

FILED

SDG/2021R00636

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

NOV 15 2023

AT 8:30 ^{1:45 PM}
CLERK, U.S. DISTRICT COURT - DNJ
SJC

UNITED STATES OF AMERICA : Honorable Robert Kirsch
:
v. : Crim. No. 23-932
:
KENNETH A. WELSH : 18 U.S.C. § 1343
: 15 U.S.C. §§ 80b-6 & 80b-17
:

INDICTMENT

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

COUNTS ONE THROUGH FOUR
(Wire Fraud)

1. At all times relevant to this Indictment:
 - a. Defendant KENNETH A. WELSH ("WELSH") resided in the District of New Jersey and worked as an investment advisor at a brokerage firm (the "Brokerage Firm") with multiple branches located within the District of New Jersey, including a branch in Fairfield, New Jersey. WELSH's job included advising individuals about investing in securities.
 - b. Victim-1 resided in Morganville, New Jersey.
 - c. Victim-2 resided in Fairfield, New Jersey.
 - d. Victim-3 and Victim-4 were married and resided together in North Caldwell, New Jersey.
 - e. Victim-5 resided in Whitehouse Station, New Jersey.

f. WELSH purported to provide investment advisor services to clients, including Victim-1, Victim-2, Victim-3, Victim-4, and Victim-5 (collectively, the “Victims”).

The Scheme to Defraud

2. From in or around April 2018 through in or around December 2018, in the District of New Jersey and elsewhere, the defendant,

KENNETH A. WELSH,

did knowingly and intentionally devise and intend to devise a scheme and artifice to defraud his clients, including the Victims, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, as set forth more fully below.

Goal of the Scheme to Defraud

3. The goal of the scheme was for WELSH to enrich himself by fraudulently diverting and misappropriating client funds for his own personal gain.

Manner and Means of the Scheme

4. It was part of the scheme to defraud that:

Overview

a. WELSH used his position as an investment advisor to develop personal relationships with Victims and gain their trust. WELSH fraudulently exploited that trust in two primary ways:

i. First, WELSH had Victims sign blank forms under the guise that they were being used for routine account maintenance. In reality,

WELSH used these forms to, among other things, cause approximately \$2,596,394 in funds to be transferred via wire from Victims' Brokerage Firm accounts to accounts in the names of WELSH's relatives (the "Welsh Family Accounts"). WELSH periodically used those funds from the Welsh Family Accounts for personal expenses, including gambling and luxury gifts and items.

ii. Second, WELSH used purported distribution request forms, many of which were either forged or manipulated, to cause cashier's checks, totaling approximately \$268,740, to be drawn against Victims' Brokerage Firm accounts. WELSH used these checks to buy gold by causing each cashier's check to be made out to a New Jersey-based business that dealt in coins, gold, and other precious metals (the "Coin and Gold Business").

b. WELSH fraudulently concealed these activities and transactions from all of the Victims.

c. WELSH provided at least one of the Victims a false and fraudulent account statement purporting to show that the victim's assets were in legitimate investments when, in fact, WELSH had already spent or otherwise misappropriated those funds.

Victim-1

d. In or around 2012, Victim-1 established a brokerage account with the Brokerage Firm. WELSH served as Victim-1's investment advisor and managed Victim-1's brokerage account.

e. From in or around April 2018 through in or around April 2021, WELSH caused approximately 5 wire transactions, totaling approximately

\$47,414, which transferred funds from Victim-1's brokerage account to the Welsh Family Accounts. WELSH used many of those funds on personal expenditures.

f. During the same timeframe, WELSH submitted multiple forms authorizing the transfer of funds that caused approximately 8 cashier's checks, totaling approximately \$143,539, to be drawn on Victim-1's brokerage account. The cashier's checks were made out to the Coin and Gold Business. Victim-1 did not authorize these activities and never received money back from them.

Victim-2

g. In or around 2001, Victim-2 established a brokerage account with the Brokerage Firm. WELSH served as Victim 2's investment advisor beginning in or around 2012 and managed Victim-2's brokerage account.

h. From in or around January 2018 through in or around January 2021, WELSH caused approximately 32 wire transactions, totaling approximately \$398,779, which transferred funds from Victim-2's brokerage account to the Welsh Family Accounts. WELSH used many of those funds on personal expenditures.

i. During the same timeframe, WELSH submitted multiple forms authorizing the transfer of funds that caused approximately 4 cashier's checks, totaling approximately \$84,000, to be drawn on Victim-2's brokerage account. WELSH caused cashier's checks to be made out to the Coin and Gold Business, which WELSH used to buy gold. WELSH concealed these transactions from Victim-2.

