

AFFIDAVIT IN SUPPORT OF
CRIMINAL COMPLAINT AND ARREST WARRANT

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I. Introduction

I, Brian Pelfrey, being duly sworn, do hereby depose and state:

1. I am employed as a Special Agent with Internal Revenue Service (IRS), Criminal Investigation (CI), and have been employed in this capacity since 2005. My responsibilities include the investigation of potential criminal violations of the Internal Revenue Code, Title 26 of the United States Code, and criminal violations of Title 18 of the United States Code. Since becoming a special agent with IRS-CI, I have received training in conducting investigations involving criminal tax violations and money laundering violations. Through my training and experience, I have become familiar with various schemes including fraud schemes. A large part of my duties as an IRS-CI Special Agent have involved analyzing these types of records to determine the existence of criminal activity and to develop evidence.
2. The statements in this Affidavit are based on my experience and background as a Special Agent with the Internal Revenue Service and on my and other law enforcement agents' investigations, generally through interviews of witnesses and victims, reviews of documents and the use of other investigative techniques. Since this affidavit is being submitted for the limited purpose of securing a criminal complaint and arrest warrant, I have set forth only those facts which I believe to be necessary to establish probable cause that ELAINE WHITE, CULLEN JOHNSON, and THEODOROS GRONTIS committed violations of federal law.
3. This affidavit is made in support of a criminal complaint charging ELAINE WHITE and CULLEN JOHNSON with conspiracy to commit wire fraud, 18 U.S.C. § 1349, conspiracy to commit money laundering, 18 U.S.C. § 1956(h), and engaging in monetary transactions in property derived from specified unlawful activity, 18 U.S.C. § 1957.
4. This affidavit is also made in support of a criminal complaint THEODOROS GRONTIS with 18 U.S.C. § 1349, conspiracy to commit money laundering, 18 U.S.C. § 1956(h), engaging in monetary transactions in property derived from specified unlawful activity, 18 U.S.C. § 1957, and three counts of tax evasion, 26 U.S.C. § 7201, for evading his personal tax liabilities for 2009 to 2011.

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BACKGROUND

5. ELAINE WHITE, CULLEN JOHNSON, and THEODOROS GRONTIS have engaged in a wide-ranging scheme of international complexity.
6. In as early as 2006, JOHNSON was the President and principal investigator of a private investigation company located in the Province of Ontario, Canada named "Internal Affairs." Prior to operating Internal Affairs, JOHNSON was a police officer with the Toronto Police Department.
7. JOHNSON's wife, WHITE, was listed as the Director of "World Solutions Inc." WHITE represented herself as a highly skilled forensic accountant with contacts within the international banking industry which allowed her unprecedented access to account information.
8. WHITE and JOHNSON claimed to locate hidden assets for clients. In reality, WHITE and JOHNSON forged bank records and then sold this false information to unsuspecting victims. As a result, WHITE and JOHNSON were investigated and charged by the Ontario Provincial Police. Some of the specifics of that investigation are as follows:
9. On or about July 2006, victim A.P. contacted Internal Affairs and spoke directly with JOHNSON. A.P. had located Internal Affairs through the company's website and trusted that the company was legitimate based on its claim of being "bonded and insured," as well as the services provided by a "former police officer." A.P. wanted to enlist JOHNSON's services to locate lottery winnings that she and three of her co-workers won. A.P. had suspected that another co-worker had stolen the money and was hiding the money offshore.
10. JOHNSON advised A.P. that the best way to track a person was to check their available bank accounts. JOHNSON suggested conducting a review of the subject's possible bank accounts for a fee. After collecting a fee, Internal Affairs forwarded documents to A.P. showing a series of accounts had been opened and/or closed and monies transferred overseas. A.P. paid additional fees to continue the tracing of these accounts and monies. Internal Affairs ultimately charged A.P.'s credit eight times for a total of \$13,356 CDN.
11. A Toronto, Canada convenience store owner was eventually charged with cashing the missing lottery ticket. As a result, A.P. and her fellow co-workers received their lottery

entitlement. The lottery winnings were never transferred overseas as JOHNSON had claimed and therefore the accounts purportedly located by JOHNSON never existed.

