

NEWS

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Christopher J. Christie, U.S. Attorney

More Information? Call the Assistant U.S. Attorney or other contact listed below to see if more information is available.

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FOR IMMEDIATE RELEASE
Oct. 26, 2007

Former Florham Park Man Sentenced to 41 Months
for Defrauding New Jersey Investors of More Than \$13 million

(More)

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TRENTON – A former Florham Park man who held himself out to New Jersey investors as the owner and operator of businesses that dealt in “duty free” merchandise in Europe and elsewhere was sentenced today to 41 months in prison for defrauding investors of more than \$13 million, U.S. Attorney Christopher J. Christie announced.

U.S. District Judge Freda L. Wolfson also ordered David J. Kaye, 56, to pay \$13.7 million in restitution to his victims.

Kaye pleaded guilty on July 17 to a one-count Information charging mail fraud.

Kaye was arrested in December 2006 in London on a U.S. arrest warrant after he traveled there from South Africa. A criminal Complaint and arrest warrant had been issued against Kaye in 2003, and he left the United States for South Africa while under investigation for the fraud he admitted today. Kaye was finally arrested on the U.S. warrant upon his arrival in London. He consented to extradition to the United States.

According to the Information to which he pleaded guilty, Kaye purported to operate Intaport Trading, a “duty free” business based in New Jersey. Kaye represented to investors that Intaport purchased goods from manufacturers and distributors for shipment out of the United States and sale in “duty free” stores in Europe and elsewhere. Kaye solicited approximately \$13.7 million from investors purportedly to finance transactions conducted by Intaport.

At his plea hearing, Kaye admitted that he made false and misleading statements to investors to convince them to invest in Intaport. Kaye admitted that instead of using investor funds to conduct business through Intaport, he used the money for his own personal expenses and to pay interest payments to other Intaport investors so that it would appear that their investment in Intaport was performing as Kaye promised – a classic “Ponzi” scheme. Kaye further admitted to concealing his scheme to defraud by providing New Jersey investors with false and fraudulent invoices, wire transfer notices, account statements and financials.

Christie credited Postal Inspectors with the U.S. Postal Inspection Service, under the direction of Inspector in Charge David L. Collins in Newark, with developing the case against Kaye.

Kaye was prosecuted by Assistant U.S. Attorney Craig Carpenito of the Securities and Health Care Fraud Unit of the Criminal Division of the U.S. Attorney’s Office in Newark.

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Defense Counsel: Martin S. Goldman, Esq., West Caldwell