
**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA

v.

JOSHUA BRYCE NEWMAN

:
: Hon. Steven C. Mannion
:
: Mag. No. 15-6127 (SCM)
:
: CRIMINAL COMPLAINT
:
: **FILED UNDER SEAL**

I, Jeffrey R. Clark, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent with the Federal Bureau of Investigation, and that this complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached pages and made a part hereof.




Jeffrey R. Clark, Special Agent
Federal Bureau of Investigation

Sworn to before me, and
subscribed in my presence

May 20, 2015 at
Newark, New Jersey

HONORABLE STEVEN C. MANNION
UNITED STATES MAGISTRATE JUDGE



Signature of Judicial Officer

ATTACHMENT A

Counts One and Two
(Wire Fraud)

From no later than in or about 2012 through in or about April 2015, in Hudson County, in the District of New Jersey and elsewhere, defendant

JOSHUA BRYCE NEWMAN

did knowingly and intentionally devise and intend to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and, for the purpose of executing and attempting to execute this scheme and artifice, did transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce the following writings, signs, signals, pictures and sounds, each constituting a separate count of this Complaint:

Count	Approximate Date	Description
ONE	December 24, 2014	Email sent from New Jersey to Florida initiating a wire transfer of \$55,000 from Victim 10's account to the Santander Bank account of the entity referred to as CrossFit Business 2.
TWO	February 12, 2015	Wire transmission from New Jersey to New York initiating a wire transfer of \$250,000 from the J.P. Morgan Chase account of an investment vehicle controlled by Victim 11 and Victim 12 to the J.P. Morgan Chase account of the entity referred to as CrossFit Business 2.

In violation of Title 18, United States Code, Section 1343, and Title 18, United States Code, Section 2.

ATTACHMENT B

I, Jeffrey R. Clark, have been a Special Agent with the Federal Bureau of Investigation ("FBI") for approximately five years. The information contained in this Complaint is based upon my personal knowledge and upon information obtained from other sources, including: a) information received from other Special Agents of the FBI, b) interviews of witnesses, c) reports of statements made by or reported by various persons with knowledge of relevant facts, and d) a review of business records, bank records and other documents done either by me or other FBI personnel. Because this Complaint is being submitted for the limited purpose of establishing probable cause that the defendant committed the offenses charged in the Complaint, I have not included each and every fact known to me or the FBI concerning this investigation. I have set forth only the facts which I believe are necessary to establish probable cause that defendant JOSHUA BRYCE NEWMAN committed the offenses charged in this Complaint. Unless specifically indicated, all conversations and statements described in this affidavit are set forth in substance and in part.

Relevant Individuals and Entities

1. At all times relevant to this Complaint, unless otherwise indicated:

a. Defendant JOSHUA BRYCE NEWMAN ("NEWMAN"), was a resident of New York, New York, and held himself out as the Managing Partner of a venture capital firm he controlled called Outlier Capital, LLC, located in New York, New York. At various times relevant to this Complaint, NEWMAN was affiliated with a variety of business ventures, including a film finance company called Cyan Pictures LLC, and entities in New York and New Jersey involved in CrossFit training. NEWMAN solicited investments and loans purportedly on behalf of these CrossFit businesses from numerous persons in New Jersey, New York, Connecticut and elsewhere throughout the country. Many of these individuals came to know NEWMAN as a result of his having attended Yale University.

b. CrossFit was a popular strength and conditioning program typically run out of facilities known as "boxes." CrossFit facilities were generally independent and paid small annual fees to CrossFit, Inc. in order to maintain affiliate agreements with CrossFit, Inc. to use the name CrossFit.

