



transactions), expecting that the loans would get repaid when the customers repaid Allied Deals for the metal that had been purchased.

In fact, hundreds, if not thousands, of metal transactions upon which the loans were based simply did not exist. ANAND, the RASTOGI brothers, and their co-conspirators had set up and controlled an elaborate network of hundreds of sham, nominee companies around the world (which they called "group companies") to serve as fake purchasers of metal from Allied Deals so that the defendants could get loans from the victim banks.

The RASTOGIs and their co-conspirators used loan proceeds from one victim bank to make the loan payments required by another victim bank, while concealing that the newly-issued loans were not being used to fund actual, arms-length metal transactions and that the money used to pay off the loans had not been provided by the buyers of metal in bank-financed sales.

The co-conspirators went to extraordinary lengths to mislead and convince banks into believing that the sham, "controlled" customers were in fact real, independent companies with actual employees and offices and with no ownership or control relationships with the defendants. Among other things, a number of co-conspirators posed as Allied Deals customers, established offices and phone lines for the sham companies in the United States and abroad, arranged for fake letterhead and bank accounts, and were prepared to field calls from bankers or auditors.

Among other things, ANAND was involved in helping the RASTOGIS establish a number of the sham "controlled" customers that were central to the scheme, by recruiting a number of his friends to set up fake metal companies in New Jersey, New York and California. ANAND and his co-conspirators at Allied Deals then used these fake customers to generate millions of dollars in sham accounts receivables, which they used as collateral to obtain millions of dollars in loans from the victim banks.

To further the appearance that Allied Deals' customers were real, independent, metal companies, ANAND helped to establish fake credit histories for the sham customers. He also supplied sham customers with false financial data that was then provided to credit agencies to further the facade that the customers were real, bona fide metal companies engaged in real, bona fide metal trades.

As part of the fraud, the co-conspirators established a fake credit reporting agency, which generated false credit reports attesting to the credit-worthiness of the sham companies. These credit reports were kept in a series of "credit files" that Allied Deals maintained for each of its sham customers, which files could be shown to banks and/or auditors to further the deception that they were real customers.

Allied Deals employees forged many of the documents that the banks required in order to obtain loans. For example, the documentation department created fake purchase contracts at Allied Deals' office in New Jersey, cut and paste signatures for the purported customer, and faxed the documents between fax machines at Allied Deals, in order to make it appear that the documents had come from overseas. Allied Deals employees also routinely forged such key shipping documents as steamship line bills of lading, and Chamber of Commerce certificates of origin.

ANAND also participated in key meetings with bank officials, during which he and his co-conspirators made representations regarding the nature of Allied Deals' metal transactions in order to obtain millions of dollars in loans.

The RASTOGI brothers and their co-conspirators also shipped the same metal between multiple customers at different ports around the world, using each repeated metal transaction to support an additional loan. To increase the declared value of the metal being shipped (and thus the amount of each loan), Allied Deals employees also falsely represented on the bill of lading the type of metal in a particular container -- stating, for example, that a particular container contained an expensive metal, such as cobalt, when it in fact contained a cheaper metal, such as lead. The defendant and his co-conspirators also used the same collateral for two different loans by submitting purportedly "original" bills of lading to more than one bank.

In the Spring of 2002, several of the defendants in the United States were assigned the task of fielding telephone calls from auditors or bankers, while posing as a representative of one or more of the sham companies in the United States. To facilitate this effort, the co-conspirators obtained a number of cellular telephones, each of which was assigned to a particular sham company. A number of Allied Deals employees then fielded calls from bankers, falsely assuring them that the amounts due would be repaid.

Fifteen defendants have been arrested in the United States in connection with this case. Nine -- including ANAND --

pleaded guilty; five were found guilty at trial; and one was acquitted. Two defendants in the U.S. case remain at large.

ANAND pleaded guilty to one count of conspiracy, one count of bank fraud, one count of conspiracy to commit money laundering, one count of tax evasion, and one count of making false statements to federal agents.

As part of his cooperation, ANAND testified in 2004 in New York against six of his co-defendants five of whom were convicted after trial. As a further part of his cooperation, ANAND testified in London in the fall of 2007 at the UK trial of VIRENDRA RASTOGI and three others. That trial recently ended in the conviction of three of the defendants, including VIRENDRA RASTOGI. On June 5, 2008, VIRENDRA RASTOGI was sentenced to a term of 9 1/2 imprisonment.

ANAND, age 46, resides in Plainsboro, New Jersey.

Mr. GARCIA thanked the Federal Bureau of Investigation and the United Kingdom's Serious Fraud Office for their assistance in this investigation and prosecution.

This prosecution is being handled by the Major Crimes Unit of the United States Attorney's Office. Assistant United States Attorney MARCUS A. ASNER is in charge of the prosecution.

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