

Tennessee, and by means of a “corporate identity package” operated from Office Suites Plus, 9005 Overlook Blvd., Brentwood, Tennessee.

4. The Emergency Economic Stabilization Act of 2008 (*Emergency Economic Stabilization Act* (“the Act”), 12 U.S.C. § 5201 (2008)), effective October 3, 2008, was enacted for the stated purpose of restoring the liquidity and stability of U.S. financial markets. The Troubled Assets Relief Program (“TARP”), the primary component of the Act, was funded with \$700 million to enable the United States Treasury Department to purchase “troubled assets” from financial institutions.

a. Troubled assets are defined as “residential or commercial mortgages and . . . other instruments that are based on or related to such mortgages . . . and any other financial instrument that the Secretary [of the Treasury] . . . determines the purchase of which is necessary to promote financial market stability . . .” 12 U.S.C. § 5202(9).

b. In order for a financial institution to receive direct access to TARP funds, it first had to be qualified as a “financial institution” under the Act, apply to the Department of Treasury for such funds, and be selected at the discretion of the Treasury Department. 12 U.S.C. § 5202(5).

c. TARP funds were available only to certain financial institutions, established and regulated under Federal or State laws. In order to receive funds under TARP, all TARP recipients were required to provide to the Department of the Treasury equity or debt instruments complying with certain criteria, depending on the structure of the qualifying financial institution. 12 U.S.C. § 5223(d)(1)

d. Defendant GRIGG and ProTrust (1) never met any of the qualifying criteria to receive TARP funds; (2) never applied for TARP funds; (3) never received approval from the Department of Treasury to receive TARP funds; and (4) never received TARP funds.

e. National investment firms Berkshire Hathaway, Inc , Goldman, Sachs & Co., Morgan Stanley & Co., Incorporated, and Kohlberg Kravis Roberts & Co. were never approved to receive TARP funds.

5. Between on or about January 1, 1990 until December 31, 2005, defendant GORDON B GRIGG was registered as an investment advisor for ProTrust with the State of Tennessee Department of Commerce and Insurance, Securities Division. After December 31, 2005, defendant GRIGG did not renew his State of Tennessee registration as an investment advisor.

6. Between March 1992 and March 2001, defendant GRIGG obtained various securities related licenses, including his Series 6, 7, 63 and 65, as issued and administered by the National Association of Securities Dealers, Inc , now known as the Financial Industry Regulatory Authority ("FINRA"). From December 1989 through April 2002, defendant GRIGG was employed by various broker-dealers registered with the U.S. Securities and Exchange Commission (the "SEC"). In April 2002, defendant GRIGG was discharged for cause from the broker-dealers he was employed by at the time as a result of multiple compliance violations. Since April 2002, defendant GRIGG has not been a registered representative of any entity regulated by FINRA, has not been employed by, registered with, or associated with any broker-dealer, investment adviser or other entity registered with the SEC, and has not been licensed or registered by the SEC to offer or sell securities or to act as an investment adviser.

7. Persons known to the United States Attorney and referred to herein as "Investor A" was a resident of Florida; "Investor B" was a resident of California; "Investor C" was a resident

of Arizona; “Investor D” was a resident of North Carolina; “Investor E” was a resident of Arizona; and “Investor F” was a resident of Pennsylvania (collectively “Investors”).

THE SCHEME TO DEFRAUD

8. Beginning in or around 1996 and continuing thereafter until on or about January 28, 2009, in the Middle District of Tennessee and elsewhere, **GORDON B. GRIGG**, devised and intended to devise a scheme and artifice to defraud investors who deposited funds with defendant GRIGG and ProTrust, and to obtain money or property by means of materially false pretenses, representations, and promises, and by acts of concealment of the scheme, and in furtherance thereof used the United States mails and private or commercial interstate carriers, which scheme is further described in the following paragraphs

9. It was part of the scheme that GORDON B. GRIGG solicited and obtained money from clients, friends, and acquaintances by falsely promising to invest and manage such money in “safe” investments with fixed annual returns and defined marketable securities.

