Approved:

Mach Michael Brods

08 MAG 1405

Assistant United States Attorney

Before:

HONORABLE HENRY PITMAN

Chief United States Magistrate Judge

Southern District of New York

UNITED STATES OF AMERICA : <u>Sealed Complaint</u>

.- : Violation of

18 U.S.C. §§ 371, 1343 & 1956

RAFFAELLO FOLLIERI,

COUNTY OF OFFENSE

NEW YORK

Defendant.

: '

SOUTHERN DISTRICT OF NEW YORK, ss.:

THEODORE CACIOPPI, being duly sworn, deposes and says that he is a Special Agent with the Federal Bureau of Investigation, and charges as follows:

COUNT ONE

(Conspiracy to Commit Wire Fraud)

- 1. From at least in or about June 2005 through at least in or about June 2007, in the Southern District of New York and elsewhere, RAFFAELLO FOLLIERI, the defendant, together with others known and unknown, unlawfully, willfully, and knowingly did combine, conspire, confederate, and agree together and with each other to commit offenses against the United States, to wit, to commit wire fraud, in violation of Title 18, United States Code, Section 1343.
- 2. It was a part and object of the conspiracy that RAFFAELLO FOLLIERI, the defendant, together with others known and unknown, 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, unlawfully, willfully and knowingly, directly and indirectly, would and did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Sections 1343.

Overt Acts

- 3. In furtherance of the conspiracy and to effect its illegal objects, RAFFAELLO FOLLIERI, the defendant, committed the following overt acts, among others, in the Southern District of New York and elsewhere:
 - a. On or about November 4, 2005, FOLLIERI caused approximately \$3,000 to be sent by wire transfer from a bank in New York, New York, to Milan, Italy, to a manufacturer of custom-made mens suits.
 - b. On or about September 28, 2005, FOLLIERI caused approximately \$135,000 to be sent by wire transfer from a bank in New York, New York, to a bank account in Monaco.
 - c. On or about August 14, 2006, FOLLIERI caused approximately \$150,000 to be sent by wire transfer from a bank in New York, New York, to a bank account in Monaco.

(Title 18, United States Code, Section 371).

COUNTS TWO THROUGH SEVEN (Wire Fraud)

4. From at least in or about June 2005 up through and including in or about June 2007, in the Southern District of New York, RAFFAELLO FOLLIERI, the defendant, 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, unlawfully, willfully and knowingly would and did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures and sounds, to wit, on or about the dates set forth below, FOLLIERI caused money to be transferred by wire from New York, New York, to bank accounts located outside the United States, for the purpose of executing such scheme and artifice, as set forth below:

COUNT	Type, Date, and Substance of Wire
TWO	Wire Transfer on or about December 19, 2005 of Approximately \$185,000 from New York, New York, to Monaco.

THREE	Wire Transfer on or about March 1, 2006 of Approximately \$140,000 from New York, New York, to Rome, Italy.
FOUR	Wire Transfer on or about March 16, 2006 of Approximately \$150,000 from New York, New York, to Monaco.
FIVE	Wire Transfer on or about June 23, 2006 of Approximately \$150,000 from New York, New York, to Monaco.
SIX	Wire Transfer on or about August 14, 2006 of Approximately \$150,000 from New York, New York, to Monaco.
SEVEN	Wire Transfer on or about November 17, 2006 of Approximately \$100,000 from New York, New York, to Rome, Italy

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

5. From at least in or about June 2005 up through and including in or about June 2007, RAFFAELLO FOLLIERI, the defendant, transported, transmitted, and transferred, and attempted to transport, transmit, and transfer, funds from a place in the United States to and through a place outside the United States, knowing that the funds involved in the transportation, transmission, and transfer represented the proceeds of some form of unlawful activity, and knowing that such transportation, transmission, and transfer was designed in whole and in part to conceal and disquise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, to wit, on the dates set forth below, FOLLIERI transferred and caused to be transferred fraudulently-obtained proceeds from a bank account in New York, New York, to a bank account outside the United States for the purpose of concealing the control and location of the proceeds, as set forth below:

COUNT	Date and Amount of Transfer
EIGHT	On or about September 13, 2005, FOLLIERI caused to be transferred from New York, New York, to Monaco approximately \$15,000 in proceeds from a wire fraud scheme.

