
UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon. Steven C. Mannion
v. : Mag. No. 18- *6090*
GARY BASRALIAN : CRIMINAL COMPLAINT
: **FILED UNDER SEAL**

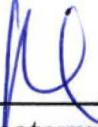
I, Justyna Ramotowski, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Postal Inspector with the United States Postal Inspection Service, and that this complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached pages and made a part hereof.



Justyna Ramotowski, Postal Inspector
U.S. Postal Inspection Service

Sworn to before me and subscribed in my presence,
May 21, 2018, at Newark, New Jersey



HONORABLE STEVEN C. MANNION
UNITED STATES MAGISTRATE JUDGE

ATTACHMENT A

Counts One and Two
(Wire Fraud)

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

GARY BASRALIAN

knowingly and intentionally devised and intended to devise a scheme and artifice to defraud victim investors, including Victim 1 and Victim 2, and to obtain money and property from victim investors by means of materially false and fraudulent pretenses, representations, and promises, and, for the purpose of executing this scheme and artifice to defraud, did knowingly and intentionally 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 in the table below, each constituting a separate count of this Complaint.

Count	Approximate Date	Description
One	May 26, 2016	Interstate wire transmission of approximately \$200,000 fraudulently obtained from Victim 1
Two	July 12, 2017	Interstate wire transmission of approximately \$10,000 fraudulently obtained from Victim 2

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

Count Three
(Investment Adviser Fraud)

From in or about July 2007 to in or about November 2017, in the District of New Jersey, and elsewhere, defendant

GARY BASRALIAN

knowingly and willfully used instrumentalities of interstate commerce and other means, directly and indirectly: (a) to employ a device, scheme, and artifice to defraud clients and prospective clients; (b) to engage in a transaction, practice, and course of business which operated as a fraud or deceit upon clients and prospective clients; and (c) to engage in an act, practice, and course of business which was fraudulent, deceptive, and manipulative, namely, that defendant BASRALIAN, an investment adviser, fraudulently obtained money and property from Victim 1 and Victim 2 by falsely claiming that the funds were used or would be used for investments on behalf of Victim 1 and Victim 2, but that were not actually used for investments and instead were diverted into accounts controlled by defendant BASRALIAN and spent on his personal expenditures.

In violation of Title 15, United States Code, Sections 80b-6 and 80b-17; and Title 18, United States Code, Section 2.

ATTACHMENT B

I, Justyna Ramotowski, am a Postal Inspector with the United States Postal Inspection Service. I have conducted an investigation and discussed this matter with other law enforcement officers who have participated in this investigation and have knowledge of the following facts. Because this Complaint is being submitted for the limited purpose of establishing probable cause, I have not included each and every fact known to me concerning this investigation. I have set forth only the facts which I believe are necessary to establish probable cause. Unless specifically indicated, all dates described in this affidavit are approximate and all conversations and statements described in this affidavit are related in substance and in part.

Overview of the Scheme to Defraud

1. From in or about July 2007 through in or about November 2017, defendant GARY BASRALIAN ("BASRALIAN"), an investment adviser, misappropriated at least approximately \$738,000 from one of his clients, Victim 1, and at least approximately \$1.4 million from another client, Victim 2 -- a total of at least approximately \$2,138,000. BASRALIAN purportedly invested these funds in brokerage accounts at Securities Firm A, or in real estate and high-interest loans, and managed them on behalf of the victims. In fact, however, BASRALIAN did not invest Victim 1 or Victim 2's money in their brokerage accounts at Securities Firm A or in real estate or high-interest loans. Instead, BASRALIAN used Victim 1 and Victim 2's money to fund his own personal expenditures.

Background

2. At all times relevant to this Complaint:

- a. Defendant BASRALIAN resided in Springfield, New Jersey, and was a registered broker who worked in the financial industry for more than 30 years providing investment adviser services to clients. More specifically, he received compensation for advising others about investing in, purchasing or selling securities, among other things. From in or about 1989 until in or about December 2017, BASRALIAN was registered with the Financial Industry Regulatory Authority ("FINRA") as working at Securities Firm A.
- b. Securities Firm A was a registered investment adviser and broker-dealer with its principal place of business in Jersey City, New Jersey. Securities Firm A provides a broker-dealer platform for over 2,000 independent financial advisors across the United States.

c. Victim 1 and Victim 2 were both clients of defendant BASRALIAN.

