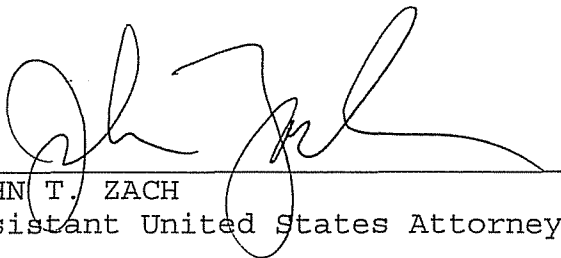


Approved:


JOHN T. ZACH
Assistant United States Attorney

Before: HON. THEODORE H. KATZ
United States Magistrate Judge
Southern District of New York

12 MAG 1272

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UNITED STATES OF AMERICA	: SEALED
	: <u>COMPLAINT</u>
	:
-v.-	: Violations of
	: 18 U.S.C. §§ 1341, 1343
JAMES MONAHAN and	: & 1349
EDWARD ADAMS,	:
	: COUNTY OF OFFENSE:
Defendants.	: NEW YORK
	:
-----x	

SOUTHERN DISTRICT OF NEW YORK, ss.:

MATTHEW CALLAHAN, being duly sworn, deposes and says that he is a Special Agent with the Federal Bureau of Investigation ("FBI"), and charges as follows:

COUNT ONE

(Conspiracy to Commit Wire Fraud & Mail Fraud)

1. From at least in or about the beginning of 2008, up through and including in or about May 2012, in the Southern District of New York and elsewhere, JAMES MONAHAN and EDWARD ADAMS, the defendants, and others known and unknown, willfully and knowingly did combine, conspire, confederate and agree together and with each other to violate Title 18, United States Code, Sections 1341 and 1343.

2. It was a part and an object of the conspiracy that JAMES MONAHAN and EDWARD ADAMS, the defendants, and others known and unknown, 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, for the purpose of executing such scheme and artifice and attempting so to do, did place in a post office and authorized depository for mail matter, a matter and thing to be sent and delivered by the Postal Service and knowingly did cause to be delivered by mail according to the direction thereon, and did thereby affect a financial institution, in violation of Title 18, United States Code,

Section 1341.

3. It was a part and an object of the conspiracy that JAMES MONAHAN and EDWARD ADAMS, the defendants, and others known and unknown, willfully and knowingly, having devised and intended 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 a wire, radio, and television communication in interstate commerce, writings, signs, signals, pictures, and sounds for purposes of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343.

OVERT ACTS

4. In furtherance of the conspiracy and to effect the illegal objects thereof, JAMES MONAHAN and EDWARD ADAMS, the defendants, committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. Between approximately in or about December 2008 and in or about April 2009, MONAHAN and ADAMS had telephone conversations during which each fraudulently claimed that over \$4,700,000 in investor funds were safely maintained in escrow accounts, when in fact MONAHAN and ADAMS had stolen those funds.

b. In or about May 2009, MONAHAN caused a false letter from Bank of America to be mailed from Manhattan, New York to investors assuring them that their funds were maintained by the bank when, in fact, MONAHAN and ADAMS had stolen those funds.

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

COUNT TWO
(Mail Fraud)

5. From at least in or about the beginning of 2008, up through and including in or about May 2012, in the Southern District of New York and elsewhere, JAMES MONAHAN and EDWARD ADAMS, the defendants, 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, for the purpose of executing such scheme and artifice and attempting so to do, did place in a post office and authorized depository for mail matter, a matter and thing to be sent and delivered by the Postal Service and knowingly did cause to be delivered by mail according to the direction thereon, and did thereby affect a financial institution, to wit, MONAHAN caused a false letter from Bank of

America to be mailed to investors assuring them that their funds were maintained by the bank when, in fact, MONAHAN and ADAMS had stolen those funds.

