

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

UNITED STATES OF AMERICA : Hon.
 :
 v. : Criminal No. 14-
 :
 FREDERICK TODD : 18 U.S.C. §§ 1349 & 1957
 :

I N F O R M A T I O N

The defendant having waived in open court prosecution by Indictment, the United States Attorney for the District of New Jersey charges:

COUNT ONE
(Conspiracy to Commit Wire Fraud)

1. From in or about February 2012 through in or about May 2013, defendant FREDERICK TODD and his co-conspirators defrauded victim investors by offering them, among other things, opportunities to invest in the purchase and resale of securities and real estate. Rather than use victim investor funds in the manner represented, defendant TODD and his co-conspirators diverted millions of dollars of victim investor funds for their own use and benefit, including to pay co-conspirator Eliyahu Weinstein's personal expenses.

Relevant Entities and Individuals

2. At all times relevant to this Information, unless otherwise indicated:

a. Defendant FREDERICK TODD, a resident of Lakewood, New Jersey, was an attorney with offices in Seaside Heights, New Jersey and Los Angeles, California, and was a partner with co-conspirator Eliyahu Weinstein in several fraudulent ventures.

b. Co-conspirator Eliyahu Weinstein, a/k/a “Eli Weinstein,” not named as a defendant herein, was a resident of Lakewood, New Jersey, and was charged in two separate Indictments in this District. First, in or about October 2011, co-conspirator Weinstein was charged with, among other things, perpetrating a massive real estate-based investment fraud scheme, which resulted in investor losses of more than \$200 million. See Crim. No. 11-701 (JAP) (“Weinstein I”). In or around January 2013, co-conspirator Weinstein pled guilty in that case, and in or around February 2014, was sentenced to 264 months’ imprisonment. In or around May 2013, however, while the charges in Weinstein I were pending, co-conspirator Weinstein was arrested for his role in the scheme described herein. In or around October 2013, co-conspirator Weinstein was indicted for his role in this scheme. See Crim. No. 14-219 (JAP) (“Weinstein II”).

c. Co-conspirator Aaron Glucksman, not named as a defendant herein, was a resident of Brooklyn, New York, who created fraudulent documents that were used to defraud victim investors and, among other

things, also purported to be a property manager for certain properties used in the scheme described herein.

d. Co-conspirator "A.M.," not named as a defendant herein, was a resident of Brooklyn, New York, who purported to be an investor in securities and real estate, and who facilitated the co-conspirators' movement and use of a portion of the proceeds of the scheme described herein.

e. 148 Investments LLC ("148 Investments") was a Delaware limited liability corporation established in or about October 2011 by defendant TODD and co-conspirator Weinstein as a purported investment vehicle. Defendant TODD and co-conspirator Weinstein controlled 148 Investments, conducted its alleged business through, among others, bank accounts in New Jersey, and used it to further the scheme described herein.

f. Facebook, Inc. ("Facebook") was a Delaware corporation with its principal place of business in Menlo Park, California. Facebook operated a well-known social networking platform, and completed its initial public offering ("IPO") on or about May 18, 2012. Since then, its Class A common stock has been listed on the NASDAQ Global Select Market under the symbol "FB."

g. Victim "G.C." and his son, Victim "J.C.," were residents of New Zealand, who had received a substantial sum of money from the sale of real estate in New Zealand, and were looking for investment opportunities in the United States.

h. Victim "A.Q." was a resident of Israel and the United States, and was a relative of co-conspirator Weinstein.

The Conspiracy

3. From in or about February 2012 through in or about May 2013, in Ocean County, in the District of New Jersey and elsewhere, defendant

FREDERICK TODD

did knowingly and intentionally conspire and agree with co-conspirator Eliyahu Weinstein, a/k/a "Eli Weinstein," co-conspirator Aaron Glucksman, co-conspirator A.M., and with others to devise a scheme and artifice to defraud and to obtain money and property from victim 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 communications in interstate and foreign commerce, certain signs, signals, and sounds, contrary to Title 18, United States Code, Section 1343.

Object of the Conspiracy

4. The object of the conspiracy was for defendant TODD, co-conspirator Weinstein, co-conspirator Glucksman, co-conspirator A.M., and others to enrich themselves by obtaining money from victim investors by making false and fraudulent representations relating to purported investments in pre-IPO Facebook shares and real estate.

Manner and Means of the Conspiracy

5. It was part of the conspiracy that defendant TODD and his co-conspirators made, and caused to be made, the following types of materially

false and misleading statements and material omissions, among others, to victim investors:

- a. co-conspirator Weinstein had unique opportunities to purchase either securities or real estate at a low price;
- b. co-conspirator Weinstein had someone lined up to whom he could resell the securities or real estate at a higher price;
- c. the contemplated transactions would close imminently;
- d. the victim investors' funds would be used only for the stated transactions and, in the case of the real estate transactions marketed by the co-conspirators, would remain in defendant TODD's attorney escrow account until the transactions closed;
- e. certain victim investors' funds would be secured by collateral;
- f. certain transactions had closed and the victim investors' funds would be returned shortly, or had been rolled into subsequent transactions for the victim investors' benefit; and
- g. legal or accounting issues were preventing the co-conspirators from closing particular transactions or returning victim investors' funds.