Victim-3 and Victim-4

j. In or around 2014, Victim-3 and Victim-4 established a jointly held brokerage account with the Brokerage Firm. WELSH served as Victim-3 and Victim-4's investment advisor and managed Victim-3 and Victim-4's brokerage account.

k. From in or around July 2018 through in or around December 2018, WELSH caused approximately 12 wire transactions, totaling approximately \$334,401, which transferred funds from Victim-3 and Victim-4's brokerage account to the Welsh Family Accounts. WELSH used many of those funds on personal expenditures. Victim-3 and Victim-4 never authorized WELSH to withdraw money from Victim-3 and Victim-4's brokerage account.

Victim-5

l. Victim-5 initially established a brokerage account with WELSH when WELSH worked for a different brokerage firm. In or around 2012, after WELSH joined the Brokerage Firm, Victim-5 moved accounts to the Brokerage Firm, and WELSH managed that account.

m. From in or around December 2018 through in or around March 2021, WELSH caused approximately 74 wire transactions, totaling approximately \$1,815,800, which transferred funds from Victim-5's brokerage account to the Welsh Family Accounts for his own use.

n. During this same timeframe, WELSH submitted multiple forms authorizing the transfer of funds that caused approximately 2 cashier's checks, totaling \$41,201, to be drawn from Victim-5's brokerage account.

Victim-5 never authorized WELSH to withdraw money or cause checks to be written against Victim-5's brokerage account.

Execution of the Scheme

5. On or about the dates set forth below, in the District of New Jersey and elsewhere, the defendant,

KENNETH WELSH,

did knowingly transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds, specifically those referenced below, each constituting a separate count of this Indictment:

Count	Approximate Date	Wire
1	April 2, 2018	Causing the transmission via interstate wire of approximately \$32,707 from Victim-1's brokerage account to one of the Welsh Family Accounts, which wire traveled through New Jersey.
2	June 4, 2018	Causing the transmission via interstate wire of approximately \$45,202 from Victim-2's brokerage account to one of the Welsh Family Accounts, which wire traveled through New Jersey.
3	July 2, 2018	Causing the transmission, via interstate wire of approximately \$45,655 from Victim-3 and Victim-4's joint brokerage account to one of the Welsh Family Accounts, which wire traveled through New Jersey.
4	December 13, 2018	Causing the transmission via interstate wire of approximately \$61,744 from Victim-5's brokerage account to one of the Welsh Family Accounts, which wire traveled through New Jersey.

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

COUNT FIVE
(Investment Advisor Fraud)

1. The allegations set forth in paragraphs 1 and 3 through 5 of Counts One through Four of this Indictment are realleged here.

2. From in or around July 2017 through in or around March 2021, in the District of New Jersey and elsewhere, the defendant,

KENNETH A. WELSH,

acting as an investment adviser with respect to investors and potential investors, willfully and knowingly, by the use of the mails and means and instrumentalities of interstate commerce, directly and indirectly, did: (a) employ devices, schemes and artifices to defraud clients and prospective clients; (b) engage in transactions, practices, and courses of business which operated as a fraud and deceit upon clients and prospective clients; and (c) engage in acts, practices, and courses of business that were fraudulent, deceptive and manipulative.

In violation of Title 15, United States Code, Sections 80b-6 and 80b-17.

FORFEITURE ALLEGATION

1. As a result of committing the offenses charged in Counts One through Five of this Indictment, the defendant,

KENNETH A. WELSH,

shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981 and Title 28, United States Code, Section 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offenses charged in Counts One through Five 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 defendant:

- (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 of 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 of any other property of the defendant up to the value of the above forfeitable property.

A True Bill,



Foreperson

Philip R. Sellinger
PHILIP R. SELLINGER
United States Attorney

CASE NUMBER: 23-932 (RK)

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

UNITED STATES OF AMERICA

v.

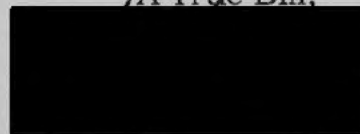
KENNETH A. WELSH

INDICTMENT FOR

18 U.S.C. § 1343

15 U.S.C. §§ 80b-6 & 80b-17

/A True Bill,



PHILIP R. SELLINGER
UNITED STATES ATTORNEY
NEWARK, NEW JERSEY

SHONTAE D. GRAY
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973-297-2071

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(Ed. 1/97)