

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

----- X  
UNITED STATES OF AMERICA

- v. -

MARIO GOGLIORMELLA,  
STEVEN LACAJ, and  
KARIM IBRAHIM,  
a/k/a "Chris Hayes,"

Defendants.  
----- X

: **SEALED**  
: **INDICTMENT**

: 24 Cr. \_\_\_\_

: **24 CRIM 362**

**Overview**

1. From at least in or about 2019 through at least in or about October 2022, MARIO GOGLIORMELLA, STEVEN LACAJ, and KARIM IBRAHIM, a/k/a "Chris Hayes," the defendants, engaged in a scheme to defraud investors in a group of related private funds known generally as the "StraightPath Funds" and the "Legend Funds." In particular, the defendants, and others working at their direction, used "boiler room"-style call centers to market the funds, including to individual, non-professional investors, as presenting an opportunity to invest in privately held companies expected to go public in the near future ("pre-IPO companies"). The defendants purported to offer investors the chance to acquire shares in pre-IPO companies at favorable prices in advance of an anticipated public offering, at which time, they claimed, the shares would be worth significantly more.

2. Although the defendants and their agents represented to existing and prospective investors in the Funds that they earned no upfront fees or commission in connection with the acquisition of pre-IPO shares on the Funds' behalf, in reality, and contrary to their fiduciary duties, the defendants acquired the shares and then sold them to the Funds at arbitrarily inflated and

excessive prices without disclosing to investors the nature or extent of the markup. The defendants also misled investors regarding the nature of their investments and hid the involvement of MARIO GOGLIORMELLA and KARIM IBRAHIM, a/k/a “Chris Hayes,” who had been previously been disciplined by the Financial Industry Regulatory Authority (“FINRA”), in the management of the Funds. Moreover, in order to evade detection of their scheme, the defendants destroyed records and otherwise obstructed the efforts of the United States Securities and Exchange Commission (“SEC”) to uncover the defendants’ fraud on investors.

### **Background**

3. Privately held companies, in contrast to public companies, are generally both more difficult to invest in and more difficult to acquire information about. While shares in public companies are, by definition, traded on public exchanges, and thus have an easily discernible market price, sales of shares in private companies, and the prices of those shares, are negotiated between buyer and seller and may not be disclosed to other investors. Further, while public companies must file financial statements and other information with the SEC, private companies are generally not required to provide information about their financial soundness, revenue, or expected growth to the public. MARIO GOGLIORMELLA, STEVEN LACAJ, and KARIM IBRAHIM, a/k/a “Chris Hayes,” the defendants, exploited the relative opacity of and lack of retail-investor access to the pre-IPO market by offering interests in pre-IPO shares at inflated prices, while portraying their alleged access to private shares as a tremendous opportunity for retail investors to invest early in closely held high-tech and high-growth startups.

4. MARIO GOGLIORMELLA, STEVEN LACAJ, and KARIM IBRAHIM, a/k/a “Chris Hayes,” the defendants, conducted this scheme through several related entities. Among those entities was L & G Capital Corp. (“L & G”), which, from approximately 2019 up to

approximately February 2022, marketed the StraightPath Funds on behalf of StraightPath Venture Partners, Inc. (“SPVP”). In approximately 2021, multiple individuals associated with SPVP received subpoenas from the SEC in connection with an investigation into SPVP’s unlawful marketing of pre-IPO shares to investors, and in approximately February 2022, SPVP ceased operations. On or about May 13, 2022, the SEC filed a civil action against SPVP and its founders.

5. In approximately February 2022, when SPVP ceased operations, MARIO GOGLIORMELLA, STEVEN LACAJ, and KARIM IBRAHIM, a/k/a “Chris Hayes,” the defendants, began conducting the scheme under the corporate entity Legend Venture Partners, LLC (“Legend”). The defendants, now through the corporate entity Legend, continued to market funds investing in pre-IPO shares to investors. In addition to marketing these funds, Legend was, at all times relevant to this Indictment, the manager of the five Legend Funds. GOGLIORMELLA, LACAJ, and IBRAHIM controlled Legend, which was the investment adviser to each of the Legend Funds.

