

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
: UNITED STATES OF AMERICA :
: : INDICTMENT
: - v. - :
: 11 Cr. :
: TYRONE L. GILLIAMS, JR., :
: :
: Defendant. :
: :
-----X

COUNT ONE
(Securities Fraud)

The Grand Jury charges:

Relevant Persons and Entities

1. At all times relevant to this Indictment, TYRONE L. GILLIAMS, JR., the defendant, was the president and chief executive officer of T.L. Gilliams, LLC ("T.L. Gilliams"), which GILLIAMS purported to have founded in 2000 and which he held out as a business focusing on the trading of commodities.

2. At all times relevant to this Indictment, the "Victim" was an individual who controlled an investment fund (the "Victim's Fund") that consisted of his family's own assets.

3. At all times relevant to this Indictment, the "Washington Corporation" was a non-profit corporation incorporated in the State of Washington.

The Scheme To Defraud

4. On or about February 23, 2010, the Victim caused the Victim's Fund to enter into an investment contract with the Washington Corporation. Pursuant to that contract, the Victim's Fund agreed to provide the Washington Corporation with approximately \$2 million, which the Washington Corporation would then use to "invest[] in treasury strips, treasury bills, [and] U.S. government paper." The contract stated that the "anticipated return to [the Victim's Fund] is targeted to be 5% per week on the principal invested[.]"

5. On or about February 25, 2010, a director and officer of the Washington Corporation ("the Officer") opened an account in the name of the Washington Corporation ("Washington Corporation Account #1"). Thereafter, on March 3, 2010, the Victim caused the Victim's Fund to wire \$2 million into Washington Corporation Account #1.

6. In or about March 2010, the Officer opened a linked savings and checking account in the name of the Washington Corporation at a branch of JP Morgan Chase in Manhattan ("Washington Corporation Account #2") and transferred the Victim Fund's \$2 million investment from Washington Corporation Account #1 to Washington Corporation Account #2.

7. On or about May 10, 2010, the Victim caused the Victim's Fund to enter into another investment contract with the Washington Corporation that superseded the February 23, 2010 contract. Pursuant to the new contract, the Victim's Fund and a foundation created by the Victim (collectively, the "Victim's Funds") agreed to provide the Washington Corporation with approximately \$4 million, which the Washington Corporation would then use to "invest[] in treasury strips, treasury bills, [and] U.S. government paper." The new contract also stated that the "anticipated return to [the Victim's Funds] is targeted to be 5% per week on the principal invested[.]"

8. On or about May 13 and May 14, 2010, the Victim caused the Victim's Funds to wire approximately \$2 million into Washington Corporation Account #2, which brought the total amount of the Victim's Funds' money in that account to approximately \$4 million. The Victim's Funds' investment of approximately \$4 million was held in Washington Corporation Account #2 under the control of the Officer.

9. On or about June 10, 2010, TYRONE L. GILLIAMS, JR., the defendant, caused T.L. Gilliams to enter into a "Memorandum of Understanding" with the president of a small, Florida-based financial company (the "Florida Businessman" and

the "Florida Corporation," respectively). The stated purpose of the Memorandum of Understanding was to facilitate trading in United States Treasury Strips ("Treasury Strips"), which are derivatives of Treasury bonds that are created by separating each individual payment associated with a Treasury bond (i.e., the periodic interest payments and the eventual return of the principal) into its own individual security. Specifically, the Memorandum of Understanding stated that "TL Gilliams, LLC, has made accommodations with its desk at Wells Fargo/Wachovia to acquire Treasury Strips." The parties to the Memorandum of Understanding agreed that GILLIAMS would receive investment funds into a bank account controlled by GILLIAMS's attorney ("Gilliams's Attorney"), and that GILLIAMS would use those funds to "secure Treasury Strips at best effort discounted value and begin trades" involving those Treasury Strips. The Memorandum of Understanding provided for a distribution of anticipated profits from the Treasury Strips trading.

10. In or about June or July 2010, the Florida Businessman introduced TYRONE L. GILLIAMS, JR., the defendant, to the Officer so that GILLIAMS and the Officer could explore whether the Officer would invest funds with GILLIAMS and T.L. Gilliams for the purpose of engaging in Treasury Strips trading.

Thereafter, GILLIAMS and the Officer reached an agreement whereby the Officer would cause the Washington Corporation to invest \$4 million with GILLIAMS and T.L. Gilliams for the purpose of engaging in Treasury Strips trading.

11. In order to facilitate the arrangement between the Officer's Washington Corporation and T.L. Gilliams, the Florida Businessman executed an "Assignment" on behalf of the Florida Corporation that assigned part of the Florida Corporation's interest in the Memorandum of Understanding with T.L. Gilliams to the Washington Corporation. The Assignment expressly reiterated that the purpose of the Memorandum of Understanding was to facilitate "engaging in trading of U.S. Treasury STRIPS." On or about July 21, 2010, the Florida Businessman and TYRONE L. GILLIAMS, JR., the defendant, each executed the Assignment.