The Scheme to Defraud

2. The investigation reveals a pattern of activity by defendant NEWMAN whereby he made material misrepresentations to solicit investments and loans purportedly for business enterprises he was developing, when his true intent was to use the money for his own purposes, including to repay others who had previously invested in, or lent money to, one of his projects. NEWMAN often supplied his victims with doctored or bogus documentation in order to obtain the investment capital and loans. He thereafter lulled his victims into believing that their investment money was safe or that he was in a position to repay their loans by making further misrepresentations and supplying them with additional phony documents. The false documents he used included doctored operating agreements, false statements of ownership percentages held by various individuals, and bogus Schedule K-1s purporting to show the amount of annual

partnership gains or losses reported to the IRS. NEWMAN also misrepresented to his potential partners, purported investors, and lenders in one of his CrossFit ventures that he had raised millions of dollars in funding for the project, when he knew that no such funds had been raised. When investors and lenders raised concerns about NEWMAN's bona fides or threatened legal action to recoup their funds, NEWMAN typically gave them false assurances and/or agreed to return the funds. In reality, he often had no funds to return, and so he would make various excuses, including that he had sent wires that had been delayed in the banking system, when no such wire had been sent. He often stalled for time by giving his victims checks drawn on accounts with insufficient funds to cover the amount of the checks. On at least one occasion, NEWMAN sent a picture of the purported wire transfer order for \$165,000 to an investor who had threatened legal action and told the investor that the funds were on the way to the investor, when he knew that no such funds had been or would be furnished to the investor.

The Defendant's Mounting Legal and Financial Problems

3. Documents reflect that, beginning in 2010, defendant NEWMAN was experiencing financial problems as a result of lawsuits and judgments filed against him in connection with several business enterprises, including his failed venture to produce a fictional film about the New York Yankees entitled "Keeper of the Pinstripes." For instance, I have reviewed records reflecting that, in February 2011, a judgment was filed against NEWMAN personally for approximately \$407,026. Documents reflect that similar judgments were entered against NEWMAN relating to Cyan Pictures around this time for amounts totaling hundreds of thousands of dollars.

4. Moreover, in or about February 2012, NEWMAN, Cyan Pictures, and others were sued by an individual claiming fraud and breach of contract, among other things, in connection with several loans totaling \$250,000 which he had made to help finance various film projects. In or about March 2012, defendant NEWMAN, Cyan Pictures, and others were sued by investors in "Keeper of the Pinstripes" demanding approximately \$565,000 based on investments and loans made for the purpose of producing and distributing the film. The allegations charged breach of contract, fraud, and conversion, and also sought an accounting. Among the allegations were that the defendants, including NEWMAN, had made false statements about the amount of money they had raised for the project and had diverted funds meant for the film project into their personal accounts for their own personal gain.

CrossFit Business 1

5. At around this time, defendant NEWMAN was also engaged in a business running CrossFit boxes in and around New York City. For purposes of this Complaint, this business will be referred to as "CrossFit Business 1." This business was organized in or about September 2010, and an amended and restated operating agreement was executed in or about October 2010 among defendant NEWMAN and two other individuals, who will be referred to herein as "Member 1" and "Member 2." NEWMAN, Member 1 and Member 2 were the only investors in the entity.

6. In or about October 2010, defendant NEWMAN along with Member 1 and Member 2 executed an Amended and Restated Operating Agreement for CrossFit Business 1,

which will be referred to herein as the "Real Operating Agreement." Exhibit A to the Real Operating Agreement was entitled "Members' Interests in the Company" and set forth the capital contribution and percentage interest of each of the three members. NEWMAN is listed as having contributed \$60,000 and being allocated 33.34% of the interest in the business; Member 1 is listed as having contributed \$140,000 and being allocated 33.33% of the interest in the business; and Member 2 is listed as having contributed \$0.00 and being allocated 33.33% of the interest in the business.

7. Thereafter, in or about mid-2012, defendant NEWMAN began soliciting investments in CrossFit Business 1 from various persons. I have spoken with an attorney who represents CrossFit Business 1 who has advised generally that this solicitation of investors was done without the prior authorization of Member 1 or Member 2. The attorney advised that, only after a number of these investments had been solicited, did Member 1 and Member 2 learn that defendant NEWMAN had obtained the investments. Member 1 and Member 2 also learned that NEWMAN had opened bank accounts in the name of CrossFit Business 1 without their knowledge or authorization. Records show that defendant NEWMAN used these accounts to collect the proceeds of the purported investments he sold, and thereafter used the funds for purposes other than CrossFit Business 1.

