

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA	:	SUPERSEDING
	:	<u>INFORMATION</u>
- v. -	:	S1 13 Cr. 906 (GBD)
PETER STRAIN,	:	
Defendant.	:	

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COUNT ONE
(Interstate Transportation of Stolen Property)

The United States Attorney charges:

RELEVANT PERSONS AND ENTITITES

1. At times relevant to this Information, PETER STRAIN, the defendant, ran a talent agency known as Peter Strain & Associates, Inc. ("PSA"). STRAIN served as the talent agent for television, film, and stage actors. In his role as talent agent, STRAIN, among other things, maintained a bank account in trust for his clients (the "Trust Account") into which he received fees owed to his clients for their acting work. Upon receipt, it was Strain's responsibility to remit those fees, less his own commission (which was typically 10%), to the actor-client to whom they were due.

2. At times relevant to this Information, a particular individual ("Client-1") was a client of PETER STRAIN, the defendant. Client-1 is an actor who has appeared in several

Broadway shows and television series, including a currently broadcast television series ("Television Series-1").

3. At times relevant to this Information, a particular individual ("Client-2") was a client of PETER STRAIN, the defendant. Client-2 is an actor who has appeared in several television shows, including a currently broadcast television series ("Television Series-2").

4. At times relevant to this Information, a particular individual ("Client-3") was a client of PETER STRAIN, the defendant. Client-3 is an actor who has appeared in several television shows, including a currently broadcast television series ("Television Series-3").

OVERVIEW

5. At times relevant to this Information, PETER STRAIN, the defendant, received payments into the Trust Account on behalf of Client-1, Client-2, and Client-3, for their acting work. Rather than remitting the fees to these clients as he was required to do, STRAIN instead converted a portion of them to his personal use, as well as to the use of PSA. Among other things, STRAIN used the funds to pay hundreds of thousands of dollars of his personal American Express bills. As a result, STRAIN was unable to fully remit his clients' money to them.

6. In order to conceal his theft and to ensure that his clients would continue to allow PETER STRAIN, the defendant,

to receive payments on their behalf despite his failure to timely remit payments to them, STRAIN made certain misrepresentations, offering phony excuses for why he had failed to timely pay them their money. At times, based on these phony excuses, clients agreed that STRAIN could further delay payments to them. On at least one occasion, STRAIN used subsequent payments received on behalf of Client-2 in order to repay debts that he owed to Client-1.

MISREPRESENTATIONS TO CLIENT-1

7. Between July 21, 2011 and December 15, 2011, PETER STRAIN, the defendant, received on Client-1's behalf more than \$1.4 million in payments for Client-1's acting work in certain episodes of Television Series-1. STRAIN remitted only a portion of that money to Client-1, but withheld more than \$500,000 from Client-1.

8. STRAIN and Client-1 discussed the missing payments by telephone. STRAIN asked Client-1 if he could delay making the payments because, according to STRAIN, he was short on funds as a result of his partners at PSA embezzling money from the firm. STRAIN further falsely stated that he had recently won a lawsuit against his partners related to the supposed embezzlement, and that he was waiting to receive settlement payments from his partners.

9. As PETER STRAIN, the defendant, well knew,

STRAIN's statements regarding the lawsuit were false. In truth and in fact, STRAIN's partners had filed a lawsuit accusing him of embezzling funds from PSA. STRAIN agreed to settle the lawsuit by paying his partners more than \$250,000 for their shares in PSA. In order to make a payment required under the settlement, and rather than use his own money, STRAIN withdrew \$30,000 from the Trust Account.

10. Based on these false representations, Client-1 agreed that PETER STRAIN, the defendant, could further delay payment of the approximately \$500,000 he owed to Client-1. Ultimately, STRAIN repaid Client-1 by stealing money from a different client, Client-2.

11. In or about July 2012, PETER STRAIN, the defendant, once again failed to timely remit certain payments to Client-1 for Television Series-1, this time totaling more than \$200,000. In an email to Client-1 asking for additional time to remit the \$200,000, STRAIN repeated his false claim that he had "won" the lawsuit and was waiting for his partners to pay him. STRAIN further falsely stated that he had Client-1's money in his possession, but that he was restricted from accessing the money due to court orders.

12. Contrary to his representations to Client-1, and as PETER STRAIN, the defendant, well knew, STRAIN (a) had not "won" the lawsuit; (b) was not restricted from accessing the

funds owed to Client-1; and (3) did not have sufficient funds in the Trust Account to pay Client-1. In fact, in the same month that STRAIN claimed he was unable to access Client-1's money, STRAIN withdrew more than \$80,000 from the Trust Account, leaving the account overdrawn by more than \$9,000.

MISREPRESENTATIONS TO CLIENT-2

13. PETER STRAIN, the defendant, also embezzled approximately \$500,000 from Client-2, and used that money to repay Client-1 for the money STRAIN had taken. STRAIN was then unable to pay Client-2 the money Client-2 was owed. In order to conceal his theft and ensure that he continued to receive monies on behalf of Client-2, STRAIN misrepresented to Client-2 the reasons why he had failed to timely remit payments.

14. In or about July 2012, Client-2 met with PETER STRAIN, the defendant, in New York, New York. During that meeting, STRAIN told Client-2, among other things, that he had recently hired a new business financial management team. STRAIN further stated that his business was in a transitional phase and his team must have simply "misplaced" payments owed to Client-2 for his work on Television Series-2. In truth and in fact, and as STRAIN well knew, he had not hired a new business management team. Instead, STRAIN used the money he received in trust for Client-2 to repay money STRAIN owed to Client-1.

15. In or about August 2012, PETER STRAIN, the

defendant, sent an email to Client-2 and repeated the false statement that he had hired a new business management team, and that he had instructed them to send out payments for three episodes of Television Series-2. In truth and in fact, in August 2012, the client trust account into which Client-2's fees had been deposited lacked sufficient funds to pay Client-2 for Television Series-2 because, among other reasons and as set forth above, STRAIN had used Client-2's money to repay Client-1.

16. PETER STRAIN, the defendant, also made certain misrepresentations to Client-2's spouse in an email in August 2012. STRAIN told Client-2's spouse that the client trust account was "now in the hands of my new business manager;" that STRAIN had asked for Client-2's payments to be released several weeks earlier; and that he would ensure that the payments owed to Client-2 were made by the weekend. As noted above, in truth and in fact, at the time that STRAIN made these statements, the client trust account lacked sufficient funds to pay Client-2.

17. STRAIN ultimately failed to fully repay the money he took from Client-2, and still owes Client-2 in excess of \$350,000.

MISREPRESENTATIONS TO CLIENT-3

18. From at least in or about November 2012 up to and including in or about February 2013, PETER STRAIN, the defendant, also converted to his own use monies that were owed

to Client-3. As a result, STRAIN failed to timely remit Client-3's money to Client-3. STRAIN provided several bogus excuses for why he had failed to timely remit payments.

19. In or about November 2012, Client-3 sent an email to PSA stating that PSA had failed to remit at least two payments for "residuals" (i.e., re-runs of television episodes), and had failed to remit payments for Client-3's acting work for the then-current season of Television Series-3.

20. PETER STRAIN, the defendant, responded in an email to Client-3 that the residual payments had been lost in the mail, and that the other payments would soon be processed and sent to Client-3.

21. In or about January 2013, Client-3 received two checks totaling \$20,000 from PSA and attempted to negotiate the checks. They were returned for insufficient funds.

22. Client-3 emailed PETER STRAIN, the defendant, and informed him that the checks had bounced. In response, STRAIN called Client-3 and left a voicemail falsely stating that the checks had failed to clear not because there were insufficient funds in the account but instead because his bank had detected fraud on his accounts. In truth and in fact, and as STRAIN well knew, there was no report of fraud on STRAIN's bank accounts at that time, and STRAIN lied in an effort to cover-up his theft of Client-3's money.

23. In or about February 2013, STRAIN once again failed to timely remit payments owed to Client-3 for Client-3's acting work on Television Series-3. Client-3 sent multiple emails to STRAIN requesting that he remit the payments. STRAIN responded by email to Client-3 and stated that he was "transitioning to a new business management team" - the very same excuse that STRAIN had given to Client-2 in August 2012.

24. PETER STRAIN, the defendant, continued to provide bogus excuses to Client-3 for his failure to remit Client-3's money. Among other things, STRAIN falsely told Client-3, in substance, that the delays were caused by a lawsuit, but that he could not discuss it because of a confidentiality clause. STRAIN ultimately failed to fully repay Client-3 the money Client-3 was owed; instead, STRAIN agreed to forego future commissions from Client-3's earnings so that Client-3 could recover the money STRAIN had taken.

STRAIN Converts Client Funds

25. Contrary to the explanations PETER STRAIN, the defendant, provided to his clients about his failures to timely remit payments to them, in truth and in fact, STRAIN converted hundreds of thousands of dollars of his clients' money to his own use, and to the use of PSA.

26. According to American Express records, from in or about July 2011 up to and including in or about August 2012,

PETER STRAIN, the defendant, spent more than \$161,000 on jewelry, more than \$310,000 on art, and more than \$57,000 at luxury goods retailers.

27. For instance between April 26, 2012 and July 26, 2012, PETER STRAIN, the defendant, used American Express cards issued in his name to charge more than \$67,000 at a luxury watch retailer; nearly \$31,000 at a luxury clothier; more than \$5,600 for eyeglasses; and more than \$4,800 at an art gallery.

28. The American Express bills constitute only a portion of the client monies that PETER STRAIN, the defendant, converted to his own use. At times, STRAIN used client money deposited in bank accounts in California to make purchases in New York, New York, including at art galleries located in New York City.

29. In addition, in or about May 2013, PETER STRAIN, the defendant, transported certain artwork worth more than \$5,000, which was purchased with stolen client funds, from New York, New York to New Jersey.

STATUTORY ALLEGATIONS

30. From at least in or about 2011, up to and including in or about June 2013, in the Southern District of New York and elsewhere, PETER STRAIN, the defendant, transported, transmitted, and transferred in interstate and foreign commerce goods, wares, merchandise, securities and money, of the value of

\$ 5,000 and more, knowing the same to have been stolen, converted and taken by fraud, to wit, STRAIN, while serving as a talent agent for certain clients, embezzled funds from those clients and transmitted those funds in interstate commerce to, among other things, pay his own personal credit card bills, and purchase luxury goods, including art, some of which artwork STRAIN caused to be transported from New York, New York to a storage unit in New Jersey.

(Title 18, United States Code, Section 2314.)

FORFEITURE ALLEGATION

31. As a result of committing the offense alleged in Count One of this Information, PETER STRAIN, the defendant, shall forfeit to the United States, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), any property constituting, or derived from, proceeds obtained directly or indirectly as a result of the offense, including the following:

Artist	Artwork
Richard MacDonald	Doves
Richard MacDonald	Pas de Deux Elegance
Richard MacDonald	Midnight
Richard MacDonald	Juliet III
Carol Alleman	Celestial Joy
Jim Lamb	Arizona Sundown
Michael Hill	England's Early Morning Light
Kevin MacPherson	Port Clyde Light
Scott Yeskel	The Drifter
Clive Tyler	Southern Oak
Dennis Doheny	Day Break
Dennis Doheny	Spring, Pine Mountain

Mario Jung	Happy Blossoms
Stephanie Marzella	Windswept Light
Mark Beck	Above the Water
Mark Beck	After the Rain
Peter Lik	River of Zen
Peter Lik	Spirit of America
Peter Lik	Enchanted
Peter Lik	Tree of Dreams
Peter Lik	Hidden Secret
Peter Lik	Guardian of the Cliffs
Peter Lik	Night Over Brooklyn

SUBSTITUTE ASSETS PROVISION

32. 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 person;

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 subdivided without difficulty; it is the intent of the United States, pursuant to 18 U.S.C. § 982(b)(1) and 21 U.S.C. § 853(p), to seek forfeiture of any other property of the defendant up to the value of the above forfeitable property.

(Title 18, United States Code, Section 981(a)(1)(C), Title 21, United States Code, Section 853(p), and Title 28 United States Code Section 2461(c).)

Preet Bharara
PREET BHARARA
United States Attorney

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

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(18 U.S.C. § 2314.)

PREET BHARARA
United States Attorney.
