



U.S. Department of Justice

**Terrence Berg
United States Attorney
Eastern District of Michigan**

***Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277***

For Immediate Release:

Contact: Gina Balaya (313) 226-9758
Sandra Berchtold - FBI - (313) 237-
Stephen Moore - IRS - (313) 234-2410

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EVENT: Indictment

Defendant: Ernest Adam Csolkovits

**Bloomfield Hills Man Indicted For Fraud
In Connection With Rodenticide Business**

Acting United States Attorney Terrence Berg announced that a federal Grand Jury has returned an indictment charging a Bloomfield Hills man with 16 counts of wire fraud, one count of engaging in monetary transactions in criminally derived property, one count of impeding the IRS, and one count of the use of false documents.

Ernest Adam Csolkovits, 52, of Bloomfield Hills, Michigan the owner of W.H.I.C. – USA, Inc., currently located in Wixom, Michigan, was arraigned today on the charges in United States District Court.

Mr. Berg was joined in an announcement by Special Agent in Charge Andrew G. Arena, Federal Bureau of Investigation and Special Agent in Charge Maurice M. Aouate, Internal

Revenue Service Criminal Investigation.

According to the indictment, Ernest Adam Csolkovits, owned and operated W.H.I.C. – USA, Inc., a company that began marketing a motivational business philosophy called “symbiotics,” and selling cassette tapes and kits. Csolkovits marketing structure consisted of inducing people to solicit friends and associates to become W.H.I.C. “consultants” for a fee and then move on to other higher positions for a larger fee, such as W.H.I.C. “directors.”

In March of 2000, Csolkovits was introduced to a company called Delmar, Inc., which was seeking capital investment to develop and promote an all natural rat killer. Delmar needed to cover the cost of laboratory testing so that it could obtain registration of the rodenticide by the U.S. Environmental Protection Agency, which had previously enjoined the company from marketing and selling their product.

According to the indictment, in May and June of 2000, Delmar and Csolkovits agreed that in exchange for the necessary funding, Csolkovits would have the exclusive rights to sell and market the rodenticide under his company name. From about June 2000 to about December 2003, Csolkovits devised and executed a scheme to defraud and obtain monies from individuals for the rodenticide. He called the rodenticide E.R.A.S.E., an acronym for Eliminate Rats and Save the Environment. Csolkovits held recruitment meetings where he encouraged them to purchase “commissaries” at the cost of \$66,000. The commissary owners would have the exclusive rights to the profit from the rodenticide sold in their geographically defined area. In order to promote E.R.A.S.E., Csolkovits made false representations and assurances to the investors, including that he was obtaining approval from the EPA for the rodenticides registration when, in fact, Csolkovits well knew that he spent a substantial portion of the investors’ monies for personal expenditures and had not submitted the rodenticide for the necessary laboratory testing.

Also, according to the indictment, from September 2002 until June 2006, Csolkovits obstructed the administration of the Internal Revenue Service laws by making false statements and providing false documents about his company, W.H.I.C.-USA, Inc. and its purported

business with a company called W.H.I.C. International, located in the Bahamas. Csolkovits and his company W.H.I.C-USA had not filed tax returns for the years 1998 to 2003.

Csolkovits claimed that W.H.I.C.-USA had made business expenditures to W.H.I.C. International in the Bahamas for products purchased from W.H.I.C. International and these expenditures were deductible from his tax liabilities. When asked for supporting documentation, Csolkovits provided false documents. In fact, W.H.I.C. International was merely a shell company that Csolkovits himself had incorporated in 1998. , that had nominee officers whom he controlled. W.H.I.C. International neither manufactured nor provided any products to Csolkovits or his company, nor did it pay any royalties to W.H.I.C.- USA, Inc.

Wire fraud carries a maximum penalty of twenty years imprisonment. Engaging in monetary transactions in criminally derived property carries a maximum penalty of ten years imprisonment and a fine of \$250,000. Impeding the IRS carries a maximum penalty of 3 years imprisonment and a fine of \$250,000. Use of false documents carries a maximum penalty of 5 years imprisonment.

An indictment is only a charge and is not evidence of guilt. A defendant is entitled to a fair trial in which it will be the government's burden to prove guilt beyond a reasonable doubt.

Acting United States Attorney Berg thanked the special agents from FBI and IRS Criminal Investigation for their investigation of the case. The case is being prosecuted by the Assistant United States Attorney Ross I. MacKenzie.