8. In the course of engaging in these solicitations, defendant NEWMAN sent out written solicitations and other documents that constituted and/or contained materially false representations about CrossFit Business 1. For instance, I have reviewed documents NEWMAN sent to prospective investors, which included a promotional document describing the fundraising, as well as a subscription booklet and a purported Amended and Restated Operating Agreement for CrossFit Business 1. This version of the Amended and Restated Operating Agreement will be referred to herein as the "False Operating Agreement." These documents contain numerous materially false and misleading representations.

9. The False Operating Agreement, for example, had been revised from the Real Operating Agreement in several key ways, including that Member 1 and Member 2 were not listed as parties to the agreement nor are they signatories to the agreement. Defendant NEWMAN also made certain changes to the section of the operating agreement governing how the entity would be governed. He also deleted the section of the agreement requiring that copies of all notices to the company be sent to its attorneys at a prominent law firm in New York City.

10. In addition, defendant NEWMAN also supplied his victims with false documents purporting to show their capital contributions and ownership percentages in CrossFit Business 1. Defendant NEWMAN sent different investors schedules with different numbers, none of which matched the schedule attached to the Real Operating Agreement. For example, in or about October 2012, defendant NEWMAN sent a schedule to one of his victims reflecting that he (NEWMAN) had made a capital contribution of \$880,000 and held a percentage interest of 47.40% in the company, whereas Member 1 and Member 2 were shown as having contributed \$0.00 capital and owning 10.42% and 9.75%, respectively. This schedule also contained the names, purported capital contributions and purported ownership percentages of numerous other individuals from whom NEWMAN had solicited funds through his scheme. Just eight months later, however, defendant NEWMAN sent another victim a different schedule with completely

different numbers. In this version, he listed himself as having made \$780,000 in capital contributions and owning 52.3% of the company, whereas Member 1 purportedly had made \$250,000 in capital contributions and owned 22.78% of the company, and Member 2 had made a \$100 capital contribution and owned 9.15% of the company. And just three months later, defendant NEWMAN distributed to yet another group of victims a completely different schedule reflecting that Member 1 and Member 2 had contributed only \$100 each and held 12.62% and 9.55% of the company, respectively.

11. The attorney for CrossFit Business 1 with whom I spoke also provided the actual business tax returns that were filed with the Internal Revenue Service for 2012. Those returns show that the membership interests represented by NEWMAN to his victims were materially false.

12. The same attorney for CrossFit Business 1 also supplied certain bank records from the unauthorized bank accounts defendant NEWMAN had opened. The records relating to the account NEWMAN opened at Bank of America show that hundreds of thousands of dollars came into that account in September 2012 from individuals from whom NEWMAN had solicited funds purportedly on behalf of CrossFit Business 1. In particular, the records reflect, among other things, the following: on September 5, 2012, \$35,000 was wired into the account from Victim 1; on September 7, 2012, \$37,500 was wired into the account from Victim 2; on September 12, 2012, \$200,000 was wired into the account from Victim 3; and on September 19, 2012, \$37,500 was wired into the account from Victim 4.

13. The Bank of America records supplied by the attorney for CrossFit Business 1 further reflect that the money deposited into this account in September 2012 was promptly withdrawn or transferred out of the account. It appears that much, and possibly all, of this money was not used for purposes relating to CrossFit Business 1. For instance, the records show approximately \$16,691 in debit card purchases for the September 2012 period, most, if not all, of which appear to be personal expenses such as purchases on Amazon.com, take-out food orders, taxi fares, U-Haul Moving & Storage expenses, gasoline charges, grocery store bills, and charges at a mattress store, among others. Moreover, the Bank of America records further reflect that, on or about September 13, 2012, one day after \$200,000 was wired into the account by Victim 3, \$200,000 was wired out of the account to a bank account of a company that appears to be in the real estate business in New York City.