10. It was further part of the scheme that GORDON B. GRIGG convinced his clients, friends, and acquaintances to become clients of ProTrust, and to transfer money to ProTrust accounts that were to be managed by him. As an inducement to invest with ProTrust, GORDON B. GRIGG promised individual investors that he and ProTrust would generate a high rate of return on their ProTrust accounts. GORDON B. GRIGG further promised ProTrust investors that he would accomplish and sustain earning levels by investing their funds in pooled-client purchases of fixed-term certificates of deposit, private placements, corporate notes, and debentures, with the accounts being titled collectively in the Protrust company name.

11. It was further part of the scheme that, instead of investing the client funds as promised, GORDON B. GRIGG used the money placed with ProTrust for his personal benefit and expenses, to operate ProTrust, and to disburse “fictitious” earnings and return of deposits to clients who cashed out or closed their ProTrust investment accounts.

12. It was further part of the scheme that, when clients requested a withdrawal from a ProTrust investment account, GORDON B. GRIGG would cover the withdrawn amount by transferring money from the funds of existing investors, or by soliciting additional funds from current or new investors.

13. It was further part of the scheme that GORDON B. GRIGG made frequent false representations to clients that their investments were profitable. In order to conceal the scheme from existing investors, to deceive investors into believing their investments were profitable, and to encourage future investment with ProTrust, GORDON B. GRIGG created fictitious investment documents, including fraudulent account statements purporting to reflect client ownership of non-existent securities, invoices, and forged correspondence. In fact, GORDON B. GRIGG knew at the time that the representations he made were false, the documents he provided to investors were fictitious, and the money he received to invest was diverted for his own personal use.

14. It was further part of the scheme that GORDON B. GRIGG falsely represented to investors that their investments were safe. In order to assure investors of the validity and safety of their investments, GORDON B. GRIGG falsely claimed to have negotiated partnerships and special business relationships with several of the nation’s most successful investment firms, including Berkshire Hathaway, Inc., Goldman, Sachs & Co., Morgan Stanley & Co., Incorporated, and Kohlberg Kravis Roberts & Co. In truth and in fact, such business

relationships between GORDON B. GRIGG, ProTrust, and these national investment firms never existed. In order to deceive clients into believing his fraudulent representations, GORDON B. GRIGG used counterfeit corporate letterhead, and the forged signatures of national investment firm executives, to create fictitious documents and correspondence that appeared to confirm unique pooled investment opportunities between ProTrust and the national investment firms. GORDON B. GRIGG transmitted the fictitious and forged documents via the U.S. mails, Internet e-mails, and private or commercial interstate carriers, with the intention of falsely reassuring investors of the safety and profitability of their investments, to induce new clients to invest money, and to influence existing investors to roll-over maturing investments or to invest new funds into additional fictitious securities.

15. It was further part of the scheme that in or around August 2007, GORDON B. GRIGG solicited investment funds from Investor B, a resident of California, and Investor D, a resident of North Carolina, by falsely representing that he had the ability to invest their funds in a Millenium Bank private placement and a corporate note available to ProTrust clients only through the pooling of client funds. In response to GORDON B. GRIGG's false representations, Investor B and Investor D wired \$237,000 and \$100,000 in cash, respectively, to GORDON B. GRIGG for investment in fictitious private placements.

16. It was further part of the scheme that, between January and December 2008, GORDON B. GRIGG mailed false and fraudulent monthly account statements to Investor D, containing false information as to accrued income earned by Investor D from fictitious ProTrust investments, and stating that Investor D owned two "Private Placements": 1) a \$100,000 Jumbo Corporate Debenture with a fixed annual return of 8.15%, purportedly purchased on August 15, 2007, and set to mature on December 22, 2008; and 2) a \$132,000 Kohlberg Kravis Roberts.

