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U.S. Technologies CEO Is Indicted

C. Gregory Earls faces an expanded list of federal charges alleging that he diverted \$15 million from investors.

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The top executive of U.S. Technologies Inc., the company whose money woes led to former FBI chief William H. Webster's resignation from a new accounting oversight board, was indicted Monday for allegedly bilking investors out of about \$15 million.

The 22-count indictment expands allegations against C. Gregory Earls, chairman and chief executive of U.S. Technologies, who was previously charged in a complaint filed by federal prosecutors in December that accused him of diverting more than \$13.8 million of investors' funds. The new charges accuse Earls of carrying out a second scheme in which he allegedly stole another \$1 million from investors in an Internet company.

Neither Earls' lawyer nor anyone at Washington-based U.S. Technologies could be reached for comment. He faces counts of mail fraud, wire fraud and securities fraud, which carry a maximum penalty of 10 years in prison.

U.S. Technologies, a virtually bankrupt investment company, was sued by investors in 2001 for alleged fraud, but more recently played a central role in the resignations of Webster and Securities and Exchange Commission Chairman Harvey L. Pitt.

Webster, a former FBI director and the first chairman of a national board designed to police corporate accountants, had served as a U.S. Technologies board member and headed the auditing committee of the firm.

The charges allege that Earls diverted investors' money to an educational trust for his children, investors from other failed ventures and his ex-wife.

The indictment incorporates earlier charges alleging that beginning in April 1998, Earls deceived investors of USV Partners, a company he controlled, by representing that their funds would be used to capitalize U.S. Technologies, which provides venture business services to technology and other emerging companies.

He allegedly misled investors to believe that the purpose of USV Partners was to buy and hold U.S. Technologies stock and warrants, and that he would not take any management fees. Instead, Earls allegedly stole about \$13.8 million of the more than \$20 million he raised from some 100 investors, according to the indictment.

Earls carried out the scheme by allegedly moving investor funds from USV Partners into the accounts of U.S. Viewing, another company he controlled. He then transferred the stolen funds from U.S. Viewing to his personal accounts and the accounts of various other entities he controlled.

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Bloomberg News was used in compiling this report.