12. Victim G.H., an employee of a law firm located in Toronto, Canada, hired Internal Affairs on or about July 2006 to locate funds embezzled by a former employee. G.H. met with WHITE and JOHNSON who subsequently provided him with a host of local financial accounts purportedly belonging to this former employee for a fee.
13. G.H. paid Internal Affairs an initial fee and then was told about additional financial accounts belonging to the former employee in the Bahamas, Channel Islands, Hong Kong, Dubai, Macao and Switzerland. G.H. paid additional fees to Internal Affairs. The total funds remitted to Internal Affairs were \$28,000 CDN.
14. G.H. subsequently enlisted an attorney in Hong Kong to freeze one of the bank accounts located by Internal Affairs. The foreign counsel advised G.H. that the Hong Kong bank account did not exist and must have been fabricated because it did not contain the traditional Hong Kong characteristics.
15. On or about April 06, 2009, WHITE and JOHNSON were arrested and charged with two counts of Fraud Over \$5,000.00 by the Ontario Provincial Police. They were released on an unsecured bond.
16. On or about October 2010, WHITE and JOHNSON were charged with five additional counts of fraud and one count of failure to attend court as required. The trial for JOHNSON and WHITE was scheduled for December 2010 but JOHNSON and WHITE relocated to the Bahamas to avoid criminal prosecution in Canada. They are currently considered to be fugitives by Canadian authorities and are wanted on an outstanding bench warrant.

PERPETRATION OF THE SCHEME ON AMERICAN VICTIMS

17. Your affiant has learned that WHITE and JOHNSON have begun operating the scheme on American citizens. I have spoken with seven individuals who have wired money to WHITE and JOHNSON in the amounts set forth below

| Victim's Initials | Date of first wire | Date of last wire | Number of Wires | Total Amount Wired |
|------------------------------|---------------------------|--------------------------|----------------------------|-------------------------------|
| D.H. | 2-25-10 | 6-28-11 | 8 | \$97,910.00 |
| J.H. | 1-14-10 | 1-14-10 | 1 | \$45,000.00 |
| V.H. | 7-15-09 | 1-7-11 | 37 | \$156,875.00 |

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|--------------|---------|---------|----|---------------------|
| L.O. | 2-12-10 | 9-23-11 | 20 | \$77,570.00 |
| E.C. | 8-16-10 | 3-1-11 | 14 | \$72,190.00 |
| J.G. | 7-6-11 | 7-6-11 | 1 | \$1,800.00 |
| S.T. | 6-22-10 | 8-6-10 | 2 | \$2,000.00 |
| TOTAL | | | | \$453,345.00 |

18. In each case, clients paid moneys to WHITE and JOHNSON for access to this banking information or for access to other private financial information of third parties. A significant amount of the information that WHITE and JOHNSON furnished involved purported bank accounts within the United States. I have tracked most of the accounts that WHITE and JOHNSON identified and the vast majority of these accounts do not exist. In some instances, true account information exists in reports provided by WHITE and JOHNSON, but the account information appears to have been furnished to WHITE and JOHNSON by victims, or it was available in public record.
19. Pursuant to an MLAT and a TIEA, I obtained Royal Bank of Canada 0623 and First Caribbean International Bank 9335. These accounts are in the name of by WHITE and JOHNSON. These records show that the seven victims wired the above-referenced funds to these bank accounts.
20. WHITE and JOHNSON also furnished evidence that these third parties possessed bank accounts in other countries. I have not been able to verify the existence of these records due to the fact that these nations invariably possess strict bank secrecy laws. On a few occasions, clients have attempted to verify the existence of these records but have found that the accounts do not exist.
21. Your affiant has also learned that WHITE and JOHNSON relocated to the Bahamas where they remained until approximately October 2011. Based on, among other things, my review of wire transfers from victims, emails that I have obtained from victims and from the emails of WHITE and JOHNSON, I believe that WHITE and JOHNSON are presently residing in Providenciales in the Turks & Caicos Islands.
22. Although all of the clients interacted with WHITE and JOHNSON independently, their stories are similar. For example,

Client D.H.

