

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon. Michael A. Hammer
	:	
v.	:	Mag. No. 17-4070
	:	
ROY JOHANNES GILLAR,	:	<u>CRIMINAL COMPLAINT</u>
HAROLD MIGNOTT,	:	
JERRID DOUGLAS, and	:	
JAMES ADKINS	:	


I, Stephen J. Csapo, 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 Special Agent for the Federal Bureau of Investigation, and that this complaint is based on the following facts:

SEE ATTACHMENT B


Continued on the attached page and made a part hereof:



Stephen J. Csapo
Special Agent
Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,
April 17, 2017 in Essex County, New Jersey

HONORABLE MICHAEL A. HAMMER
UNITED STATES MAGISTRATE JUDGE



Signature of Judicial Officer

ATTACHMENT A

Count One
(Conspiracy to Commit Wire Fraud)

From at least as early as in or around February 2016 through in or around June 2016, in the District of New Jersey, and elsewhere, the defendants,

ROY JOHANNES GILLAR,
HAROLD MIGNOTT,
JERRID DOUGLAS, and
JAMES ADKINS

did knowingly and intentionally conspire and agree with each other and others to devise a scheme and artifice to defraud Victim Company A, and others, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and, for the purpose of executing such scheme and artifice to defraud, did transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce, certain signs, signals, and sounds, including but not limited to, the wire transactions set forth below and as further described in Attachment B:

Approximate Dates	Description of Interstate Wire Transmission
April 28, 2016	Causing Individual Victim 1 to transfer, via Fedwire, \$400,000 from Individual Victim 1's TD Bank account in Cherry Hill, New Jersey to escrow agent's bank account in New York, New York
April 29, 2016	Causing Individual Victim 1 to transfer, via Fedwire, \$200,000 from Individual Victim 1's TD Bank account in Cherry Hill, New Jersey to escrow agent's bank account in New York, New York

Contrary to Title 18, United States Code, Section 1343, in violation of Title 18, United States Code, Section 1349.

ATTACHMENT B

I, Stephen J. Csapo, am a Special Agent with the Federal Bureau of Investigation. I have knowledge about the facts set forth below from my involvement in the investigation, my review of reports, documents, pictures, videos, witness interviews, and discussions with other law enforcement officials. Because this affidavit is submitted for the limited purpose of establishing probable cause, I have not set forth each and every fact that I know concerning this investigation. All statements described herein are relayed in substance and in part. In addition, where I assert that an event took place on a particular date, I am asserting that it took place on or about the date alleged.

RELEVANT INDIVIDUALS AND ENTITIES

1. This case involves an advance-fee scheme by defendants to defraud Company A, and others, of \$1,000,000. At all times relevant to this Complaint:

- a. Grupo Mundial Balboa ("GMB") is an investment holding company incorporated as an international business company under the laws of Panama. GMB's principal place of business is located in Panama City, Panama.
- b. Brilliant Petroleum Company ("BPC") is the United States operating partner of GMB and has its principal place of business in Voorhees, New Jersey.
- c. All Bloom Trading Limited ("All Bloom Trading") is a company owned by defendant GILLAR and incorporated in Hong Kong.
- d. Defendant Jerrid Douglas ("DOUGLAS") is the Chief Financial Officer of GMB and BPC. Douglas resides in Freehold, New Jersey.
- e. Defendant James Adkins ("ADKINS") is the Chief Executive Officer of GMB and President of BPC. Adkins resides in Hillside, New Jersey.
- f. Defendant Roy Gillar ("GILLAR") is a Director of GMB and BPC. Gillar resides in Las Vegas, Nevada. GILLAR is also the owner of Gillar Worldwide Group Limited.
- g. Defendant Harold Mignott ("MIGNOTT") is the Chairman of GMB and Chief Executive Officer and Chairman of BPC. Mignott's principal residence is in Voorhees, New Jersey, which is also the principal place of business for BPC.

- h. Victim Company A is a commodities-trading business incorporated as an international business company under the laws of Dubai, United Arab Emirates. Victim Company A was established by Individual Victim 1 and Individual Victim 2 in anticipation of entering into a joint-venture agreement with GMB (described in more detail below) for the specific purpose of importing and exporting gold from African countries for sale to refiners in Dubai.
- i. Individual Victim 1 is a resident of Matawan, New Jersey and was the Manager and Director of Victim Company A.
- j. Individual Victim 2 is a resident of Watchung, New Jersey and was the Director of Victim Company A.

