA's books and records.

Material Misrepresentations and Omissions Related to **Salzano's** Role at NRIA Following his Arrest

hh. On or about March 4, 2021, **Salzano** was arrested and charged by complaint with one count of wire fraud, in violation of 18 U.S.C. § 1343, and one count of aggravated identity theft, in violation of 18 U.S.C. § 1028A. *See United States v. Salzano*, Mag No. 21-13061. The charges stemmed from **Salzano** disseminating the above-referenced fraudulent letter of intent to Victim Investor-3 and forging the signature of the Victim Chief Executive Officer. Following **Salzano's** arrest, the Defendants also became aware of law enforcement's broader investigation of NRIA.

ii. Following **Salzano's** arrest, the Defendants made materially false and misleading misrepresentations and omissions to investors to minimize **Salzano's** historical role at NRIA and his

continued role at NRIA following the arrest. For example, the Defendants caused NRIA to prepare and provide to investors a supplement to the third amended and restated Fund PPM, dated on or about March 16, 2021, which stated that, “NRIA is also aware of recent USDOJ charges against one of its independent contractor consultants (Nicholas Salzano) involved in construction operations. The single, isolated incident was appropriately addressed by NRIA in early 2019, with no loss to the single investor.” In truth, **Salzano**, as the Defendants were well aware, was more than a single independent consultant at NRIA involved in construction operations. Instead, he was NRIA’s shadow CEO who ran all aspects of the company. NRIA took no remedial actions after learning that **Salzano** provided a fraudulent letter of intent to Victim Investor-3. The disclosure prepared by the Defendants further falsely represented that NRIA placed **Salzano** on suspension and “removed from any activities involving the company.” This too was false: **Salzano** continued to run the day-to-day operations of NRIA in a shadow capacity following his arrest, from in or around March 2021 to at least in or around October 2021.

jj. Following **Salzano’s** arrest, **Grabato** continued to divert at least approximately \$1.4 million from Fund investors to **Salzano** and other family members and friends of **Salzano** through a web of shell companies and nominee accounts.

Overt Acts

5. In furtherance of the conspiracy and to effect its illegal object, the Defendants and their co-conspirators committed and caused to be committed the following overt acts in the District of New Jersey and elsewhere:

- a. On or about February 5, 2018, **Grabato** formed the Fund as a Delaware limited liability company.
- b. On or about November 9, 2018, **Grabato** opened the 1872 Account.

- c. On or about January 16, 2019, **Salzano** caused Co-Conspirator-1 to send Victim Investor-3 a fraudulent letter of intent for the River Run project.
- d. On or about January 30, 2019, **Salzano** caused Individual-2 to send Victim Investor-1 fraudulent financial statements for NRIA for years ending in 2015 and in 2016.
- e. On or about February 7, 2019, **Salzano** caused Individual-2 to send Victim Investor-2 fraudulent financial statements for NRIA for years ending in 2015 and 2016.
- f. On or about February 25, 2019, **Salzano** and Individual-2 caused Victim Investor-1 to wire approximately \$150,001 to the 1872 Account.
- g. On or about February 27, 2019, **Salzano** and Individual-2 caused Victim Investor-2 to wire approximately \$50,001 to the 1872 Account.
- h. On or about April 1, 2019, **Salzano** and **Grabato** caused NRIA to wire approximately \$20,125 from the 1872 Account to Company-1.
- i. On or about July 12, 2019, **Grabato** and **Salzano** caused a check drawn from the 1872 Account in the approximate amount of \$5,000 to be deposited into Individual-4's Bank-1 account.
- j. On or about September 5, 2019, **Salzano** sent the project managers an email instructing them to deny that NRIA was a Ponzi scheme when speaking with potential investors.
- k. On or about November 5, 2019, **Salzano** sent the project managers an email instructing them to tell potential investors that NRIA "generates substantial cashflow in our operations."
- l. On or about February 20, 2020, **Salzano** sent an email to a Fund investor falsely representing that "NRIA typically has \$2,000,000 to 3 million dollars in each project up front of its own capital."

