

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 04-60206-Cr-COHN

18 U.S.C. § 1962 (d)
18 U.S.C. § 1956 (h)
18 U.S.C. § 1503
18 U.S.C. § 371
15 U.S.C. § 78j (b)
15 U.S.C. § 78ff (a)
18 U.S.C. § 1963 (m) (forfeiture)
18 U.S.C. § 982 (forfeiture)

UNITED STATES OF AMERICA,

Plaintiff,

v.

BERNARD ROEMMELE,
a/k/a "Bernie,"
SALVATORE ARGENTO,
LESTER GILLESPIE,
a/k/a "GIL,"
STEVE HEIN, and
BEN TOBIN,

Defendants.

_____ /

INDICTMENT

The Grand Jury charges:

GENERAL ALLEGATIONS

At all times material to this Indictment:

1. CITX Corporation ("CITX") was a Delaware corporation that was incorporated in 1996. CITX's principal place of business was originally located on W. Broad Street, Quakertown, PA and was subsequently moved to 200 Kelly Road, Quakertown, Pennsylvania.

2. CITX advertised itself as a computer technology company with an expertise in creating internet-based products and services and in producing and assembling electronic commerce ("e-commerce") platforms for businesses and medical professionals. CITX was also an internet service provider (ISP).

3. CITX claimed to have created and offered for sale an internet-based technology that was packaged into a product called the Small Office Home Office ("SOHO") system. The SOHO system was allegedly comprised of numerous linked websites. CITX claimed that these websites would be hosted on a separate private internet that the Enterprise members referred to as a virtual private network ("VPN"). CITX claimed that the SOHO system used technology developed exclusively by CITX as well as technology developed by CITX's alleged strategic corporate partners. This technology would allegedly allow individuals to engage in electronic sales and purchases of goods and services on the VPN. CITX further alleged that the SOHO system VPN was able to filter away and remove unwholesome and undesirable outside influences such as pornography and would be difficult, if not impossible, for hackers to penetrate.

4. CITX also asserted that it created an internet-based technology that was allegedly used by thousands of healthcare professionals to manage their practices, exchange patient information and bill insurance companies. CITX claimed that it had achieved great success with this technology and used this alleged success as evidence of its technological expertise in the

computer industry.

5. CITX purported to be a privately held corporation administered by corporate officers and a board of directors. CITX did not register its securities with either state or federal securities agencies.

6. CITX alleged that it had subsidiary corporations that were under its control, including, but not limited to, IntraMedX.

7. Defendant BERNARD ROEMMELE served as chief executive officer and founder of CITX and closely controlled and supervised all aspects of its business affairs. Defendant ROEMMELE was also the founder of Intelligent Communication Systems (ICS), a purported computer technology company that defendant ROEMMELE operated immediately prior to establishing CITX.

8. Defendant STEVE HEIN served as an executive Vice President of CITX.

9. Co-conspirator Michael Gray was an executive Vice President of CITX and a Strategic Project Director for the SOHO system project. Defendant ROEMMELE assigned Gray to be the CITX representative based out of the Florida offices of Professional Resource Systems International, Inc. ("PRSI"), CITX's partner in marketing the alleged SOHO system to the public.

10. PRSI was incorporated in Carson City, Nevada, on or about March 1, 1999, and located its corporate offices in Cocoa Beach, Florida, and, subsequently, Boca Raton, Florida.

11. PRSI purported to be the marketing arm of CITX in

offering the SOHO system for sale to the public.

12. Co-conspirator William Caudell was the Chief Executive Officer and founder of PRSI.

13. Defendant LESTER GILLESPIE was the President of PRSI and is the brother-in-law of co-conspirator Caudell.

14. Defendant SALVATORE ARGENTO was the Treasurer of PRSI and was the signatory of the PRSI corporate financial accounts.

15. Defendant BEN TOBIN was a corporate executive for PRSI.

COUNT 1

(RICO Conspiracy, 18 U.S.C. § 1962(d))

THE ENTERPRISE

At all times relevant to this Indictment:

16. Defendants BERNARD ROEMMELE, a/k/a "Bernie," SALVATORE ARGENTO, LESTER GILLESPIE, a/k/a "Gil", STEVE HEIN, BEN TOBIN, entities CITX and PRSI, and others known and unknown to the grand jury constituted an "Enterprise," as that term is defined in Title 18, United States Code, Section 1961(4), that is, a group of individuals and legal entities associated in fact. The enterprise constituted an ongoing organization whose members functioned as a continuing unit for a common purpose of achieving the objectives of the Enterprise. The enterprise was engaged in and its activities affected interstate and foreign commerce.

THE PURPOSES OF THE ENTERPRISE

17. The principal purposes of the Enterprise were: (A) to

generate money for its members through the commission of various criminal acts including: mail and wire fraud, securities fraud, money laundering and extortion; and (B) to conceal the existence and operations of the Enterprise from law enforcement detection by obstructing justice.

THE ROLES OF THE DEFENDANTS

18. The defendants participated in the operation and management of the Enterprise in the following manner:

(a) Defendant ROEMMELE, as the CEO of CITX, would promote, manage and supervise the administration of the Enterprise by directing Enterprise members to disseminate materially false and fraudulent information regarding the technology defendant ROEMMELE and CITX allegedly created, built and offered for sale. Further, defendant ROEMMELE disseminated materially false and fraudulent information about purported internet products that ROEMMELE and CITX allegedly built and offered for sale. Defendant ROEMMELE disseminated materially false and fraudulent information and caused others to disseminate materially false and fraudulent information about defendant ROEMMELE's alleged background and expertise in the computer industry. Defendant ROEMMELE made false and fraudulent misrepresentations to the public to cause individuals to invest monies in the Enterprise. Defendant ROEMMELE laundered fraudulently obtained proceeds through financial institutions to

promote, carry on, and conceal the illegal activities of the Enterprise. Defendant ROEMMELE appeared on national conference calls involving thousands of SOHO system customers and made materially false statements about the activities of the Enterprise. Defendant ROEMMELE engaged in activities designed to obstruct law enforcement detection of the criminal activities of the Enterprise and directed others to engage in such activities.

(b) Defendant HEIN promoted the Enterprise's affairs at the direction of defendant ROEMMELE and engaged in activities designed to obstruct law enforcement detection of the criminal activities of the Enterprise. Defendant HEIN also corruptly solicited individuals to invest money in CITX.