OVERVIEW OF THE CONSPIRACY

2. Beginning at least in or around March 2016 and continuing through June 2016, defendants GILLAR, MIGNOTT, ADKINS, and DOUGLAS agreed to defraud Victim Company A, and others, out of approximately \$1,000,000. As set forth in greater detail below, the defendants fraudulently induced Victim Company A to enter a joint venture agreement with GMB and to pay GMB approximately \$800,000 in United States currency. Specifically, the defendants falsely represented to Victim Company A that GMB could acquire and provide to Victim Company A a standby letter of credit ("SBLC"),¹ backed by Mexican gold bonds, which Victim Company A could use to purchase gold.

3. However, after Victim Company A transmitted the \$800,000 to defendants through an escrow agent, neither GMB nor defendants provided Victim Company A with an SBLC or anything of value. Instead, the defendants misappropriated Victim Company A's money for their personal use on items like luxury cars, luxury watches, mortgage payments on their personal residences, and large cash withdrawals. To conceal the fraud, the defendants provided Victim Company A with a phony Ready, Willing, and Able letter from HSBC Bank. According to HSBC Bank, the letter was fraudulent.

4. At no time since March 2016 did the defendants or any company owned or operated by defendants provide anything of value to Victim Company A in exchange for Victim Company A's \$800,000. Defendants also have not returned any of the \$800,000 to Victim Company A.

¹ "SBLC" is an acronym for a "standby letter of credit," which is a guarantee of payment issued by a bank on behalf of a client that is used as a "payment of last resort" should the client fail to fulfill a contractual commitment with a third party.

SPECIFIC ACTS IN FURTHERANCE OF THE CONSPIRACY

5. In or around March 2016, Individual Victims 1 and 2 agreed to begin a business venture to buy raw gold in Africa and sell it to refineries in Dubai. However, to purchase the raw gold, Individual Victims 1 and 2 needed to obtain an SBLC. Individual Victim 2 contacted defendant DOUGLAS, who was a longtime friend of Victim 2, for assistance. Defendant DOUGLAS had worked in the banking industry for over twenty years and had business dealings in Dubai.

6. In or around March 2016, defendant DOUGLAS met with Individual Victims 1 and 2 and others in Newark, New Jersey, to discuss a possible joint venture to buy and sell gold. During the meeting, defendant DOUGLAS falsely stated that he and his business associates had the ability to obtain an SBLC in the amount of €1,000,000,000 (one billion) euros. Specifically, defendant DOUGLAS explained that GMB had access to Mexican gold bonds that it could use to securitize the SBLC. Defendant DOUGLAS also stated that GMB would be willing to enter into a joint venture agreement with Victim Company A whereby Victim Company A could use half of GMB's SBLC, or €500,000,000 (five hundred million) euros, to buy and sell gold, in exchange for giving GMB a portion of the profits from the sale of the gold. At the meeting, DOUGLAS would not disclose the details of the financing for the supposed SBLC.

7. After the meeting, defendant DOUGLAS continued to negotiate the terms of a joint venture agreement with Individual Victims 1 and 2. At all relevant times, DOUGLAS, either in person, over the phone, on email, or by text message, assured Individual Victims 1 and 2 of GMB's ability to obtain an SBLC. In addition, at all relevant times, defendant DOUGLAS told Individual Victims 1 and 2 that he would have to discuss matters with his business associates.

8. On or about April 26, 2016, Victim Company A entered into a joint-venture agreement (the "JV Agreement") with GMB to buy and sell gold based on defendant DOUGLAS's representations that GMB had the ability to obtain an SBLC collateralized by Mexican gold bonds. According to the JV Agreement, GMB would obtain an SBLC from either HSBC Bank or Standard Charter Bank in the amount of €1,000,000,000 (one billion) euros, of which Victim Company A would be entitled to use up to half, or €500,000,000 (five hundred million) euros, to obtain financing for its purchases of gold. In return, Victim Company A was to escrow, within a certain timeframe, \$1,000,000, which GMB would use to pay the one-percent bank fee for the issuance of GMB's alleged SBLC.

9. In a separate escrow agreement also entered into on or about April 26, 2016 (the "Escrow Agreement"), GMB and Victim Company A agreed that

once Victim Company A escrowed \$1,000,000, the money would not be released to GMB until GMB showed proof of its ability to secure the SBLC. Defendant DOUGLAS, on many occasions, either in person or over the telephone, instructed Individual Victims 1 and 2 that Victim Company A could confirm GMB's ability to obtain an SBLC utilizing what is referred to in industry as Euroclear ("Euroclear").² DOUGLAS explained to Individual Victims 1 and 2 that Euroclear was a system available to certain security financial institutions that would confirm, among other things, whether an SBLC instrument, in fact, had been issued. Thus, according to DOUGLAS, Victim Company A simply had to locate a banker with access to Euroclear and then Victim Company A would be able to verify a "live" SBLC.

