

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Criminal No. 11-  
 :  
 v. :  
 :  
 SYDNEY JACK WILLIAMS : 26 U.S.C. § 7206(1)

I N F O R M A T I O N

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

1. At all times relevant to this Information:

a. Defendant SYDNEY JACK WILLIAMS was a Naples, Florida resident.

b. Capitol Investment USA, Inc. ("Capitol"), a Florida corporation with offices in Miami Beach, Florida, was a purported wholesale grocery distribution business.

c. Capitol was run by Nevin Shapiro, who was Capitol's founder, owner and Chief Executive Officer. As CEO, Nevin Shapiro controlled all aspects of Capitol's business, which also employed a number of additional individuals. From at least as early as in or around 2004 to in or around November 2009, Nevin Shapiro and his co-schemers induced investors to provide Nevin Shapiro and Capitol with hundreds of millions of dollars, promising that the money would be used to fund Capitol's grocery distribution business - through which Capitol would purportedly purchase merchandise which would then be resold at a profit.

However, at least as early as January 2005, Capitol had virtually no active wholesale grocery business. Instead, Capitol operated an investment scheme commonly known as a "Ponzi" scheme, in which new investors' funds are utilized to pay previous investors in the absence of any underlying security, legitimate investment vehicle or other commodity. Pursuant to this scheme, Nevin Shapiro and others raised at least approximately \$930 million, and used the money provided by investors (i) to pay earlier investors in order to further the fraud; and (ii) for Nevin Shapiro's personal benefit.

2. From at least as early as in or about 2004 through at least in or about 2008, defendant SYDNEY JACK WILLIAMS was an investor in Capitol, receiving in excess of \$7 million in interest payments during the years 2004 through 2008.

3. Shortly after beginning to invest his own money, defendant SYDNEY JACK WILLIAMS began bringing new investors to Nevin Shapiro and Capitol. In return for identifying new investors, defendant SYDNEY JACK WILLIAMS was paid continual commissions equal to as much as the amount of interest being paid to the investors he identified. From at least as early as in or about 2004 through at least in or about 2008, defendant SYDNEY JACK WILLIAMS brought in more than 60 investors to Nevin Shapiro and Capitol and was paid nearly \$12 million in commissions and fees.

4. Over the course of Nevin Shapiro's scheme, defendant SYDNEY JACK WILLIAMS brought more investors to Nevin Shapiro and Capitol than any other individual, and received more commissions and fees than any other individual for doing so. Individuals recruited by defendant SYDNEY JACK WILLIAMS invested more than \$307 million with Nevin Shapiro and Capitol, and lost more than \$38 million as a result of the scheme.

#### False Tax Filings

5. Defendant SYDNEY JACK WILLIAMS failed to disclose and report a significant portion of his income from Capitol on his tax returns filed for the calendar years 2004, 2005, 2006, and 2007, thereby causing those tax returns to understate a substantial amount of the income that he received. In this fashion, defendant SYDNEY JACK WILLIAMS failed to disclose and report more than \$6.4 million in income from Capitol for the calendar years 2004, 2005, 2006, and 2007, upon which an additional tax of approximately \$2.2 million was due and owing to the United States. Specifically:

a. The return defendant SYDNEY JACK WILLIAMS filed for the calendar year 2004 did not include approximately \$554,906.24 in additional income defendant SYDNEY JACK WILLIAMS received from Capitol in 2004. Upon this income, an additional tax of approximately \$220,145.00 was due and owing to the United States.

b. The return defendant SYDNEY JACK WILLIAMS filed for the calendar year 2005 ("the 2005 Tax Return") did not include approximately \$1,814,067.71 in additional income defendant SYDNEY JACK WILLIAMS received from Capitol in 2005. Upon this income, an additional tax of approximately \$675,643.00 was due and owing to the United States.

c. The return defendant SYDNEY JACK WILLIAMS filed for the calendar year 2006 did not include approximately \$1,904,224.73 in additional income defendant SYDNEY JACK WILLIAMS received from Capitol in 2006. Upon this income, an additional tax of approximately \$640,439.00 was due and owing to the United States.

d. The return defendant SYDNEY JACK WILLIAMS filed for the calendar year 2007 did not include approximately \$2,157,543.96 in additional income defendant SYDNEY JACK WILLIAMS received from Capitol in 2007. Upon this income, an additional tax of approximately \$663,676.00 was due and owing to the United States.

6. On or about October 16, 2006, defendant SYDNEY JACK WILLIAMS signed, filed, and caused to be filed with the IRS the 2005 Tax Return.

7. The 2005 Tax Return was signed by defendant SYDNEY JACK WILLIAMS and contained a written declaration that it was signed under penalties of perjury.

8. As set forth above in paragraph 5.b, the 2005 Tax Return was not true and correct as to every material matter, in that the return failed to report a significant portion of the income that defendant SYDNEY JACK WILLIAMS received from Capitol during the calendar year 2005, upon which a substantial additional tax was due and owing.

9. On or about October 16, 2006, in Collier County, in the Central District of Florida, and elsewhere, defendant

SYDNEY JACK WILLIAMS

did knowingly and willfully make and subscribe a 2005 U.S. Individual Income Tax Return, Form 1040, as described in paragraph 5.b of this Information, which he did not believe to be true and correct as to every material matter, as described in paragraph 8 of this Information.

In violation of Title 26, United States Code, Section 7206(1).



PAUL J. FISHMAN  
United States Attorney

CASE NUMBER: \_\_\_\_\_

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**United States District Court  
District of New Jersey**

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**UNITED STATES OF AMERICA**

**v.**

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**SYDNEY JACK WILLIAMS**

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**INFORMATION FOR**

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26 U.S.C. § 7206(1)

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**PAUL J. FISHMAN**

*U.S. ATTORNEY*

*NEWARK, NEW JERSEY*

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JACOB T. ELBERG

ASSISTANT U.S. ATTORNEY

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