(c) Defendant GILLESPIE, as the President of PRSI, promoted, managed and supervised the administration of the Enterprise by disseminating false and fraudulent information to the public regarding the existence of the alleged SOHO system and the operations conducted at the PRSI corporate offices. Defendant GILLESPIE facilitated the laundering of fraudulently obtained proceeds to promote, carry on and conceal the illegal activities of the Enterprise. Defendant GILLESPIE approved the distributions of criminal proceeds to Enterprise members in false and fictitious names. Defendant GILLESPIE approved the payment of commissions to SOHO system customers to fraudulently induce those customers to market and sell the SOHO system, appeared on

national conference calls involving thousands of SOHO system consumers and made false statements about the activities of the Enterprise.

(d) Defendant ARGENTO was a financial manager of the Enterprise who controlled the finances of PRSI to conceal and disguise the nature, location and source of the fraudulently derived proceeds. In his capacity as financial manager, defendant ARGENTO corruptly directed customer monies for the personal use of the Enterprise members and facilitated the transfer of criminal proceeds to Enterprise members in false and fictitious names. Defendant ARGENTO and other Enterprise members financed the operation of the Enterprise.

(e) Defendant TOBIN assisted defendant ARGENTO in corruptly directing customer monies for the personal use of the Enterprise members. Defendant TOBIN laundered fraudulently obtained proceeds in order to promote, carry on, and conceal the illegal activities of the Enterprise. Defendant TOBIN and other Enterprise members financed the operation of the Enterprise.

THE CONSPIRACY

19. From in or about 1996 and continuing thereafter up to and including October 2001, in the Southern District of Florida, the Commonwealth of Pennsylvania and elsewhere, the defendants:

BERNARD ROEMMELE,
a/k/a "Bernie,"
SALVATORE ARGENTO,

LESTER GILLESPIE,
a/k/a "GIL,"
STEVE HEIN, and
BEN TOBIN,

being persons employed by and associated with an Enterprise as described herein above, which Enterprise engaged in, and the activities of which affected, interstate and foreign commerce, did knowingly, willfully and unlawfully combine, conspire, confederate and agree, together and with each other, and with persons known and unknown to the Grand Jury, to violate Title 18, United States Code, Section 1962(c), that is, to conduct and participate, directly and indirectly, in the conduct of the affairs of the Enterprise through a pattern of racketeering activity as defined by Title 18, United States Code, Sections 1961(1) and (5).

THE PATTERN OF RACKETEERING ACTIVITY

20. The pattern of racketeering activity, as defined in Title 18, United States Code, Sections 1961(1) and 1961(5), through which the defendants and their co-conspirators agreed to conduct and participate in the conduct of the affairs of the Enterprise consisted of:

- (A) multiple acts indictable under:
 - (1) Title 18, United States Code, Section 1956
(Laundering of Monetary Instruments and
Conspiracy);
 - (2) Title 18, United States Code, Section 1957

- (Engaging in Monetary Transactions In Property Derived From Specified Unlawful Activity);
- (3) Title 18, United States Code, Section 1341 (Mail Fraud);
 - (4) Title 18, United States Code, Section 1343 (Wire Fraud)
 - (5) Title 18, United States Code, Section 1503 (Obstruction of Justice);
 - (6) Title 18, United States Code, Section 1951 (Interference with Commerce by Threats and Violence); and

(B) multiple offenses involving fraud in the sale of securities in violation of Title 15, United States Code, Sections 78(j)(b), 78ff(a) and Title 17, Code of Federal Regulations, Part 240.10b-5.

It was part of the conspiracy that each defendant agreed that a conspirator would commit at least two acts of racketeering activity in the conduct of the affairs of the Enterprise.

MANNER AND MEANS OF THE ENTERPRISE

21. The manner and means by which members of the Enterprise facilitated its criminal activities included multiple fraud schemes, acts of fraud, acts of money laundering and acts of obstruction as described below:

A. Establishment And Use Of CITX

22. It was a part of the conspiracy that defendant ROEMMELE, in or about 1996, created and established CITX to facilitate a scheme to defraud potential customers, investors and stock purchasers. Defendant ROEMMELE facilitated this scheme by falsely asserting that CITX was a legitimate computer technology company specializing in internet-related products for business consumers.

23. It was further part of the conspiracy that defendant ROEMMELE and other Enterprise members would use the assets of CITX to corruptly convince the public that the Enterprise was engaged in legitimate business activity to provide internet-based products and services to the public.

24. It was further part of the conspiracy that defendant ROEMMELE, and other Enterprise members would make false representations, and cause others to make false representations, through press releases, website postings, conference calls, interviews and personal communications about alleged CITX products and services that defendant ROEMMELE claimed he built and created, including advanced encryption technology that defendant ROEMMELE claimed would protect the transfer of internet-based communications and electronic financial transactions.

25. It was further part of the conspiracy that defendant ROEMMELE and others would make false representations, and cause others to make false representations, through press releases, website postings, conference calls, interviews and

personal communications about services and products that CITX allegedly provided to medical professionals that purportedly allowed healthcare professionals to bill clients, transfer medical files between offices, transmit patient billing information and receive payments regarding patient accounts. Defendant ROEMMELE further falsely claimed and caused others to falsely claim that this service was used by tens of thousands of healthcare professionals.

26. It was further part of the conspiracy that defendant ROEMMELE and others would make false representations, and cause others to make false representations, through press releases, website postings, conference calls, interviews and personal communications claiming that CITX had partnership relationships and affiliations with prominent corporations and business entities in the computer technology, telephone, cable, insurance, banking and other industries. Such false representations were made to convince potential CITX customers and/or investors that CITX was a respected industry leader in the computer technology field. Such false representations were also made to induce potential CITX customers and/or investors to purchase fraudulently issued stock certificates and/or the alleged internet-based business products CITX falsely claimed to have created.

27. It was further part of the conspiracy that defendant ROEMMELE and others would make false representations, and cause others to make false representations, through press releases,

website postings, conference calls, interviews and personal communications concerning CITX's assets and revenues. Such false representations included exaggerated claims of revenue growth and projected income that were intended to induce consumer and investor confidence in CITX to cause them to purchase CITX's alleged products and to invest in the Enterprise.