m. On or about July 30, 2020, **Salzano** sent an email to staff at NRIA directing that a \$26,360.35 check to the New Jersey Resort be entered on NRIA's books and records as an "INVESTOR MARKETING EXPENSE."

n. On or about February 2, 2021, **Salzano** instructed **Grabato** to pay the outstanding invoices of Company-1 relating to the Telecommunications Company and Thomas Salzano projects.

o. On or about February 5, 2021, **Salzano** and **Grabato** caused a wire transfer in the approximate amount of \$18,300 from the Company-3 Account to Company-1.

p. On or about June 30, 2021, **Grabato** deposited a check for approximately \$420,000 from the 1872 Account at Bank-1 into the 7667 Account, his personal account at Bank-2.

q. On or about July 1, 2021, **Grabato** wrote a check to **Salzano** in the amount of approximately \$420,000 from the 7667 Account.

r. On or about July 1, 2021, **Salzano** deposited a check in the approximate amount of \$420,000 drawn from the 7667 Account into Individual-4's bank account.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO
(Securities Fraud)

1. The allegations set forth in the General Allegations section of this Indictment and in paragraphs 4 through 5 of Count One are realleged here.

2. From in or around February 2018 to in or around January 2022, in Hudson County, in the District of New Jersey, and elsewhere, the Defendants,

THOMAS NICHOLAS SALZANO,
a/k/a “Nicholas Salzano,” and
REY E. GRABATO, II,

did knowingly and willfully use and employ one or more manipulative and deceptive devices and contrivances, contrary to Rule 10b-5 of the Rules and Regulations of the United States Securities and Exchange Commission, Title 17, Code of Federal Regulations, Section 240.10b-5, by: (a) employing one or more devices, schemes and artifices to defraud; (b) making one or more untrue statements of material fact and omitting to state one or more material facts necessary in order to make the statements made, in light of the circumstances in which they were made, not misleading; and (c) engaging in one or more acts, practices and courses of business which would and did operate as a fraud and deceit upon one or more investors and prospective investors in the Fund, in connection with the purchase and sale of investments in the Fund directly and indirectly, by use of means and instrumentalities of interstate commerce and the mails.

In violation of Title 15, United States Code, Sections 78j(b) and 78ff; Title 17, Code of Federal Regulations, Section 240.10b-5; and Title 18, United States Code, Section 2.

COUNT THREE

(Conspiracy to Commit Wire Fraud)

1. The allegations set forth in the General Allegations section of this Indictment and in paragraphs 4 and 5 of Count One are realleged here.

The Conspiracy

2. From in or around February 2018 to in or around January 2022, in Hudson County, in the District of New Jersey, and elsewhere, the Defendants,

**THOMAS NICHOLAS SALZANO,
a/k/a “Nicholas Salzano,” and
REY E. GRABATO, II,**

did knowingly and intentionally conspire to devise a scheme and artifice to defraud investors and prospective investors in the Fund, and to obtain money and property from them by means of one or more materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, to knowingly transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce writings, signs, signals, pictures and sounds, contrary to Title 18, United States Code, Section 1343.

Goal of the Conspiracy

3. The goal of the conspiracy was to enrich the Defendants, their families, and their associates by soliciting and obtaining hundreds of millions of dollars of investors’ funds through false and misleading pretenses, representations, and promises.

Manner and Means of the Conspiracy

4. To carry out the conspiracy and effect its illegal objects, the Defendants and others engaged in a number of manner and means, including those described in paragraphs 4(a) to 4(jj) of Count One of this Indictment.

In violation of Title 18, United States Code, Section 1349.

COUNTS FOUR TO EIGHT

(Wire Fraud)

1. The allegations set forth in the General Allegations section of this Indictment and in paragraphs 4 through 5 of Count One are realleged here.