The Scheme to Fraud

Victim 1

3. Defendant BASRALIAN began serving as an investment adviser to Victim 1 in or around the mid-1980s. Victim 1 routinely provided funds from her bank accounts to investment accounts managed by BASRALIAN at Securities Firm A. Victim 1 primarily wrote checks from her bank accounts in order to transfer the funds to her investment accounts.

4. At BASRALIAN's direction, Victim 1 eventually began addressing checks intended for her investment accounts at Securities Firm A to "Masters Financial." Based on representations by BASRALIAN, Victim 1 understood that the checks to Masters Financial would be deposited into her investment accounts at Securities Firm A.

5. Instead, the checks to Masters Financial were deposited into an account controlled by BASRALIAN. An analysis of the bank account shows that the funds intended for Victim 1's investment account were spent on BASRALIAN's personal expenses.

6. For example, on or about February 1, 2016, BASRALIAN deposited a check for \$50,000 from Victim 1 into an account he controlled, and that same day he transferred \$5,000 to his personal checking account and made a \$2,000 child support payment. Within a week, he made the following payments on personal expenditures: a total of \$2,000 to BMW, \$6,334.50 to Lynne's Nissan City (a car dealership in Bloomfield, New Jersey), and over \$5,000 to American Express credit cards in his name.

7. On or about May 26, 2016, BASRALIAN deposited a check for \$200,000 from Victim 1 into an account he controlled. Within a week, he transferred \$10,000 to his personal checking account and made nearly \$20,000 in payments to American Express credit cards in his name.

8. On at least two occasions, at BASRALIAN's direction, Victim 1 addressed checks intended for investments to "Practical Guidance." Based on representations by BASRALIAN, Victim 1 understood that the funds would be used for investments made by BASRALIAN on Victim 1's behalf.

9. Instead, the checks to Practical Guidance were deposited into an account controlled by BASRALIAN. An analysis of the bank account shows that the funds intended for Victim 1's investments were spent on BASRALIAN's personal expenses.

10. For example, on or about August 2, 2017, BASRALIAN deposited a check for \$200,000 from Victim 1 into an account he controlled. Within two days, BASRALIAN made over \$35,000 in payments to American Express credit cards in his name.

Victim 2

11. In or around 1989, Victim 2 sustained serious injuries as a result of a car accident. Following the accident, Victim 2 received funds, some of which Victim 2 invested in an account at Securities Firm A. BASRALIAN was Victim 2's investment adviser.

12. Beginning in or around 2009, BASRALIAN began wiring funds from Victim 2's investment account at Securities Firm A into various accounts that he controlled and used the proceeds for his own benefit.

13. Beginning in 2017, Victim 2 began to question BASRALIAN about why the balance in her account at Securities Firm A had diminished.

14. BASRALIAN eventually provided Victim 2 a spreadsheet that he had prepared, entitled "Non-Brokerage Assets." The spreadsheet listed various names of assets, including "Vieques Investment Group" and "Mortgage (secured)," and provided the alleged values of the investments as of October 31, 2017. BASRALIAN assured Victim 2 that the investments on the spreadsheet were still through Securities Firm A. BASRALIAN told Victim 2 that the investments were loans made to the various companies listed and that the loans would be paid back with interest. BASRALIAN represented to Victim 2 that the current value of the "investments" listed on the spreadsheet was approximately \$725,000.

15. BASRALIAN's representations to Victim 2 were false. An analysis of bank accounts controlled by BASRALIAN confirms that he wired funds from Victim 2's investment account at Securities Firm A into accounts that he controlled. Victim 2 did not authorize those wire transfers. The analysis of the bank accounts controlled by BASRALIAN shows that the funds from Victim 2's investment account were spent on BASRALIAN's personal expenses.

16. For example, on or about July 12, 2017, BASRALIAN wired \$10,000 from Victim 2's investment account at Securities Firm A into an account that he controlled, and within five days, he transferred \$8,000 through accounts he controlled, ultimately into his personal checking account, from which he paid various personal expenses—including payments to PetSmart, Bed Bath & Beyond, and Trader Joes. He also made a payment of approximately \$1,106 to BMW using Victim 2's funds that he had transferred to an account he controlled.