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CLAIRE C. CECCHI, U.S.M.J.

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	
	:	**CRIMINAL COMPLAINT**
v.	:	
	:	
	:	
WILLIAM GRAULICH IV	:	Mag. No. 10-8302 (CCC)

I, Abigail Weidner, 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 with 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.

Abigail Weidner, Special Agent,
Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,
November 19, 2010, at Newark, New Jersey

HONORABLE CLAIRE C. CECCHI
UNITED STATES MAGISTRATE JUDGE

Signature of Judicial Officer

ATTACHMENT A

From in or about September 2007 through in or about August 2009, in the District of New Jersey, and elsewhere defendant

WILLIAM GRAULICH IV

did knowingly and intentionally conspire and agree with others 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 such scheme and artifice to defraud, to transmit and cause to be transmitted by means of wire communication in interstate commerce writings, signs, signals, pictures and sounds, contrary to Title 18, United States Code, Section 1343, in violation of Title 18, United States Code, Section 1349.

ATTACHMENT B

I, Abigail Weidner, am a Special Agent with the Federal Bureau of Investigation. I have knowledge of the facts set forth below from my involvement in the investigation, a review of reports, and discussions with other law enforcement personnel. Any statements attributed to individuals are described in substance and in part.

A. Defendant Graulich, iVest, and Victim D.G.

1. In or about August 2009, the Federal Bureau of Investigation contacted an investor with the initials D.G. D.G. claimed that D.G. had invested approximately $4.4 million with William Graulich IV (hereinafter, "defendant Graulich") and his company, iVest International Holdings, Inc. (hereinafter, "iVest"), and been defrauded out of that money.

2. Specifically, D.G. stated that on or about August 6, 2008, D.G. met with a representative of defendant Graulich and iVest (hereinafter, "Co-conspirator 1") in London, England to discuss an investment platform. During that meeting, Co-conspirator 1 displayed a PowerPoint presentation to D.G. titled "Private Placement Arrangement" describing that investment platform, and made the following representations and promises:

a. The investment platform was exclusive, by invitation only, and, up until January 2008, required a minimum $100 million investment. Indeed, the Private Placement Arrangement commanded, "[d]iscretion is paramount!" and required "[a]ll participants [to] sign a strict Non-Disclosure, Non-Circumvention agreement, valid in perpetuity!" Notwithstanding the historically high hurdles to entry, Co-conspirator 1 offered D.G. entry for an investment of $5 million.

b. According to Co-conspirator 1, D.G.'s investment would be "held in a **non-depletion** attorney account with **full banking responsibility**" and "**not [be] at risk**" (emphasis in original). Co-conspirator 1 explained that the non-depletion attorney account and the monies in it would be used as collateral to obtain a line of credit, which would be used to trade purported financial instruments, including "Medium Term Notes" and "Standby Letters of Credit."

c. Co-conspirator 1 promised D.G. "**[g]uaranteed** return of [c]apital," "**[g]uaranteed** profit/yield from each trade," and "**[g]uaranteed** weekly payments . . . throughout contractual period" (emphasis in original). In fact, Co-conspirator 1 represented that, in recent weeks, the investment platform had been producing returns of approximately 50% per week.

3. Based on these representations and promises, D.G. continued speaking with

representatives of defendant Graulich and iVest about the investment platform. Specifically, sometime after meeting with Co-conspirator 1, D.G. spoke with a second representative of defendant Graulich and iVest (hereinafter, "Co-conspirator 2"). Co-conspirator 2 explained that the investment platform was managed by defendant Graulich who had successfully managed the platform for years.

4. Co-conspirator 2 also claimed that defendant Graulich was extraordinarily wealthy, and owned homes and yachts in both the United States and the Caribbean. Further, much as Co-conspirator 1 had done, Co-conspirator 2 made a number of representations and promises to D.G. about the investment platform, including:

a. The investment platform was exclusive. Indeed, Co-conspirator 2 refused to even discuss the platform with D.G. until D.G.'s financial bonafides were proven.

b. D.G.'s investment would be subject to no risk, and extraordinary returns would be guaranteed.

5. In or about August 2008, D.G. finally spoke to defendant Graulich on a conference call. On that call, defendant Graulich echoed the previous representations and promises that Co-conspirator 1 and Co-conspirator 2 had made to D.G., including:

a. Defendant Graulich had been operating the investment platform for years with great success.

b. D.G.'s investment would be secure and returnable on request. Returns would be significant and be paid by defendant Graulich to D.G. each week.

c. Defendant Graulich was licensed with the Securities and Exchange Commission ("SEC").

6. Notwithstanding the above-described representations and promises, D.G. remained somewhat skeptical of the investment platform. To allay D.G.'s concerns, defendant Graulich waived the purported $5 million minimum investment requirement and permitted D.G. to initially invest $2.8 million only. D.G. agreed to do so.