28. It was further part of the conspiracy that defendant ROEMMELE and others would make false representations through press releases, website postings, conference calls, interviews and personal communications concerning the resources available to CITX, including corruptly inflating the number of individuals that CITX alleged were its employees, falsely claiming that defendant ROEMMELE had been granted patents for significant technology that he allegedly created and developed, and falsely alleging that CITX had branch offices in California and other locations. Such false representations were intended to induce consumer and investor confidence in CITX to cause them to purchase CITX's alleged products and to invest in CITX for the benefit of the Enterprise.

29. It was further part of the conspiracy that defendant ROEMMELE would make false statements and cause others to make false statements to potential consumers and investors about his alleged background and associations in the computer technology industry as well as CITX's history in the computer technology industry. These misrepresentations were falsely communicated through press releases, website postings, conference calls,

interviews and personal communications. Defendant ROEMMELE would further corruptly omit from statements about his background and associations any statement revealing that he had been previously convicted of crimes of fraud and dishonesty in violation of the laws of the state of New Jersey.

B. LIVE VPN Fraud Scheme

30. It was further part of the conspiracy that in or about 1998, defendant ROEMMELE, co-conspirator William Caudell and other Enterprise members initiated a scheme to defraud an individual, identified by the initials D.H., by alleging that CITX had created internet-based computer technology that the Enterprise members alleged was comprised of websites that would be linked together on a virtual private network ("LIVE VPN") where customers could exchange goods and services in a private environment free from pornography.

31. It was further a part of the conspiracy that defendant ROEMMELE, co-conspirator William Caudell and others induced D.H. to purchase the purported VPN technology to be marketed for sale to the general public through a company called L.I.V.E. ("LIVE").

32. It was further a part of the conspiracy that defendant ROEMMELE, Enterprise members William Caudell and Michael Gray and others caused D.H. to enter into a contract with CITX to acquire the purported LIVE VPN technology for approximately \$60,000.

33. It was further part of the conspiracy that defendant

ROEMMELE, co-conspirator William Caudell and other Enterprise members corruptly concealed the fact that CITX had not created and did not possess the LIVE VPN technology offered to D.H. and falsely and fraudulently claimed that the LIVE VPN could be delivered to D.H.

34. It was further part of the conspiracy that defendant ROEMMELE and other Enterprise members concealed the non-existence of the LIVE VPN by falsely and fraudulently claiming that CITX was not required to produce the alleged VPN due to an alleged breach of contract by D.H.

35. It was further part of the conspiracy that defendant ROEMMELE and other Enterprise members used fraudulently derived proceeds to refund the monies paid by D.H. to conceal the illegal activities of the Enterprise from law enforcement detection and to promote and carry on the Enterprise's illegal activities.

C. Establishment and Use of PRSI And The SOHO System
Fraud Scheme

36. It was further part of the conspiracy that co-conspirator William Caudell created and incorporated PRSI to market products allegedly created and offered for sale by CITX corporation.

37. It was further part of the conspiracy that co-conspirator William Caudell would use his contacts in the multi-level marketing industry ("MLMers") to promote the activities of the Enterprise. These MLMers consisted of a highly trained

network of marketers who each personally cultivated lists of thousands of potential contacts, (called "downlines" and/or "genealogies"), to whom they would routinely market products and services. These MLMers had the means to promote the Enterprise by contacting thousands of potential customers by using telephone facilities, facsimile facilities, internet-based electronic mail ("e-mail") solicitations and direct personal conversations to promote and sell PRSI and CITX's products.

38. It was further a part of the conspiracy that the Enterprise members would promise the MLMers and potential customers that they would each receive a commission based on the fees collected from every individual they referred to purchase an alleged SOHO system product as well as from the products that those individuals bought or sold on the alleged SOHO system.

39. It was further a part of the conspiracy that the Enterprise members would falsely promise potential customers that they would receive benefits including: life insurance, luxury automobile leases, computers, cellular telephones and educational benefits to induce customers to sell multiple SOHO system products.

40. It was further a part of the conspiracy that the Enterprise members would sponsor and participate in conventions in various cities to disseminate false and fraudulent information about the alleged SOHO system products, commissions, delivery dates and benefits to induce customers to purchase alleged SOHO system products. These conventions were attended by significant

numbers of MLMers and potential customers and were used to instruct these individuals about how to market the alleged SOHO system.

41. It was further a part of the conspiracy that the Enterprise members engaged in a fraudulent scheme to market the SOHO system, which the Enterprise members falsely alleged was comprised of websites that would be linked together on a virtual private network ("VPN") on a separate internet where customers could exchange goods and services in a private environment free from pornography.

42. It was further a part of the conspiracy that, as part of the fraud scheme, defendant ROEMMELE and co-conspirator William Caudell caused co-conspirator Michael Gray to relocate from CITX corporate headquarters in Pennsylvania to PRSI's Florida offices to represent CITX in discussions with consumers about the alleged SOHO system and to make fraudulent representations to consumers about CITX's technological capabilities and alleged products to induce customers into purchasing the alleged SOHO system products.

43. It was further a part of the conspiracy that Enterprise members caused to be transmitted, in interstate and foreign commerce by means of wire communications, false and fraudulent representations regarding products to be provided to consumers by PRSI when, in truth and in fact, the Enterprise members knew that such products did not exist and would not be provided to consumers.

44. It was further a part of the conspiracy that Enterprise members would falsely represent to consumers that, for a \$295 fee, PRSI would provide consumers with a website on the alleged SOHO system. Enterprise members falsely represented to consumers that this alleged SOHO system included a website that was analogous to a store in a shopping mall. This site would then be linked to a virtual private network (VPN), an internet shopping mall, where PRSI customers could buy and/or sell goods and services to and from other customers on a network that was alleged to be free from pornography.

45. It was further a part of the conspiracy that Enterprise members would use interstate and foreign telephone conference call facilities to communicate with thousands of consumers at one time for the purpose of corruptly convincing them to pay the \$295 fee.

46. It was further a part of the conspiracy that Enterprise members would use interstate and foreign telephone facsimile facilities to send documents containing false and fraudulent representations regarding products and services offered by PRSI and CITX to thousands of consumers for the purpose of convincing them to pay the \$295 fee.

