



UNITED STATES ATTORNEY'S OFFICE
Southern District of New York



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FOR IMMEDIATE RELEASE
Wednesday, October 5, 2011
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MANHATTAN U.S. ATTORNEY AND FBI ASSISTANT DIRECTOR-IN-CHARGE ANNOUNCE ARREST OF PHILADELPHIA MAN IN CONNECTION WITH \$4 MILLION U.S. TREASURY STRIP INVESTMENT FRAUD SCHEME

PREET BHARARA, the United States Attorney for the Southern District of New York, and JANICE K. FEDARCYK, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced today that TYRONE L. GILLIAMS, JR., the owner of TL Gilliams, LLC, was arrested this morning on the charge of wire fraud for operating a fraudulent United States Treasury Strips investment program. Treasury Strips are securities derived from United States Treasury Bonds. GILLIAMS is alleged to have solicited \$4 million from an investor for the purposes of trading in United States Treasury Strips, but then misappropriated more than \$2 million of the funds, including at least \$1.3 million to fund a black-tie gala called the "Joy to the World" festival. The festival was held at the Ritz-Carlton hotel in Philadelphia, Pennsylvania on December 18, 2010.

Manhattan U.S. Attorney PREET BHARARA stated: "As alleged in the Complaint, Tyrone Gilliams had a lavish lifestyle that was reminiscent of the rich and famous. His charade was funded by money he allegedly stole from an unwitting investor. With today's arrest, he will now be held to account for his alleged crimes."

FBI Assistant Director-in-Charge JANICE K. FEDARCYK stated: "Gilliams misrepresented to an investor how solicited funds would be used. What he did with the money is immaterial, beyond that it was not used as promised. The FBI places a high priority on investigating misappropriation of investor funds."

According to a Complaint unsealed today in Manhattan federal court:

GILLIAMS is the owner of TL Gilliams, LLC. In the summer of 2010, GILLIAMS personally solicited \$4 million dollars from an investor for purposes of trading in United States Treasury Strips. Upon receiving the money from the investor, GILLIAMS misappropriated at least half of it.

The largest portion of the investor's money was used by GILLIAMS to fund a black-tie gala called the "Joy to the World" festival, which was held at the Ritz-Carlton hotel in Philadelphia on December 18, 2010. GILLIAMS spent at least \$1.3 million on that event and another "Joy to the World" event that same month in the Bahamas. He used another \$450,000 of the \$4 million to refund a deposit from a prior investor, and diverted more than \$200,000 to a real estate title company. GILLIAMS also spent smaller amounts of the investor's money for other improper purposes. Finally, GILLIAMS wired approximately \$1.6 million to Ghana, for what he has since claimed was an investment in gold.

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GILLIAMS, 44, was arrested in Philadelphia, Pennsylvania, where he resides. He has been charged with one count of wire fraud, which carries a maximum potential penalty of 20 years in prison and a fine of \$250,000 or twice the gross gain or loss from the offense. GILLIAMS will be presented before United States Magistrate Judge LINDA K. CARACAPPA in the United States District Court for the Eastern District of Pennsylvania this afternoon.

Mr. BHARARA praised the work of the Federal Bureau of Investigation, which jointly investigated this case with the Criminal Investigators of the United States Attorney's Office. He also thanked the U.S. Securities and Exchange Commission, and said the investigation is continuing.

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

This case is being handled by the Office's Securities and Commodities Fraud Task Force. Assistant U.S. Attorney MICHAEL A. LEVY is in charge of the prosecution.

The charges contained in the Complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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