



***United States Attorney
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**MANHATTAN U.S. ATTORNEY CHARGES DIAMOND DISTRICT
JEWELER IN \$5.6 MILLION BANKRUPTCY FRAUD**

PREET BHARARA, the United States Attorney for the Southern District of New York, and JANICE K. FEDARCYK, the Assistant Director-in-Charge of the New York Field Office of the Federal Bureau of Investigation ("FBI"), announced that SHALAMU NISIMOV, a jeweler based in Manhattan's Diamond District, was arrested yesterday on bankruptcy fraud charges. According to the Complaint, NISIMOV allegedly made false claims in Bankruptcy Court regarding a customer who failed to pay for approximately \$5.6 million in merchandise when, in fact, the customer was fictional. NISIMOV, 41, was presented yesterday before U. S. Magistrate Judge KEVIN NATHANIEL FOX.

Manhattan U.S. Attorney PREET BHARARA said: "Shalamu Nisimov allegedly tried to pull the wool over the eyes of the Bankruptcy Court and his creditors by creating, out of whole cloth, a fictional customer and non-existent goods. It appears this was all just a cover for Nisimov's own fraudulent scheme. This Office, with its partners at the FBI and the U.S. Trustee's Office, will continue to vigorously prosecute those who seek to defraud the Bankruptcy Court."

FBI Assistant Director-in-Charge JANICE K. FEDARCYK said: "Not only did Nisimov attempt to scam the U.S. bankruptcy system, but his fraudulent activities victimized the businesses that provided him the credit or jewelry to help him grow his business. The charges brought against Nisimov send a message to those who would use bankruptcy in a criminal scheme: you will be investigated and prosecuted to the fullest extent of the law."

According to the Complaint filed in Manhattan federal court:

In September 2006, NISIMOV, the owner and operator of Manhattan-based Diva Jewelry Design, Inc. ("Diva"), caused Diva to file a voluntary petition for Chapter 7 relief in the U.S. Bankruptcy Court for the Southern District of New York. In connection with the bankruptcy proceeding, NISIMOV listed as accounts receivable approximately nine purported shipments of jewelry to Armenia, in the aggregate amount of approximately \$5.6 million, to a company called "Argo LLC," operated by an Armenian-based client, "Fruntik Makartichian." NISIMOV asserted, under oath in the bankruptcy proceedings, that he had sent this individual millions of dollars of merchandise on credit, through unnamed messengers and intermediaries, but that "Makartichian" had failed to pay for it. NISIMOV further claimed that he met "Makartichian" when the two were teenagers in the former Soviet Union, and that they reestablished their relationship fifteen years later at a trade show. At no time did NISIMOV request or see any documentation from "Fruntik Makartichian" about his jewelry business, "Argo LLC." Indeed, other than a single business card, NISIMOV did not have any documentation from "Makartichian" or "Argo LLC," nor did they ever exchange emails.

According to the Complaint, Makartichian and his brother -- with whom NISIMOV claimed to have had a year-long business relationship -- were both fictional, and NISIMOV never shipped millions of dollars of merchandise to "Argo LLC" in Armenia. Instead, as part of the scheme, he kept or sold merchandise that had been provided to him on consignment and/or credit. For example, pursuant to an official request made to the National Security Service for the Republic of Armenia ("NSS"), no records of any such individuals appeared to exist.

NISIMOV's creditors have filed proofs of claim in the total aggregate amount of approximately \$6 million, including claims for jewelry that was given to NISIMOV on consignment and/or credit, at least some of which NISIMOV claimed to have given to "Fruntik Makartichian."

* * *

NISIMOV is charged with one count of bankruptcy fraud. He faces a maximum penalty of five years in prison.

Mr. BHARARA praised the work of the FBI, and thanked the U. S. Trustee's Office for their invaluable assistance. He added that the investigation is continuing.

This case is being handled by the Office's Complex Frauds Unit. Assistant U.S. Attorney E. DANYA PERRY is in charge of the prosecution.

The charge contained in the Complaint is merely an accusation, and the defendant is presumed innocent unless and until proven guilty.

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