10. Pursuant to the JV Agreement, and in reliance on DOUGLAS's representations, on or about April 28, 2016, Victim Company A placed in escrow approximately \$400,000 in United States currency through a Fedwire transfer from Individual Victim 1's TD Bank account in Cherry Hill, New Jersey to the escrow agent's bank account in New York, New York. Then, on or about April 29, 2016, Victim Company A placed in escrow an additional \$200,000 in United States currency through a Fedwire transfer from Individual Victim 1's TD Bank account in Cherry Hill, New Jersey to the escrow agent's bank account in New York, New York. On or about April 29, 2016, Victim Company A transferred an additional \$200,000 in escrow through a Fedwire transfer from Individual Victim 2's bank account.

11. Within a day or two after Victim Company A placed \$800,000 in escrow, defendants DOUGLAS and ADKINS began pressuring Victim Company A to authorize the release of money. However, Individual Victims 1 and 2 did not do so because, despite several inquiries, Individual Victims 1 and 2 were unable to gain access to Euroclear to verify the existence of the SBLC. In response, DOUGLAS, in person and over the telephone, repeatedly instructed Individual Victims 1 and 2 to find a securities banker with access to Euroclear and stated that time was of the essence if they wanted GMB to secure an SBLC.

12. On or about May 2, 2016, defendant DOUGLAS, knowing that Individual Victims 1 and 2 were having difficulty accessing Euroclear, met with Individual Victims 1 and 2 at a location in Edison, New Jersey. To induce Individual Victims 1 and 2 to release the funds from escrow without verification of GMB's ability to obtain an SBLC, defendant DOUGLAS showed Individual Victims 1 and 2 a Record of Safekeeping from 2012 from a bank, which purported to show that the bank was holding or storing Mexican gold bonds for

² Euroclear is one of two principal clearing houses for securities traded in the European market. Euroclear specializes in verifying information supplied by two brokers in a securities transaction and the settlement of securities.

GMB or its affiliates (the “2012 Safekeeping Record”).³ Defendant DOUGLAS showed Individual Victims 1 and 2 the 2012 Safekeeping Record on his laptop computer. When Individual Victims 1 and 2 questioned DOUGLAS regarding why the only proof he had of the existence of the funds that would support the SBLC was four years old, DOUGLAS replied that it was all he had. In addition to showing the 2012 Safekeeping Record, DOUGLAS informed Individual Victims 1 and 2 that, to show good faith, GMB would temporarily provide the remaining \$200,000 needed to complete the \$1,000,000 (one million) in fees necessary to secure the SBLC.

13. On or about May 2, 2016, based on the representations made by defendant DOUGLAS, including that the fee would be refundable if GMB did not provide the SBLC, GMB’s apparent willingness to temporarily provide \$200,000 of its own money, and Individual Victim 2’s longstanding friendship with DOUGLAS, Victim Company A agreed to release its \$800,000 from escrow to GMB.

14. On or about May 4, 2016, Victim Company A authorized the escrow agent to release its \$800,000, which, along with \$250,000,⁴ was wired from the escrow agent to bank accounts belonging to: (1) Gillar Worldwide Group Limited (the “GILLAR Bank Account”); and (2) JJ Douglas Ventures, a company owned by defendant DOUGLAS (the “DOUGLAS Bank Account”). The GILLAR Bank Account received \$1,000,000, while the DOUGLAS Bank Account received \$44,750 (which represented \$50,000 minus the \$5,250 escrow fee).

15. The next evening, on or about May 5, 2016, concerned that GMB had not provided any proof of its ability to obtain an SBLC, Individual Victims 1 and 2 spoke with defendant ADKINS by phone (the “First Conference Call”). During the First Conference Call, which was consensually recorded by Individual Victims 1 and 2, defendant ADKINS falsely stated that he had ordered the SBLC the day before and that he would be able to prove it the following Wednesday (five days later).

³ Individuals and entities sometimes use methods of safekeeping or the services of a bank or brokerage firm to store assets or other items of value. Financial institutions then become custodians and are legally responsible for the items in safekeeping.

⁴ The investigation has revealed that this \$250,000, which Douglas purported to be from GMB, was actually paid into the escrow account by Victim Company B, a biotechnology company based in California that defendant DOUGLAS also induced to fraudulently invest money in GMB. The same escrow agent engaged to hold in escrow Individual Victim 1’s and 2’s \$800,000 was also retained to hold in escrow \$250,000 from Victim Company B. Thus, on or about May 5, 2016, the escrow agent was holding in escrow for GMB a total of \$1,050,000 in United States currency.