6. It was further part of the conspiracy that defendant TODD, co-conspirator Weinstein, and others provided, and caused to be provided, documents to victim investors reflecting that certain of their investments were secured by collateral, such as real estate. In reality, the collateral was either

worthless or the co-conspirators did not have the right to pledge it in the first place.

7. It was further part of the conspiracy that contrary to their representations to the victim investors concerning their intended use of the victim investors' funds, defendant TODD, co-conspirator Weinstein, and others misappropriated millions of dollars in victim investors' funds for their own use and benefit.

8. It was further part of the conspiracy that defendant TODD, co-conspirator Weinstein, and others directed that material portions of funds raised from victim investors for specified transactions be used for other purposes, without disclosing the diversion of funds to victims, including:

a. to fund other, unrelated investments for the sole benefit of the co-conspirators;

b. to pay co-conspirator Weinstein's personal expenses, including legal expenses related to the criminal conduct charged in Weinstein I;

c. to pay victims of co-conspirator Weinstein's prior criminal conduct; and

d. to make lulling payments to victim investors of the scheme described herein, which encouraged them to provide additional funds and allowed the scheme to continue undetected.

9. It was further part of the conspiracy that, using the manner and means described above, defendant TODD, co-conspirator Weinstein, and others defrauded a number of victim investors out of millions of dollars.

Fraudulent Acts

10. In furtherance of the conspiracy and to effect the unlawful object thereof, defendant TODD, co-conspirator Weinstein, and others committed and caused to be committed the following acts, among others:

A. The Pre-IPO Facebook Blocks

11. From in or about February 2012 through in or about May 2013, defendant TODD, co-conspirator Weinstein, co-conspirator A.M., and others made, and caused to be made, a series of material misrepresentations to Victim Investor G.C. and Victim Investor J.C. (collectively the “Facebook Victims”) in connection with the purported purchase and resale of large blocks of pre-IPO Facebook shares (“Facebook Blocks”).

12. These material misrepresentations included that:
- a. the co-conspirators had access to the Facebook Blocks, which were highly coveted at the time;
 - b. the co-conspirators had buyers lined up to whom they would sell the Facebook Blocks at a substantial profit;
 - c. the Facebook Victims’ money would be exclusively used to fund the purchase and resale of the Facebook Blocks;
 - d. the Facebook Victims’ “investments” would be secured by collateral;
 - e. the Facebook Victims’ money was, in fact, used to fund the successful purchase and resale of the Facebook Blocks; and

f. occasional returns of funds to the Facebook Victims represented the return of their principal and profit from the completion of a successful Facebook transaction.

13. The above representations to the Facebook Victims were all false and misleading because, as defendant TODD, co-conspirator Weinstein, and others well knew: they did not have access to the Facebook Blocks; they did not have buyers lined up to whom they could resell the Facebook Blocks; the purported collateral they provided the Facebook Victims was worthless; and, they did not use Facebook Victims' funds to purchase the Facebook Blocks.

14. Based on the above misrepresentations, among others, the Facebook Victims caused the following wires to be made from outside of the United States to bank accounts within the District of New Jersey controlled by defendant TODD, co-conspirator Weinstein, and others for purported investments involving Facebook Blocks:

a. On or about February 7, 2012, Facebook Victim G.C. wired approximately \$1.2 million from an account in Jersey, Channel Islands, to an account in New Jersey ending in 5080 in the name of 148 Investments (the "5080 Account");

b. On or about February 17, 2012, Facebook Victim G.C. wired approximately \$1.65 million from an account in Jersey, Channel Islands, to the 5080 Account; and

c. On or about March 5, 2012, Facebook Victim G.C. wired approximately \$1.825 million from an account in Jersey, Channel Islands, to the 5080 Account.

15. Contrary to their representations to the Facebook Victims, defendant TODD, co-conspirator Weinstein, and others misappropriated the Facebook Victims' funds for their own use and benefit.

B. The Seven Florida Condominiums

16. From in or about July 2012 through in or about May 2013, defendant TODD, co-conspirator Weinstein, co-conspirator Glucksman, and others made, and caused to be made, a series of material misrepresentations to Victim Investor "A.Q." and his investor group (collectively the "Florida Condominium Victims") in connection with the purported purchase of seven condominiums purportedly located in Florida (the "Florida Condominiums").

17. These material misrepresentations included that:

a. co-conspirator Weinstein had the opportunity to purchase the notes on seven South Florida condominiums for approximately \$3 million in cash from a bank in a "friendly foreclosure action";

b. the seven condominiums were originally purchased for approximately \$11 million;

c. the co-conspirators had approximately \$1.5 million in place for the purchase of the notes, and only needed an additional approximately \$1.5 million to close the deal;

d. the seven condominiums were earning a minimum of approximately \$780,000 per year in rental income, a false claim which co-conspirators Weinstein and Glucksman supported by providing the Florida Condominium Victims with fabricated documents; and

e. the co-conspirators had a lender in place that would provide approximately \$3 million shortly after the closing at a cost of approximately \$400,000 per year, thereby allowing the co-conspirators and the Florida Condominium Victims to quickly recoup their initial investment, and earn yearly rental profits of approximately \$380,000 to divide among the group.

