

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
- - - - - X

UNITED STATES OF AMERICA : SEALED INFORMATION
- v. - :
14 Cr. ___
YAN KAZIYEV, :
a/k/a "Ian Kaziyev," :
Defendant. :
- - - - - X

COUNT ONE

(Conspiracy to Commit Securities Fraud,
Commodities Fraud, and Wire Fraud)

The United States Attorney charges:

Relevant Entities and Individuals

1. From its inception on or about October 1, 2010, and at all times relevant to this Information, SK Madison Commodities, LLC ("SK Madison") was a New York limited liability company and unregistered commodity pool operator with its principal place of business in Manhattan, New York.

2. From its inception on or about July 15, 2011, and at all times relevant to this Information, SK Madison Partners Ltd. ("SK Partners") was a Florida limited liability partnership with its principal place of business in Manhattan, New York.

3. At all times relevant to this Information, YAN KAZIYEV, a/k/a "Ian Kaziyev," the defendant, was an incorporator, organizer, officer, and manager of SK Madison, and

was the registered agent for SK Partners.

4. At all times relevant to this Information, a co-conspirator not named as a defendant herein ("CC-1") was another incorporator, organizer, officer, and manager of SK Madison. CC-1 was also a general partner in SK Partners.

The Scheme to Defraud

5. From at least in or about July 2011 through at least in or about May 2013, YAN KAZIYEV, a/k/a "Ian Kaziyev," the defendant, and CC-1 engaged in a scheme to defraud investors in SK Madison and SK Partners. As part of their scheme, KAZIYEV and CC-1 collected approximately \$1.3 million from over 20 investors. They misappropriated for their own personal benefit and the benefit of others working with them at least \$700,000 of the investors' funds.

6. To effectuate their fraudulent scheme, YAN KAZIYEV, a/k/a "Ian Kaziyev," the defendant, and CC-1 prepared and disseminated, and caused others to prepare and disseminate, documentation containing false representations about, among other things, the means by which investors' funds were being invested and the success of the commodity pool that SK Madison was operating.

7. For example, from in or about July 2011 through in or about October 2011, YAN KAZIYEV, a/k/a "Ian Kaziyev," the defendant, and CC-1 falsely represented to two investors in SK

Partners that their investments - totaling approximately \$330,000 - would be used to purchase stock in an Internet social media company. In truth and in fact, KAZIYEV, CC-1, and another took hefty "commissions" out of these investors' funds for their own personal benefit and invested the remainder in the SK Madison commodity pool. Shortly after having thus invested the funds, KAZIYEV and CC-1 withdrew a large portion of the funds, again for their own personal benefit and the benefit of others working with them.

8. Also in furtherance of their fraudulent scheme, YAN KAZIYEV, a/k/a "Ian Kaziyev," the defendant, and others at SK Madison mailed and sent by electronic means to current and prospective commodity pool investors false "track record" reports reflecting purported trading profits in the SK Madison commodity pool in most months from August 2011 through dates in 2012 and 2013. These profit figures were fictitious; even for those months in which the SK Madison commodity pool trading had turned a profit, the amount of the profit bore no relationship to the figure reported on the "track record." And the "track record" reports reflected trading profits in months in which the pool had in fact suffered significant trading losses.

9. In or about the spring and summer of 2013, when confronted by members of the National Futures Association ("NFA") and the Commodity Futures Trading Commission ("CFTC")

with their large withdrawals from SK Madison's trading and bank accounts for their own benefit, YAN KAZIYEV, a/k/a "Ian Kaziyeu," the defendant, and CC-1 sought to justify the withdrawals by citing "commissions" of either \$55 or \$110 per transaction that SK Madison had charged for operating the commodity pool. In truth and in fact, although SK Madison's prospectus alerted investors that a \$55 commission would be levied per round turn, the withdrawals KAZIYEV and CC-1 made from the accounts bore no relationship to the number of trades effectuated in the accounts, and far exceeded what might have been calculated using the \$55 commission figure.

Statutory Allegations

10. From at least in or about July 2011 through at least in or about May 2013, in the Southern District of New York and elsewhere, YAN KAZIYEV, a/k/a "Ian Kaziyeu," the defendant, and CC-1, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to commit offenses against the United States, namely, (a) to commit fraud in connection with the purchase and sale of securities, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5; (b) to commit commodities fraud, in violation of Title 7, United States Code, Sections 6o(1) and 13(a)(2); and (c) to commit wire fraud, in violation of Title 18, United

States Code, Section 1343.

Objects of the Conspiracy

Securities Fraud

11. It was a part and an object of the conspiracy that YAN KAZIYEV, a/k/a "Ian Kaziyev," the defendant, and CC-1 willfully and knowingly, directly and indirectly, by use of the means and instrumentalities of interstate commerce, the mails, and the facilities of national securities exchanges, would and did use and employ manipulative and deceptive devices and contrivances in connection with the purchase and sale of securities, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes, and artifices to defraud; (b) making and causing to be made untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon investors, in violation of Title 15, United States Code, Sections 78j(b) and 78ff.