Private Placement investment product with a fixed annual return of 14.00%, purportedly purchased on August 28, 2007, and set to mature on April 30, 2009. In truth and in fact, no such investment products had been purchased by GORDON B. GRIGG on behalf of Investor D, and no such investment products existed.

17. It was further part of the scheme that, between in or around August 2007 and December 2008, GORDON B. GRIGG mailed false and fraudulent monthly account statements to Investor B, containing false information as to accrued income earned by Investor B from fictitious ProTrust investments, and stating that Investor B owned a \$100,000 Kohlberg Kravis Roberts Private Placement investment product with a fixed annual return of 14.00%, purportedly purchased on August 28, 2007, and set to mature on April 30, 2009. In truth and in fact, no such investment product had been purchased by GORDON B. GRIGG on behalf of Investor B, and no such investment product existed.

18. It was further part of the scheme that, between on or about November 4, 2008 and on or about January 28, 2009, GORDON B. GRIGG, via the United States mails and Internet e-mails, repeatedly solicited funds from prospective new investors and existing Pro Trust clients for investment in "government-guaranteed commercial paper and bank debt" available as part of the TARP Program. It was a material part of his solicitation that GORDON B. GRIGG falsely represented that he had already committed more than \$5,000,000 in ProTrust pooled client funds towards purchase of TARP guaranteed debt as part of a private placement partnership between ProTrust and the investment firms Berkshire Hathaway, Inc. and Kohlberg Kravis Roberts & Co. GORDON B. GRIGG described the investment as a "12.5% government-guaranteed fund." However, in truth and in fact, as GORDON B. GRIGG well knew, no such private placement partnership existed between ProTrust, Berkshire Hathaway, Inc., and Kohlberg Kravis Roberts & Co., and no such TARP-guaranteed investment opportunity was available.

19. It was further part of the scheme that, on or about December 30, 2008, GORDON B. GRIGG transmitted to Investor B and Investor D, respectively, via FedEx Express, an Interstate Common Carrier, a fraudulent investment contract and release form, containing a counterfeit Committee on Uniform Securities Identification Procedures number (“CUSIP”), and soliciting an investment in the fictitious TARP-guaranteed investment detailed in the preceding paragraph

20. Between on or about January 1, 1990, and continuing until on or about January 28, 2009, GORDON B. GRIGG solicited approximately sixty investors to invest funds in ProTrust investment accounts totaling in excess of \$10,922,661. During the same period of time, GORDON B. GRIGG disbursed in excess of \$5,894,251 in fictitious earnings and return of deposits to clients who cashed out or closed their ProTrust investment accounts. As currently discovered, the total loss to investors during the same period of time is in excess of \$5,028,410. Despite his assurances to investors of significant and sustained returns on their investment, GORDON B. GRIGG failed to invest client funds in “safe” investments as promised. Instead, GORDON B. GRIGG used investor funds for his personal benefit and expenses, to operate ProTrust, and to disburse “fictitious” earnings and return of deposits to clients who cashed out or closed their accounts.

The Mailings

21. On or about the dates set forth below with respect to each count, in the Middle District of Tennessee and elsewhere, **GORDON B. GRIGG**, for the purpose of executing the aforesaid scheme to defraud and to obtain money from investors, and attempting to do so, knowingly did cause to be placed in an authorized depository for mail matter and to be sent and delivered by the United States Postal Service or by interstate common carrier, fictitious investment documents, including account statements, investment summaries, fixed-term

certificates of deposit, private placements, corporate notes, and debentures, each instance being a separate count of this Information as follows:

Count	Approximate Date of Mailing	Description of Mailing
1	On or about 08/31/2005	Check in amount of \$166,117.69, solicited by GORDON B. GRIGG and payable for investment in ProTrust, and transmitted by Investor A via U.S. Mail from New York to the Middle District of Tennessee
2	Between on or about 11/24/2008 to 12/15/2008	False investment summary, created by GORDON B GRIGG, detailing fictitious ProTrust / Morgan Stanley/ Goldman Sachs partnership and soliciting fictitious TARP-guaranteed investment, transmitted from the Middle District of Tennessee via U.S. Mail to Investor B in California
3	On or about 12/30/2008	False investment contract and release form, created by GORDON B. GRIGG and transmitted from the Middle District of Tennessee via FedEx Express, an interstate common carrier, for delivery in North Carolina to Investor D
4	On or about 01/06/2009	False Investment Portfolio Statement and Transaction Ledger Report, created by GORDON B. GRIGG and transmitted from the Middle District of Tennessee via U.S. mail to Investor A in Florida

In violation of Title 18, United States Code, Sections 1341.

COUNTS FIVE THROUGH EIGHT

THE UNITED STATES ATTORNEY FURTHER CHARGES:

22. The allegations of paragraphs 1 through 20 of Counts One through Four of this Information are incorporated by reference as if fully set forth herein.

23. On or about the dates set forth below with respect to each count, in the Middle District of Tennessee and elsewhere, defendant **GORDON B. GRIGG**, for the purpose of executing the aforesaid scheme to defraud and to obtain money from investors, and attempting to do so, knowingly did cause to be transmitted by means of wire communication in interstate commerce, writings, signs, signals, and pictures, including client funds transferred via Fed-wire, and Internet e-mails soliciting investment in fictitious securities, each instance being a separate count of this Information as follows:

Count	Approximate Date of Wire Communication	Contents of Wire Communication
5	On or about 07/23/2006	Internet e-mail communication from GORDON B. GRIGG soliciting investment commitment for fictitious corporate note, transmitted via Internet to Investor C in Arizona
6	On or about 12/04/2008	Internet e-mail communication from GORDON B. GRIGG addressed to 54 existing and prospective new investors, within the Middle District of Tennessee and elsewhere, soliciting commitments for fictitious TARP-guaranteed investment
7	On or about 12/08/2008	Internet e-mail communication between GORDON B. GRIGG and Investor E, soliciting commitment for fictitious TARP-guaranteed investment, transmitted via Internet to Investor E in Arizona

Count	Approximate Date of Wire Communication	Contents of Wire Communication
8	On or about 12/10/2008	Internet e-mail communication between GORDON B. GRIGG and Investor F, soliciting commitment for fictitious TARP-guaranteed investment, transmitted via Internet to Investor F in Pennsylvania

In violation of Title 18, United States Code, Sections 1343.

COUNT NINE

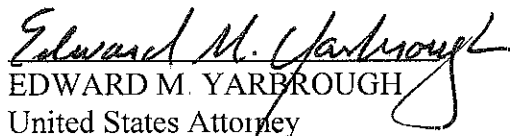
FORFEITURE ALLEGATIONS

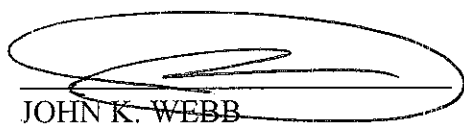
Upon conviction of one or more of the offenses alleged in Counts One through Eight of this Indictment, defendant **GORDON B. GRIGG** shall forfeit to the United States pursuant to 18 U.S.C. § 982(a)(2) any property constituting or derived from proceeds obtained directly or indirectly as a result of the investment Ponzi scheme to which defendant is charged herein, including a sum of money equal to \$5,028,410 in United States Currency.

If, as a result of any act or omission of GORDON B. GRIGG, any currency subject to forfeiture:

- (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 Title 18, United States Code, Section 982 (b) and 21 United States Code, Section 853(p), to seek forfeiture of any other property of defendant GRIGG up to the value of the forfeitable property


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United States Attorney


JOHN K. WEBB
Deputy Criminal Chief
Assistant United States Attorney