

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

UNITED STATES OF AMERICA : Hon.
v. :
KARL JAMES : Crim. No. 19- 662 (JHR)
: 18 U.S.C. § 1343

INFORMATION

The defendant having waived in open court prosecution by indictment, the United States Attorney for the District of New Jersey charges that:

Background

1. At all times relevant to this Information:
 - a. Defendant KARL JAMES (“JAMES”) was a resident of Arizona and the Chief Executive Officer of Gore Capital, LLC (“Gore Capital”). JAMES represented to others that Gore Capital was a private-equity investment firm.
 - b. “Victim 1” was a resident of Florida and New Jersey, and a part owner of “Company A.” Company A specialized in extracting and converting cannabinoids from marijuana.
 - c. CLS Co. 2016, LLC (“CLS”) was a limited liability company that JAMES formed.

Investment Scheme

2. In or about February of 2016, JAMES and Victim 1 agreed to each invest approximately \$1,500,000 in Company A. JAMES and Victim 1 further agreed to form CLS as a conduit for their joint investment. In or about April 2016, JAMES and Victim 1 memorialized their agreement by contract.

3. On or about April 7, 2016, JAMES incorporated CLS in Delaware.

4. On or about April 20, 2016, JAMES sent Victim 1 wiring instructions for a bank account (the "Account") that JAMES opened in Maryland. JAMES falsely told Victim 1 that Victim 1 also had access to the Account.

5. On or about April 22, 2016, Victim 1 wired approximately \$500,000 to the Account.

6. On or about July 12, 2016, JAMES instructed Victim 1 to wire \$1,000,000 to the Account, to satisfy the remainder of his investment for Company A.

7. On or about July 20, 2016, Victim 1 wired approximately \$1,000,000 to the Account.

8. To induce Victim 1 to deposit funds into the Account, JAMES told Victim 1 that JAMES would deposit JAMES's own \$1,500,000 investment for Company A into the Account. In reality, JAMES never wired or deposited any of his own money into the Account.

9. On or about August 3, 2016, JAMES transferred approximately \$150,000 of Victim 1's money to CLS.

10. JAMES spent the remaining \$1.35 million of Victim 1's investment on personal expenses for JAMES.

THE CHARGE
(Wire Fraud)

11. From in or about February 2016 through in or about August 2016, in Gloucester County, in the District of New Jersey, and elsewhere, the defendant,

KARL JAMES,

did knowingly and intentionally devise and intend to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and, for the purpose of executing and attempting to execute such scheme and artifice to defraud, did transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce the following writings, signs, signals, and sounds:

Approximate Date	Description
July 20, 2016	Wire transfer of approximately \$1,000,000 from Victim 1, initiated at a bank branch in New Jersey, to a bank account in Maryland under name CLS Co 2016 LLC.

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

FORFEITURE ALLEGATION

1. The allegations in this Information are incorporated by reference as though set forth in full herein for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Sections 981 and Title 28, United States Code, Section 2461.

2. As a result of committing the offense charged in this Information, defendant

KARL JAMES

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 said offense, and all property traceable thereto, including, but not limited to, a sum of money equal to \$1,350,000, representing proceeds of the offense charged in this Information.

Substitute Assets Provision

3. 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 21 U.S.C. § 853(p), as incorporated by 28 U.S.C. § 2461(c), to seek forfeiture of any other property of the defendant up to the value of the above forfeitable property.


CRAIG CARPENITO
United States Attorney

CASE NUMBER: 19-_____

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

UNITED STATES OF AMERICA

v.

KARL JAMES

INFORMATION FOR

18 U.S.C. § 1343

CRAIG CARPENITO
UNITED STATES ATTORNEY
NEWARK, NEW JERSEY

MATTHEW FELDMAN NIKIC
ASSISTANT U.S. ATTORNEY
973-645-2779