2. On or about the dates set forth below, in Hudson County, in the District of New Jersey, and elsewhere, the Defendants,

**THOMAS NICHOLAS SALZANO,
a/k/a “Nicholas Salzano,” and
REY E. GRABATO, II,**

did knowingly and intentionally devise a scheme and artifice to defraud investors and prospective investors of the Fund, and to obtain money and property from them by means of one or more materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, did knowingly transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce, certain writings, signs, signals, pictures and sounds, as set forth more fully below, each such wire transmission constituting a separate count of this Indictment:

Count	Approximate Date	Description
4	February 25, 2019	Wire transfer in the approximate amount of \$150,001 from Victim Investor-1 to the 1872 Account
5	February 27, 2019	Wire transfer in the approximately amount of \$50,001 from Victim Investor-2 to the 1872 Account
6	April 1, 2019	Wire transfer in the approximate amount of \$20,125 from the 1872 Account to Company-1
7	July 12, 2019	Deposit of a check drawn from the 1872 Account in the approximate amount of \$5,000

		into Individual-4's Bank-1 account
8	February 5, 2021	Wire transfer in the approximate amount of \$18,300 from the Company-3 Account to Company-1

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

COUNT NINE

(Aggravated Identity Theft)

1. The allegations set forth in the General Allegations section of this Indictment, paragraphs 4 through 5 of Count One, and paragraphs 2 to 4 of Count Three are realleged here.

2. On or about January 16, 2019, in Hudson County, in the District of New Jersey, and elsewhere, the Defendant,

**THOMAS NICHOLAS SALZANO,
a/k/a “Nicholas Salzano,”**

did knowingly transfer, possess, and use, without lawful authority, a means of identification of another person, namely, the name, title, and signature of the Victim Chief Executive Officer, during and in relation to a felony violation of a provision contained in Chapter 63 of the United States Code, that is, conspiracy to commit wire fraud, in violation of Title 18, United States Code, Section 1349, as charged in Count Three of this Indictment, knowing that the means of identification belonged to another actual person.

In violation of Title 18, United States Code, Section 1028A(a)(1) and Section 2.

COUNT TEN

(Aggravated Identity Theft)

1. The allegations set forth in the General Allegations section of this Indictment, paragraphs 4 through 5 of Count One, and paragraphs 1 through 4 of Count Three are realleged here.

2. On or about January 29, 2019, in Hudson County, in the District of New Jersey, and elsewhere, the Defendant,

**THOMAS NICHOLAS SALZANO,
a/k/a “Nicholas Salzano,”**

did knowingly transfer, possess, and use, without lawful authority, a means of identification of another person, namely, the name, title, letterhead, and electronic signature of the Victim Accountant, during and in relation to a felony violation of a provision contained in Chapter 63 of the United States Code, that is, conspiracy to commit wire fraud, in violation of Title 18, United States Code, Section 1349, as charged in Count Three of this Indictment, knowing that the means of identification belonged to another actual person.

In violation of Title 18, United States Code, Section 1028A(a)(1) and Section 2.

COUNT ELEVEN

(Conspiracy to Defraud the United States)

1. The allegations set forth in the General Allegations section of this Indictment are realleged here.

Introduction

2. From in or around November 2007 to in or about August 2022, **Salzano** and **Grabato** conspired to obstruct, impede, and impair the IRS in its efforts to collect tens of millions of dollars in outstanding Trust Fund Recovery Penalties and personal income taxes **Salzano** owed to the United States Treasury by, among other things, lying to the IRS, using a web of nominees, opening bank accounts in the names of phony entities, and using false and fraudulent company documents, all in an effort to evade **Salzano's** tax liabilities.