14. I have also reviewed a copy of a document entitled "Consent of Members of [CrossFit Business 1]" (the "Consent"), which was executed by Member 1 and Member 2 on or about October 17, 2012. The Consent provided that, pursuant to the Real Operating Agreement, Member 1 and Member 2 had voted to remove defendant NEWMAN from CrossFit Business 1 for cause. The Consent noted that Member 1 and Member 2 had "determined that, and Joshua Newman has acknowledged to them that, Joshua Newman has, *inter alia*, engaged in fraudulent activities and willful misconduct with respect to Joshua Newman's duties and obligations as a 'Member' (as such quoted term is defined in the Operating Agreement)." A copy of the Consent was mailed by certified mail on October 18, 2012 from the law firm representing CrossFit Business 1 to defendant NEWMAN at the address of CrossFit Business 1. The Consent effectively removed defendant NEWMAN's voting rights in the business. The attorney for

CrossFit Business 1 noted that NEWMAN continued to be personally involved in the day-to-day running of the CrossFit boxes and maintained his ownership interest in CrossFit Business 1.

15. Notwithstanding the Consent, the investigation shows that defendant NEWMAN continued to solicit investments purportedly on behalf of CrossFit Business 1. In the course of doing so, he continued to make material misrepresentations to potential investors. For instance, defendant NEWMAN continued to circulate the False Operating Agreement which falsely identified him as the "Manager" of the limited liability company.

16. In or about September 2013, defendant NEWMAN solicited investments in CrossFit Business 1 from another group of potential investors. He had previously pitched the investment idea to at least one of them in or about May 2012, at which time he had made material false representations, including that he had personally funded the \$500,000 "seed round" of financing for the company. As noted, CrossFit Business 1 has advised that NEWMAN's actual capital contribution to the business was approximately \$60,000. In or about September 2013, NEWMAN again approached his contact in this group and falsely represented that one of his co-investors in CrossFit Business 1 had had a personal emergency and needed to sell his \$250,000 worth of shares quickly. NEWMAN later falsely claimed to the group that this person was getting divorced and needed to sell his shares. NEWMAN also falsely represented that he would take the shares personally, but that he was already the largest investor. He also made an excuse why he did not want to offer the shares to his other current investors. According to Victim 5, who was one of this group of potential investors, NEWMAN also falsely advised that he had received the consent of the other owners of CrossFit Business 1 to admit this group of investors into the business, which was required by the Operating Agreement.

17. Based on interviews of Victim 5 and Victim 6 and other documents supplied by the attorneys for Victims 5-8, this group of victims made the following payments in or about October 2013: Victim 5 gave NEWMAN \$50,000; Victim 6, through his company, gave NEWMAN \$50,000; Victim 7 gave NEWMAN \$100,000; and Victim 8 gave NEWMAN \$50,000. All of this money was given to NEWMAN in the belief that the victims were investing in CrossFit Business 1. Per NEWMAN's instructions, the money was sent to his Outlier Capital bank account. NEWMAN falsely claimed that the group was buying the shares from him, as he had previously bought them from the other (unnamed) investor. After the money was received, the defendant sent an email to members of this group containing the revised capitalization table, which falsely represented, among other things, that he had made a capital contribution to CrossFit Business 1 of \$780,000 and owned 52.13% of the business, and falsely represented their purported capital contributions and ownership percentages as well as those of other victims.

18. Bank records reflect that, on or about July 15, 2014, Victim 9 wired approximately \$400,000 to defendant NEWMAN's personal checking account at Santander Bank, which account the defendant had just opened five days earlier with a \$30.00 deposit. Victim 9 advised that he sent the \$400,000 to defendant NEWMAN on the understanding that he was purchasing approximately a 5% ownership interest in CrossFit Business 1.

