

IN THE MATTER OF DISCIPLINARY  
PROCEEDINGS AGAINST RICHARD A.  
KRANITZ, ATTORNEY AT LAW.

CASE CODE 30912

OFFICE OF LAWYER REGULATION,

CASE NO. 2013AP<sup>2128</sup>-D

Complainant;

RICHARD A. KRANITZ,

Respondent.

**RECEIVED**

SEP 25 2013

CLERK OF SUPREME COURT  
OF WISCONSIN**COMPLAINT**

NOW COMES the Wisconsin Supreme Court - Office of  
Lawyer Regulation (OLR), by its retained counsel, William  
F. Bedker, and alleges as follows:

1. OLR was established by the Wisconsin Supreme Court  
and operates pursuant to Supreme Court Rules. This  
Complaint is filed pursuant to SCR 22.11.

2. Richard A. Kranitz (Kranitz) is an attorney  
admitted to the practice of law in Wisconsin in June 1969,  
State Bar ID 1012716. The most recent address Kranitz  
furnished to the State Bar of Wisconsin is 1009 Washington  
Street, Grafton, WI 53024-1913. However, Kranitz is  
currently in federal custody at FPC Duluth, Federal Prison  
Camp, 4464 Ralston Drive, Duluth, MN 55811.

3. On August 9, 2013, pursuant to a SCR 22.20 summary  
suspension motion brought by OLR, the Supreme Court of

Wisconsin suspended Kranitz's Wisconsin law license. *Office of Lawyer Regulation v. Richard A. Kranitz*, Case No. 2013XX000978-D. Kranitz's Wisconsin law license remains suspended.

4. On April 16, 2013, Kranitz appeared before the Honorable Nathaniel M. Gorton in United States District Court for the District of Massachusetts in the matter of *United States of America vs. Richard Kranitz*, CR No. 11-10415-NMG, and entered a guilty plea to the felony offense of Conspiracy to Commit Securities Fraud, in violation of 18 U.S.C. §§ 1348, 1349 and 2.

5. During the April 16 plea hearing, Kranitz conceded that the government would have been able to present the following facts if its case against him had gone to trial:

- a. In or about 2011, Kranitz was a member of the board of directors of China Wi-Max Communications, which is a publicly traded company that issued shares registered under Section 12(g) of the Securities and Exchange Act of 1934.
- b. [I]n or about July of 2011, James Prange introduced the CEO of China Wi-Max, Steven Berman, to a person identified in the Superseding Indictment as E.H. and later to an individual who purported to be a representative of a major investment fund so that Berman could solicit the fund to buy shares of China Wi-Max. Unbeknownst to Berman or Prange, E.H. was a cooperating witness for the FBI and the purported investment fund representative was, in fact, an undercover FBI agent, and the fund did not exist.

- c. In a series of consensually recorded telephone calls in July 2011, E.H. described an arrangement to Berman and Prange which required that Berman pay secret kickbacks to the purported fund representative in order to induce the representative to use fund assets to buy up to \$5 million worth of China Wi-Max stock at above market prices. E.H. told Berman that E.H. believed the transaction to be inappropriate and illegal.
- d. Prange and Berman thereafter enlisted Kranitz to speak with E.H. about the transaction. In a consensually recorded telephone call, E.H. again described the transaction to the defendant [Kranitz], including the fact that the kickbacks would be kept secret from the fund manager's partners and investors. The defendant [Kranitz], along with Berman and Prange, nonetheless, agreed to go ahead with that transaction.
- e. The defendant [Kranitz] also spoke, in a consensually recorded telephone call, with the undercover agent. In that conversation, he [Kranitz] agreed to prepare paperwork to facilitate the secret kickback transaction. Specifically the defendant [Kranitz] prepared a stock purchase agreement reflecting the purchase of \$32,000 worth of China Wi-Max restricted stock at three cents per share when, in fact, at that time China Wi-Max's free-trading stock was trading for less than a penny per share. In order to help conceal the contemplated kickback payments, the defendant [Kranitz] also prepared a consulting agreement between China Wi-Max and the undercover agent's front consulting company.
- f. After the defendant [Kranitz] forwarded the necessary documentation to the undercover agent, the FBI wire transferred \$32,000.01 to China Wi-Max's bank account representing the first installation of the transaction. The undercover agent also forwarded an invoice for \$16,000, representing the 50 percent kickback for consulting services that had not and would not be performed. After receiving the bogus invoice, Berman wired \$16,000 to a bank account purportedly belonging to the undercover agent's front company representing that 50 percent secret kickback for the first

installment of the transaction.

- g. Following the first \$32,000 transaction and the payment of the accompanying \$16,000 kickback, the defendant [Kranitz] along with Berman and Prange, attempted to facilitate additional purchases of China Wi-Max stock and to pay additional kickbacks in connection with those purchases. Among other things, the defendant [Kranitz] prepared additional stock purchase agreements and also prepared additional fake invoices in order to conceal the anticipated kickback payments. The FBI did not, however, forward any additional monies to China Wi-Max.

6. Kranitz specifically agreed on the record of the April 16, 2013 plea hearing that in connection with the purchase of securities in China Wi-Max Corporation, he prepared invoices for consulting services that he knew had not been rendered and would not be rendered; and he knew that that money that was being kicked back to the fund manager, through this front company, would not be disclosed either to the other partners in the hedge fund or to the investors in that hedge fund.

7. Based upon Kranitz's guilty plea and the above-recited facts, Judge Gorton adjudged Kranitz guilty of Conspiracy to Commit Securities Fraud, and set the matter over for sentencing on July 17, 2013.

8. On July 17, 2013, Kranitz was sentenced to the custody of the Federal Bureau of Prisons to be imprisoned for a term of 18 months, plus a term of one year of

supervised release upon his release from imprisonment. Judge Gorton also imposed a fine and other terms and conditions.

COUNT ONE

9. By engaging in conduct leading to his conviction for the felony offense of Conspiracy to Commit Securities Fraud, in violation of 18 U.S.C. §§ 1348, 1349 and 2, Kranitz violated SCR 20:8.4(b)<sup>1</sup>

WHEREFORE, the Office of Lawyer Regulation asks that Respondent, Richard A. Kranitz, be found in violation of the Supreme Court Rules as alleged in connection with this Complaint, that Kranitz's license to practice law in Wisconsin be suspended for a period of two (2) years, and that the Court grant such other and further relief as may be just and equitable, including an award of costs.

Dated this 25 day of September, 2013.

OFFICE OF LAWYER REGULATION

William F. Bedker

WILLIAM F. BEDKER  
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<sup>1</sup> SCR 20:8.4(b) provides in pertinent part: "It is professional misconduct for a lawyer to: (b) commit a criminal act that reflects adversely on the lawyer's honesty, trustworthiness or fitness as a lawyer in other respects."