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

COUNT THREE
(Wire Fraud)

6. From at least in or about the beginning of 2008, up through and including in or about May 2012, in the Southern District of New York and elsewhere, JAMES MONAHAN and EDWARD ADAMS, the defendants, willfully and knowingly, having devised and intended 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 a wire, radio, and television communication in interstate commerce, writings, signs, signals, pictures, and sounds for purposes of executing such scheme and artifice, to wit, in telephone conversations in Miami, Florida and New York City, MONAHAN and ADAMS fraudulently claimed that over \$4,700,000 in investor funds were safely maintained in escrow accounts when in fact MONAHAN and ADAMS had stolen those funds.

(Title 18, United States Code, Sections 1343 & 2.)

The bases for my knowledge and the foregoing charges are, in part, as follows:

7. I am a Special Agent with the FBI. I have been personally involved in the investigation of this matter, and I base this affidavit on that personal experience, as well as on my conversations with, among others, victims of the scheme described below, and my review of various documents acquired in the course of the investigation. Because this affidavit is being submitted for the limited purpose of establishing probable cause for the offenses cited above, it does not include all the facts that have been learned during the course of the investigation. Where the contents of conversations of others are reported herein, they are reported in substance and part.

Relevant Individuals and Entities

8. JAMES MONAHAN, the defendant, was the Chairman and Chief Executive Officer of Panam Management Group, Inc. (the "Monahan Company"). The Monahan Company, located in Manhattan, New York, was incorporated in New York on or about November 26, 2003 and was used by MONAHAN and others, as described herein, to solicit money for a real estate development project in the Dominican Republic. Previously, MONAHAN was a member of the New York City Police Department (the "NYPD") from in or about 1994 through in or around 2005 and obtained the rank of sergeant during that time period.

9. EDWARD ADAMS, the defendant, was an attorney licensed to practice law in New York. ADAMS was a partner in the law firm of Obermayer & Adams LLP, whose offices were located in Manhattan, New York.

10. BridgePoint Ventures LLC is a real estate investment company based in Miami, Florida that was engaged in locating real estate development projects as investment opportunities for its clients (the "Victim Investment Company"). Prior to the events described below, the Victim Investment Company had successfully located numerous such projects for its clients.

Overview of the Scheme

11. Based on my interviews with victims of the scheme set forth below and my review of documents obtained in the course of this investigation, I learned that JAMES MONAHAN and EDWARD ADAMS, the defendants, participated in a scheme to steal investor funds that had been placed in escrow in connection with a real estate transaction. As set forth in more detail below, MONAHAN marketed a non-existent real estate project that he claimed to be developing in the Dominican Republic to numerous unsuspecting investors in the United States. Through a series of false representations, MONAHAN obtained over \$4,700,000 in investor funds. Those funds were placed into an escrow account managed by ADAMS. Shortly after receiving those millions of dollars in investment funds, MONAHAN and ADAMS, without authorization, removed the funds from the escrow account. When the theft was exposed, in order to cover their tracks, MONAHAN forged fake documents to assure investors that their funds were safe when, in fact, they had been stolen by MONAHAN and ADAMS.

MONAHAN Lures the Victim Investment Company Into the Scheme

12. I have interviewed employees from the Victim Investment Company about the scheme set forth below. Based on those conversations, I learned that the Victim Investment Company principally was engaged in locating real estate development projects as investment opportunities for its clients. Because the Victim Investment Company was able to bring numerous investors to a given project, its clients typically received a discount on the real estate that they were purchasing. According to the employees I interviewed, one of the primary concerns of the Victim Investment Company's clients was to ensure that the developer of the real estate project not have access to investor funds until the project was sufficiently completed. Accordingly, in the development projects with which the Victim Investment Company was involved, the company required that its clients have the option to have their funds placed in an escrow account until the project was sufficiently completed.

13. Based on interviews I have conducted with employees of the Victim Investment Company, I learned that, beginning in or about January 2008 and continuing through in or about October 2008, employees of the Victim Investment Company negotiated a real estate development deal with JAMES MONAHAN, the defendant. The purpose of the deal was to invest in a condominium project based in the Dominican Republic that purportedly was being developed by MONAHAN. Specifically, MONAHAN claimed to be developing a condominium project called "Praderas Del Yaque" (the "Praderas Project"), which was to be located on Avenida Universitaria, La Barranquita, in Santiago, Dominican Republic. According to documents provided to me by employees of the Victim Investment Company, the project was to "be comprised of approximately twelve hundred (1,200) condominium units".