7. Thereafter, Co-conspirator 2 sent D.G. a "Joint Venture Agreement" (hereinafter, "JVA") via electronic mail. The JVA committed to writing the representations and promises that defendant Graulich, Co-conspirator 1, and Co-conspirator 2 had previously made to D.G. Specifically, the JVA provided:

a. "**Purpose.** [D.G.] and IVEST have agreed to create this Joint Venture for

the sole purpose of safekeeping of the Joint Venture Assets, to obtain certain lines of credit, and to utilize those lines of credit in making investments (emphasis in original). Profits made from the trade activities over these funds are freely transferable upon mutual agreement. The assets are being used as collateral for loan and financing transactions, and the funds will not be used in any way to promote any illegal activities."

b. "[D.G.] shall receive from the net profits a sum equal to an average of twenty-two (22%) percent per week over the term of this Agreement . . . ." In the event that the stated rate of return is not achieved in a specific week[,] the difference between the amount paid and 22% shall be paid in the following week."

8. D.G. signed the JVA, as did defendant Graulich as "managing partner" of iVest. A non-depletion attorney account ending in "4438" was established at a J.P. Morgan Chase Bank branch in Morristown, New Jersey (hereinafter, "the Account"), and on or about August 29, 2008, D.G. wired approximately $2.8 million to the Account.

9. D.G. next spoke to defendant Graulich on a telephone call on or about November 19, 2008. On the call, defendant Graulich represented that between the time of D.G.'s $2.8 million investment on or about August 29, 2008 and the time of the call, D.G.'s investment had grown by nearly $550,000. All of that money – approximately $3.1 million – was, according to defendant Graulich, untouched and resident in the Account.[1] Based on defendant Graulich's representations, on or about November 20, 2008, D.G. wired an additional $1.6 million to the Account.

10. Between December 4, 2008 and January 30, 2009, defendant Graulich paid out approximately $1 million in purported returns to D.G. After January 30, 2009, however, D.G. received no additional payments from defendant Graulich or iVest.

B. Defendant Graulich's Misrepresentations

11. During his August 2008 conference call with D.G., defendant Graulich represented that he was licensed by the SEC. Through conversations with the SEC, law enforcement officers learned that defendant Graulich was never licensed by that body.

12. Defendant Graulich represented, and Co-conspirator 1 and Co-conspirator 2, as well as the express language of the JVA confirmed, that D.G.'s money would be held in the Account and only "used as collateral for loan and financing transactions." *See* JVA. A review of the Account proved that statement false. Indeed, on or about September 2, 2008 – the very next

[1] The Account contained approximately $3.1 million rather than $3.3 because the JVA required D.G. to pay 15% of D.G.'s net profits to a "paymaster."

banking day following D.G.'s wire of approximately $2.8 million to the Account[2] – defendant Graulich wired approximately $3.03 million from the Account to a second iVest account held at J.P. Morgan Chase Bank ending in "1859" (the "Personal Account").[3] Further review of the Account revealed that roughly half of the remaining monies in the Account following the $3.03 million transfer was used by defendant Graulich to purchase a Jaguar from Jaguar of Allentown for approximately $57,244.50 on or about September 15, 2008.

13. Review of the Personal Account revealed that it was used for, among other things, defendant Graulich's personal living expenses, including payments to Bennett Jaguar, CVS, Bushkill Golf, Stone Bar Inn, Gulf Oil, Verizon, and DIRECTV.

14. At the time of D.G.'s $1.6 million wire, defendant Graulich stated that D.G.'s principal and returns – approximately $3.1 million in total – were untouched in the Account. Again, a review of the Account proved that statement false. On or about November 19, 2008, the day immediately preceding the $1.6 million wire, the balance of the Account was just under $9,000, not $3.1 million.

15. Review of the Account following D.G.'s $1.6 million wire revealed that those monies were used, in part, to make payments to D.G. to perpetuate the fraud. Specifically, defendant Graulich used approximately $1 million of D.G.'s own monies to pay D.G. "returns," sending D.G. four separate wire transfers from the Account of $301,000 on or about December 4, 2008, $261,300 on or about December 11, 2008, $261,299 on or about December 18, 2008, and $261,299 on or about January 27, 2009. The remainder of the monies were used by defendant Graulich for a variety of personal expenses, including approximately $100,000 in tax payments, approximately $10,000 in mortgage payments, approximately $25,000 in legal bills, and approximately $100,000 on New York Yankees tickets.

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[2] September 1, 2008 was Labor Day.

[3] The vast majority of that $3.03 million wire belonged to D.G. since immediately prior to D.G.'s $2.8 million wire, the Account had a balance of approximately $342,000.