Background

3. At all times relevant to this Indictment:

Trust Fund Taxes

a. The IRS was an agency of the United States Department of Treasury responsible for administering and enforcing the tax laws of the United States and collecting the taxes owed to the Treasury of the United States by taxpayers, including both individuals and corporations.

b. Federal law required employers to collect, truthfully account for, and pay over to the IRS certain payroll taxes, including their employees' withheld federal income taxes and Federal Insurance Contribution Act taxes ("FICA"), that is, Social Security and Medicare taxes. These taxes were and are referred to as Trust Fund Taxes because employers hold the withheld amounts in trust until paid to the government. Employers are also required to pay over to the IRS a matching share of FICA taxes equal to the amount withheld from the employees' wages. A responsible person at the business

was required to pay over the Trust Fund Taxes and the employer's matching share of FICA taxes to the IRS.

c. If a person that the IRS determined to be a responsible person failed to pay over the Trust Fund Taxes, the IRS could impose a penalty of one hundred percent of the Trust Fund Taxes on each responsible person, individually. This penalty was known as the Trust Fund Recovery Penalty ("TFRP").

Salzano's Trust Fund Tax Obligations

d. From at least in or around 2002 until in or around December 2004, **Salzano** was the Chief Managing Officer of the Telecommunications Company. For at least the first, third, and fourth quarters of 2004, **Salzano** failed to pay over to the IRS all of the Trust Fund Taxes withheld from the wages of the Telecommunications Company's employees.

e. On or about November 19, 2007, the IRS assessed TFRPs against **Salzano** as the responsible person for the Telecommunications Company for the first, third, and fourth quarters of 2004 and attempted to collect the unpaid taxes from **Salzano** individually. The total amount of the TFRP assessments against **Salzano** for those quarters was approximately \$24,543,233.34, as set forth below:

Tax Period	Quarter	Approximate Date of Assessment	Amount
March 31, 2004	First	11/19/2007	\$2,325,874.17
September 30, 2004	Third	11/19/2007	\$17,090,276.29
December 31, 2004	Fourth	11/19/2007	\$5,127,082.88
		Total	\$24,543,233.34

Personal Income Taxes and IRS's Tax Collection Process

f. Generally, individuals were required by law to file income tax returns by April 15 of the year following the year when the income was earned unless an extension was granted. If those

income tax returns showed that income taxes were due and owing, then the taxpayer was obligated by law to pay that sum of money to the IRS. If an individual did not pay his taxes in full when he filed his tax return, the IRS could take action to collect the unpaid taxes, including by levying assets such as wages, bank accounts, Social Security benefits, and retirement income.

Salzano's Personal Income Tax Liabilities

g. Inclusive of penalties, interest, fees, and nominal tax payments made by **Salzano**, **Salzano** had an unpaid personal income tax liability of approximately \$1,604,351.40.

h. **Salzano** was assessed personal income taxes for the tax years and amounts as set forth below:

Tax Period	Approximate Date of Assessment	Amount
2004	6/17/2008	\$223,033.62
2006	6/24/2008	\$132,438.66
2007	7/9/2008	\$138,639.64
2008	5/24/2010	\$188,897.78
2009	5/24/2010	\$162,030.80
2010	10/24/2011	\$130,374.01
2011	9/20/2012	\$126,613.40
2012	4/15/2013	\$177,239.73
2013	5/15/2004	\$91,170.42
2014	4/15/2015	\$105,278.27
2015	5/2/2016	\$128,635.07
	Total	\$1,604,351.40

The IRS Levies

i. In or around May and June of 2017, the IRS effectuated two levies against **Salzano** for the personal income tax and TFRP assessments referenced in paragraphs 3(e) and 3(h) of Count Eleven of this Indictment: one on NRIA (“NRIA Levy-1”) and a second on the bank account (“Bank Levy-1”) of a nominee entity, T. Nicholas Salzano, LLC (the “T. Nicholas Salzano, LLC Account”) at Bank-1.

j. These levies set forth the amounts due and owing per tax year (for his unpaid personal income tax liability) and per quarter (for the TFRP assessed against him personally).

Salzano's Knowledge of his Tax Liabilities

k. **Salzano** acknowledged his tax liabilities in communications with his friends and colleagues at NRIA. For example, in an email dated on or about June 25, 2019, **Salzano** wrote to Individual-1 instructing Individual-1 not to provide **Salzano's** name to a potential lender so that the lender could perform a standard background check on NRIA, telling Individual-1, "KEEP ME OUT OF THIS AS MY IRS WORKOUT PROB BEING PAID WILL COME UP AND HURT US – ITS NOT PENNIES."

l. **Salzano** also acknowledged privately in conversations with NRIA employees that he could not be an owner of NRIA on paper because he had a tax liability of approximately \$25 million and because of his fraud at the Telecommunications Company.

The Conspiracy

4. From in or about November 2007 to in or around August 2022, in Hudson County, in the District of New Jersey, and elsewhere, the Defendants,

**THOMAS NICHOLAS SALZANO,
a/k/a "Nicholas Salzano," and
REY E. GRABATO, II,**

knowingly and intentionally did conspire and agree with each other and others to defraud the United States, by impeding, impairing, obstructing, and defeating the lawful function of the IRS to collect trust fund recovery penalties and personal income taxes.

Goal of the Conspiracy

5. The goal of the conspiracy was for **Salzano** and **Grabato** to obstruct, impede, and impair the IRS in its efforts to collect outstanding TFRPs and personal income taxes **Salzano** owed to the United States Treasury.

Manner and Means of the Conspiracy

6. It was part of the conspiracy that:

Grabato Lied to the IRS about Salzano's Employment at NRIA

a. In or around 2017, the IRS sent NRIA Levy-1 to NRIA's office in Secaucus, New Jersey. In response, **Grabato** returned NRIA Levy-1 and falsely represented that **Salzano** had received his final check at NRIA.

b. Between NRIA Levy-1 and Bank Levy-1, the IRS collected approximately \$7,370.97. In the year after the IRS sent Bank Levy-1, nearly all activity in the T. Nicholas Salzano, LLC Account ceased.

c. On or about June 30, 2017, the IRS effectuated a second levy against **Salzano** on the T. Nicholas Salzano, LLC Account ("Bank Levy-2"). The bank responded that there were no funds in the T. Nicholas Salzano, LLC Account.

d. On or about February 21, 2020, the IRS effectuated another levy against **Salzano** on NRIA ("NRIA Levy-2"). The same day, NRIA Levy-2 was hand-delivered by an IRS Revenue Officer to **Grabato** at NRIA. The IRS Revenue Officer questioned **Grabato** about **Salzano's** compensation status with NRIA. In response, **Grabato** falsely represented to the IRS Revenue Officer that **Salzano** had been terminated by NRIA.

Salzano and Grabato Used a Web of Nominees to Evade Salzano's Tax Liability

e. At least as early as in or around 2006, **Salzano** began using nominees, including individuals and phony entities, to receive compensation and income in an effort to thwart IRS collection efforts. **Grabato**, Individual-6 (**Salzano's** child and the Director of Investor Relations at NRIA), and others assisted **Salzano** in these efforts, by allowing **Salzano** to open bank accounts utilizing their names, entities, and information, and by diverting money to **Salzano** and his friends and family members, including Individual-5 (with whom **Salzano** had a romantic affair) and Individual-7 (**Salzano's** ex-wife).

f. For example, after **Salzano** and **Grabato** became aware of NRIA Levy-1 and Bank Levy-1, **Salzano** began receiving a portion of his NRIA compensation through a bank account in the name of Company-2, which Individual-6 controlled. Individual-6 diverted money from the account to **Salzano** for his personal benefit. In or around 2020, these payments ceased when **Salzano** began receiving his NRIA compensation through other nominees.

g. In or around June 2017, shortly after the IRS effectuated NRIA Levy-1 and Bank Levy-1, Individual-4 (**Salzano's** wife) began receiving payments, primarily from NRIA, which were intended to support the personal expenses and lavish lifestyle of both **Salzano** and Individual-4, including for vacations, expensive dinners, and luxury retail goods. **Salzano**, with **Grabato's** help, attempted to cover up these payments in various ways, including by creating a no-show job for Individual-4 at NRIA and falsely designating the payments as an advertising expense in NRIA's books and records.

h. In or around January 2022, **Grabato** began funding payments to **Salzano**, after **Salzano** had purportedly resigned from NRIA, through **Grabato's** personal bank accounts to a bank

account in the name of Company-4, which **Salzano** used to make tens of thousands of dollars in payments to Individual-4 and Individual-7.

Salzano and Grabato Opened Bank Accounts with Fraudulent Documents

i. **Salzano** and **Grabato** opened business bank accounts in the name of phony entities using false and fraudulent company tax documents and other companies' Employment Identification Numbers ("EINs"), as another means to thwart IRS collection efforts. The EIN was a nine-digit number assigned by the IRS, which the IRS used to identify taxpayers who are required to file various business tax returns.

j. For example, on or about March 31, 2006, **Salzano** opened the T. Nicholas Salzano, LLC Account using false and fraudulent formation documents and another corporation's EIN. **Salzano** was the sole signatory on the T. Nicholas Salzano, LLC Account and received compensation through the T. Nicholas Salzano, LLC Account until in or around 2017, after becoming aware of NR1A Levy-1.

k. On or about February 16, 2007, **Salzano** opened a bank account at Bank-1 in the name of Rey Grabato, LLC (the "Rey Grabato LLC Account") using false and fraudulent formation documents. **Salzano** was the only signatory on the Rey Grabato LLC Account and received millions of dollars in compensation, including money traceable to Fund investors, through this account that **Salzano** used for his personal benefit, including making payments to support Individual-5 and Individual-7. **Salzano** carried in his wallet a debit card linked to the Rey Grabato LLC Account in the name of Rey Grabato.

l. On or about February 8, 2016, **Grabato** opened a bank account at Bank-1 in the name of Land Net LLC ("Land Net Account-1") on which **Grabato** was the sole signatory, which was closed in or around June 2017. On or about September 13, 2017, **Grabato** opened a second account at

Bank-1 in the name of Land Net LLC (“Land Net Account-2”) on which **Grabato** was the sole signatory. **Grabato** used false and fraudulent documents to open both accounts. **Salzano** received compensation through both accounts, utilized both accounts, and carried in his wallet a debit card in the name of **Grabato** linked to Land Net Account-2.

Salzano Lied to the IRS About his Assets

m. On or about January 27, 2014, **Salzano** submitted a Collection Information Statement for Wage Earners and Self-Employed Individuals Form 433-A (“Form 433-A”) to the IRS on which he was required to provide truthful information about his finances. In the Form 433-A, **Salzano** falsely represented that he had no assets and was paying \$10,000 toward his current year taxes (he was not) and provided a false address.

Overt Acts

7. In furtherance of the conspiracy and to effect its illegal object, **Salzano** and **Grabato** committed the following overt acts, among others, in the District of New Jersey and elsewhere:

a. On or about November 27, 2007, **Salzano** made a purchase of approximately \$4,000 from an antique store using a debit card linked to an NRIA bank account.

b. On or about July 10, 2009, **Salzano** made a purchase of approximately \$2,000 at a luxury retail goods store using a debit card linked to an NRIA bank account.

c. On or about February 16, 2011, **Salzano** made a purchase of approximately \$3,500 at a jewelry store using a debit card linked to an NRIA bank account.

d. On or about May 5, 2014, **Grabato** leased a luxury vehicle in **Grabato’s** name for the benefit of **Salzano** (“Salzano Luxury Vehicle-1”).

e. On or about May 1, 2015, **Grabato** made a lease payment from an NRIA bank account for Salzano Luxury Vehicle-1.

f. On or about April 24, 2017, **Grabato** purchased a luxury townhome in Secaucus, New Jersey for approximately \$489,000 for the benefit of **Salzano** (the “Salzano Townhome”).

g. On or about May 8, 2017, **Grabato** leased a second luxury vehicle in **Grabato’s** name for the benefit of **Salzano** (“Salzano Luxury Vehicle-2”).

h. On or about May 12, 2017, **Grabato** issued the last check from NRIA to T. Nicholas Salzano, LLC.

i. On or about June 19, 2017, **Grabato** issued the first check from NRIA to Individual-4 for a no-show job.

j. On or about June 26, 2017, **Grabato** misrepresented to the IRS that **Salzano** was no longer receiving any money from NRIA.

k. On or about April 30, 2018, **Grabato** made a mortgage payment from the 1803 Account for the Salzano Townhome.

l. On or about April 30, 2018, **Grabato** made a lease payment from the 1803 Account for Salzano Luxury Vehicle-2.

m. On or about June 9, 2019, **Grabato** made a lease payment from the 1872 Account for Salzano Luxury Vehicle-2.

n. On or about October 14, 2019, **Grabato** made a mortgage payment from the 1872 Account for the Salzano Townhome.

o. On about February 21, 2020, **Grabato** falsely represented to an IRS Revenue Officer that NRIA terminated **Salzano’s** employment.

p. On or about April 17, 2021, **Grabato** leased a third luxury vehicle in the name of **Grabato** for the benefit of **Salzano** (“Salzano Luxury Vehicle-3”).

q. On or about April 13, 2022, **Grabato** made a lease payment from **Grabato's** personal bank account for Salzano Luxury Vehicle-3.

r. On or about August 1, 2022, **Salzano** wrote a check to Individual-7 for approximately \$4,500 from a bank account in the name of Company-4.

All in violation of Title 18, United States Code, Section 371.

COUNT TWELVE

(Evasion of Payment - TFRP)

1. The allegations set forth in the General Allegations section of this Indictment, paragraphs 3(a) through 3(e), 3(i) through 3(l), 6(a) through 6(c), 6(e) through 6(g), 6(i) through 6(m), and 7(a) through 7(j) of Count Eleven are realleged here.

2. From in or around November 2007 to in or around November 2017, in Hudson County, in the District of New Jersey, and elsewhere, the Defendant,

THOMAS NICHOLAS SALZANO,
a/k/a “Nicholas Salzano,”

did willfully attempt to evade and defeat the payment of substantial tax due and owing by him to the United States of America as a TFRP for the quarters ending March 31, 2004, September 30, 2004, and December 31, 2004, by committing the following affirmative acts, among others:

- a. placing and causing to be placed assets in the name of nominees;
- b. using nominees to receive compensation;
- c. using nominees to pay personal expenses;
- d. operating in cash;
- e. paying and causing to be paid personal expenses from NRIA’s bank accounts;
- f. causing to be made false oral and written statements to IRS employees about his income; and
- g. signing and submitting, and causing to be submitted, to the IRS a false Form 433-A.

In violation of Title 26, United States Code, Section 7201, and Title 18, United States Code, Section 2.

COUNT THIRTEEN

(Evasion of Payment - Personal Income Taxes)

1. The allegations set forth in the General Allegations section of this Indictment, paragraphs 3(f) through 3(l), 6(a) through 6(m), and 7(b) through 7(r) of Count Eleven are realleged here.

2. From in or around June 2008 through in or around August 2022, in Hudson County, in the District of New Jersey, and elsewhere, the Defendant,

**THOMAS NICHOLAS SALZANO,
a/k/a “Nicholas Salzano,”**

did willfully attempt to evade and defeat the payment of substantial tax due and owing by him to the United States of America for tax years 2004 and 2006 through 2015, by committing the following affirmative acts, among others:

- a. placing and causing to be placed assets in the name of nominees;
- b. using nominees to receive compensation;
- c. using nominees to pay personal expenses;
- d. operating in cash;
- e. paying and causing to be paid personal expenses from NRIA’s bank accounts;
- f. causing to be made false oral and written statements to IRS employees about his income; and
- g. signing and submitting, and causing to be submitted, to the IRS a false Form 433-A.

In violation of Title 26, United States Code, Section 7201, and Title 18, United States Code, Section 2.

COUNTS FOURTEEN TO EIGHTEEN

(Subscribing to False Tax Returns)

1. The allegations set forth in the General Allegations section of this Indictment, paragraphs 3(f), 3(k) through 3(l), 6(d) through 6(m), and 7(f) through 7(o) of Count Eleven are realleged here.

2. **Salzano** signed and caused to be filed with the IRS U.S. Individual Income Tax Return, Forms 1040, for the tax years 2016, 2017, 2018, 2019, and 2020 (the “Income Tax Returns”) that each contained a written declaration that the return was filed under the penalty of perjury.

3. The Income Tax Returns were not true and correct as to every material matter, as **Salzano** well knew, in that the Income Tax Returns failed to disclose taxable income that he earned in tax years 2016, 2017, 2018, 2019, and 2020.

4. On or about the dates set forth below, in Hudson County, in the District of New Jersey, and elsewhere, the Defendant,

THOMAS NICHOLAS SALZANO,
a/k/a “Nicholas Salzano,”

knowingly and willfully made, caused to be made, and subscribed a U.S. Individual Income Tax Return, Form 1040, for each of the tax years set forth below, which was verified by a written declaration that it was made under the penalties of perjury and which **Salzano** did not believe to be true and correct as to every material matter, each false tax return constituting a separate count of this Indictment:

Count	Tax Year	Approximate Date Filed	False Reported Income (Schedule C, Gross Receipts or Sales)
14	2016	July 20, 2017	\$432,716.00
15	2017	June 12, 2018	\$206,850.00
16	2018	April 6, 2021	\$242,779.00
17	2019	April 6, 2021	\$301,421.00
18	2020	May 19, 2021	\$747,532.00

In violation of Title 26, United States Code, Section 7206(1), and Title 18, United States Code, Section 2.

FORFEITURE ALLEGATIONS AS TO COUNTS ONE THROUGH EIGHT

1. Upon conviction of the offenses charged in Counts One through Eight of this Indictment, the Defendants,

**THOMAS NICHOLAS SALZANO,
a/k/a “Nicholas Salzano,” and
REY E. GRABATO, II,**

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), all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offenses charged in Counts One through Eight of this Indictment, and all property traceable thereto.

Substitute Assets Provision

2. If any of the above-described forfeitable property, as a result of any act or omission of the Defendants:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- 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 subdivided without difficulty,

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

A TRUE BILL

FOREPERSON

Philip R. Sellinger

PHILIP R. SELLINGER
United States Attorney

CASE NUMBER: 22- 690 (EP)

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

UNITED STATES OF AMERICA

v.

**THOMAS NICHOLAS SALZANO,
a/k/a "Nicholas Salzano," and
REY E. GRABATO, II**

INDICTMENT FOR

18 U.S.C. § 371
15 U.S.C. §§ 78ff & 78j(b)
17 C.F.R. § 240.10b-5 & 240.10b5-2
18 U.S.C. § 1349
18 U.S.C. § 2
18 U.S.C. § 1343
18 U.S.C. § 1028A(a)(1)
26 U.S.C. § 7201
26 U.S.C. § 7206(1)

A True Bill,

Foreperson

PHILIP R. SELLINGER
UNITED STATES ATTORNEY
NEWARK, NEW JERSEY

JONATHAN FAYER
LAUREN E. REPOLE
ASSISTANT UNITED STATES ATTORNEYS
(973) 645-2700