16. Shortly thereafter, also on the evening of on or about May 5, 2016, Individual Victims 1 and 2 called the escrow agent to discuss their inability to confirm the existence of the SBLC. The escrow agent then called defendant ADKINS, who was already on a separate conference call with defendants DOUGLAS, GILLAR, and MIGNOTT. Both conference calls were joined so Individual Victims 1 and 2, the escrow agent, and defendants DOUGLAS, ADKINS, GILLAR, and MIGNOTT were on the line together (the “Second Conference Call”).

17. During the Second Conference Call, which was also consensually recorded by Individual Victims 1 and 2, defendants DOUGLAS, ADKINS, and GILLAR each assured Individual Victims 1 and 2 of GMB’s ability to obtain an SBLC and repeatedly instructed Individual Victims 1 and 2 to use Euroclear to substantiate their ability to do so. Individual Victims 1 and 2 repeatedly informed the defendants that they could not find someone with access to Euroclear. During the Second Conference Call, defendant GILLAR falsely told Individual Victims 1 and 2 that, on behalf of GMB, he had already transmitted the \$1,000,000 to HSBC Bank, which he claimed would provide the SBLC. Defendant GILLAR also falsely stated that Individual Victims 1 and 2 would be able to substantiate the transfer of funds five days later when they received the SBLC from HSBC Bank. Despite defendant GILLAR’s assurances, when the escrow agent requested immediate proof that Victim Company A’s funds had been transmitted to a bank — in the form of a wire receipt or similar document (with any confidential information redacted) — defendant GILLAR and the other defendants refused to provide any such proof. Defendant ADKINS falsely stated on the Second Conference Call that GMB had transmitted \$200,000 of its own money to the bank as part of the \$1,000,000 transfer in order to reassure Individual Victims 1 and 2 that their money was safe. At the end of the Second Conference Call, defendant GILLAR informed Individual Victims 1 and 2 that GMB would provide Victim Company A with a Ready Willing and Able Letter (“RWA”) from HSBC Bank as proof that the SBLC would be issued.⁵

18. On the very same day as the First and Second Conference Calls, during which defendants had falsely claimed that they had transmitted the \$1,000,000 to HSBC Bank, defendant GILLAR instead transmitted from the GILLAR Bank Account approximately \$69,000 of the \$1,000,000 to a Wells Fargo bank account controlled by defendant MIGNOTT (the “MIGNOTT Bank Account”).⁶ In addition, on or about May 6, 2016, defendant GILLAR wired

⁵ A “Ready Willing and Able Letter” is a bank instrument that verifies a bank or financial institution is ready, willing, and able to proceed on behalf of a client in any number of various financial transactions.

⁶ On or about June 13, 2016, defendant GILLAR wired an additional approximately \$150,400 of the \$1,000,000 from the GILLAR Bank Account to the MIGNOTT Bank Account.

\$69,000 of the \$1,000,000 from the GILLAR Bank Account to a luxury car company for payment on his luxury car. On or about May 9, 2016, defendant DOUGLAS transmitted approximately \$17,335 to defendant ADKINS from the DOUGLAS Bank Account.

19. Then, on or about May 13, 2016, GMB provided an RWA on HSBC Bank letterhead stating that, "[A]s per instructions of our client, All Bloom Trading Limited, represented by Mr. Roy Johannes Gillar . . .," HSBC was ready, willing, and able to provide a €1,000,000,000 (one billion) euro SBLC to GMB. When law enforcement later contacted officials from HSBC Bank and showed them the RWA letter from defendants, HSBC Bank confirmed that the RWA letter was fraudulent and did not originate with HSBC Bank.

20. On or about June 5, 2016, Individual Victims 1 and 2 called defendant ADKINS to discuss GMB's failure to provide Victim Company A with proof of GMB's ability to obtain an SBLC. During the phone call, which was consensually recorded by Individual Victims 1 and 2, defendant ADKINS falsely assured Individual Victims 1 and 2 that they had entered into a legitimate business agreement with GMB. Defendant ADKINS falsely reminded Individual Victims 1 and 2 that GMB had paid approximately \$200,000 of its own money, and falsely stated that GMB had covered other costs as well, such as attorney fees.

21. GMB and the defendants never provided Victim Company A with an SBLC. A review of bank records belonging to defendants GILLAR, MIGNOTT, ADKINS, and DOUGLAS has revealed that, other than a small fee that was paid to the escrow agent, the defendants misappropriated the entirety of Company A's \$800,000 by spending it on, among other things, luxury cars, luxury watches, residential mortgage payments, and large cash withdrawals.

22. On or about June 22, 2016, Victim Company A sent a letter to the defendants demanding that GMB return Victim Company A's \$800,000. To date, GMB and the defendants have not returned the money to Victim Company A or to Individual Victims 1 and 2.