19. Bank records reflect that, the day after Victim 9's money was received, approximately \$272,452 was withdrawn from the account. Bank records further reflect that, two

days later, on or about July 18, 2014, there was a deposit into the account of \$95,000 followed the same day by a \$200,000 withdrawal from the account. The bank records show that the \$200,000 was paid by bank check to a payee who appears to be a criminal defense attorney. Another \$225,600 was paid to what appears to be a different legal group. Likewise, at this time, several payments of approximately \$15,000 were made to persons who, based on a document I have reviewed, hold judgments or liens against defendant NEWMAN. Victim 9 has advised that, after he learned that defendant NEWMAN had made material misrepresentations to him to convince him to make his \$400,000 investment, Victim 9 confronted NEWMAN about the investment, and NEWMAN told him that NEWMAN had used Victim 9's money to pay off prior creditors to whom he was indebted as a result of his failed film venture "Keeper of the Pinstripes."

20. According to the attorney for CrossFit Business 1 with whom I spoke, in or about early August 2014, Victim 9 had occasion to speak with either Member 1 or Member 2 and advised them that he was an owner of CrossFit Business 1, apparently believing that NEWMAN had legitimately sold him an interest in CrossFit Business 1.

21. Thereafter, on or about August 4, 2014, CrossFit Business 1 filed a Certificate of Amendment to its Articles of Incorporation with the New York Department of State in which it publicly added restrictions on management of the company by noting that no person other than Member 1 or Member 2 had any power or authority to enter agreements or otherwise bind the company. In December 2014, Member 1 and Member 2 signed another Consent of Members of [CrossFit Business 1] (the "Second Consent"), in which they reiterated the force and effect of the Consent entered in October 2012 removing defendant NEWMAN from the company. The Second Consent noted that Member 1 and Member 2 had found that defendant NEWMAN had "continued to engage in fraudulent activities, willful misconduct and various breaches of his fiduciary duties" in connection with unauthorized transactions as well as his attempt to engage in a competing venture. The Second Consent also restated NEWMAN's removal from the company and exercised the company's right to purchase 100% of his interest in the company. On or about December 30, 2014, Member 1 and Member 2 signed a letter to defendant NEWMAN advising him that his interest in CrossFit Business 1 had been terminated and that it had been determined that he would receive \$0.00 for his interest. This letter was sent to the defendant by certified mail.

22. Despite having been ousted from CrossFit Business 1 for a second time, in 2015 defendant NEWMAN continued to make false representations to various victims relating to his ongoing affiliation with CrossFit Business 1. For instance, in a phone call with Victims 5-8 in or about January 2015 after they had learned that NEWMAN was involved in CrossFit Business 2 (as discussed below), NEWMAN assured them that he was not improperly competing with CrossFit Business 1 and that he was not involved in some sort of Ponzi scheme. Rather, he claimed that CrossFit Business 2 was just the broader application of CrossFit Business 1 and that he intended to fold CrossFit Business 1 into CrossFit Business 2. And instead of advising these victims that he had been removed from CrossFit Business 1, he falsely claimed that, in part, he was seeking investors to buy out Member 1 and Member 2 for either \$1.2 or \$1.4 million.

CrossFit Business 2

23. In or about July 2014, defendant NEWMAN began discussing with Victim 10 the idea of creating a business that would essentially consolidate various CrossFit facilities into a nationwide chain of CrossFit gyms. At the time, Victim 10 was a resident of New Jersey and the owner and operator of two successful CrossFit boxes, one in New Jersey and the other in New York.

24. At around this time, NEWMAN told Victim 10 that he had left CrossFit Business 1 and that he had CrossFit Business 1's blessing to start a new business. NEWMAN sent an email to Victim 10 on or about October 31, 2014 the subject line of which was "Get a Job" in which he proposed that they join together in the new venture, which will be referred to herein as "CrossFit Business 2." The proposal reflected that Victim 10 would receive, among other things, an equity stake in the new company of 30%.