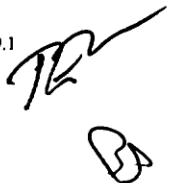
23. On or about October 13, 2011, I met with victim D.H. who explained that he had enlisted the services of WHITE on or about September 2009, to trace and locate assets belonging to R.S. D.H. was working on behalf of a law firm located in Birmingham, Alabama.
24. D.H. stated that he communicated with WHITE from in or about September, 2009,



through September, 2011. He contacted her primarily through email. WHITE maintained two Microsoft Hotmail email addresses. D.H. stated that each time WHITE allegedly located a new bank account, WHITE asked for additional fees. D.H. also stated that WHITE provided him with a document dated October 08, 2009 showing a pattern of monetary transfers from the United States to offshore bank accounts belonging R.S.

25. D.H. requested a signature card for one of R.S.'s accounts held by UBS Wealth Management of Zurich, Switzerland, and received an email dated May 31, 2011 with an attached UBS Online Registration Form and an "International Client Proxy Agreement," both allegedly signed by R.S. in 2010. D.H. knew that R.S. was incarcerated in the United States at this time and could not have signed the document.
26. D.H. Eventually became suspicious of WHITE's findings, and after conducting research on WHITE's background, found an article detailing the Canadian fraud charges, D.H. confronted WHITE and the validity of the information that she has produced and of which he had paid for, and WHITE responded in an email dated August 29, 2011. She wrote, in part: "We are facing criminal charges not because the information we provided in relation to each matter is fraudulent or fabricated but precisely because – conveniently – no one can objectively prove that the account information contained within the financial reports in question is accurate, certainly not the 'complainants' that requested the reports, certainly not the subjects of the investigations who clearly have a vested interest to deny the existence of the accounts, certainly not the police who have no choice but to rely on self-serving information provided by the various financial institutions and certainly not the financial institutions themselves that will do anything to preserve secrecy and protect their (client's) assets."
27. WHITE also provided D.H. with records from First Commercial Bank. This account allegedly in R.S.'s name as a care holder was "Alabama Capital Ltd." WHITE stated that \$2,000,000.00 was wired from R.S.'s account number 10355-00-29187 on October 11, 2005. First Commercial Bank advised that the account number does not exist in their database, nor does the account number reflect their formatting as it should have a ten digit account number. First Commercial Bank further advised that they could not locate an account for "Alabama Capital Ltd."
28. All told, D.H. wired approximately \$97,910 to the RBC account ending in 623.
29. In a subpoena issued to Bank Alamerica, I confirmed the accounts did not exist. Subsequent reports provided to D.H. by WHITE and JOHNSON show the movement of the monies from one country to another after the money left the United States. These reports are also fraudulent since the original monies were never located at Bank Alamerica.

Client E.C.

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30. In or about January, 2012, I spoke with E.C., a private investigator in Washington State. He was hired to locate funds for investors in scheme operated out of California. E.C. and his clients believed that the perpetrators of this scheme had hidden the money in offshore accounts.
31. E.C. was referred to WHITE and JOHNSON. In or about September 2009, E.C. personally met with WHITE and JOHNSON in Canada. WHITE indicated that her financial "sources" could trace monies in the United States and through offshore accounts.
32. Between January 2010 through about March 2011, E.C. wired approximately \$72,190.00 to the RBC Bahamas account ending in 632. WHITE and JOHNSON provided reports to E.C. purportedly showing that monies originally held in Wells Fargo by the operators of the scheme.
33. In early 2011, E.C. had concerns regarding the validity of the information provided by WHITE and JOHNSON. E.C. retained an attorney who initiated efforts to collect money from a bank account located in Monaco that WHITE and JOHNSON had identified. Banking representatives in Monaco notified the attorney that the Monaco account provided by WHITE and JOHNSON did not exist.
34. The attorney recognized WHITE's and JOHNSON's accent as being Canadian, and he began researching their background. He discovered that the two had been charged in a bank fraud scheme in Ontario. The attorney confronted them on a conference call about their charges and they claimed that they were the victims of a political smear campaign.
35. In a subpoena return dated on or about March 2012, Wells Fargo confirmed that accounts listed on reports provided to E.C. from JOHNSON and WHITE did not exist. Subsequent reports provided to E.C. by JOHNSON and WHITE showing the movement of the monies from one country to another after they left the U.S. are also fraudulent since the original monies were never located at Wells Fargo.