14. Based on interviews I have conducted with employees of the Victim Investment Company, negotiations for the Victim Investment Company's participation in the Praderas Project began in early 2008. During those negotiations, JAMES MONAHAN, the defendant, traveled from the New York City area, where the Monahan Company had its offices, to Miami, Florida for a meeting with employees of the Victim Investment Company. During that meeting, MONAHAN repeatedly touted his prior service with the NYPD as proof of his trustworthiness and as a reason why the Victim Investment Company should invest in the Praderas Project. According to employees of the Investment Services Company, MONAHAN's NYPD service in fact was one of the reasons that they decided to pursue the Praderas Project.

15. Based on interviews I have conducted with employees of the Victim Investment Company, after those initial negotiations in Miami, Florida, employees of the Victim Investment Company traveled to the Dominican Republic to inspect the site where the Praderas Project was going to be constructed. Those employees were joined at the site by JAMES MONAHAN, the defendant, and another co-conspirator not charged herein ("CC-1"). At the time of that visit, construction had not yet begun at the site except that roads had been built on the land and some foundations appeared to have been dug. However, MONAHAN and CC-1 advised the employees that once sales through the Victim Investment Company began, construction of the development would commence.

MONAHAN and ADAMS Execute Master Agreements Related to the Scheme
With the Victim Investment Company

16. Based on interviews I have conducted with employees of the Victim Investment Company, I have learned the following:

a. In or around October 2008, the Chief Executive Officer of the Victim Investment Company ("CEO-VC") traveled to New York City to finalize negotiations for the Praderas Project. The meeting occurred at the offices of the Monahan Company, which were located in Manhattan, New York. The negotiations principally involved the CEO-VC and JAMES MONAHAN and EDWARD ADAMS, the defendants.

b. At the meeting, the CEO-VC advised MONAHAN and ADAMS that one of his clients' primary concerns was that their money be held in escrow and that the developer have no, or only limited, access to the funds.

c. In order to address that concern, MONAHAN, ADAMS, and the CEO-VC agreed to structure the investment so that investors brought into the project through the Victim Investment Company could elect to have their funds placed in one of two investment "tranches".

d. In the first "tranche", the funds would be held in escrow, but they could be accessed if MONAHAN and the Monahan Company posted collateral, to be confirmed and certified by the escrow agent, that was worth four times the amount of money removed from the escrow account. This "tranche" was to be paid a higher rate of interest than the second "tranche".

e. In the second "tranche", the funds were to be

held in escrow and MONAHAN and the Monahan Company would not be able to access the funds until the project was sufficiently completed. Because the funds could not be accessed, investors who utilized the "tranche" were paid a lower rate of interest. ADAMS and the law firm that he operated were to serve as an escrow agent for the project.

17. Based on my review of documents that I received from the Victim Investment Company relating to the Praderas Project, I learned the following:

a. On or about October 21, 2008, the Victim Investment Company and the Monahan Company signed a "Master Agreement" whereby the Monahan Company was to sell condominium units in the Praderas Project to investors introduced by the Victim Investment Company. The Master Agreement was also signed by the law firm Obermayer & Adams, a New York limited liability partnership, at which EDWARD ADAMS, the defendant, was a partner.

b. In addition to the Master Agreement, an escrow agreement also was executed among the parties in which Obermayer & Adams was to serve as the escrow agent for the deal.

c. Pursuant to the Master Agreement, purchasers introduced to the deal by the Victim Investment Company were required to execute a purchase and sale agreement titled as "Option to Purchase Agreement" and various addendums thereto and pay a deposit. Under those agreements, investors were permitted to select from two different options as to how they wanted their deposits to be handled.

d. Pursuant to the escrow agreement, and consistent with the negotiations set forth above, deposits from investors were to be divided into two separate "tranches", which were designated "Tranche A" and "Tranche B".

