

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - x
:
UNITED STATES OF AMERICA :
:
- v. - : INDICTMENT
:
LEOR ZAHAVI and : 12 Cr.
DAVID BLUMENSON, :
:
Defendants. :
x
- - - - -

COUNT ONE
(Bank Fraud Conspiracy)

The Grand Jury charges:

Background

1. ADMIT ONE, LLC ("ADMIT ONE") is an online ticket brokerage company headquartered in New York, New York, that buys and sells tickets for sports and entertainment events. According to the company's website, www.admitone.com, the company has "the most extensive in-house ticket inventory in the industry."

2. At all times relevant hereto, LEOR ZAHAVI, the defendant, was the Chief Executive Officer of ADMIT ONE, and DAVID BLUMENSON, the defendant, was the Chief Financial Officer of ADMIT ONE.

3. At all times relevant hereto, ADMIT ONE held a \$6.5 million revolving line of credit at Bank of America (the "BOA Credit Line").

The Fraudulent Scheme

4. From in or about August 2008, up to and including in or about June 2010, LEOR ZAHAVI and DAVID BLUMENSON, the defendants, and others known and unknown, engaged in a conspiracy and scheme to:

a. fraudulently transfer more than \$3 million in funds from the BOA Credit Line to personal bank accounts held by Zahavi; and

b. conceal the fraudulent transfers from Bank of America, by, among other means, falsely representing to Bank of America that funds from the BOA Credit Line had been used to purchase \$3.45 million in certain "personal seat licenses," i.e., season ticket agreements.

Statutory Allegations

5. From in or about August 2008, up to and including in or about June 2010, in the Southern District of New York and elsewhere, LEOR ZAHAVI and DAVID BLUMENSON, the defendants, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to commit offenses against the United States, to wit, violations of Section 1344 of Title 18, United States Code.

6. It was a part and an object of the conspiracy that LEOR ZAHAVI and DAVID BLUMENSON, the defendants, and others known and unknown, knowingly would execute a scheme and artifice

to defraud a financial institution, the deposits of which were then insured by the Federal Deposit Insurance Corporation, and to obtain moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of, such financial institution, by means of false and fraudulent pretenses, representations, and promises.

Overt Acts

7. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the Southern District of New York:

a. On or about October 27, 2008, DAVID BLUMENSON, the defendant, caused \$500,000 in funds originating from the BOA Credit Line to be transferred to a shell company controlled by BLUMENSON, and ultimately to a personal investment account held by LEOR ZAHAVI, the defendant.

b. On or about November 4, 2008, LEOR ZAHAVI, the defendant, used funds that had been transferred from the BOA Credit Line to ZAHAVI'S personal investment account to make stock market purchases in excess of \$1 million.

(Title 18, United States Code, Section 1349.)

COUNT TWO
(Bank Fraud)

The Grand Jury further charges:

8. The allegations set forth in paragraphs 1 through 4 are repeated and realleged as if set forth fully herein.

9. From in or about August 2008, up to and including in or about June 2010, in the Southern District of New York and elsewhere, LEOR ZAHAVI and DAVID BLUMENSON, the defendants, knowingly executed a scheme and artifice to defraud a financial institution, the deposits of which were then insured by the Federal Deposit Insurance Corporation, and to obtain moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of, such financial institution, by means of false and fraudulent pretenses, representations, and promises, to wit, ZAHAVI and BLUMENSON fraudulently diverted more than \$3 million in funds from the BOA Credit Line to ZAHAVI's personal use and then, to conceal the misuse of funds, misrepresented to Bank of America that funds from the BOA Credit Line had been used to purchase approximately \$3.45 million in certain "personal seat licenses."

(Title 18, United States Code, Section 1344.)

COUNT THREE

(Conspiracy to Make False Statements
to Influence Bank Action on a Loan)

The Grand Jury further charges:

10. The allegations set forth in paragraphs 1 through 4 are repeated and realleged as if set forth fully herein.

11. From in or about August 2008, up to and including in or about June 2010, in the Southern District of New York and elsewhere, LEOR ZAHAVI and DAVID BLUMENSON, the defendants, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to commit offenses against the United States, to wit, violations of Section 1014 of Title 18, United States Code.