47. It was further a part of the conspiracy that Enterprise members would use interstate and foreign wire facilities to falsely communicate, through press releases, fraudulent information regarding the delivery dates of the alleged products and the monies that allegedly would be generated from the

purchase and maintenance of the alleged SOHO system and its websites.

48. It was further a part of the conspiracy that the Enterprise members would corruptly refer potential SOHO system customers to the corporate websites of CITX and PRSI, including the posted references to the alleged corporate affiliations of CITX and the alleged background and experience of the CITX officers and employees, to mislead potential customers about the alleged legitimacy of the Enterprise.

49. It was further a part of the conspiracy that the Enterprise members would cause customers to authorize their financial institutions to approve the wire transfer of the \$295 SOHO system fee from customer accounts, located in various states throughout the United States, to the PRSI offices by means of a facsimile. This method of payment was known as "check by fax."

50. It was further a part of the conspiracy that the Enterprise members corruptly affiliated the Enterprise with charitable organizations associated with prominent athletes and media personalities to induce potential customers to purchase the alleged SOHO system products.

51. It was further a part of the conspiracy that Enterprise members would cause consumers to place, in authorized depositories for mail matter, \$295 checks and money orders to be sent to the PRSI offices located in Cocoa Beach, Florida and, subsequently, in Boca Raton, Florida, via the U.S. Postal Service.

52. It was further a part of the conspiracy that Enterprise members would: (1) accept and cause to be accepted the \$295 checks and (2) deposit and cause the fees to be deposited in bank accounts controlled by PRSI and CITX corporate officers and others. Throughout the course of the SOHO system fraud scheme, the Enterprise members corruptly received over \$13.5 million in criminal proceeds which the enterprise members used for their personal enrichment as well as to carry on the illegal activities of the enterprise.

53. It was further a part of the conspiracy that the Enterprise members, including defendants ARGENTO and TOBIN, would: (1) accept and cause to be accepted the \$295 checks and (2) transport such checks to a check cashing store to be laundered to conceal and disguise the nature of the unlawful activity engaged in by the Enterprise members.

54. It was further a part of the conspiracy that the Enterprise members would use threats and the actual use of force and violence to facilitate and promote the goals of the Enterprise and would engage in conduct designed to prevent government detection of their identities, their illegal activities and the proceeds of illegal activities.

55. It was further a part of the conspiracy that the Enterprise members would corruptly respond to complaints by SOHO system customers about the Enterprise's failure to deliver the promised product by sending e-mail messages to those customers containing false and fraudulent excuses for the delays.

56. It was further a part of the conspiracy that the Enterprise members would corruptly respond to inquiries from SOHO system customers and potential customers regarding the legitimacy of PRSI, CITX and its corporate officers and employees by disseminating false and fraudulent information about the companies as well as their officers and employees.

57. It was further a part of the conspiracy that the Enterprise members would corruptly respond to inquiries from SOHO system customers and potential customers about representations made by Enterprise members and their associates concerning the technology allegedly developed and created by the Enterprise by communicating false and fraudulent statements.

58. It was further a part of the conspiracy that the Enterprise members would corruptly conceal the fraudulent operations of the Enterprise from local, state and federal law enforcement authorities.

59. It was further a part of the conspiracy that the Enterprise members would corruptly attempt to conceal the fraudulent operations of the Enterprise from law enforcement officials by causing the creation of a fictitious collection of websites that the Enterprise members fraudulently claimed comprised the SOHO system.

D. Investment Fraud: Private Investment Capital Group (PICG)

60. It was further a part of the conspiracy that the Enterprise members would corruptly seek to enrich the Enterprise

through the fraudulent offer and sale of securities of CITX to a well-funded private investment capital group ("PICG") which was capable of raising large amounts of capital funds for CITX and the Enterprise.

61. It was further a part of the conspiracy that the Enterprise members would use interstate communication facilities, including the telephone, internet and wire facilities, to make false and fraudulent statements to the PICG to induce the group to invest substantial monies in CITX for the benefit of the Enterprise.

62. It was further a part of the conspiracy that the Enterprise members would falsely and fraudulently claim to have created internet-based products and services for businesses, including encryption technology, to induce members of the PICG to invest in CITX.

63. It was further a part of the conspiracy that the Enterprise members would falsely and fraudulently inform the PICG that CITX created computer technology to assist healthcare professionals manage their practices and that the technology was used by thousands of healthcare professionals throughout the United States.

_____64. It was further a part of the conspiracy that the Enterprise members would falsely and fraudulently make exaggerated claims of profitability, revenue growth and projected income to the PICG that were intended to induce investor confidence in CITX for the benefit of the Enterprise.

65. It was further a part of the conspiracy that the Enterprise members would provide false and fraudulent financial statements of CITX to the PICG that were intended to mislead investors about the assets and liabilities of CITX and to induce investor confidence in CITX for the benefit of the Enterprise.

66. It was further a part of the conspiracy that defendant ROEMMELE would seek to induce the PICG to invest in CITX by making false and fraudulent statements about his background and experience in the computer technology industry.

67. It was further a part of the conspiracy that the Enterprise members would corruptly mislead members of the PICG and corruptly cause them to rely upon the false and fraudulent statements made by the Enterprise members in their business endeavors.

68. It was further a part of the conspiracy that defendant ROEMMELE would corruptly conceal from the PICG that he was previously convicted of crimes of fraud and dishonesty in violation of the laws of the state of New Jersey.

69. It was further part of the conspiracy that, from approximately May through July 1999, the Enterprise members corruptly received over \$700,000 in total from the PICG and its affiliates and used those fraudulently derived proceeds to promote and carry on the illegal activities of the Enterprise and for the enterprise members' personal use and enjoyment.

E. Investment Fraud: General Investors

70. It was further a part of the conspiracy that the

enterprise members would corruptly seek to enrich the Enterprise through the fraudulent offer and sale of CITX stock to members of the public.

71. It was further a part of the conspiracy that the enterprise members would use interstate communication facilities, including the telephone, internet and wire facilities, to make false and fraudulent statements to the public to induce potential investors to purchase CITX stock. These misrepresentations were conveyed through a variety of means including press releases, website postings and conference calls.

72. It was further a part of the conspiracy that, to induce investors to purchase CITX stock, the enterprise members would falsely and fraudulently claim to have created internet-based products and services for businesses.