e. According to the escrow agreement, with regard to Tranche A, the Monahan Company:

"may access only the deposits for Tranche A provided the [Developer] places collateral in the form of owned and titled land equal to no less than (400%) of the amount of the deposit being accessed (the 'Collateral'). Any portion of the not being requested will remain in the separate 'Tranche A' interest bearing account located with the Escrow Agent's bank. Escrow Agent shall verify, confirm, and certify that collateral produced by [Developer] is sufficient in

value to cover aforesaid percentage prior to release of deposits being requested."

f. On the other hand, for Tranche B, the agreement stated that the Developer "may not access the deposits for Tranche B under any circumstance."

MONAHAN and ADAMS Raise Investment Funds

18. Based on my review of bank records that I have subpoenaed, subsequent to the signing of the Master Agreement, two bank accounts were opened at Bank of America for deposits made into Tranche A and Tranche B. The holder of those accounts was listed as Obermayer and Adams and the lone signatory on the accounts was EDWARD ADAMS, the defendant. As set forth above, ADAMS was to serve as the escrow agent for the Praderas Project and protect the investor funds that were brought into the deal. He was to be paid \$25,000 for performing that service.

19. Based on interviews I have conducted with employees of the Victim Investment Company and my review of various documents and bank records, I learned the following:

a. Beginning in or about October 2008 and continuing through in or about February 2009, investors brought into the Praderas Project though the Victim Investment Company began to deposit money into the escrow accounts pursuant to the agreements discussed above. Prior to investors remitting their deposits, employees of the Victim Investment Company explained to the investors that they (the investors) had the option of having their funds placed in either Tranche A or Tranche B.

b. The majority of investors elected to place their funds in Tranche B (where the funds could not be accessed), despite the fact that it paid a lower interest rate.

20. Based on my review of bank records, in total, investors brought into the Praderas Project by the Victim Investment Company provided approximately \$4,757,931 in total investment funds - specifically, approximately \$1,072,773 was placed in the Tranche A escrow account (where it could be accessed if sufficient collateral was posted) and approximately \$3,685,157 was placed in the Tranche B escrow account (where the funds could not be accessed).

The Victim Investment Company Becomes Concerned
about its Investors' Funds

21. Based on interviews I have conducted with employees of the Victim Investment Company and my review of various documents, I learned the following:

a. Beginning in or about December 2008, employees of the Victim Investment Company began making inquiries both to JAMES MONAHAN and EDWARD ADAMS, the defendants, as to the status of the investors' funds that were being deposited into the escrow accounts. Initially, those employees were making those inquiries because they wanted to have the escrow funds transferred from Bank of America to another bank with which the Victim Investment Company regularly conducted business.

b. Thereafter, over time, based on the responses they received from MONAHAN and ADAMS, the employees began requesting additional documentation of the status of funds in the escrow accounts. Those repeated inquiries were conducted via telephone calls from the Victim Investment Company's offices in Miami, Florida to both the law offices of EDWARD ADAMS, the defendant, in Manhattan, New York and to the offices of JAMES MONAHAN, the defendant, which also were in Manhattan. They also were conducted via e-mail. There were repeated inquiries from employees of the Victim Investment Company separately to both ADAMS and MONAHAN.

c. At all times, both MONAHAN and ADAMS indicated that the funds were safe and accounted for. In addition, during this time period, MONAHAN advised employees of the Victim Investment Company that construction had begun on the Praderas Project and that the Monahan Company had secured project financing.

The Theft of the Investment Funds is Discovered

22. Based on my interview with employees of the Victim Investment Company and my review of various documents, I learned that on or about May 9, 2009, after becoming increasingly concerned about the status of investor funds in the escrow accounts, an employee of the Victim Investment Company contacted Bank of America, where the Praderas Project escrow accounts were based, and that employee accessed account information relating to those accounts. At that point, the employees of the Victim Investment Company learned that over \$4,300,000 had been removed from the escrow accounts without permission from, or notice to, the Victim Investment Company. Shortly thereafter, employees of

the Victim Investment Company contacted JAMES MONAHAN and EDWARD ADAMS, the defendants, and confronted them with this information. The employees again demanded an accounting of the funds that were held in the escrow accounts. No factual explanation was supplied to them by either MONAHAN or ADAMS.

