

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

UNITED STATES OF AMERICA

v.

RAYMOND E. GALLISON, JR.
Defendant.

Criminal Case No. _____

17 06 S

In violation of 18 U.S.C. §§ 1341 & 1343, 18
U.S.C. § 1028A, 26 U.S.C. §§ 7206(2) &
7206(1)

INFORMATION

The United States Attorney charges that:

FILED

JAN 23 2017

**U.S. DISTRICT COURT
DISTRICT OF RHODE ISLAND**

Introduction

At all times material to this Information:

1. Defendant RAYMOND E. GALLISON, JR., was a resident of Bristol, Rhode Island.
2. Defendant GALLISON was self-employed as an attorney licensed to practice law in the Commonwealth of Massachusetts and an elected Rhode Island State Representative serving District 69, Bristol and Portsmouth, in the Rhode Island General Assembly.
3. Alternative Educational Programming, Inc. ("AEP"), was an organization originally incorporated in Rhode Island in February 2001. The stated purpose of AEP was, among other things, "to provide educational programs to students who may need assistance with course work; and/or minority and/or disadvantaged students who may

need financial and/or other assistance to obtain an education.” AEP was primarily funded with State of Rhode Island, General Assembly, Community Service Grants.

4. Defendant GALLISON was the Assistant Director of AEP.

5. Defendant GALLISON maintained and had signatory authority over several Citizens Bank accounts held in his name, including, but not limited to, the following: (A) checking account #0946; (B) an Interest on Lawyers Trust Account (“IOLTA”) #0190; and (C) a joint account with his wife, #1266.

6. Citizens Bank is the brand name of Citizens Financial Group, Inc., headquartered in Providence, Rhode Island. Citizens Bank maintains branches in states throughout New England and the United States.

Estate of Person A

7. In 2009, Person A revised his Last Will and Testament and named “his good friend” defendant GALLISON as the Executor of Person A’s Estate upon Person A’s death. Because of their friendship, Person A’s will exempted GALLISON from having to post a surety bond upon GALLISON being named Executor.

8. With several minor exceptions, Person A bequeathed the entirety of his Estate to various not for profit and charitable organizations.

9. Person A died in February 2012.

10. Prior to his death, Person A maintained accounts at Citizens Bank.

11. Also prior to his death, Person A held stock in several companies, including the following: Altria, ExxonMobil, Kraft, Mondelez, Pepsico, Pfizer, Phillip Morris, United Technologies, and Yum! Brands.

12. The transfer agent for the Altria, Exxon Mobil, Pepsico, Pfizer, Phillip Morris and United Technologies stock was a company known as ComputerShare, Inc.

13. The transfer agent for the Kraft and Mondelez stocks was Wells Fargo Bank.

14. The transfer agent for the Yum! Brands stocks was American Stock Transfer and Trust Company, LLC.

15. Companies that have publicly traded securities typically use transfer agents to keep track of the individuals and entities that own their stocks and bonds. Transfer agents typically perform three main functions: (A) issuing and cancelling stocks to reflect changes in ownership; (B) acting as an intermediary for the company by paying out interest, cash and dividends relating to the stocks; and (C) handling lost and stolen stock certificates.

16. On or about May 7, 2012, the Judge of the Barrington, Rhode Island Probate Court appointed defendant GALLISON as Executor of the Estate of Person A and directed GALLISON to appraise the value of Person A's Estate.

17. As Executor, defendant GALLISON opened account #6465 at Citizens Bank in the name of the Estate of Person A and was the sole signatory on the account.

Alternative Educational Programming

18. In or about November 2002, AEP obtained tax exempt status pursuant to Section 501(c)(3) of the Internal Revenue Code.

19. To be tax-exempt under Section 501(c)(3) of the Internal Revenue Code, an organization must be organized and operated exclusively for exempt purposes set forth

in Section 501(c)(3), and none of its earnings may inure to any private shareholder or individual. Organizations organized pursuant to Section 501(c)(3) are commonly referred to as charitable organizations and are eligible to receive tax deductible contributions. The organization must not be organized or operated for the benefit of private interests, and no part of a Section 501(c)(3) organization's net earnings may inure to the benefit of any private shareholder or individual.