12. It was a part and an object of the conspiracy that LEOR ZAHAVI and DAVID BLUMENSON, the defendants, and others known and unknown, knowingly would make a false statement and report for the purpose of influencing the action of an institution the accounts of which are insured by the Federal Deposit Insurance Corporation, upon an application, advance, discount, purchase, purchase agreement, repurchase agreement, commitment, loan, and insurance agreement and application for insurance and a guarantee, and a change and extension of the same, by renewal, deferment of action and otherwise, and the acceptance, release, and substitution of security therefor.

Overt Acts

13. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the Southern District of New York:

a. On or about March 26, 2009, DAVID BLUMENSON, the defendant, created a document falsely representing that ADMIT ONE had agreed to purchase approximately \$3.45 million in certain "personal seat licenses."

b. On or about April 20, 2010, LEOR ZAHAVI, the defendant, caused to be presented to Bank of America a document created by DAVID BLUMENSON, the defendant, falsely representing that ADMIT ONE had agreed to purchase approximately \$3.45 million in certain "personal seat licenses."

(Title 18, United States Code, Section 371.)

COUNT FOUR

(False Statements to Influence
Bank Action on a Loan)

The Grand Jury further charges:

14. The allegations set forth in paragraphs 1 through 4 are repeated and realleged as if set forth fully herein.

15. From in or about August 2008, up to and including in or about June 2010, in the Southern District of New York and elsewhere, LEOR ZAHAVI and DAVID BLUMENSON, the defendants, knowingly made a false statement and report for the purpose of influencing the action of an institution the accounts of which

are insured by the Federal Deposit Insurance Corporation, upon an application, advance, discount, purchase, purchase agreement, repurchase agreement, commitment, loan, and insurance agreement and application for insurance and a guarantee, and a change and extension of the same, by renewal, deferment of action and otherwise, and the acceptance, release, and substitution of security therefor, to wit, ZAHAVI and BLUMENSON, having fraudulently diverted more than \$3 million in funds from the BOA Credit Line to ZAHAVI's personal use, misrepresented to Bank of America that funds from the BOA Credit Line had been used to purchase approximately \$3.45 million in certain "personal seat licenses," in order to influence Bank of America in deciding what action to take in response to ADMIT ONE's default on the BOA Credit Line.

(Title 18, United States Code, Section 1014)

FORFEITURE ALLEGATION

16. As a result of committing one or more of the offenses alleged in Counts One through Four of this Indictment, LEOR ZAHAVI and DAVID BLUMENSON, the defendants, shall forfeit to the United States, pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and 982(a)(2)(B) and Title 28, United States Code, Section 2461, any and all property constituting and derived from proceeds obtained directly and indirectly as the result of the offenses, including but not limited to a sum of

United States currency representing the amount of proceeds obtained as a result of the offenses alleged in Counts One through Four of this Indictment.

Substitute Asset Provision

17. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- (1) cannot be located upon the exercise of due diligence;
- (2) has been transferred or sold to, or deposited with, a third person;
- (3) has been placed beyond the jurisdiction of the Court;
- (4) has been substantially diminished in value; or
- (5) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b) and Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the above-described forfeitable property.

(Title 18, United States Code, Sections 981 and 982, Title 21, United States Code, Section 853; Title 28, United States Code, Section 2461.)


FOREPERSON


PREET BHARARA
United States Attorney

Form No. USA-33s-274 (Ed. 9-25-58)

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SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

- v. -

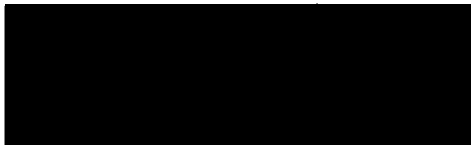
LEOR ZAHAVI and DAVID BLUMENSON,

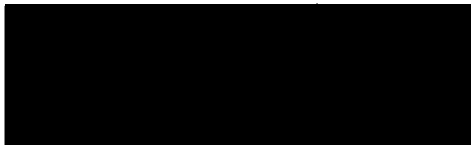
Defendants.

INDICTMENT

12 Cr.

(18 U.S.C. §§ 1349, 1344, 371, & 1014)



/s/  PREET BHARARA
Foreperson United States Attorney.