#### **The Scheme to Defraud**

6. In order to generate interest in the Funds among retail investors, MARIO GOGLIORMELLA, STEVEN LACAJ, and KARIM IBRAHIM, a/k/a “Chris Hayes,” the defendants, used finders, or “referral agents” to pitch prospective investors and thereafter to serve as the investors’ primary point of contact. The defendants utilized “boiler room”-style call centers wherein salespeople cold-called potential investors, many of whom were not experienced investors, and gave aggressive sales pitches using notes and pitch scripts. The defendants referred to their pitch scripts as “The Bible.” Contrary to the defendants’ claim that they and their agents did not make money unless and until investors received a profit on their investments, L & G and Legend paid referral agents a commission, typically a 10 to 15 percent front-end fee based on the

amount of the investment that agents were able to draw to the Funds, plus a portion of the carried interest when the Funds exited their position in a particular company.

7. In addition to misleading prospective investors about the compensation paid to referral agents, MARIO GOGLIORMELLA, STEVEN LACAJ, and KARIM IBRAHIM, a/k/a “Chris Hayes,” the defendants, defrauded investors in the Funds, for which they acted as fiduciaries, by charging investors excessive and undisclosed markups on share prices of pre-IPO companies, which benefited the defendants and their associates at the expense of investors and the Funds. These markups regularly exceeded 50% of the price at which Legend had acquired the shares, and sometimes were as high as 150%. These markups, in turn, were used to pay fees and commissions to the defendants and their sales representatives.

8. MARIO GOGLIORMELLA, STEVEN LACAJ, and KARIM IBRAHIM, a/k/a “Chris Hayes,” the defendants, also misled investors by actively taking steps to prevent investors from learning about GOGLIORMELLA’s and IBRAHIM’s leadership roles at Legend because of the fact that both had been disciplined by the Financial Industry Regulatory Authority (“FINRA”). In addition, GOGLIORMELLA, LACAJ, and IBRAHIM misled investors by misrepresenting the experience and knowledge of the sales representatives who were advising investors to invest in their funds.

9. In total, during the course of their scheme, from in or about 2019 through in or about October 2022, MARIO GOGLIORMELLA, STEVEN LACAJ, and KARIM IBRAHIM, a/k/a “Chris Hayes,” the defendants, and their agents, solicited investments into the StraightPath Funds and Legend Funds of approximately \$185 million from at least 1,400 investors. GOGLIORMELLA, LACAJ, and IBRAHIM used much of these investor funds to enrich themselves and their associates and referral agents. GOGLIORMELLA, LACAJ, and IBRAHIM

themselves received a total of more than \$28 million in investors' funds which they then used to fund personal expenses. For the most part, these distributions were not disclosed to investors or made in accordance with the Funds' offering documents. The defendants also paid at least \$17.5 million in investor funds to their associates and referral agents, despite having made and caused to be made explicit representations to investors that fees were not being charged or were being waived. In all, approximately 25 percent of the capital contributions the Funds received from investors was diverted to pay the defendants and their associates.

### **Statutory Allegations**

#### **COUNT ONE**

#### **(Conspiracy to Commit Securities Fraud, Wire Fraud, and Investment Adviser Fraud)**

The Grand Jury charges:

10. From at least in or about 2019 through in or about October 2022, in the Southern District of New York and elsewhere, MARIO GOGLIORMELLA, STEVEN LACAJ, and KARIM IBRAHIM, a/k/a "Chris Hayes," the defendants, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to commit offenses against the United States, to wit, securities fraud in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5; wire fraud, in violation of Title 18, United States Code, Section 1343; and investment adviser fraud, in violation of Title 15, United States Code, Sections 80b-6 and 80b-17.