NINE	On or about September 28, 2005, FOLLIERI caused to be transferred from New York, New York, to Monaco approximately \$135,000 in proceeds from a wire fraud scheme.
TEN	On or about March 1, 2006, FOLLIERI caused to be transferred from New York, New York, to Monaco approximately \$500,000 in proceeds from a wire fraud scheme.
ELEVEN	On or about September 14, 2006, FOLLIERI caused to be transferred from New York, New York, to Monaco approximately \$150,000 in proceeds from a wire fraud scheme.
TWELVE	On or about December 22, 2006, FOLLIERI caused to be transferred from New York, New York, to Monaco approximately \$177,000 in proceeds from a wire fraud scheme.

(Title 18, United States Code, Sections 1956(a)(2)(B)(i) and 2.)

The bases for my knowledge and the foregoing charges are, in part, as follows:

6. I have been a Special Agent with the Federal Bureau of Investigation ("FBI") for approximately six years, and I have been personally involved in the investigation of this matter. This affidavit is based upon my conversations with witnesses, and my examination of bank records, electronic communications, cellular telephone records, and other documents. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

Overview of the Fraudulent Scheme

7. From at least in or about June 2005 up through and including in or about June 2007, RAFFAELLO FOLLIERI, the defendant, and others known and unknown, operated a fraudulent real estate investment scheme, through which FOLLIERI obtained money from investors based on FOLLIERI's false representations about his connections to the Vatican in Rome, Italy. Among other things, FOLLIERI falsely represented that these connections to

the Vatican, including claims that the Vatican formally appointed him to manage its financial affairs and that he met with the Pope in person when he visited Rome, Italy, enabled him to obtain properties of the Catholic Church in the United States at below-market values. In the United States, FOLLIERI obtained access to millions of dollars in investment money from a certain private equity firm (hereinafter "Principal Investor") based in substantial part on these false representations. In reality, FOLLIERI attended meetings with members of the clergy in Italy arranged by an administrative employee there, whom he paid with money from the Principal Investor.

After obtaining access to investment money, FOLLIERI and others known and unknown misused the money for personal expenditures, including but not limited to the following: food at expensive restaurants; expensive clothes; dog walking services; an opulent apartment in New York, New York, overlooking Rockefeller Center and with views of Central Park; medical expenses for FOLLIERI, his girlfriend at the time, and his parents; personal vacations; and flights on privately chartered airplanes to various locations around the world. Further, FOLLIERI stole money from the Principal Investor, falsely claiming, among other things, that he had money wired to Italy for an office that did not exist. In addition, FOLLIERI falsely represented that hundreds of thousands of dollars were transferred to Italy for "engineering reports" relating to real estate when, in reality, the money was used for purposes other than the reports. FOLLIERI caused hundreds of thousands of dollars in fraudulently obtained proceeds to be wired to a bank account in Monaco that he controlled in order to hide and conceal where the money came from. In or about late 2006 through in or about early 2007, FOLLIERI's scheme started to unravel. The Principal Investor learned about FOLLIERI's excessive, personal expenditures, and eventually fired FOLLIERI.

Background of RAFFAELLO FOLLIERI and Relevant Parties

- 9. Based on my conversations with witnesses, and my review of documents and records, I have learned the following about RAFFAELLO FOLLIERI, the defendant, and other relevant parties:
 - a. RAFFAELLO FOLLIERI, the defendant, was the Chairman and Chief Executive Officer of the Follieri Group, L.L.C., which was located in New York, New York. FOLLIERI represented to the public, including investors, that the Follieri Group was a real-estate investment company that provided assistance to the Catholic Church by helping

the church divest itself of unwanted real-estate properties in the United States.

- b. The Principal Investor was a private equity investment company with headquarters in California, and managed the investment of millions of dollars, including a significant amount of money from pension funds.
- On or about June 15, 2005, the Follieri C. Group and the Principal Investor entered into a limited liability agreement ("Agreement"), forming a venture partnership ("Venture Partnership") to purchase real estate primarily from the Catholic Church in the United States, and convert the properties into revenue generating ventures that returned a profit, benefitted local communities, and comported with the values of the Catholic Church. Pursuant to the Agreement, the Principal Investor agreed to provide millions of dollars to the Venture Partnership, and FOLLIERI and others agreed to obtain the properties and manage the Venture Partnership. FOLLIERI and others were obligated to spend the funds on business, not personal expenditures. Part of the funds was designated for the operation of the business, including administrative expenses, such as salaries and offices. The other part of the funds was designated for the acquisition and development of real estate.

FOLLIERI Misrepresented His Connections To The Vatican

- 10. Based on my conversations with witnesses, and my review of bank records, e-mails and correspondence, and other documents, there is probable cause to believe the following about the misrepresentations of RAFFAELLO FOLLIERI, the defendant, and others with respect to his relationship with the Vatican and the benefits of that purported relationship:
 - a. From at least in or about May 2005 up through and including in or about June 2007, FOLLIERI and others known and unknown misrepresented the connections of FOLLIERI and others to the Vatican. FOLLIERI told the Principal Investor that he had key relationships in place with the Vatican that gave him a substantial advantage in terms of obtaining properties owned by the Catholic Church in the United States. Indeed, at some point during the Venture Partnership, FOLLIERI told a representative of the Principal Investor that he had been appointed as the Chief Financial Officer of the Vatican. FOLLIERI told others, including employees of the Venture Partnership, that he had

a formal role at the Vatican, that he managed investments on behalf of the Vatican, and that he met with the Pope in person whenever he visited Rome.

- FOLLIERI and others misrepresented that, b. as a result of FOLLIERI's connections to the Vatican, FOLLIERI and others working for him could obtain properties of the Catholic Church in the United States at a substantial discount to the fair-market value. FOLLIERI told the Principal Investor that, because of his connections, he essentially had a right of first refusal to purchase any properties that the Catholic Church would be selling in the United States. FOLLIERI told others, including employees of the Venture Partnership, that the Vatican needed to approve of any purchase of properties owned by the Catholic Church in the United States when, in fact, the Vatican did not have to approve of purchases unless they involved a certain dollar amount in the multi-million dollar range. FOLLIERI further told others, including employees of the Venture Partnership, that he was able to buy these properties at a substantial discount from the fair market value. reality, FOLLIERI and those working for him submitted bids for the purchase of properties in the United States like any third-party investor, and often did not pay below the fair market value to purchase the properties.
- In addition to his statements, FOLLIERI took several actions to mislead the Principal Investor and others into believing that he had close ties to the Vatican. FOLLIERI hired a relative of the former Secretary of State of the Vatican, falsely claiming that this person had to review all potential purchases of property owned by the Catholic Church in the United States with the Vatican. Further, FOLLIERI hired his father and claimed that his own father was a key part of his close relationship with the Vatican when, in fact, there was no evidence that his father had a relationship with the Vatican, arranged any appointments with anyone at the Vatican, and/or did any other work in connection with the Vatican. In addition, FOLLIERI used money provided by the Principal Investor to hire two monsignors who worked in the United States, and FOLLIERI traveled with these monsignors in an effort to create the false impression that FOLLIERI and his associates had close ties with the Vatican.
- d. According to several witnesses, FOLLIERI kept various ceremonial robes, including robes of senior clergymen, at his office in New York, New York. One witness

informed me that he/she had been told that FOLLIERI asked a monsignor who was traveling with him to change out of the monsignor's robes and put on the robe of a more senior clergyman in order to create the false impression that FOLLIERI had close ties to the Vatican.

- In reality, FOLLIERI's ties to the е. Vatican and the Catholic Church in the United States consisted of four things, none of which enabled him to state truthfully that he had close connections with the Vatican such that it would have enabled him to obtain properties of the Catholic Church at a discount. First, FOLLIERI asked an administrative employee at the Vatican to obtain contact information of Bishops, Cardinals, and other clergymen, arrange for meetings with various members of the clergy, show quests the gardens of the Vatican, and arrange for quided tours of a museum at the Vatican. FOLLIERI told one of his former employees that he secretly paid this administrative worker to arrange for meetings at the By the Fall of 2006, FOLLIERI and this Vatican. administrative employee at the Vatican entered into a financial arrangement whereby the employee was going to be paid to run a new real estate company started by FOLLIERI in Italy called Follieri SPA in exchange for this employee's assistance. Second, FOLLIERI arranged for meetings with certain people in Rome through a reporter for a well-known news publication in Italy. On at least one occasion, this reporter stayed at the apartment in New York, New York, paid for with money from the Principal Investor. Third, FOLLIERI and others at his direction wrote letters to various members of the clergy in the United States asking for meetings to discuss real estate opportunities, and FOLLIERI met with certain members of the clergy in an effort to obtain properties. Finally, FOLLIERI traveled on occasion with one or more monsignors who worked at Catholic parishes in the United States to create the false impression that he had close connections with the Vatican.
- f. In order to increase his ties to the Vatican, it appears that FOLLIERI donated hundreds of thousands of dollars of money of the Principal Investor to the Vatican without disclosing those donations to the Principal Investor. FOLLIERI further concealed that these payments were donations by falsely representing to the Principal Investor the money was being used for "engineering reports," as described below in paragraph 17. As set forth below, FOLLIERI caused money to be wired from a bank account in New York, New York, to the Vatican in Rome, Italy:

- i. On or about November 2, 2005, FOLLIERI caused approximately \$25,000 of the Principal Investor's money to be wired to the Vatican.
- ii. On or about March 1, 2006, FOLLIERI caused approximately \$140,000 of the Principal Investor's money to be wired to the Vatican.
- iii. On or about May 16, 2006, FOLLIERI caused approximately \$70,000 of the Principal Investor's money to be wired to the Vatican.
- iv. On or about June 30, 2006, FOLLIERI caused approximately \$52,300 of the Principal Investor's money to be wired to the Vatican.
- v. On or about November 17, 2006, FOLLIERI caused approximately \$100,000 of the Principal Investor's money to be wired to the Vatican.

FOLLIERI Made Numerous Misrepresentations To Obtain And Use Investor Money For A Luxurious Lifestyle

- 11. Based on my conversations with witnesses, and my review of bank records, electronic communications, correspondence, and other documents, I have learned that RAFFAELLO FOLLIERI, the defendant, and others known and unknown, used money from the Principal Investor for personal expenditures wholly unrelated to the Venture Partnership and in order to live a luxurious lifestyle.
- 12. Based on my conversations with witnesses, and my review of documents and records, I have learned that RAFFAELLO FOLLIERI, the defendant, made arrangements to obtain credit cards in the name of the Venture Partnership without notifying the Principal Investor. At one point during the Venture Partnership, FOLLIERI confided in an employee that he wanted to bar the Principal Investor from seeing any of the credit card bills. Using these credit cards and other methods, FOLLIERI and others known and unknown made numerous purchases wholly unrelated to the Venture Partnership, including but not limited to the following:
 - a. FOLLIERI and others known and unknown spent hundreds of thousands of dollars on items for their personal use including, but not limited to, the following: flowers, cosmetics, clothes, wine, expensive dinners, dog walking services, and orthodontist expenses for FOLLIERI's father. For example, on or about November 4, 2005, FOLLIERI

caused approximately \$3,000 to be transferred from a bank in New York, New York, holding money of the Venture Partnership to Milan, Italy, to a manufacturer of custom-made mens suits. FOLLIERI also spent a substantial amount of money of the Principal Investor on businesses unrelated to the Venture Partnership.

- b. FOLLIERI misused over \$150,000 of the money provided by the Principal Investor on medical expenses for himself, his girlfriend, and his parents. According to one witness, FOLLIERI appeared to have flown his personal doctor to London, England, for a minor medical treatment. Medical records reflect that, on or about August 3, 2006, FOLLIERI's physician charged \$30,000 for a "housecall."
- c. FOLLIERI misused the money provided by the Principal Investor for personal vacations. In or about 2006, FOLLIERI went to the Carribean with his then girlfriend and another couple. Following the trip, the couple paid money to FOLLIERI for their share of the costs. FOLLIERI, however, did not pay certain expenses on the trip. After FOLLIERI returned, he was sued for failing to pay those expenses, and FOLLIERI misused approximately \$18,200 of the Principal Investor's money to pay for the settlement of the lawsuit.
- Based on my conversations with witnesses, and my review of bank records, e-mails and correspondence, and other documents, I have learned that RAFFAELLO FOLLIERI, the defendant, and others known and unknown, falsely represented that the Venture Partnership needed an apartment in New York, New York, to house dignitaries from the Vatican and build goodwill with the Vatican in order to increase the Venture Partnership's ability to obtain properties of the Catholic Church in the United States at a discount to the fair market value. FOLLIERI told the Principal Investor that he did not want the Vatican dignitaries staying at hotels, and that these dignitaries were critical decision makers with respect to the sale of church properties. As a result, FOLLIERI obtained an apartment (hereinafter the "Apartment") on the forty-sixth and forty-seventh floors of a luxury, high-rise condominium in New York, New York, overlooking Rockefeller Center and with views of Central Park.
- 14. Based on my conversations with witnesses and review of documents and records, I have learned that, in reality, RAFFAELLO FOLLIERI, the defendant, used the Apartment as his personal home, represented to others that he owned it, and members of the clergy rarely, if ever, stayed in the apartment.

Given that the Principal Investor was also paying the monthly costs of a second apartment in New York, New York, FOLLIERI arranged it so that his father stayed at this second apartment while FOLLIERI lived in the Apartment. As a result of the false representations made by FOLLIERI and others, from at least in or about February 2006 up through and including in or about December 2006, FOLLIERI used money from the Principal Investor to pay the following amounts, among others, in connection with the Apartment:

- a. Approximately \$37,000 per month to lease the Apartment for a total amount of at least \$407,000 during this eleven-month period;
- b. Over \$60,000 for services to clean the Apartment;
- c. Over \$35,000 for meals and other household costs; and
- d. Over \$37,000 for furniture in the Apartment.
- 15. Based on my conversations with witnesses, and my review of documents and records, I have further learned that RAFFAELLO FOLLIERI, the defendant, and others known and unknown, misused the money of the Principal Investor for privately chartered and commercial airline flights wholly unrelated to the business of the Venture Partnership. From in or about May 2005 through in or about February 2007, FOLLIERI spent hundreds of thousands of dollars on privately chartered flights for personal trips and vacations with his then girlfriend, family, friends, and associates. The following are a few examples:
 - a. From on or about December 28, 2005 through on or about January 8, 2006, FOLLIERI misused the money of the Principal Investor by chartering a private plane for a round-trip flight from New Jersey to the Dominican Republic for his girlfriend at the time, father, and other friends, for a cost of approximately \$107,000. I have reviewed photographs of this trip that reflect that FOLLIERI and his friends were on vacation in the Dominican Republic. Subsequently, FOLLIERI falsely represented to the Principal Investor that the flight related to the business of the Venture Partnership.
 - b. On or about September 21, 2006, FOLLIERI misused the money of the Principal Investor for a trip from Rome (Italy) to Lourdes (France) to New Jersey, for a cost

of approximately \$97,000. Subsequently, FOLLIERI falsely represented to the Principal Investor that the flight related to the business of the Venture Partnership. However, the cardinal flown from Lourdes to New Jersey on this private plane lived and worked in Brasil, and FOLLIERI met with this cardinal in connection with his attempt to purchase properties of the Catholic Church in Brasil, not the United States.

c. On or about February 13, 2007, FOLLIERI directed one of his employees to charter a private plane from Los Angeles, California, to Las Vegas, Nevada, for FOLLIERI and several guests to travel less than ninety minutes, and to bill the expense of over \$20,000 to the Venture Partnership. Upon arrival in Las Vegas, FOLLIERI further directed the employee to spend over \$5,700 on two bedrooms in a luxury hotel. When the Principal Investor confronted FOLLIERI about the expenditures, FOLLIERI lied and said that he had paid for the trip using his own money.

The Non-Existent Italy Office

- 16. Based on my conversations with witnesses, and my review of documents and records, including e-mails between RAFFAELLO FOLLIERI, the defendant, and a private bank in Monaco, there is probable cause to believe the following regarding FOLLIERI's misrepresentations about an Italy office that, based on all the evidence, FOLLIERI did not appear to lease or rent:
 - a. From in or about 2005 up through and including in or about early 2007, FOLLIERI falsely represented to the Principal Investor that he opened an office in Rome, Italy, (hereinafter "Italy Office") to further the business of the Venture Partnership.
 - b. Based on FOLLIERI's representations that the rent for the Italy Office was approximately \$30,000 per quarter, from in or about 2005 up through and including in or about early 2007, FOLLIERI caused over \$200,000 of money from the Principal Investor to be sent by wire transfer from a bank in New York, New York, to an account in the name of "Keetdale International" in a private bank in Monaco (hereinafter "Keetdale Account"). FOLLIERI also caused other money of the Principal Investor to be spent on expenses relating to the Italy Office. For example, while in Italy, FOLLIERI wrote approximately \$35,000 in checks from the bank account of the Venture Partnership allegedly for purposes of paying expenses relating to the Italy

Office.

- c. Based on e-mail communications between FOLLIERI and the private bank in Monaco, I have learned that FOLLIERI has full control and authority to wire money into and out of the Keetdale Account.
- Based on my conversations with d. witnesses, and review of certain documents, there is probable cause to believe that FOLLIERI never opened an Italy Office from in or about 2005 up through and including in or about early February 2007, and that FOLLIERI stole over \$200,000 that he caused to be wired for the Italy Office into the Keetdale Account. First, I have learned that, during this period of time, FOLLIERI told employees that he wanted to open an office in Italy, which was inconsistent with his representations that he had an office there already. Further, at least one employee who accompanied FOLLIERI to Rome on business never visited and/or heard about an office in Italy. Second, e-mail communications in late 2006 and early 2007 between FOLLIERI and an administrative employee of the Vatican demonstrate that FOLLIERI was trying to start up a new company in Italy and took steps to open up an office in Italy for that purpose. Third, after being confronted about the absence of any proof of an office in Italy, FOLLIERI produced written invoices and a lease that appeared to be phony. Among other things, the invoices required payments of more money than the amount that FOLLIERI had previously represented; there were no telephone numbers to contact the leasing party; the Venture Partnership was neither a party to nor mentioned in the lease; the lease did not mention the location of the office; and one party to the lease appeared to be a friend of FOLLIERI while the other party appeared to be a company that FOLLIERI controlled.

FOLLIERI's Misrepresentations Regarding The "Engineering Reports"

- 17. Based on my conversations with witnesses, and my review of documents and records, there is probable cause to believe the following regarding misrepresentations of RAFFAELLO FOLLIERI, the defendant, and others about "engineering reports" (hereinafter Engineering Reports") relating to the properties of the Catholic Church in the United States:
 - a. From in or about 2005 up through and

including in or about 2007, FOLLIERI charged the Venture Partnership over \$800,000 for the Engineering Reports. FOLLIERI represented that the relative of the former Secretary of the State of the Vatican would and did prepare these reports. FOLLIERI and others further represented to the Principal Investor that these reports analyzed the properties of the Catholic Church before the Venture Partnership submitted a bid to purchase them. At least one employee of the Venture Partnership was told that the Engineering Reports had to be submitted to the Vatican before the Vatican made any decision about whether to sell the church property in the United States.

- b. In or about 2006, during weekly conference calls between FOLLIERI and his associates in New York, New York, and representatives of the Principal Investor in California, FOLLIERI repeatedly asked for money for these Engineering Reports. Although FOLLIERI and others claimed that the Vatican would review the Engineering Reports, they charged the Venture Partnership \$30,000 for one report relating to property that the Catholic Church did not own.
- c. Representatives of the Principal Investor and at least one employee of the Venture Partnership repeatedly demanded that FOLLIERI provide them with the Engineering Reports. After those requests, FOLLIERI produced invoices of the Engineering Reports but not the reports themselves. In or about January 2007, a representative of the Principal Investor visited the office of the Venture Partnership in New York, New York, and demanded to see the Engineering Reports. At that time, FOLLIERI was not present, and none of the employees who were present knew where the Engineering Reports were located. One of the employees then called FOLLIERI, who claimed that he had all of the Engineering Reports with him.
- d. On or about June 27, 2007, the Principal Investor obtained the Engineering Reports. The reports were all in Italian. Each one was about two to five pages long. None of them contained any schematics, technical drawings, diagrams, or anything that appeared to relate to engineering. In general, the Engineering Reports contained a brief description of each property, comments about whether certain additional studies and analyses should be completed, and recommendations about whether to make a bid on the property and/or how the property could be used and developed in the future. Based on my conversation with an employee of

the Venture Partnership, who informed me that he has years of experience in real estate development, I understand that the Engineering Reports were almost worthless, did not reflect any engineering work, and were certainly not worth over \$800,000.

FOLLIERI's Scheme Unraveled

- 18. Based on my conversations with witnesses, and my review of documents and records, I have learned the following about how the fraudulent scheme of RAFFAELLO FOLLIERI, the defendant, started to unravel in or about 2006 through in or about early 2007:
 - a. As events proceeded in 2006, and FOLLIERI and others known and unknown at the Venture Partnership requested more and more money from the Principal Investor, the Principal Investor took additional steps to obtain more information about FOLLIERI's expenditures. Among other things, the Principal Investor started to demand proof of the purpose of the expenditures, work product, and to restrict the amount of money that the Principal Investor provided to the Venture Partnership. The Principal Investor also required an audit of the books and records of the Venture Partnership.
 - b. By in or about late 2006, the Principal Investor grew increasingly concerned about the conduct and representations of FOLLIERI and his associates. By in or about early 2007, when FOLLIERI failed to produce the Engineering Reports, after repeated requests and demands were made for them, the Principal Investor no longer had any confidence and/or trust in FOLLIERI and his associates.
 - c. By in or about early 2007, FOLLIERI took additional steps to look for new investors. Among other things, FOLLIERI directed the production of a pitch book based on the false representations that FOLLIERI had connections with the Vatican and the ability to obtain church properties cheaply. FOLLIERI also put together a pitch book to start up a media company called Follieri Media. The pitch book for Follieri Media, which FOLLIERI had distributed to several potential investors, stated, among other things, that Follieri Media had a "unique relationship with the Catholic Church," and proposed acquiring assets such as the National Catholic Reporter, the Legionnaires Radio, and ETWN (a Catholic satellite network).

d. After FOLLIERI failed to produce the Engineering Reports, and the Principal Investor learned that FOLLIERI continued to use its money for personal expenditures, the Principal Investor fired FOLLIERI. At or about that time, FOLLIERI told a representative of the Principal Investor, in sum and substance, that the representative should see what happened to the last guy who crossed FOLLIERI, and that FOLLIERI was the representative of the Vatican in the United States. The representative took FOLLIERI's words as a threat not to take any action against him.

FOLLIERI Laundered Fraudulently Obtained Proceeds Through Overseas Bank Accounts

- 19. Based on my conversations with witnesses, and my review of documents and records, including e-mails between RAFFAELLO FOLLIERI, the defendant, and private banks in Monaco and elsewhere, I have learned the following about how FOLLIERI was able to launder the proceeds of his fraudulent scheme:
 - As explained above, FOLLIERI had full control over the Keetdale Account in Monaco. FOLLIERI told at least one employee of the Venture Partnership that Keetdale was a Panamanian entity with an account and an office in Monaco. I have reviewed documents that appear to spell the name "Keetdale" in different ways (including "Keatsdale," "Keatdale," and "Kittsdeale"), but I believe that they refer to the same purported Panamanian company with a bank account in Monaco. In connection with the Keetdale Account, FOLLIERI had in his possession one-page invoices reflecting, among other things, that the company billed the Follieri Group over \$3,000,000 as a "Consultant for Financial and Development advice." FOLLIERI was also in possession of a draft consulting agreement between this company and the Follieri Group that reflected that the Keetdale company would act as a "public relations and financial consultant" to the Follieri Group.
 - b. During on or about the following dates, FOLLIERI caused the following amounts of money that he had obtained based on the fraudulent scheme described herein to be transferred from a bank account in New York, New York, to the Keetdale Account in Monaco, as set forth below:

Date	Type and Alleged Purpose of Wire Transfer
9/02/05	Wire transfer of approximately \$440,000, purportedly for expenditures on development costs prior to creation of the Venture Partnership.
9/13/05	Wire transfer of approximately \$15,000, purportedly for the rent of the Italy Office.
9/28/05	Wire transfer of approximately \$135,000, purportedly for the rent of the Italy Office.
12/19/05	Wire transfer of approximately \$185,000, purportedly for \$120,000 of FOLLIERI's salary, \$30,000 for the Italy Office, and \$35,000 for other reasons.
3/01/06	Wire transfer of approximately \$500,000, purportedly for expenditures on development costs, including over \$200,000 in Engineering Reports, prior to the creation of the Venture Partnership.
3/16/06	Wire transfer of approximately \$150,000, purportedly for \$120,000 of FOLLIERI's annual salary, and \$30,000 for the Italy Office.
6/23/06	Wire transfer of approximately \$150,000, purportedly for \$120,000 of FOLLIERI's annual salary, and \$30,000 for the Italy Office.
8/14/06	Wire transfer of approximately \$150,000, purportedly for the consulting services of Keetdale International for a "mausoleum" that could not be built on a particular church property.
9/14/06	Wire transfer of approximately \$150,000, purportedly for \$120,000 of FOLLIERI's annual salary, and \$30,000 for the Italy Office.

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	Wire transfer of approximately \$177,000, purportedly for \$120,000 of FOLLIERI's annual salary, \$30,000 for the Italy Office, \$17,000 of his father's salary,
	Office, \$17,000 of his factor s safary,
	and \$10,000 for consulting services.

From on or about February 28, 2007 up through and including the present, FOLLIERI transferred hundreds of thousands of dollars from two other accounts at a private bank in Monaco to a bank account in New York, New York, for the Follieri Group. One of the accounts was called Solleron International, and the other account was called Spiral Associates SA. Both of these accounts were in the same private bank as the Keetdale Account, and e-mail communications reflect that FOLLIERI controlled both of these accounts. Based on my experience and knowledge of money laundering, there is probable cause to believe that FOLLIERI caused the fraudulently obtained proceeds in the Keetdale Account to be transferred to the accounts in the names of Solleron International and Spiral Associates SA, and then transferred back to a bank account in New York, New York, in order to conceal that the money was obtained through the fraudulent scheme.

WHEREFORE, the deponent prays that RAFAELLO FOLLIERI, the defendant, be arrested, and imprisoned or bailed, as the case may be.

Special Agent Theodore Cacioppi Federal Bureau of Investigation

JUN 2 3 2008

Sworn to before me this 23nd day of June 2008

THE HONORABLE HENRY PITMAN

CHIEF UNITED STATES MAGISTRATE JUDGE

SOUTHERN DISTRICT OF NEW YORK