23. Based on my review of bank records relating to the Praderas Project, I learned the following:

a. All of the investor funds placed in the escrow accounts for Tranche A and Tranche B were removed by in or about June 2009, when the escrow accounts were closed.

b. The funds were transferred out of the escrow accounts to parties other than the Victim Investment Company or its investors.

c. I have reviewed the withdrawal slips for those transactions and compared the signatures on those slips with the signature of EDWARD ADAMS, the defendant, on the signature card. I believe that those signatures match and that it was ADAMS who signed the withdrawal slips. Based on that review, ADAMS withdrew at least \$1,200,000 directly from the escrow accounts.

d. In addition, large transfers of money were paid to individuals who had not invested in the Praderas Project and who, based on information and belief, instead appear to have been part of a different failed real estate project managed by MONAHAN.

MONAHAN Attempts to Hide the Theft

24. Based on interviews I have conducted and my review of various documents, I learned the following:

a. On or about May 22, 2009, JAMES MONAHAN, the defendant, mailed a memorandum from Manhattan, New York to various investors who had been brought into the Praderas Project by the Victim Investment Company and whose deposits had been placed in "Tranche A" and "Tranche B".

b. That memorandum stated, among other things, that "it has been communicated to us that one of our real estate brokerage firms, [the Victim Investment Company], has acted in an illegal manor [sic] by gaining access to our secure escrow accounts . . . without the permission or authority to do so." The memorandum went on to claim that "[o]ur investigation into

this matter indicates that no funds were lost and the escrow accounts are in good standings [sic] and uncompromised in any capacity." The memorandum also stated that "[a]ttached you will receive a document from Bank of America on their letterhead outlining the information on this account with the amount of funds in the account."

c. Attached to the memorandum was a document purporting to have been drafted on Bank of America letterhead. That document stated that the Monahan Company "has full custody over said funds in the amount of USD 100,000,000.00 (one hundred million dollars) and these funds shall remain reserved and under their exclusive instructions."

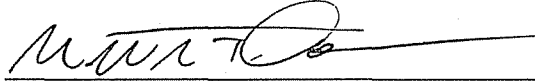
d. Based on my interview with a Bank of America employee, I learned that the attached Bank of America letter was in fact a complete forgery. Bank of America never issued such a statement on its purported letterhead and the content of the letter was entirely false, including the claim that the Monahan Company had "USD 100,000,000.00" deposited with Bank of America.

MONAHAN and ADAMS Caused Investors
Losses In Excess of \$4,700,000

25. Based on my interview with employees of the Victim Investment Company, after learning of the missing funds, employees of the Victim Investment Company traveled to the Dominican Republic to view the construction site for the Praderas Project. At the site, no apparent progress had been made in the construction of the Praderas Project and there were animals grazing on the property where the project was to have been built.

26. Based on interviews I have conducted with employees of the Victim Investment Company, none of the investor funds have been returned to the clients.

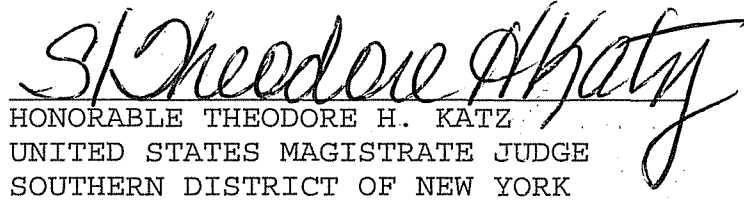
WHEREFORE, deponent prays that JAMES MONAHAN and EDWARD ADAMS, the defendants, be arrested and imprisoned, or bailed, as the case may be.



MATTHEW CALLAHAN
Special Agent
Federal Bureau of Investigation

MAY 14 2012

Sworn to before me this
__ day of May, 2012



HONORABLE THEODORE H. KATZ
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK