

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 10-1409-CR-MOORE/LYNCH

UNITED STATES OF AMERICA,

*Jan*  
**BWH RE**

v.

RICHARD EUGENE ENGEL,  
Defendant.

FILED by *CLM* D.C.  
FEB - 1 2011  
STEVEN M. LARIMORE  
CLERK U.S. DIST. CT.  
S.D. OF FLA. - FT. PIERCE

**STIPULATED FACTUAL BASIS IN SUPPORT OF GUILTY PLEA**

COMES NOW, the United States of America, by and through its undersigned Assistant United States Attorney, and the defendant together with his counsel, admits the government can prove the allegations contained within the indictment charging him with a violation of Title 18, United States Code, Section 1341, and also stipulates that those allegations and the following recitation of the facts shall constitute the underlying factual basis for entry of pleas of guilty to the information in this case:

Bullion Trading Group, The Bullion Trading Group, Global Asset Management, Inc., and Precious Metals Management, Inc. were entities engaged in the business of brokering and purchasing precious metals, such as gold, silver, and palladium on behalf of private investors. These entities were not regulated by the Commodities and Futures Trading Commission (CFTC).

Bullion Trading Group a/k/a The Bullion Trading Group (Bullion) were brokerage firms that purportedly dealt in precious metals and utilized two office locations at 731 NW Federal Highway in Stuart, Florida and 1495 Forrest Hill Boulevard, Suite C, in West Palm Beach, Florida. Bullion acted as a "middle man" between the investor and the clearing firms. Bullion raised funds from private investors through solicitation by telephone and in some instances, facsimile transmission. After charging the investor a commission fee, the remaining funds were to be "leveraged" through a clearing firm, meaning the investor would provide a fraction of the total cost of the desired amount of precious metals, while the clearing firm was to provide the remainder of the cost.

Global Asset Management, Inc. And Precious Metals Management, Inc. were purportedly clearing firms utilized by Bullion that was responsible for purchasing the actual precious metals from a third party on behalf of the investors.

Christopher A. KERTATOS incorporated Bullion Trading Group, held the position of President and acted in the capacity of a broker for Bullion, in which he recruited investors for money representing that

it was to be invested in the precious metals market. Richard Eugene ENGEL, Robert Michael HENRY, and Richard W. LUTZ were employed by Bullion as brokers recruiting investors for money representing that it was to be invested in the precious metals market.

It was the object of the conspiracy for Christopher A. KERTATOS, Richard Eugene ENGEL, Robert Michael HENRY, and Richard W. LUTZ to financially enrich themselves by causing investors to provide money, by making false representations as to material facts in the solicitation of funds. Investor funds were purportedly to be forwarded to the aforementioned clearing firms for the purpose of investing in the precious metals market.

The manner and means by which Christopher A. KERTATOS, Richard Eugene ENGEL, Robert Michael HENRY, Richard W. LUTZ, and others known and unknown to the grand jury, sought to accomplish the purpose and object of the mail fraud conspiracy included, among others, the following:

Approximately \$1.3 million dollars was raised by Bullion from March of 2008 until March of 2009 purportedly for investments in the precious metals market from various investors. The majority of these funds, was invested by two individuals, DT and KF.

As part of the solicitation of funds from investors, Christopher A. KERTATOS, Richard Eugene ENGEL, Robert Michael HENRY, and Richard W. LUTZ submitted and caused to be submitted, among other things, fraudulent offering documents that induced participation in the fraudulent investment program. The defendants made false representations to the investors that their funds, after Bullion deducted its purported 15% commission, were to be forwarded to the clearing firms, for the purchase of precious metals.

The defendants solicited investors on multiple occasions via telephone and facsimile. The investors were promised that their investments would make substantial profits, even after the fees were deducted from their initial investments. The defendants also supplied fraudulent trade confirmation statements to investors to lead them to believe their funds were being invested with clearing firms for the purchase of precious metals.

Bullion brokers, who falsely represented that the equity in their accounts was getting low, caused DT and KF to continue investing funds through Bullion because "margin calls" were being conducted by the Bullion brokers. Bullion brokers falsely told DT and KF that if the equity in their accounts dropped below six percent, then additional funds would need to be provided so their positions could be maintained in the metals market. These misrepresentations were made by telephone and fax transmission. The investors were constantly led to believe that their losses would be recouped and that they would still make substantial profits. The investors DT and KF, and several other investors, lost all of their investment.

The fraudulent offering documents, falsified trade confirmation statements, continued "margin call" and fax solicitations made to investors caused them to mail numerous investment checks made payable to Bullion using the Bullion corporate Federal Express account.

Under false and fraudulent pretenses, mainly that investment in that sort of precious metals scheme was not a safe investment, that they would most assuredly lose all of their money from the fees charges, that they would not make any profit, and that invested funds of investors, were never forwarded to the clearing firms, Christopher A. KERTATOS, Richard Eugene ENGEL, Robert Michael HENRY, and Richard W. LUTZ converted these funds to their own personal use, thereby making substantial profits in connection with diverted investment funds from the investors.

From April of 2008 until February 20, 2009, investor DT made twelve investments totaling \$730,200 based on telephone and facsimile solicitations from Richard Eugene ENGEL, Robert Michael HENRY and Christopher A. KERTATOS. DT utilized Bullion's corporate Federal Express account when mailing his investment checks. Also, DT received the aforementioned falsified trade confirmation statement from Bullion on or around January 6, 2009 via the United States Postal Service.

From June of 2008 through February of 2009, investor KF made eleven investments based on multiple telephone solicitations from Bullion broker Richard LUTZ. KF also utilized Bullion's corporate Federal Express account to mail his investment checks to Bullion.

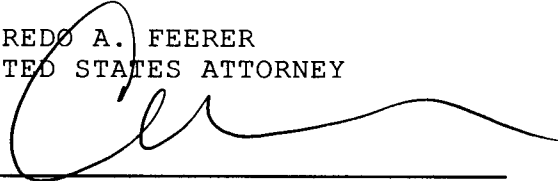
The aggregate dollar amount of all investments procured fraudulently by Christopher A. KERTATOS, Richard Eugene ENGEL, Robert Michael HENRY, and Richard W. LUTZ from the investors DT and KF totaled approximately, \$1 million dollars.

WIFREDO A. FEERER  
UNITED STATES ATTORNEY

DATE:

2/1/11

BY:

  
CARMEN M. LINEBERGER  
ASSISTANT UNITED STATES ATTORNEY

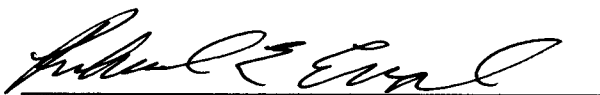
DATE:

2/1/11

  
BONNIE HUTTON  
ATTORNEY FOR DEFENDANT

DATE:

2/1/11

  
RICHARD EUGENE ENGEL  
DEFENDANT