25. Defendant NEWMAN and Victim 10 began the process of creating a partnership charter for the new entity, and hired a chief executive officer (hereinafter, "the CEO") and obtained office space in New York, New York. According to Victim 10, NEWMAN provided Victim 10 with a presentation to be sent to potential investors. This presentation contained material misrepresentations about CrossFit Business 2, including that they had already raised \$2.5 million of the \$5 million they were looking to raise. NEWMAN made this same material misrepresentation to Victim 10.

26. In or about December 2014, NEWMAN, Victim 10 and the CEO went to a Bank of America branch and opened an account in the name of the CrossFit Business 2. According to Victim 10, NEWMAN maintained control of the account. With respect to fundraising, NEWMAN falsely told Victim 10 that now that CrossFit Business 2 had a bank account, the investor money that had been committed had begun to arrive in the account. Victim 10 recalls that NEWMAN said that approximately \$1.3 million was in the Bank of America account from investors.

27. According to the CEO and Victim 10, in or about January 2015, NEWMAN advised that they should close the Bank of America account and open a new account at J.P. Morgan Chase. NEWMAN told them that he would move the purported investor funds that had been raised into the new account from the Bank of America account, but made various excuses over the course of time for why no such funds were transferred. According to the CEO and Victim 10, they believed that NEWMAN had closed the Bank of America account. Victim 10 advised that they later came to learn that NEWMAN had not closed the Bank of America account, but had changed the address on the account so that the statements were sent directly to NEWMAN's home address.

The Grand Central Location Deposit

28. One of the possible locations for opening a CrossFit box that NEWMAN, Victim 10 and others in CrossFit Business 2 were looking at was located near Grand Central Station in New York City. On or about December 23, 2014, defendant NEWMAN contacted Victim 10

and advised that they potentially could obtain a deal on the Grand Central location but that they needed to send money immediately to the landlord in order to secure the location. Defendant asked Victim 10 if Victim 10 would send \$55,000 of his personal funds to cover the cost of securing the facility. Victim 10 has advised that he agreed to send this money per defendant NEWMAN's instructions. Defendant NEWMAN told Victim 10 to have the money wired to an account at Santander Bank. The account was one NEWMAN had opened on his own in the name of CrossFit Business 2.

29. Victim 10 has advised that he was in New Jersey on or about December 24, 2014 when he sent an email to his bank to initiate the wire transfer of \$55,000 of his personal funds to the Santander Bank account. Specifically, records show, on December 24, 2014, Victim 10 sent an email to a bank representative in Florida directing his bank to initiate the wire transfer of \$55,000 to the Santander Bank account identified by defendant NEWMAN.

30. Bank records further reflect that NEWMAN did not use the funds to secure the deposit on the Grand Central facility. Rather, on or about December 24, 2014, the very day that Victim 10 wired the \$55,000 to the CrossFit Business 2 account designated by defendant NEWMAN, NEWMAN transferred the entire amount of the \$55,000 to his personal checking account at Santander Bank. Records from NEWMAN's personal checking account further reflect that, just prior to that transfer, the balance in NEWMAN's personal checking account at Santander Bank was \$0.67. The same day that the \$55,000 was transferred into the account, defendant NEWMAN withdrew \$50,000 to purchase a bank check made payable to one of the persons he had victimized in connection with the CrossFit Business 1 scheme. The remaining money was spent on personal expenses, including at the grocery store, the pharmacy, a pet supply store, restaurants, taxis and a gym membership. In addition, a check for approximately \$3,000 was written to an individual believed to be the defendant's spouse. None of these expenses appear to have any connection to the business of CrossFit Business 2, and none of the \$55,000 was used to pay for the proposed CrossFit location near Grand Central Terminal.

31. According to Victim 10, in about early March 2015, he spoke with the real estate broker who was involved with the potential Grand Central CrossFit box location. The broker advised Victim 10 that NEWMAN had stopped negotiations for the property and never made a \$55,000 deposit.