73. It was further a part of the conspiracy that, to induce investors to purchase CITX stock, the enterprise members would falsely and fraudulently claim, and would cause others to falsely and fraudulently claim, that CITX and PRSI had partnership relationships and affiliations with prominent corporations and business entities in the computer technology, telephone, cable, insurance, banking and other industries.

74. It was further a part of the conspiracy that, to induce investors to purchase stock, the enterprise members would falsely and fraudulently claim that CITX allegedly created computer technology to assist healthcare professionals manage their practices and that the technology was used by tens of thousands

of healthcare professionals.

____75. It was further a part of the conspiracy that, to induce investor confidence in CITX, the enterprise members would falsely and fraudulently make exaggerated claims of profitability, revenue growth and projected income to potential investors.

76. It was further a part of the conspiracy that the enterprise members would provide investors with false and fraudulent financial statements of CITX that were intended to mislead the investors about the assets and liabilities of CITX and to induce investor confidence in CITX.

77. It was further a part of the conspiracy that the enterprise members would corruptly conduct shareholder meetings to disseminate false and fraudulent information regarding CITX's alleged fiscal growth, revenue, technology and products and to corruptly conceal and promote the illegal nature of the enterprise.

78. It was further a part of the conspiracy that defendant ROEMMELE, the founder of CITX, would seek to induce potential investors to purchase CITX stock by making false and fraudulent statements about CITX and its employees' background, experience and affiliations in the computer technology industry.

79. It was further a part of the conspiracy that defendant ROEMMELE would corruptly conceal from potential and actual investors that he was previously convicted of crimes of fraud and dishonesty in violation of the laws of the state of New Jersey.

80. It was part of the conspiracy that, from approximately 1997 through 2001, the enterprise members corruptly received over \$2 million from general investors and that those fraudulently derived proceeds were used by the enterprise members to promote and carry on their illegal activities and for the personal use and enrichment of the enterprise members.

F. Fraudulent Use of Criminally Derived Proceeds for the Personal Enrichment of Enterprise Members

___81. It was further a part of the conspiracy that the enterprise members would fraudulently use criminally derived proceeds for their personal enrichment.

82. It was further a part of the conspiracy that the enterprise members would fraudulently use criminally derived proceeds to promote and carry on the enterprise by providing commissions and other benefits to MLMers and SOHO customers who were inducing other individuals to purchase alleged SOHO system products.

83. It was further a part of the conspiracy that the enterprise members would corruptly deposit or cause criminally derived proceeds to be deposited into their personal bank and brokerage accounts for their exclusive use and enjoyment.

___84. It was further a part of the conspiracy that defendant ROEMMELE would corruptly deposit criminally derived proceeds into personal bank accounts and bank accounts controlled by the Roemmele Investment Corporation ("RIC") to promote and carry on the criminal activities of the enterprise and conceal and

disguise the source, ownership and control of such proceeds.

85. It was further a part of the conspiracy that the enterprise members would use criminally derived proceeds to hire and retain lawyers to litigate lawsuits on behalf of the Enterprise to conceal, promote and carry on the Enterprise's illegal activities and to defend enterprise members in criminal investigations.

G. Acts of Obstruction

86. It was further a part of the conspiracy that the enterprise members and their associates attempted to conceal the fraudulent activities of the enterprise by: destroying materials and directing others to destroy materials which had been created and used by the Enterprise to promote sales of the alleged SOHO system products; altering PRSI and CITX corporate website content; destroying and attempting to destroy computerized records and documents reflecting the activities of the enterprise members; making materially false statements and causing others to make materially false statements in civil depositions; creating false and fraudulent documents, including creating false documents to provide in response to subpoenas issued by a Federal Grand Jury empaneled in the Southern District of Florida; concealing records from a Federal Grand Jury empaneled in the Southern District of Florida; and directing individuals to remove recordings of conference calls and interviews conducted by the enterprise members from public access.

All in violation of Title 18, United States Code, Section

1962(d) .

COUNT 2

(Mail and Wire Fraud Conspiracy, 18 U.S.C. § 371)

1. From in or about 1998 and continuing up to in or about October 2001, in the Southern District of Florida and elsewhere, the defendants,

BERNARD ROEMMELE,
a/k/a "Bernie,"
SALVATORE ARGENTO,
LESTER GILLESPIE,
a/k/a "GIL,"
STEVE HEIN, and
BEN TOBIN,

did knowingly and willfully conspire, combine, confederate and agree among each other and with other persons both known and unknown to the Grand Jury to:

(a) devise a scheme and artifice to defraud and to obtain money and property from consumers by means of false and fraudulent pretenses, representations and promises, using the United States mails and private and commercial interstate carriers, in violation of Title 18, United States Code, Sections 1341 and 2; and

(b) devise a scheme and artifice to defraud and to obtain money and property from consumers by means of false and fraudulent pretenses, representations and promises, using wire communications in interstate and foreign commerce, in violation of Title 18, United States Code, Sections 1343 and 2.

MANNER AND MEANS OF THE CONSPIRACY

2. The manner and means by which the defendants and the co-conspirators sought to achieve the purpose and object of the conspiracy included, among others, the allegations set forth in paragraphs 21 through 86 of the Manner and Means of the Enterprise section of Count 1 of this Indictment, which are re-alleged and incorporated herein by reference.

OVERT ACTS

In furtherance of the conspiracy, and to effect the objects thereof, in the Southern District of Florida, Pennsylvania and elsewhere, the defendants and co-conspirators committed and caused the commission of the following overt acts, among others:

3. On or about April 16, 1999, in Palm Beach County Florida, defendant ROEMMELE caused an investor to place, in authorized depositories for mail matter, a check for \$56,000 and a check for \$14,000 to be sent to the CITX corporate offices in Quakertown, Pennsylvania to purchase CITX stock.

4. On or about July 20, 1999, using interstate telephone conference facilities, defendant ROEMMELE made false and fictitious representations to SOHO system customers and potential SOHO system customers concerning the existence of the SOHO system and the alleged corporate partners involved in the SOHO project, to wit: that defendant ROEMMELE was working on building and creating the infrastructure for the SOHO system along with well-known corporations.

