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DEC 13 2011
MADELINE COX ARLEO
U.S. MAG. JUDGE

**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA	:	HON. MADELINE COX ARLEO
	:	
v.	:	Magistrate No. 11-8263
	:	
GEORGE SEPERO	:	
and	:	COMPLAINT
CARMELO PROVENZANO,	:	
a/k/a "Mel Tannenbaum"	:	

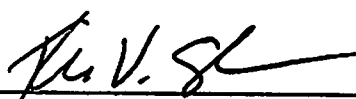
I, Richard Sluzska, being duly sworn, state the following is true and correct to the best of my knowledge and belief. From in or about 2009 through in or about July 2011, in the District of New Jersey and elsewhere, defendants GEORGE SEPERO and CARMELO PROVENZANO, a/k/a "Mel Tannenbaum," did:

SEE ATTACHMENT A

I further state that I am a Special Agent with the Federal Bureau of Investigation, and that this complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached pages and made a part hereof.



Richard Sluzska, Special Agent
Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,

December 13, 2011 at
Date

Newark, New Jersey
City and State

HONORABLE MADELINE COX ARLEO
United States Magistrate Judge
Name & Title of Judicial Officer

Signature of Judicial Officer

4. In reliance on these and other misrepresentations, investors sent the coconspirators a total of more than approximately \$3.5 million. Once investor funds were wired to the coconspirators' accounts, however, little to none of that money was invested in any foreign currency or, indeed, in any investment vehicle. Instead, defendants SEPERO and PROVENZANO, and others, diverted the vast majority of victims' monies to pay prior victims and to finance their own lifestyles, including the purchase of expensive luxury items. For example, and among other improper expenditures, defendants SEPERO and PROVENZANO, and others, used investor funds on:
- a. Credit card bills averaging approximately \$25,000 per month;
 - b. Bar tabs of approximately \$18,241 (including a \$4,000 gratuity) for one night, and approximately \$14,034 for another night, at "Drai's Hollywood" nightclub in Los Angeles, California;
 - c. Tens of thousands of dollars in luxury hotel rooms, including suites costing more than \$4,000 at W Hotels in New York;
 - d. First and business class airplane flights to Paris, Los Angeles, Chicago, and elsewhere;
 - e. A customized Ford F-350 "Harley-Davidson Edition" pickup truck costing more than \$80,000, purchased by defendant SEPERO;
 - f. A luxury Range Rover Sport SUV costing more than \$71,000, with a down payment of over \$65,000, purchased by defendant PROVENZANO; and
 - g. Other personal expenditures, including mortgage payments; home improvements; meals at high-end restaurants; jewelry; and limousines.
5. To further perpetuate the scheme to defraud, the coconspirators e-mailed several investors fake account statements, which falsely represented that investors' investment principal (1) had been invested in the foreign currency markets, and (2) had appreciated substantially. Many of these e-mails were sent by "Mel Tannenbaum" from the e-mail address "mel@caxtonfunds.com." These e-mails were false, and the purported returns they recited were fictional. In fact, "Mel Tannenbaum" did not exist; he was a fictional character invented by defendant PROVENZANO.
6. Also to perpetuate the scheme to defraud, the coconspirators e-mailed to several investors "screen shots" of a computer-based trading program, which they claimed represented the investors' actual investment funds being traded in the currency markets. These "screen shots," however, reflected trading in fictional, "dummy accounts," set up by the coconspirators to dupe investors into believing that their investment funds had, in fact, been invested.

7. In or around July 2011, a confidential witness ("CW-1") met with defendant SEPERO and recorded the meeting. During this recorded conversation, defendant SEPERO stated falsely, in substance and in part, that "all" of CW-1's money had been "traded and lost"; that there was a "paper trail" of CW-1's investments, which would show that all or substantially all of CW-1's money had actually been used to trade foreign currencies; and that defendant SEPERO did not keep money for himself personally, but rather that "the only money I ever kept was money that was paid to me for commissions. End of story."