12. In or about July 2010, TYRONE L. GILLIAMS, JR., the defendant, and Gilliams's Attorney executed a document entitled, "Escrow Directive and Release of Claims" (the "Escrow Agreement"). A portion of the Escrow Agreement provided, "Gilliams hereby represents that he is irrevocably authorized to direct and utilize funds in the amount of Four Million Dollars (\$4,000,000.00) to be received in [Gilliams's Attorney's] escrow

from [the Officer], for a transaction with Gilliams in facilitating the relationship to purchase Treasury Strips from Wells Fargo/Wachovia Securitie[s] and other related projects."

13. On or about August 24, 2010, the Officer sent a wire transfer in the amount of approximately \$4 million - specifically, the \$4 million originally provided by the Victim's Funds - from Washington Corporation Account #2 in Manhattan to a trust account located in Pennsylvania that was controlled by Gilliams's Attorney (the "Attorney Trust Account").

14. TYRONE L. GILLIAMS, JR., the defendant, did not engage in Treasury Strips trading with the \$4 million provided by the Officer. Rather, GILLIAMS misappropriated nearly all of the money. Specifically, on or about August 25, 2010, GILLIAMS directed Gilliams's Attorney: (i) to use \$450,000 of the funds to refund an investment that GILLIAMS and T.L. Gilliams had solicited from another investor in or about December 2009; and (ii) to collect \$40,000 of the funds for himself as Gilliams's Attorney's fee. The same day, GILLIAMS directed Gilliams's Attorney to transfer the remaining \$3,510,000 to T.L. Gilliams - specifically, \$3 million to T.L. Gilliams's brokerage account with Wells Fargo Advisors (the "Wells Fargo Account") and \$510,000 to T.L. Gilliams's bank account with Citibank (the

"Citibank Account"). Gilliams's Attorney immediately carried out all of these instructions as directed by GILLIAMS.

15. TYRONE L. GILLIAMS, JR., the defendant, did not engage in Treasury Strips trading with the \$3,510,000 that he caused to be transferred to the Wells Fargo Account and the Citibank Account. Rather, GILLIAMS misappropriated all, or nearly all, of the money by spending it on his own personal investments and to support his own personal lifestyle, including spending: (a) more than \$1 million organizing and sponsoring a festival called "Joy to the World" that culminated in a December 18, 2010, black-tie gala at the Ritz-Carlton hotel in Philadelphia, Pennsylvania, along with an event in the Bahamas in or about December 2010 called the "Gatta Be Jokin Comedy Jam"; and (b) approximately \$1.6 million on what GILLIAMS asserted during a subsequent lawsuit was a gold investment in Ghana.

16. Notwithstanding the fact that TYRONE L. GILLIAMS, JR., the defendant, engaged in no Treasury Strips trading with the funds provided for that specific purpose by the Officer, GILLIAMS caused three payments of approximately \$8,000 each to be made from the Citibank Account to Washington Corporation Account #2 in or about September and October 2010. GILLIAMS did

this in furtherance of the scheme, in order to give the false impression that he was generating profits from the agreed upon Treasury Strips trading.

Statutory Allegations

17. From in or about June 2010 to the present, in the Southern District of New York and elsewhere, TYRONE L. GILLIAMS, JR., the defendant, willfully and knowingly, directly and indirectly, by use of the means and instrumentalities of interstate commerce, and of the mails, and of the facilities of national securities exchanges, in connection with the purchase and sale of securities, did use and employ manipulative and deceptive devices and contrivances, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes and artifices to defraud; (b) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices and courses of business which operated and would operate as a fraud and deceit

upon other persons and entities in connection with a scheme to solicit and misappropriate investments in Treasury Strips.

(Title 15, United States Code, Sections 78j(b) & 78ff; Title 17, Code of Federal Regulations, Section 240.10b-5; and Title 18, United States Code, Section 2.)

COUNT TWO
(Wire Fraud)

The Grand Jury further charges:

18. The allegations contained in paragraphs 1 through 16 are repeated and realleged as though fully set forth herein.

19. From in or about June 2010 to the present, in the Southern District of New York and elsewhere, TYRONE L. GILLIAMS, JR., the defendant, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, to wit, a scheme to solicit and misappropriate investment funds, did transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce writings, signs, signals, pictures and sounds, for the purpose of executing such scheme and artifice, to wit, an interstate wire transfer of \$4 million from Washington Corporation Account #2 to the Attorney Trust Account on or about August 24, 2010.

(Title 18, United States Code, Sections 1343 and 2.)

FORFEITURE ALLEGATION

20. As a result of committing the offenses alleged in Counts One and Two of this Indictment, TYRONE L. GILLIAMS, JR., the defendant, shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461, all property, real and personal, including but not limited to a sum of money in the approximate amount of \$4 million, that constitutes or is derived from proceeds traceable to the commission of the offenses.

SUBSTITUTE ASSET PROVISION

21. 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 Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of said defendant up to the value of the above forfeitable property.

(Title 18, United States Code, Section 981, Title 28, United States Code, Section 2461.)



Preet Bharara
PREET BHARARA (PAB)
United States Attorney

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Defendant.

INDICTMENT

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(15 U.S.C. §§ 78j(b) and 78ff;
18 U.S.C. §§ 1343, and 2.)

Preet Bharara
United States Attorney.

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