False Representations to Investors in CrossFit Business 2

32. According to Victim 10, he knew a couple from New Jersey who had joined his New Jersey CrossFit facility and who were interested in investing in CrossFit Business 2. The persons will be referred to as Victim 11 and Victim 12. Victim 10 has advised that he initiated contact with these individuals about a possible investment and forwarded to them the promotional material he had received from defendant NEWMAN. That promotional material contained the materially false representation that CrossFit Business 2 was raising a total round of \$5 million and had received commitments for half of that amount. According to Victim 10 and Victim 11, defendant NEWMAN and Victim 10 met with Victim 11 and Victim 12 to solicit their investment. Victims 11 and 12 traveled from New Jersey to New York for this meeting. At the meeting, Victim 11 recalled that he and his wife asked how much money CrossFit Business 2

had raised and NEWMAN told them that they had raised \$3 million or \$3.5 million of the proposed \$5 million. Victim 10 has advised that he has since learned that this was false. Victim 11 also asked NEWMAN whether CrossFit Business 1 would be folded into CrossFit Business 2, and NEWMAN said that he had cut ties with CrossFit Business 1, explaining that there had been a disagreement related to CrossFit Business 1 and that he had walked away from \$5 million.

33. As a result of the representations made to them, Victim 11 and Victim 12 decided to invest \$250,000 in CrossFit Business 2. On or about February 12, 2015, Victim 11 and Victim 12, through an investment vehicle they had created, sent a wire transfer of \$250,000 to the CrossFit Business 2 bank account at J.P. Morgan Chase. Victim 11 has advised that the wire transfer was initiated from their home computer in New Jersey via an internet connection with J.P. Morgan Chase. I have contacted J.P. Morgan Chase and been advised that such a connection to J.P. Morgan Chase would be routed through the Federal Reserve Bank in New York.

34. I have reviewed a bank record supplied by Victim 10 showing CrossFit Business 2's J.P. Morgan Chase bank account for February 2015. The record shows the incoming wire from the investment vehicle created by Victim 11 and Victim 12. It also shows that not all of the money was used for purposes of CrossFit Business 2. For instance, on or about February 27, 2015, \$60,000 was wired out to an individual who was a victim of defendant NEWMAN's scheme vis-à-vis CrossFit Business 1.

35. According to Victim 10, when he learned that defendant NEWMAN had transferred \$60,000 out of CrossFit Business 2's account, NEWMAN explained that he needed to use the \$60,000 to purchase his intellectual property from CrossFit Business 1. NEWMAN said he would replace the money with his own funds. According to Victim 10, this raised concerns for him and he watched the account to see when NEWMAN returned the \$60,000, but he never did. At around this time in late February/early March of 2015, Victim 10 and the CEO of CrossFit Business 2 learned that defendant NEWMAN had defaulted on approximately a \$100,000 debt to yet another person, who will be referred to herein as Victim 13. Victim 10 and the CEO also learned that Victim 13 apparently had invested another approximately \$100,000 with NEWMAN in connection with a company that NEWMAN had claimed was connected to a fledgling professional sports league involved in CrossFit competitions. Victim 10 later spoke with the chief executive officer of the professional sports league who told him that NEWMAN was not affiliated with the league.

36. As a result of these disclosures, Victim 10 and the CEO investigated other financial matters relating to CrossFit Business 2, including the Bank of America account that defendant NEWMAN had controlled. As a result of their review of records, they came to the conclusion that NEWMAN had misrepresented that there was over a million in the bank that had been raised for CrossFit Business 2 as part of the \$5 million round of fundraising. They concluded that there were no such investors and that NEWMAN did not have any investment funds in the bank.

37. Victim 10 advised Victim 11 and Victim 12 of what he had learned and agreed to, and did, make them whole. Meanwhile, in March 2015, Victim 11 sought to have his money returned from defendant NEWMAN. NEWMAN claimed that he would return the funds and in

an apparent effort to stall Victim 11, had sent him emails with screenshots of what appeared to be a wire transfer request to Santander Bank for \$165,000 to be wired to Victim 11. Victim 11 never received any such funds from NEWMAN.