Wire Fraud

8. As summarized above, defendants SEPERO and PROVENZANO, and others, induced numerous transfers of funds from investors in furtherance of their fraudulent scheme. Some of these transfers, each transmitted using instrumentalities of interstate commerce, are detailed below.
- a. In or about 2010, the coconspirators solicited an investment from a victim-investor ("Victim 1"). To induce Victim 1 to invest, defendant SEPERO falsely represented that Victim 1's money would be invested in the foreign currency markets. Based on this, and other, false representations made to Victim 1 by the coconspirators, between in or about January 2010 and in or about October 2010, Victim 1 sent approximately \$2,210,000 to the coconspirators by causing a series of wire transfers to be sent from Victim 1's bank account outside of New Jersey to several bank accounts in New Jersey controlled by defendants SEPERO and PROVENZANO.
 - b. In or about 2010, the coconspirators solicited an investment from a victim-investor ("Victim 2"). To induce Victim 2 to invest, defendant SEPERO falsely represented that Victim 2's money would be invested in the foreign currency markets. Based on this, and other, false representations made to Victim 2 by the coconspirators, between in or about September 2010 and in or about October 2010, Victim 2 sent approximately \$325,000 to the coconspirators by causing wire transfers to be sent from Victim 2's bank account outside of New Jersey to a bank account in New Jersey controlled by defendant SEPERO.
9. Contrary to the representations of defendants SEPERO and PROVENZANO, and others, the vast majority of Victim 1's and Victim 2's money was not invested in foreign currencies, nor was it invested in any other investment vehicle. Rather, bank records reveal that defendants SEPERO and PROVENZANO, and others, used most of these funds to make principal and interest payments to other investors and to pay personal expenses, including personal credit card bills, mortgage payments, and luxury vehicles.

ATTACHMENT A

From in or about 2009 through in or about July 2011, in the District of New Jersey and elsewhere, defendants

GEORGE SEPERO
and
CARMELO PROVENZANO,
a/k/a "Mel Tannenbaum,"

did knowingly and intentionally conspire and agree with each other and others to devise a scheme and artifice to defraud and to obtain money from investors by means of materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing such scheme and artifice, to transmit and cause to be transmitted by means of wire communication in interstate commerce writings, signs, signals, pictures and sounds, contrary to Title 18, United States Code, Section 1343.

In violation of Title 18, United States Code, Section 1349.

FORFEITURE ALLEGATION

The allegations contained in this Complaint are hereby realleged and incorporated by reference for the purpose of noticing forfeitures pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

The United States hereby gives notice to the defendants that, upon their conviction of the offense alleged in the Complaint, the government will seek forfeiture in accordance with Title 18, United States Code, Sections 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which requires any person convicted of such offense to forfeit any property constituting or derived from proceeds obtained directly or indirectly as a result of such offense, including but not limited to:

- (a) The real property located at 75 Hazelhurst Avenue, Glen Rock, New Jersey;
- (b) One 2010 Range Rover Sport vehicle identification Salsk2D48AA225427; and
- (c) One 2010 Ford F350, vehicle identification 1FTWW3^B8R6AEA56194.

If any of the above-described forfeitable property, 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 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of such defendants up to the value of the forfeitable property described above.

ATTACHMENT B

I, Richard Sluszk, have been a Special Agent of the Federal Bureau of Investigation ("FBI") for approximately one year, and I have been personally involved in the investigation of this matter. The information contained in this Complaint is based upon my personal knowledge, as well as information obtained from other sources, including: a) statements made or reported by various witnesses with knowledge of relevant facts; b) my review of publicly available information relating to the defendants; and c) my review of business records, bank records and other documents obtained through subpoenas and other sources. Because this Complaint is being submitted for the limited purpose of establishing probable cause, it does not include every fact that I have learned during the course of the investigation. Where the content of documents and the actions, statements, and conversations of individuals are recounted herein, they are recounted in substance and in part, except where otherwise specifically indicated.

Introduction

1. From in or about 2009 through in or about July 2011, defendants GEORGE SEPERO and CARMELO PROVENZANO, a/k/a "Mel Tannenbaum," and others (collectively, the "coconspirators") raised more than approximately \$3.5 million from investors, purportedly to be invested in foreign currencies. In fact, however, the coconspirators invested very little of investors' money in foreign currency or any other investment, but instead used investor funds (1) to make payments to initial victims, in Ponzi-scheme fashion, and (2) to fund extravagant personal expenditures.

The Scheme to Defraud

2. At all times relevant to this Complaint, defendants GEORGE SEPERO and CARMELO PROVENZANO, a/k/a "Mel Tannenbaum," resided in New Jersey. Defendants SEPERO and PROVENZANO claimed to operate a series of so-called "hedge funds," located in New Jersey, including "Pelt Capital," "Caxton Capital Management," "SP Investors Inc.," and "CCP Pro Consulting, Inc." Through these supposed hedge funds, the coconspirators solicited investors to invest in foreign currencies.
3. To induce investors to invest, the coconspirators made numerous material misrepresentations and omissions, including, among other things, that:
 - a. the coconspirators owned and controlled a proprietary computer algorithm that achieved extraordinary returns by trading foreign currencies;
 - b. the coconspirators had used this proprietary algorithm to achieve returns of more than 170 percent in the prior two years; and
 - c. investors' investment funds would be highly liquid and could be withdrawn at any time on just days' notice.