11. It was a part and an object of the conspiracy that MARIO GOGLIORMELLA, STEVEN LACAJ, and KARIM IBRAHIM, a/k/a "Chris Hayes," the defendants, and others known and unknown, willfully and knowingly, directly and indirectly, by the use of a means and instrumentality of interstate commerce, and of the mails and of a facility of a national securities

exchange, would and did use and employ, in connection with the purchase and sale of a security, a manipulative and deceptive device and contrivance, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by: (a) employing a device, scheme, and artifice to defraud; (b) making an untrue statement of a material fact and omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in an act, practice, and course of business which operated and would operate as a fraud and deceit upon a person, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5, to wit, GOGLIORMELLA, LACAJ, IBRAHIM, and others working at their direction, made false and misleading statements to investors about L & G's and Legend's operations and the extent to which investor funds were used to compensate the defendants and their agents, and concealed the involvement of GORGLIORMELLA and IBRAHIM in managing L & G and Legend.

12. It was a further part and an object of the conspiracy that MARIO GOGLIORMELLA, STEVEN LACAJ, and KARIM IBRAHIM, a/k/a "Chris Hayes," the defendants, and others known and unknown, knowingly 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, would and did transmit and cause to be transmitted by means of wire 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, Section 1343, to wit, GOGLIORMELLA, LACAJ, IBRAHIM, and others working at their direction, made false and misleading statements to investors about L & G's and Legend's operations and the extent to which investor funds were used to compensate the defendants and their agents, and concealed the involvement of GORGLIORMELLA and

IBRAHIM in managing L & G and Legend, including using interstate wires, some of which transited through the Southern District of New York.

13. It was a further part and an object of the conspiracy that MARIO GOGLIORMELLA, STEVEN LACAJ, and KARIM IBRAHIM, a/k/a "Chris Hayes," the defendants, the defendants, and others known and unknown, while acting as investment advisors, willfully and knowingly used the mails and a means and instrumentality of interstate commerce, directly and indirectly, to (a) employ a device, scheme, and artifice to defraud clients and prospective clients; (b) engage in a transaction, practice, and course of business which operated as a fraud and deceit upon clients and prospective clients; and (c) engage in an act, practice, and course of business which was fraudulent, deceptive, and manipulative, in violation of Title 15, United States Code, Sections 80b-6 and 80b-17, to wit, GOGLIORMELLA, LACAJ, and IBRAHIM, in violation of their fiduciary duties, engaged in a scheme to defraud their clients regarding Legend's operations and investments and the extent to which investor funds were used to compensate the defendants and their agents, and concealed the involvement of GORGLIORMELLA and IBRAHIM in managing L & G and Legend.

Overt Acts

14. In furtherance of the conspiracy, and to affect the illegal objects thereof, MARIO GOGLIORMELLA, STEVEN LACAJ, and KARIM IBRAHIM, a/k/a "Chris Hayes," the defendants, and others known and unknown, committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. In or about July 2020, LACAJ solicited investor funds by falsely claiming that the pre-IPO shares purchased by the Funds were not marked up, that there were no

commissions, and that the only time LACAJ or L & G made a profit was when the investors made a profit.

b. On or about January 20, 2021, LACAJ emailed IBRAHIM a document titled “The Bible New,” which contained the script to be used by their sales representatives, and which included multiple misrepresentations, including misrepresentations about fees. On or about January 25, 2021, IBRAHIM sent this script to the head of one of L & G’s boiler rooms for that boiler room to use when calling prospective investors.

c. Between in or about February 23, 2022 and October 2022, GOGLIORMELLA, LACAJ, and IBRAHIM maintained Legend’s website, which falsely stated, “The funds we work with DO NOT charge any upfront fees with this transaction. The only costs involved are charged on the back end of the membership holdings after there is some sort of liquidity event.” The website also falsely stated that Legend priced its shares by using “the last round of financing and expected IPO range as a pricing guidepost,” without mentioning that Legend marked up the shares to accommodate expected commissions.

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

**COUNT TWO**  
**(Securities Fraud)**

The Grand Jury further charges:

15. The allegations contained in paragraphs 1 through 14 of this Indictment are repeated and realleged as if fully set forth herein.

16. From at least in or about 2019 through in or about October 2022, in the Southern District of New York and elsewhere, MARIO GOGLIORMELLA, STEVEN LACAJ, and KARIM IBRAHIM, a/k/a “Chris Hayes,” the defendants, willfully and knowingly, directly and

indirectly, by the use of a means and instrumentality of interstate commerce, and of the mails and of a facility of a national securities exchange, would and did use and employ, in connection with the purchase and sale of a security, a manipulative and deceptive device and contrivance, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by: (a) employing a device, scheme, and artifice to defraud; (b) making an untrue statement of a material fact and omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in an act, practice, and course of business which operated and would operate as a fraud and deceit upon a person, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5, to wit, GOGLIORMELLA, LACAJ, IBRAHIM, and others working at their direction, made false and misleading statements to investors about L & G's and Legend's operations, and the extent to which investor funds were used to compensate the defendants and their agents, and concealed the involvement of GORGLIORMELLA and IBRAHIM in managing L & G and Legend.

(Title 15, United States Code, Sections 78j(b) and 78ff and  
Title 18, United States Code, Section 2.)

**COUNT THREE**  
**(Wire Fraud)**

The Grand Jury further charges:

17. The allegations contained in paragraphs 1 through 14 of this Indictment are repeated and realleged as if fully set forth herein.

18. From at least in or about 2019 through in or about October 2022, in the Southern District of New York and elsewhere, MARIO GOGLIORMELLA, STEVEN LACAJ, and KARIM IBRAHIM, a/k/a "Chris Hayes," the defendants, knowingly 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, transmitted and caused to be transmitted by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures and sounds for the purpose of executing such scheme and artifice, to wit, GOGLIORMELLA, LACAJ, IBRAHIM, and others working at their direction, made false and misleading statements to investors about L & G's and Legend's operations and the extent to which investor funds were used to compensate the defendants and their agents, and concealed the involvement of GORGLIORMELLA and IBRAHIM in managing L & G and Legend, including using interstate wires, some of which transited through the Southern District of New York.

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

**COUNT FOUR**  
**(Investment Adviser Fraud)**

The Grand Jury further charges:

19. The allegations contained in paragraphs 1 through 14 of this Indictment are repeated and realleged as if fully set forth herein.

20. From at least in or about February 2022 through in or about October 2022, in the Southern District of New York and elsewhere, MARIO GOGLIORMELLA, STEVEN LACAJ, and KARIM IBRAHIM, a/k/a "Chris Hayes," the defendants, while acting as investment advisors, willfully and knowingly used the mails and a means and instrumentality of interstate commerce, directly and indirectly, to (a) employ a device, scheme, and artifice to defraud clients and prospective clients; (b) engage in a transaction, practice, and course of business which operated as a fraud and deceit upon clients and prospective clients; and (c) engage in an act, practice, and course of business which was fraudulent, deceptive, and manipulative, to wit, GOGLIORMELLA,

LACAJ, and IBRAHIM, in violation of their fiduciary duties, engaged in a scheme to defraud their clients regarding Legend's operations and investments and the extent to which investor funds were used to compensate the defendants and their agents, and concealed the involvement of GORGLIORMELLA and IBRAHIM in managing L & G and Legend.

(Title 15, United States Code, Sections 80b-6 and 80b-17;  
and Title 18, United States Code, Section 2.)

### **FORFEITURE ALLEGATIONS**

21. As a result of committing one or more of the offenses charged in Counts One through Four of this Indictment, MARIO GORGLIORMELLA, STEVEN LACAJ, and KARIM IBRAHIM, a/k/a "Chris Hayes," the defendants, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of said offenses that the defendant personally obtained, including but not limited to sum of money of at least \$185 million.

### **Substitute Assets Provision**

22. If any of the above-described forfeitable property, as a result of any act or omission by 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 21, United States Code, Section 853(p), and Title 28, United States Code Section 2461, to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described above.

(Title 18, United States Code, Section 981(a)(1)(C);  
Title 21, United States Code, Section 853(p);  
Title 28, United States Code, Section 2461.)

  
GRAND JURY FOREPERSON

*Damian Williams* 1/16/15  
DAMIAN WILLIAMS  
United States Attorney