18. The co-conspirators' representations to the Florida Condominium Victims were false in numerous ways because, as defendant TODD, co-conspirator Weinstein, and others well knew, there was no transaction involving seven Florida condominiums, and defendant TODD, co-conspirator Weinstein, and others did not have \$1.5 million set aside for half of the transaction. Moreover, the documentation that the co-conspirators provided the Florida Condominium Victims, including proof of rental income and e-mails showing monies being held in escrow, was fraudulent, and had been created at co-conspirator Weinstein's direction. Finally, co-conspirator Weinstein had lost a number of the seven Florida Condominiums years earlier in foreclosure actions.

19. Based on the above misrepresentations, among others, the Florida Condominium Victims provided defendant TODD, co-conspirator Weinstein, and others approximately \$1.5 million through wire transfers and

cash payments made between in or about August 2012 and in or about December 2012. Among others, the Florida Condominium Victims caused the following wires to be made from outside of New Jersey to defendant TODD's attorney trust account in New Jersey to be used towards the purported purchase of the seven Florida condominiums:

a. On or about September 28, 2012, Victim A.Q. caused approximately \$600,000 to be wired from an account in Brooklyn, New York, to defendant TODD's trust account in New Jersey.

b. On or about October 28, 2012, Victim A.Q. caused approximately \$238,000 to be wired from an account in Brooklyn, New York, to defendant TODD's trust account in New Jersey.

20. Contrary to their representations to the Florida Condominium Victims, defendant TODD, co-conspirator Weinstein, co-conspirator Glucksman, and others misappropriated the Florida Condominium Victims' funds for their own use and benefit. Despite converting the Florida Condominium Victims' funds, from in or about January 2013 through in or about May 2013, the co-conspirators continued to lead the Florida Condominium Victims to believe that their investment existed and was secure, by sending them or causing others to send them reassuring e-mails and text messages during this period.

C. The Proceeds of the Fraud

21. Through the types of misrepresentations, omissions, fraudulent documents, and fraudulent conveyances discussed above, defendant TODD,

co-conspirator Weinstein, and others obtained more than \$8 million dollars from victim investors for purported Facebook and real estate transactions. Rather than use the victim investors' funds for specified transactions as they claimed they would, defendant TODD, co-conspirator Weinstein, and others misappropriated victim investors' funds, and used material portions of monies raised for other purposes.

22. In most cases, defendant TODD, co-conspirator Weinstein, and others transferred victim investor funds between several accounts that they controlled before using the misappropriated funds for their personal benefit. For example, on or about March 5, 2012, the Facebook Victims wired approximately \$1.825 million from an account in Jersey, Channel Islands, to the 5080 Account to fund the purchase of pre-IPO Facebook shares, as discussed in paragraph 14(c) above. Between on or about March 5, 2012 and on or about March 6, 2012, however, defendant TODD, co-conspirator Weinstein, and others caused approximately \$1.6 million of the Facebook Victims' funds to be transferred to an account in New Jersey controlled by defendant TODD ending in 3620 (the "3620 Account"). On or about March 14, 2012, defendant TODD, co-conspirator Weinstein, and others caused approximately \$999,000 of the Facebook Victims' funds to be transferred from the 3620 Account back to the 5080 Account. Then, on or about March 15, 2012, defendant TODD withdrew approximately \$200,008 from the 5080 Account, using his driver's license as identification.

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

Count Two
(Transacting in Criminal Proceeds)

1. The allegations set forth in Paragraphs 1, 2 and 5 through 22 of Count One are hereby repeated, realleged and incorporated as if fully set forth herein.

2. On or about March 5, 2012, in Ocean County, in the District of New Jersey, and elsewhere, defendant

FREDERICK TODD

knowingly engaged and attempted to engage in a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, such property having been derived from specified unlawful activity, that is wire fraud, in violation of Title 18, United States Code Sections 1343 and 2, specifically, a wire of approximately \$1.6 million from the 5080 Account to the 3620 Account, representing funds obtained from Facebook Victims G.C. and J.C., which were purportedly to be used for the purchase of a block of pre-IPO Facebook shares.

In violation of Title 18, United States Code, Section 1957.

FORFEITURE ALLEGATION

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


The United States hereby gives notice to the defendant FREDERICK TODD that, upon his conviction of the offenses alleged in the Information in Count 1, 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 offenses to forfeit any property constituting or derived from proceeds obtained directly or indirectly as a result of such offense;

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.



PAUL J. FISHMAN
United States Attorney

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INFORMATION FOR

18 U.S.C. §§ 1349 & 1957

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