Client V.H.

36. In or about June, 2011, I spoke with victim V.H., a private investigator in St. Peters, Missouri. V.H. heard through word of mouth about WHITE's purported ability to locate and trace funds through foreign and domestic bank accounts. She began a long term business relationship with WHITE in or about 2007. Over the next four years, she had many conversations with WHITE via phone and e-mail. She contracted with WHITE on behalf of her clients to trace funds related to several individuals.
37. Until I contacted V.H., she had no reason to suspect that the information and reports she had been provided by WHITE were not accurate.

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38. According to wire transfer records from Hall's bank, between July 15, 2009 and January 7, 2011, V.H. wired \$156,875 to WHITE and JOHNSON
39. Subpoenaed bank records confirmed that bank account information provided to V.H. in multiple reports was fraudulent.

THEODOROS GRONTIS'S INVOLVEMENT IN THE SCHEME

40. Between approximately May 2009 through September 2011, WHITE and JOHNSON initiated sixty-eight wire transfers totaling approximately \$526,531 to J.B., a resident of the greater Norfolk, Virginia area.
41. My review of J.B.'s bank records show that she received the following wire transfers from WHITE and JOHNSON into her bank account ending 0813:

| Year | Total Amount Received | Number of Wires | Wires in excess of \$10,000 |
|--------------|------------------------------|------------------------|------------------------------------|
| 2009 | \$264,473.81 | 20 | 10 |
| 2010 | \$154,436.20 | 28 | 3 |
| 2011 | \$107,620.50 | 20 | 3 |
| TOTAL | \$526,530.51 | 68 | 16 |

42. An analysis of J.B.'s credit cards led to the discovery of the likely link between GRONTIS and WHITE and JOHNSON. Airline travel charged to J.B.'s credit card showed airline tickets purchased for THEODOROS GRONTIS.
43. I subsequently learned GRONTIS is a Canadian citizen and has maintained an address in Toronto that was located on the same street as a former business address of WHITE. Immigration and Customs Enforcement records shows that GRONTIS has crossed into the United States frequently and on June 18, 2009, entered the United States under a tourist Visa, but did not return to Canada. He was classified as an "Overstay" by U.S. Immigration and Customs Enforcement and was subject to deportation.

44. My investigation revealed that J.B. and GRONTIS were living together from 2009 until 2011. During this time, J.B. was a conduit for GRONTIS to receive funds from JOHNSON and WHITE. J.B. and GRONTIS have spent virtually all of the money received through the wire transfers on personal expenditures, including jewelry, clothing, travel, and fine dining. J.B. added GRONTIS as an authorized user on at least two of her credit cards.
45. On or about September 26, 2011, I contacted J.B. by telephone. A man was overheard in the background asking J.B. questions about to which division of the IRS to which I was assigned. In a subsequent conversation with J.B., she confirmed that GRONTIS was present when I spoke with her.

1. Interview of J.B.

46. On October 7, 2011, your affiant met with J.B. and her attorney. She told me that she and GRONTIS began dating each other in or about 2006 after meeting in the Bahamas while J.B. was on vacation. GRONTIS told J.B. that he owned a consulting business, but he was not actively running the business anymore.
47. From 2006 until 2009, J.B. and GRONTIS kept in touch after meeting in the Bahamas and made efforts to see each other every few weeks both in the United States and abroad. During one of these trips to the Bahamas, GRONTIS introduced J.B. to WHITE and JOHNSON and described the couple as his business partners.
48. J.B. and GRONTIS started living together in 2009 in the greater Norfolk area. According to J.B., GRONTIS has physically lived with her most of the time (estimated at over 50% of the time), from September 2009 through September 2011. She also advised that when he travelled, it was primarily domestic travel.
49. In October 2011, I met with J.B. She stated that since 2009, GRONTIS still has a consulting business located in the Bahamas that conducted fraud investigations and located lost assets. He is the owner of the business and oversees the operation, but does not handle the day to day duties. According to J.B., while they lived together GRONTIS regularly worked on his consulting business from their Hampton home and used a personal laptop computer to send e-mails related to the business. J.B. provided me with GRONTIS' e-mail address, which she said he uses for both personal use and for business.
50. J.B. stated that she believes that GRONTIS could not have a bank account in the United States because he was not a U.S. Citizen. J.B. further stated that, for the last two years, she allowed GRONTIS to wire money into her bank account so that they could pay household bills. J.B. stated that she and GRONTIS had approximately ten thousand dollars per month in bills and J.B. paid the couple's bills out of her bank account. J.B. also stated that the money that is wired to her bank account is from GRONTIS's business.

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51. J.B. also told me that she had travelled to the Bahamas with GRONTIS. While there GRONTIS introduced her to WHITE and JOHNSON and described them as his business partners.
52. J.B. advised that GRONTIS left Virginia for Canada two days after I called her. J.B. stated that GRONTIS packed a bag of clothes and took his personal laptop computer. GRONTIS left his automobile, a Jaguar leased for GRONTIS by J.B., in Buffalo, New York, and his brother G.G. met and drove him to Toronto. GRONTIS told J.B. that he wanted to look into the tax issues associated with the wired monies. Before he left, GRONTIS told J.B. that he does not pay taxes in Canada.

2. Interview of G.G.

53. On or about October 28, 2011, a Detective with the Ontario Provincial Police interviewed GRONTIS' brother, G.G. G.G. stated that GRONTIS previously was a licensed private investigator in Canada who primarily conducted surveillance for insurance companies through a business called TAG SERVICES. G.G. stated that he worked for GRONTIS.
54. G.G. knew WHITE and JOHNSON through his work with GRONTIS. TAG Services would contract out background work including credit checks to WHITE.
55. TAG Services was profitable initially, but after a change in Canadian law limited its business, the company's profits declined greatly. In 2005, G.G. left the business.
56. G.G. stated that in or about 2006, GRONTIS moved to the Bahamas and started to work in the "asset location" business. Since this time, GRONTIS has done very well for himself. G.G. stated that GRONTIS always had a lot of cash and lived lavishly.
57. G.G. stated that WHITE and JOHNSON own a residence in the Bahamas, and that they continue to have a business relationship with GRONTIS. G.G. stated that he understands that GRONTIS is paid by wire transfer from WHITE and JOHNSON for his services.
58. G.G. also stated that he saw his brother when he returned to Canada in October 2011. At that time, GRONTIS told him that he has not filed any taxes on the money that he has received in the United States.

3. GRONTIS'S tax status

59. Your affiant has learned that GRONTIS did not file income taxes in the United States for any time period, including 2009, 2010, and 2011. Pursuant to a tax treaty with Canada, I determined that Grontis did not file income tax returns with the taxing authority in that country for those tax years.

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60. J.B. does file income taxes in the United States, but only reports her salary from her job, which is significantly less than the moneys paid by White and Johnson. This amount is substantially less. None of the approximately \$526,531 deposited into J.B.'s bank account, and subsequently spent, has ever been reported to the Internal Revenue Service.
61. Under federal law, a resident alien who resides within the United States for more than 183 days is treated as a resident of the United States under a "substantial presence test". I have reviewed border crossing records showing that Grontis entered the United States on a visa in June 2009. He remained there until late September, 2011, when multiple witnesses advised me that he left. Under the substantial presence test, GRONTIS would have been required to report his income to the IRS in 2009, 2010 and 2011 because he would be deemed to be a residential alien.
62. The moneys paid to him by White and Johnson would be taxable income in the United States. The money would be taxable to GRONTIS even though he directed the money be paid to J.B.
63. I calculated GRONTIS' tax due and owing based on the fact that he was single and had no business expenses, and determined that he had a federal tax liability in the approximate amounts as follows:

| <u>Tax Year</u> | <u>Computed AGI</u> | <u>Tax Due and Owing</u> |
|-----------------|---------------------|--------------------------|
| 2009 | \$264,474 | \$88,500 |
| 2010 | \$154,436 | \$50,875 |
| 2011 | \$107,621 | \$33,793 |
| TOTAL | | \$173,168 |

THE DEFENDANTS' EMAIL ACCOUNTS

64. As noted in Paragraphs 24 and 45, WHITE, JOHNSON, and GRONTIS each had at least one Microsoft e-mail account. Pursuant to federal law, in October 2011, I prepared an affidavit of probable cause and obtained copies of the contents of these email accounts.
65. I found numerous e-mails between WHITE, JOHNSON, and GRONTIS discussing the preparation of these reports. I also found emails from WHITE and JOHNSON to the seven victims referenced herein, including D.H., the banking information, which I later determined to be false.

CRIMES CHARGED

66. Based on the foregoing, your affiant has found probable cause to believe that WHITE, JOHNSON, and GRONTIS have violated Title 18, Section 1349, conspiracy to commit wire fraud. That statute makes it a crime for two or more persons, in some way or manner, agreed to try to accomplish a common and unlawful plan to commit wire fraud, that each Defendant knew the unlawful purpose of the plan and willfully joined in it.

- a) GRONTIS emailed "banking reports" to WHITE and JOHNSON, including one report for victim D.H. These reports contained fictitious data.
- b) WHITE and JOHNSON emailed these reports back to their clients. emailed clients in with reports containing these banking accounts, including reports back to D.H.
- c) Victims, including D.H., E.C., and V.H. wired money to bank accounts titled in the name of WHITE and JOHNSON, who in turn wired a substantial portion of these proceeds back to GRONTIS.
- d) GRONTIS prepared these reports out of whole cloth. WHITE and JOHNSON were fugitives for committing this same crime in Canada and could not reasonably believe GRONTIS would have access to this banking data.

These facts support a finding of probable cause that WHITE, JOHNSON, and GRONTIS have violated Title 18, Section 1349.

67. Based on the foregoing, your affiant has found probable cause to believe that WHITE, JOHNSON, and GRONTIS have also violated Title 18, Section 1956(h), conspiracy to launder funds. That statute makes it a crime for two or more persons, in some way or manner, agreed to try to accomplish a common and unlawful plan to receive or disburse over \$10,000 in funds from a specified unlawful activity if a financial institution is used at some point." The term specified unlawful activity includes wire fraud. Given the thirteen wires in excess of \$10,000 into J.B.'s bank account from WHITE and JOHNSON, there is probable cause to believe that WHITE, JOHNSON, GRONTIS and J.B. knew the purpose of the wire transfers was to conceal the receipts from this wire fraud.

68. Based on the foregoing, your affiant has found probable cause to believe that GRONTIS has violated Title 26, Section 7201, which makes it a crime to evade the assessment and payment of federal income tax by taking an affirmative act of evasion. Your affiant has found that GRONTIS has evaded his tax liabilities for 2009 through 2011 by depositing his receipts from this enterprise into J.B.'s bank accounts.

III. Conclusion



Brian N. Pelfrey
Special Agent
Internal Revenue Service

Subscribed and sworn to before me this 23rd
day of August 2012, in Newport News, Virginia.



UNITED STATES MAGISTRATE JUDGE

SEEN AND APPROVED:



Howard Zlotnick
Assistant United States Attorney