5. On or about July 26, 1999, defendant ROEMMELE and other co-conspirators did transmit and/or cause to be transmitted

through interstate wire facilities materials containing false and fraudulent representations regarding the products allegedly offered by CITX, to wit: that CITX had produced technology used by more than 50,000 healthcare providers.

6. On or about July 28, 1999, in Palm Beach County, Florida, co-conspirator William Caudell and other co-conspirators did transmit and/or cause the transmission of, through a telephone facsimile facility, documents containing false and fraudulent representations regarding the products allegedly offered by PRSI, to wit: that the SOHO system virtual private network (VPN) had already been built.

7. On or about August 26, 1999, in Palm Beach County, Florida, co-conspirator Michael Gray and other co-conspirators did participate in an interstate and foreign conference call with SOHO system customers and potential SOHO system customers and did make and cause to be made false and fraudulent representations regarding alleged products CITX claimed to have developed, to wit: that CITX had allegedly built a Virtual Private Network (VPN) for PRSI customers that was referred to as Internet Three whose content could be controlled so as to filter out pornography and that CITX had "put together" a working Set Top Box, which CITX claimed was technology that would allow a television to operate as a computer.

8. On or about August 30, 1999, in Palm Beach County, Florida, co-conspirator William Caudell and other co-conspirators did participate in an interstate and foreign conference call with

SOHO system customers and potential SOHO system customers and did make and cause to be made false and fraudulent representations regarding the products allegedly offered by PRSI, to wit: that the SOHO system VPN had already been built, that it was the largest VPN in the world and that it provided PRSI members with exclusive connections to millions of buyers and sellers around the world.

9. On or about September 1, 1999, in Palm Beach County, Florida, co-conspirator Michael Gray and other co-conspirators did participate in an interstate and foreign conference call with SOHO system customers and potential SOHO system customers and did make and cause to be made false and fraudulent representations regarding the products allegedly provided by PRSI and allegedly created by CITX, to wit: that CITX had patented technology that would allow movies to be downloaded and that the Virtual Private Network allegedly built by CITX for SOHO system customers would be "hack proof" and have the ability to conduct e-commerce.

10. On or about September 9, 1999, in Palm Beach County, Florida, co-conspirator Michael Gray and other co-conspirators did participate in an interstate and foreign conference call with SOHO system customers and potential SOHO system customers and did make and cause to be made false and fraudulent representations regarding the products allegedly provided by PRSI and built and offered by CITX, to wit: that CITX had built Internet 3, that CITX allegedly possessed patented technology, and that CITX's technology would block out any potential viruses so that a user

"will not need to worry" about them.

11. On or about September 10, 1999, using interstate telephone conference facilities, defendant GILLESPIE made false and fictitious representations to SOHO system customers and potential SOHO system customers concerning the existence of the SOHO system, to wit: that defendant GILLESPIE alleged that the SOHO system existed.

12. On or about September 22, 1999, using interstate telephone conference facilities, defendant GILLESPIE and other co-conspirators made false and fictitious representations to SOHO system customers and potential SOHO system customers concerning the existence of the SOHO system, to wit: that defendant GILLESPIE alleged that PRSI was a "real corporation" with a board of directors and corporate structure.

13. On or about September 23, 1999, in Palm Beach County, Florida, co-conspirator Michael Gray and other co-conspirators did participate in an interstate and foreign conference call and made and caused to be made false and fraudulent representations regarding the products allegedly provided by PRSI and created by CITX, to wit: that CITX hired a master programmer to work exclusively on developing the SOHO system and that CITX had built secure electronic commerce technology and self-replicating websites for the SOHO system customers.

14. On or about October 6, 1999, in Palm Beach County, using interstate telephone conference facilities, defendant GILLESPIE and co-conspirator Gray and other co-conspirators made

false and fictitious representations to SOHO system customers and potential SOHO system customers concerning the existence of the SOHO system, to wit: that defendant GILLESPIE affirmed that a SOHO system database had "been in place for over a year" and that co-conspirator Gray indicated that the SOHO system customers would receive their self-replicating websites by the end of October 1999.

15. On or about October 15, 1999, in Palm Beach County, Florida, co-conspirator William Caudell and other co-conspirators did participate in an interstate and foreign conference call and did make and cause to be made false and fraudulent representations regarding the products allegedly provided by PRSI, to wit: that the self-replicating web pages and the VPN would be available to PRSI customers in or about October 1999.

16. On or about October 27, 1999, using interstate telephone conference facilities, defendant ROEMMELE made false and fictitious representations to SOHO system customers and potential SOHO system customers concerning the existence of the SOHO system, to wit: that defendant ROEMMELE was working on creating the infrastructure for the SOHO system along with other corporations and "technology partners", that the SOHO system product would be delivered and that PRSI members would each receive new technology referred to as "personal portals."

17. On or about October 29, 1999, in Palm Beach County, Florida, co-conspirator William Caudell and other co-conspirators did participate in an interstate and foreign conference call and

did make and cause to be made false and fraudulent representations regarding the products allegedly provided by PRSI, to wit: that the software underlying the VPN and SOHO system existed and would be made available to customers.

18. On or about November 10, 1999, using interstate telephone conference facilities, defendant GILLESPIE stated that commission checks were disbursed to SOHO system customers, such statement having been made to corruptly persuade SOHO system customers and potential SOHO system customers that the SOHO system offering was legitimate.

19. On or about November 17, 1999, in Pennsylvania, defendant ROEMMELE and other co-conspirators did transmit and/or cause to be transmitted through interstate wire facilities materials containing false and fraudulent representations regarding the products allegedly offered by CITX, to wit: that CITX had produced technology used by more than 50,000 healthcare providers.

20. On or about January 4, 2000, in Pennsylvania, defendant ROEMMELE and other co-conspirators did transmit and/or cause to be transmitted through interstate wire facilities materials containing false and fraudulent representations regarding the products allegedly offered by CITX, to wit: that CITX had produced technology used by more than 50,000 healthcare providers.

21. On or about January 18, 2000, defendant ROEMMELE and other co-conspirators did transmit and/or cause to be transmitted

through interstate wire facilities materials containing false and fraudulent representations regarding the products allegedly offered by CITX, to wit: that CITX experienced a 395 percent annualized growth of revenues and a profitable fiscal year 1999.