Commodities Fraud

12. It was further a part and an object of the conspiracy that YAN KAZIYEV, a/k/a "Ian Kaziyev," the defendant, and CC-1, while acting as commodity pool operators and persons

associated with a commodity pool operator, willfully and knowingly, by use of the mails, and of the means and instrumentalities of interstate commerce, directly and indirectly, would and did (a) employ devices, schemes, and artifices to defraud clients and participants, and prospective clients and participants; and (b) engage in transactions, practices, and courses of business which operated and would operate as a fraud and deceit upon clients and participants, and prospective clients and participants, in violation of Title 7, United States Code, Sections 60(1) and 13(a)(2).

Wire Fraud

13. It was further a part and an object of the conspiracy that YAN KAZIYEV, a/k/a "Ian Kaziyev," the defendant, and CC-1 willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, would and did transmit and cause to be transmitted by means of wire and radio communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343.

Overt Acts

14. In furtherance of the conspiracy and to effect

the illegal objects thereof, YAN KAZIYEV, a/k/a "Ian Kaziyeu," the defendant, committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. In or about August 2011, KAZIYEV caused a cashier's check for \$209,915.80 to be deposited in a bank account in the name of SK Madison.

b. On or about April 3, 2012, KAZIYEV forwarded by e-mail to CC-1 a draft of a false monthly account statement for an investor in SK Madison.

c. On or about August 6, 2012, KAZIYEV forwarded by e-mail to SK Madison personnel a false "track record" report for dissemination to prospective investors.

d. On or about January 20, 2013, KAZIYEV forwarded by e-mail to an SK Madison investor a false monthly account statement.

e. In or about May 2013, KAZIYEV deposited checks totaling \$79,000 from SK Madison investors into a bank account in the name of SK Madison.

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

COUNT TWO

(Securities Fraud)

The United States Attorney further charges:

15. The allegations contained in paragraphs 1 through 9 and paragraph 14 of this Information are repeated and

realleged as if fully set forth herein.

16. From at least in or about July 2011 through at least in or about May 2013, in the Southern District of New York and elsewhere, YAN KAZIYEV, a/k/a "Ian Kaziyev," the defendant, willfully and knowingly, directly and indirectly, by the use of the means and instrumentalities of interstate commerce, the mails and the facilities of national securities exchanges, in connection with the purchase and sale of securities, used and employed manipulative and deceptive devices and contrivances, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by: (a) employing devices, schemes, and artifices to defraud; (b) making and causing to be made untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon persons, to wit, KAZIYEV engaged in a scheme to defraud SK Madison and SK Partners investors by making material misrepresentations to existing and potential investors.

(Title 15, United States Code, Sections 78j(b) & 78ff;
Title 17, Code of Federal Regulations, Section 240.10b-5, and
Title 18, United States Code, Section 2.)

COUNT THREE

(Commodities Fraud)

The United States Attorney further charges:

17. The allegations contained in paragraphs 1 through 9 and paragraph 14 of this Information are repeated and realleged as if fully set forth herein.

18. From at least in or about July 2011 through at least in or about May 2013, in the Southern District of New York and elsewhere, YAN KAZIYEV, a/k/a "Ian Kaziyev," the defendant, while acting as a commodity pool operator and person associated with a commodity pool operator, willfully and knowingly, by use of the mails, and of the means and instrumentalities of interstate commerce, directly and indirectly, (a) employed devices, schemes, and artifices to defraud clients and participants, and prospective clients and participants; and (b) engaged in transactions, practices, and courses of business which operated as a fraud and deceit upon clients and participants, and prospective clients and participants, to wit, KAZIYEV engaged in a scheme to defraud SK Madison and SK Partners investors by making material misrepresentations to existing and potential investors.

(Title 7, United States Code, Sections 60(1) and 13(a)(2); Title 18, United States Code, Section 2.)

COUNT FOUR

(Wire Fraud)

19. The allegations contained in paragraphs 1 through 9 and paragraph 14 of this Information are repeated and realleged as if fully set forth herein.

20. From at least in or about July 2011 through at least in or about May 2013, in the Southern District of New York and elsewhere, YAN KAZIYEV, a/k/a "Ian Kaziyev," the defendant, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, transmitted and caused to be transmitted by means of wire and radio communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, KAZIYEV engaged in a scheme to defraud SK Madison and SK Partners investors by making material misrepresentations, including by means of e-mail communications, to existing and potential investors.

(Title 18, United States Code, Sections 1341 and 2.)

FORFEITURE ALLEGATION

21. As a result of committing one or more of the offenses alleged in Counts One through Four of this Information, YAN KAZIYEV, a/k/a "Ian Kaziyev," the defendant, shall forfeit

to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(c) and Title 28, United States Code, Section 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offenses, to wit, a sum of money equal to \$200,000 in United States currency.

Substitute Assets Provision

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

- 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;

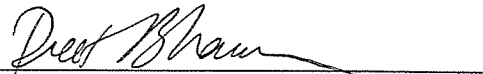
or

- 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), to seek forfeiture of any

other property of the defendant up to the value of the
forfeitable property described above.

(Title 18, United States Code, Section 981; Title 28, United
States Code, Section 2461.)


PREET BHARARA
United States Attorney