38. Victim 10 and the CEO subsequently had dinner with NEWMAN and confronted him about his actions. During the course of the meeting, NEWMAN apologized for his conduct and made multiple admissions, including that he had lied and that he had used CrossFit Business 2 for other purposes such as paying off investors in CrossFit Business 1.

False Representations to Lender in Connection with CrossFit Business 2

39. In or about December 2014, a mutual acquaintance put defendant NEWMAN in contact with an individual investor who will be referred to herein as Victim 14. NEWMAN initially solicited Victim 14 to make an investment in CrossFit Business 2. NEWMAN falsely told Victim 14 that he was buying out his partners in CrossFit Business 1 and that he was planning to roll up other CrossFit facilities as part of CrossFit Business 2. NEWMAN told Victim 14 that he was raising \$5 million in the current round of fundraising and that he had already raised approximately \$2.5 million, which he falsely claimed was in escrow. (According to Victim 14, NEWMAN later (falsely) claimed that he had \$1.5 million in escrow and that investors had committed another \$1 million.) Victim 14 indicated an interest in such an investment and sent a number of due diligence requests to NEWMAN.

40. Thereafter, on or about January 28, 2015, defendant NEWMAN sent an email to Victim 14 noting that he was working on the due diligence questions. NEWMAN then added that “an interesting opportunity just popped up that I wasn’t expecting,” and proceeded to explain that CrossFit Business 2 was looking to expand its New Jersey location and had located a warehouse next door to its current facility. He added that they could only secure the premises if they put down a security deposit that week, noting that it had to be before February 1st or the landlord would move forward with a plan to demolish the building and construct condos on the site. NEWMAN added that he would use the money CrossFit Business 2 had purportedly already raised, but that would be a “legal mess” as it would require him to take money out of escrow before the fundraising round had closed. Accordingly, defendant NEWMAN proposed that Victim 14 make a \$300,000 bridge loan to fund the purported security deposit.

41. Victim 14 agreed to make the \$300,000 bridge loan for the purpose of funding the security deposit for the new CrossFit facility in New Jersey. Bank records reflect that, on or about January 30, 2015, Victim 14 caused \$300,000 to be wired to the CrossFit Business 2 bank account at Santander Bank. Rather than pay for a security deposit, however, the bank records show that two days later, \$250,000 was used to purchase a bank check payable to an individual who had no known connection to the proposed New Jersey CrossFit facility. Victim 10 has advised that he has dealt with the landlord and that the person who received the \$250,000 is not someone who, to his knowledge, has any connection to that property. NEWMAN has since defaulted on repayment of the bridge loan from Victim 14.

42. Approximately 10 days after receiving the \$300,000 from Victim 14 purportedly to pay for the security deposit on this New Jersey CrossFit box, CrossFit Business 2 actually paid

only \$84,000 in a security deposit for that very space from funds extended by Victim 10. In particular, on or about February 10, 2015, NEWMAN sent an email containing a purported wire transfer confirmation to representatives of the landlord for this facility indicating that he had paid \$84,000 from the Santander Bank account for the security deposit. Thereafter, on February 11, 2015, when no such wire transfer was received by the landlord's representative, NEWMAN claimed that the \$84,000 wire transfer appeared to be "tangled up in the fraud system." Victim 10 then offered to forward the money for the deposit from his own account, and NEWMAN agreed. Thereafter, Victim 10 sent a total of \$84,000 to the landlord's representatives for the deposit on this additional New Jersey space. Bank records for the Santander Bank account show that, as of February 10, 2015, when NEWMAN purported to send an \$84,000 wire transfer from that account, the actual balance in the account was approximately \$340.

Conclusion

43. In sum, the investigation shows that the defendant used interstate wires on multiple occasions to execute his scheme to defraud numerous victims, not all of whom are referenced herein. To date, the investigation shows that NEWMAN defrauded investors, creditors and his potential partners out of more than \$2 million. Moreover, based on information recently received, it appears that NEWMAN may be continuing to attempt to solicit money from new investors.