20. Exempt purposes under Section 501(c)(3) include charitable and educational endeavors. The term "charitable" is used in its generally accepted legal sense and includes, among other things, relief of the poor, the distressed, or the underprivileged and the advancement of education.

21. Until his death in 2014, Person B was the Executive Director of AEP.

22. AEP maintained a bank account at Citizens Bank and although both Person B and defendant GALLISON had signatory authority on the account, during the relevant time frame, defendant GALLISON was the sole signatory on all checks written out of the account.

Special Needs Trustee

23. In his capacity as an attorney, Defendant GALLISON was the Trustee for a Special Needs Trust in the name of Person C, a disabled adult. As Trustee, GALLISON held legal title to the trust property for the use and benefit of Person C. Defendant GALLISON possessed no legal right to use the property for his own benefit.

24. Person C's trust held assets in an account at Citizens Bank over which GALLISON had sole signatory authority.

COUNTS ONE -FOUR

(Mail Fraud – 18 U.S.C. § 1341)

The Scheme and Artifice to Defraud

25. The United States Attorney realleges and incorporates by reference Paragraphs 1, 2, and 5 through 17 of this Information as though fully set forth herein.

26. Beginning in or about March 2012, and continuing until in or about April 2016, in the District of Rhode Island and elsewhere, defendant RAYMOND E. GALLISON, JR., did knowingly and willfully devise and intend to devise a scheme and artifice to defraud and to obtain money and property in the amount of approximately \$677,957.06 from the Estate of Person A, which otherwise was intended for the charitable beneficiaries of Person A's will, by means of materially false and fraudulent pretenses, representations, and promises.

Object of the Scheme and Artifice to Defraud

27. It was the object of the scheme and artifice to defraud for defendant RAYMOND E. GALLISON, JR., to obtain money and property from the Estate of Person A to which he was not entitled in order to pay for defendant GALLISON'S personal expenses.

Manner and Means

28. It was part of the scheme and artifice to defraud that soon after Person A's death in February 2012, defendant RAYMOND E. GALLISON, JR., began stealing from the Estate. For example, between April 2012 and November 2012, defendant GALLISON used Person A's Citizens Bank credit card to purchase approximately

\$6,900 of personal items at Sam's Club, Walmart, and Stop and Shop, including, but not limited to groceries, clothing, and personal care products. In addition, on June 3, 2012, defendant GALLISON sold approximately \$130 worth of Person A's property at a pawn shop in Fall River and kept the cash. Defendant GALLISON also sold Person A's car to GALLISON'S family member for several thousand dollars less than the car's value and kept the proceeds of the sale for himself.

29. It was further part of the scheme to defraud that or about April 25, 2012, defendant GALLISON stole Person A's health insurance premium refund by depositing two checks totaling approximately \$10,279.43 from MegaLife Insurance Company into GALLISON'S IOLTA checking account at Citizens Bank ultimately moving the funds to GALLISON'S other personal accounts and spending the money.

30. It was further part of the scheme and artifice to defraud that in or about July 2012, defendant GALLISON deposited two Amica insurance dividend checks, relating to Person A's home and car insurance, totaling approximately \$536.70 into GALLISON'S IOLTA account, ultimately moving the funds to GALLISON'S other personal accounts and spending the money.

31. It was further part of the scheme to defraud that beginning in August 2012 and continuing until July 2013, defendant GALLISON fraudulently transferred approximately \$12,400 belonging to the Estate of Person A from the Estate of Person A's account #6465 at Citizens Bank to defendant GALLISON'S personal account #0946 at Citizens Bank.

32. It was further part of the scheme to defraud that on or about September 10, 2012, defendant GALLISON filed with the Barrington Probate Court a false and fictitious inventory of Person A's Estate which stated that the total value of Person A's personal property was \$21,994.21. In order to conceal the existence of Person A's stock interest in several companies, GALLISON intentionally failed to list on the inventory the stocks owned by Person A, thus enabling GALLISON to continue to steal the Estate dividends and ultimately allow him to steal many of the stocks themselves. Defendant GALLISON also failed to list on the Estate inventory Person A's MegaLife health insurance policy refund and Amica Insurance dividends, which he had already cashed in, so that his theft of these monies would remain undetected.

33. It was further part of the scheme to defraud that on or about September 24, 2012, December 18, 2012, and February 25, 2013, in order to convert several of Person A's stock interests to his own, defendant GALLISON submitted paperwork to Computershare falsely representing that he was acting in his capacity as Executor, requesting that Person A's interest in the Pfizer, Phillip Morris, and Altria stocks be transferred to accounts in GALLISON's name personally. Thereafter, in order to complete his theft of Person A's stocks, in three separate transactions, defendant GALLISON submitted paperwork to Computershare requesting that Computershare issue the certificates for the three stocks in his name and mail them to his residence in Bristol. The approximate value of the stocks at the time that defendant GALLISON stole them from the Estate was \$4,322, Pfizer, \$365,688, Phillip Morris, and \$145,498 Altria, or \$515,518 in total.

34. It was further part of the scheme to defraud that each time defendant GALLISON received the shares of his newly acquired stocks, he deposited them into his personal safe deposit box at Citizens Bank.

35. It was further part of the scheme to defraud that on or about October 11, 2012, defendant GALLISON submitted information to American Stock Transfer and Trust Company, LLC, requesting the liquidation of Person A's Yum! Brands stocks.

36. It was further part of the scheme to defraud that on or about October 22, 2012, defendant GALLISON deposited a check for \$14,975.62, representing the proceeds of the sale of the Yum! Brands stock into account #6465, the Estate account.

37. It was further part of the scheme to defraud that on or about November 5, 2012, defendant GALLISON transferred \$15,000, from account #6465 to his personal account #0946 and thereafter used the money to pay for personal expenses.

38. It was further part of the scheme to defraud that defendant GALLISON transferred the remainder of Person A's stock interests in Exxon Mobil, Kraft, Mondelez, Pepsico, and United Technologies, into accounts at ComputerShare and Wells Fargo that he set up in the name of Person A's Estate and listed the address of the Estate as GALLISON'S personal address in Bristol, Rhode Island.

39. It was further part of the scheme to defraud that beginning in June 2012 and continuing until April 2016, defendant GALLISON deposited approximately 94 dividend checks totaling approximately \$116,258.96 issued for stocks he had stolen and those held in the name of the Estate, into his personal and IOLTA bank accounts at Citizens Bank. Defendant GALLISON used the approximately \$116,258.96 he stole in

dividends to pay for personal expenses, including, but not limited to, making payments on his home equity loan and purchasing numerous stocks in his own name.

The Execution of the Scheme

40. On or about the dates specified below, in the District of Rhode Island and elsewhere, the defendant RAYMOND E. GALLISON, JR., for the purpose of executing aforesaid scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, did knowingly cause to be placed in an authorized depository for mail, the following items, i.e. stock certificates issued in GALLISON'S name and a check issued to Person A, the value of which is stated in each Count below, which items were to be delivered by common carrier and the United States Postal Service:

<u>Count</u>	<u>Date</u>	<u>Value</u>	<u>Item Mailed</u>
1	October 24, 2012	\$4,322	132 Pfizer stock certificates
2	January 8, 2013	\$365,688	4,320 Phillip Morris stock certificates
3	March 15, 2013	\$145,497	4,320 Altria stock certificates
4	October 11, 2012	\$14,975.62	Check No. 2278-9C

All in violation of Title 18, United States Code Section 1341.

COUNT FIVE

(Wire Fraud – 18 U.S.C. § 1343)

The Scheme and Artifice to Defraud

41. The United States Attorney realleges and incorporates by reference Paragraphs 1 through 4 and 18 through 24 of this Information as though fully set forth herein.

42. Beginning in or about June 2013, and continuing until in or about April 2016, in the District of Rhode Island and elsewhere, defendant RAYMOND E. GALLISON, JR., did knowingly and willfully devise and intend to devise a scheme and artifice to defraud and to obtain money and property in the amount of approximately \$8,900 from Person C's Special Needs Trust, by means of materially false and fraudulent pretenses, representations, and promises.

Object of the Scheme and Artifice to Defraud

43. It was the object of the scheme and artifice to defraud for defendant RAYMOND E. GALLISON, JR., to obtain money and property from the Special Needs Trust of Person C to which he was not entitled in order to pay AEP's outstanding bill at the Community College of Rhode Island ("CCRI").

Manner and Means

44. It was part of the scheme and artifice to defraud that on or about June 6, 2013, because the AEP bank account lacked the necessary funds to pay AEP's outstanding CCRI bill, defendant GALLISON wrote a check from Person C's Special Needs Trust for \$8,900 and deposited the check into AEP's account at Citizens Bank.

45. It was further part of the scheme and artifice to defraud that on or about June 7, 2013, defendant GALLISON wrote a check for \$8,800 to CCRI to pay outstanding tuition bills on behalf of AEP students who had attended CCRI dating back to 2010.

46. It was further part of the scheme to defraud that after taking \$8,900 from Person C's Special Needs Trust, although defendant GALLISON continued to pay himself and Person B for little to no work undertaken on behalf of AEP, GALLISON did not return the \$8,900 he had stolen from Person C's Special Needs Trust until April 1, 2016, approximately two weeks after being interviewed by investigators.

The Execution of the Scheme

47. On or about June 6, 2013, in the District of Rhode Island and elsewhere, the defendant RAYMOND E. GALLISON, JR., for the purpose of executing aforesaid scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, knowingly transmitted and caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, signals and sounds, by depositing Check No. 102 in the amount of \$8,900 from Person C's Special Needs Trust account into AEP's account at Citizens Bank, thus causing an electronic transfer of funds.

All in violation of Title 18, United States Code Section 1343.

COUNT SIX

(Aggravated Identity Theft – 18 U.S.C. § 1028A)

48. The United States Attorney re-alleges and incorporates by reference paragraphs 1 and 2, 5 through 17, and 25 through 40 of this Information as though fully set forth herein.

49. On or about October 11, 2012, in the District of Rhode Island, the defendant, RAYMOND E. GALLISON, JR., RAYMOND E. GALLISON, JR., did knowingly transfer, possess and use, and willfully cause, the transfer, possession and use, without lawful authority, a means of identification of another person, that is Person A's name and social security number to cause the liquidation of Yum! Brands stocks, which defendant GALLISON knew belonged to a real person, during and in relation to mail fraud, 18 U.S.C. § 1341.

All in violation of Title 18, United States Code, Section 1028A(a)(1).

COUNT SEVEN

(Aiding the Filing of False Tax Document – 26 U.S.C. § 7206(2))

50. The United States Attorney re-alleges and incorporates by reference paragraphs 1 through 4 and 18 through 24 of this Information as though fully set forth herein.

51. On or about February 6, 2014, in the District of Rhode Island, the defendant RAYMOND E. GALLISON, JR., a resident of Bristol, Rhode Island, did willfully aid and assist in, procure, counsel, and advise the preparation and presentation of a Return of Organization Exempt From Income Tax, Form 990-EZ, on

behalf of Alternative Educational Programming, Inc. for the tax year 2012 ending June 30, 2013 (hereinafter "Form 990"), which was verified by a written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service, which document defendant GALLISON did not believe to be true and correct as to every material matter in that:

(a) the Form 990 reported that \$77,957 in tuition and related fees and expenses were paid for 47 students from July 1, 2012, through June 30, 2013, on Part III, line 28, Statement of Program Service Accomplishments, whereas, in fact, and as the defendant well knew and believed, on behalf of AEP he had paid approximately only \$3,137.29 to assist 2 students during that year but had paid approximately \$64,575 to himself and Person B in wages/consulting fees for no work undertaken on AEP's behalf;

(b) the Form 990 reported persons listed as officers, directors, trustees and key employees on Part IV, as devoting an average of one hour per week to their positions with AEP, whereas, as the defendant then and there well knew and believed, the individuals listed in Part IV had no association or involvement with AEP;

(c) the authorized signer identified on the Form 990 was purportedly the President of the Board of Directors, whereas, as the defendant then and there well knew and believed, the individual listed had no association or involvement with AEP and that defendant GALLISON had forged the signature of the

purported President on the applicable Form 8879-EO (IRS e-file Signature Authorization for an Exempt Organization);

(d) the Form 990 reported unsecured notes and loans payable in the amount of \$8,900, on Part II, line 26, whereas, as the defendant then and there well knew and believed, the \$8,900 constituted funds the defendant had stolen from the Special Needs Trust of Person C and deposited into AEP's bank account in order to pay a portion of AEP's outstanding student bills at the Community College of Rhode Island which dated back to 2010.

All in violation of Title 26, United States Code, Section 7206(2).

COUNT EIGHT

(False Tax Return – 26 U.S.C. § 7206(1))

52. The United States Attorney re-alleges and incorporates by reference paragraphs 1 through 40 of this Information as though fully set forth herein.

53. That on or about September 18, 2013, in the District of Rhode Island, defendant RAYMOND E. GALLISON, JR., did willfully make and subscribe a joint U.S. Individual Tax Return, Form 1040, Tax Year 2012, which was verified by a written declaration that it was made under the penalties of perjury and which defendant GALLISON did not believe to be true and correct as to every material matter. That joint U.S. Individual Tax Return, Form 1040, which was filed with the Director, Internal Revenue Service Center, on behalf of defendant GALLISON and his spouse, stated that their joint total income for the calendar year was the sum \$89,398, whereas, as he then and there knew the joint Return did not include the approximately \$435,438.70 in

income defendant GALLISON received as a result of: (A) his theft of Person A's Pfizer and Phillip Morris stocks; (B) his theft of the dividends issued in connection with all of the Estate of Person A's stocks; (C) his theft of other funds from the Estate of Person A; (D) income he received from his law practice, and (E) income he received from AEP.

All in violation of Title 26, United States Code, Section 7206(1).

COUNT NINE

(False Tax Return – 26 U.S.C. § 7206(1))

54. The United States Attorney re-alleges and incorporates by reference paragraphs 1 through 40 of this Information as though fully set forth herein.


55. That on or about October 24, 2014, in the District of Rhode Island, defendant RAYMOND E. GALLISON, JR., did willfully make and subscribe a joint U.S. Individual Tax Return, Form 1040, Tax Year 2013, which was verified by a written declaration that it was made under the penalties of perjury and which defendant GALLISON did not believe to be true and correct as to every material matter. That joint U.S. Individual Tax Return, Form 1040, which was filed with the Director, Internal Revenue Service Center, on behalf of defendant GALLISON and his spouse, stated that their joint total income for the calendar year was the sum \$89,701, whereas, as he then and there knew the joint Return did not include the approximately \$186,847.47 in income defendant GALLISON received as a result of his: (A) theft of Person A's Altria stocks; (B) his theft of the dividends issued in connection with the Estate of Person A's stocks; (C) his theft of other funds from the Estate; (D) income he received from his law

practice, and: (E) income he received from AEP.

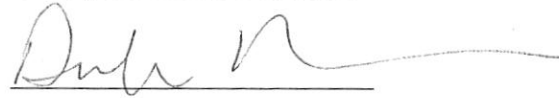
All in violation of Title 26, United States Code, Section 7206(1).

PETER F. NERONHA
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By:


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DATED: JANUARY 2, 2017