22. On or about March 7, 2000, in Palm Beach County Florida, defendant ROEMMELE caused an investor to place, in authorized depositories for mail matter, two \$15,000 checks, to be sent to the CITX corporate offices in Quakertown, Pennsylvania to purchase CITX stock.

23. On or about May 31, 2000, defendant ROEMMELE and other co-conspirators did transmit and/or cause to be transmitted through interstate wire facilities materials containing false and fraudulent representations regarding the products allegedly offered by CITX, to wit: that CITX revenues grew more than 1,000 percent over the preceding 12 months while first quarter 2000 net income rose by 430 percent.

All in violation of Title 18, United States Code, Section 371.

COUNT 3

(Money Laundering Conspiracy, 18 U.S.C. § 1956(h))

The Conspiracy

1. From in or about 1998, through on or about October 2001, in the Southern District of Florida and elsewhere, the defendants,

BERNARD ROEMMELE,
a/k/a "Bernie,"
SALVATORE ARGENTO,

LESTER GILLESPIE,
a/k/a "GIL,"
STEVE HEIN, and
BEN TOBIN,

did knowingly conspire, confederate, and agree with each other and with other persons known and unknown to the Grand Jury to commit offenses against the United States, that is, to violate Title 18, United States Code, Sections 1956(a)(1)(A)(i) and (B)(i) and Section 1957.

The Purpose and Object of the Conspiracy

2. It was the purpose and object of the conspiracy to:
 - a. knowingly and willfully conduct and attempt to conduct financial transactions affecting interstate and foreign commerce, that is, issuing checks drawn upon, and transferring funds from, bank accounts, which transactions in fact involved the proceeds of specified unlawful activity, that is, mail fraud, in violation of Title 18, United States Code, Section 1341, and wire fraud, in violation of Title 18, United States Code, Section 1343, with the intent to promote the carrying on of said specified unlawful activity, and knowing the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership and control of the proceeds of said specified unlawful activity and knowing that the property involved represented the proceeds of some form of unlawful activity; and
 - b. knowingly and willfully engage and attempt to engage in monetary transactions affecting interstate and foreign

commerce in criminally derived property that was of a value greater than \$10,000, which was from specified unlawful activity, that is, mail fraud in violation of Title 18, United States Code, Section 1341, and wire fraud in violation of Title 18, United States Code, Section 1343.

The Manner and Means of the Conspiracy

3. The allegations set forth in paragraphs 21 through 86 of the Manner and Means of the Enterprise Section of Count 1 are re-alleged and incorporated herein by reference as constituting the manner and means by which the defendants and other co-conspirators sought to achieve the purpose and object of the conspiracy.

All in violation of Title 18, United States Code, Section 1956(h).

COUNT 4

(Obstruction of the Due Administration of Justice,
18 U.S.C. § 1503)

1. Beginning in or about 2000, a federal grand jury sitting in the Southern District of Florida began investigating possible violations of criminal law committed by CITX Corporation ("CITX") and Professional Resource Systems, Inc. ("PRSI") as well as several of CITX and PRSI's corporate officers.

2. In pursuit of this investigation, five (5) grand jury subpoenas were issued to the custodian of records for CITX in 2001. These subpoenas sought the production of documents, records, notes and other materials relevant to the grand jury's

investigation.

3. Defendant STEVE HEIN was identified to the grand jury as the custodian of records for CITX and testified before the grand jury on July 10 and July 17, 2001. During this testimony, defendant HEIN produced documents, records and other materials and asserted that CITX had complied with the subpoenas directed toward its custodian of records.

4. Beginning on or about July 10, 2001 and continuing through July 17, 2001, in the Southern District of Florida, defendant STEVE HEIN did corruptly endeavor to influence, obstruct and impede the due administration of justice by falsely testifying before the grand jury that CITX had fully complied with the afore-described subpoenas by providing all requested records to the grand jury when, in truth and fact, as defendant STEVE HEIN well knew, the defendant and others corruptly concealed and withheld from the grand jury certain material documents, notes and records whose production was compelled by the afore-described subpoenas.

All in violation of Title 18, United States Code, Section 1503.

COUNT 5

(Securities Fraud: 15 U.S.C. §§ 78j(b) and 78ff(a);
17 C.F.R. Part 240.10b-5; and 18 U.S.C. § 2)

____1. Paragraphs 21 through 86 of the Manner and Means of the Enterprise section of Count 1 are realleged and incorporated by reference as though fully set forth herein.

2. On or about the date specified below, in the Southern District of Florida, and elsewhere, the defendant,

BERNARD ROEMMELE,
a/k/a "Bernie,"

directly and indirectly, and by the use of means and instrumentalities of interstate commerce and of the mails, did knowingly and willfully use and employ manipulative and deceptive devices and contrivances in connection with the purchase and sale of securities described below, and did (a) employ a device, scheme and artifice to defraud; (b) make untrue statements of material facts and omit to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engage in acts, practices and courses of business which would and did operate as a fraud and deceit upon any person, in connection with the purchase and sale of said securities, in contravention of rules and regulations prescribed by the Securities and Exchange Commission as necessary and appropriate in the public interest and for the protection of investors, as specified below:

<u>COUNT</u>	<u>APPROX. DATE</u>	<u>SECURITIES TRANSACTION</u>
5	3/7/00	Defendant ROEMMELE caused investors H.B. and J.B. to send, via U.S. Mail from the Southern District of Florida to the Commonwealth of Pennsylvania, two \$15,000 checks made payable to CITX Corporation in exchange for CITX stock

All in violation of Title 15, United States Code, Sections

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

FORFEITURE ALLEGATIONS

Pursuant to Rule 32.2(a), Federal Rules of Criminal Procedure, notice is hereby given to the defendants that the United States will seek forfeiture as part of any sentence in accordance with Title 18, United States Code, Sections 1963 and 982, in the event of any defendant's conviction(s) under either Count 1, 2 or 3 of this Indictment.

RACKETEERING FORFEITURE

____1. Pursuant to Title 18, United States Code, Section 1963(a), each defendant who is convicted of the offense set forth in Count 1 of this Indictment shall forfeit to the United States the following property:

(a) Any interest acquired or maintained pursuant to Section 1962;

(b) Any interest in, security of, claim against, or property or contractual rights of any kind affording a source of influence over, the enterprise described in Count 1 which was established, operated, controlled and conducted pursuant to Title 18, United States Code, Section 1962;

(c) Any property constituting or derived from proceeds obtained directly and indirectly from racketeering activity pursuant to Title 18, United States Code, Section 1962;

(d) The property subject to forfeiture shall include, but not be limited to, the following:

i. A sum of money in the amount of at least \$16,000,000 (sixteen million dollars) in United States currency, representing the total amount of proceeds obtained by defendants, as a result of their violation of Title 18, United States Code, Section 1962, said amount including the following specific cash amounts:

ii. The sum of \$500,000.00 (five hundred thousand dollars) maintained in an escrow account of the law offices of H. Dohn Williams, Esq., representing a portion of the amount of proceeds obtained by defendants, as a result of their violation of Title 18, United States Code, Section 1962.

iii. The sum of \$21,000.00 (twenty-one thousand dollars) maintained in an escrow account of the law offices of Mark D. Cohen, P.A., representing a portion of the amount of proceeds obtained by defendants, as a result of their violation of Title 18, United States Code, Section 1962.

2. If more than one defendant is convicted of Count 1, the defendants so convicted are jointly and severally liable for the amount subject to forfeiture under this paragraph.

All pursuant to Title 18, United States Code, Section 1963.

MAIL & WIRE FRAUD FORFEITURE

1. Pursuant to the provisions of Title 28, United States Code, Section 2461 and Title 18, United States Code, Section 981(a)(1)(C), each defendant who is convicted of the offense set forth in Count 2 (Mail & Wire Fraud Conspiracy) shall forfeit to the United States the following property:

Any property constituting, or derived from, proceeds the defendants obtained as the result of such violation.

a. The property subject to forfeiture shall include, but not be limited to, the following:

i. A sum of money in the amount of at least \$16,000,000 (sixteen million dollars) in United States currency, representing the total amount of proceeds obtained by defendants, as a result of their violations of Title 18, United States Code, Sections 1341 and 1343, said amount including the following specific cash amounts:

ii. The sum of \$500,000.00 (five hundred thousand dollars) maintained in an escrow account of the law offices of H. Dohn Williams, Esq., representing a portion of the amount of proceeds obtained by defendants, as a result of their violations of Title 18, United States Code, Sections 1341 and 1343; and,

iii. The sum of \$21,000.00 (twenty-one thousand dollars) maintained in an escrow account of the law offices of Mark D. Cohen, P.A., representing a portion of the amount of proceeds obtained by defendants, as a result of their violations of Title 18, United States Code, Sections 1341 and 1343.

All pursuant to the provisions of Title 28, United States Code, Section 2461 and Title 18, United States Code, Section 981(a)(1)(C).

MONEY LAUNDERING FORFEITURE

1. Pursuant to Title 18, United States Code, Section 982(a)(1), each defendant who is convicted of the offense

set forth in Count 3 (Money Laundering Conspiracy) shall forfeit to the United States the following property:

a. All right, title, and interest in any and all property involved in the offense pursuant to Title 18, United States Code, Section 1956(h), for which the defendant is convicted, and all property traceable to such property, including the following:

(1) all money or other property that was the subject of each transaction, transportation, transmission or transfer pursuant to Section 1956(h);

(2) all commissions, fees and other property constituting proceeds obtained as a result of those violations; and

(3) all property used in any manner or part to commit or to facilitate the commission of those violations.

b. The property subject to forfeiture shall include, but not be limited to, the following:

i. A sum of money equal to \$16,000,000 in United States currency, representing the total amount of property involved in the violation of Title 18, United States Code, Section 1956(h), for which the defendants are jointly and severally liable, said amount including the following specific cash amounts:

ii. The sum of \$500,000.00 (five hundred thousand dollars) maintained in an escrow account of the law offices of H. Dohn Williams, Esq., representing a portion of the amount of proceeds obtained by defendants, as a result of their violation of Title 18, United States Code, Section 1956(h).

ii. The sum of \$21,000.00 (twenty-one thousand dollars) maintained in an escrow account of the law offices of Mark D. Cohen, P.A., representing a portion of the amount of proceeds obtained by defendants, as a result of their violation of Title 18, United States Code, Section 1956(h).

All pursuant to Title 18, United States Code, Section 982(a)(1).

SUBSTITUTE PROPERTY

1. If any of the property described above as being subject to forfeiture, as a result of any act or omission of the defendants:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- 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 divided without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 1963(m), the procedures of Title 21, United States Code, Section 853(p), and Rule 32.2 Fed. R. Crim. P., to seek forfeiture of any other property of said defendants up to the value of the forfeitable property described above.

ADDITIONAL ALLEGATIONS

1. With respect to Counts 1-3 of the Indictment with which

they are charged:

- (a) ROEMMELE was a leader and organizer of criminal activity that involved five or more participants and was otherwise extensive;
 - (b) GILLESPIE was a manager and supervisor of criminal activity that involved five or more participants and was otherwise extensive; and
 - (c) ROEMMELE and HEIN willfully obstructed and impeded, and attempted to obstruct and impede, the administration of justice during the course of the investigation of the instant offenses and the obstructive conduct relates to the defendants' offense[s] of conviction and any related conduct and a closely related offense.
2. With respect to Counts 1-4 of the Indictment:
- (a) the loss was more than \$10 million;
 - (b) the offense involved more than minimal planning;
 - (c) the offense involved a scheme to defraud more than 50 victims;
 - (d) the offense was committed through mass marketing;
 - (e) the offense involved a misrepresentation that the defendants were acting on behalf of charitable, educational and religious organizations; and
 - (f) the offense involved sophisticated means.
3. With respect to Count 1 of the Indictment:
- (a) the offense involved an express and implied threat of bodily injury and kidnaping; and
 - (b) a person was physically restrained to facilitate the commission of the offense.
4. With respect to Count 5 the Indictment,
- (a) the loss was more than \$70,000;
 - (b) the offense involved more than minimal planning;
 - (c) the offense involved a scheme to defraud more than one victim; and

(d) the offense involved sophisticated means.

A TRUE BILL

MARCOS DANIEL JIMENEZ
UNITED STATES ATTORNEY

PAUL F. SCHWARTZ
ASSISTANT U. S. ATTORNEY

PATRICE M. MULKERN
TRIAL ATTORNEY, DEPT. OF JUSTICE
CRIMINAL DIVISION