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F. #2013R00540

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★ **MAY 01 2013** ★

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

LONG ISLAND OFFICE

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UNITED STATES OF AMERICA

S U P E R S E D I N G
I N D I C T M E N T

- against -

Cr. No. 13 CR 120 (S-1) (SJF)
(T. 18, U.S.C., §§
371, 1001(a)(2), 1341,
1343, 2326, 2 and
3551 et seq.)

EDWARD MORRIS WEAVER,
 also known as "Ned,"
LAWRENCE A. KAPLAN,
SCOTT M. DOUMAS,
MARK BENOWITZ,
RICHARD R. GOLDBERG,
RICHARD LINICK,
PAUL E. RAIA,
HOWARD S. STRAUSS,
WALLACE W. DIRENZO,
 also known as "Wally," and
JAMES P. ELLIS,
 also known as "Max Braddock,"
 "David Addison,"
 "Patrick Cosgrove" and
 "Todd Parker,"

Defendants.

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THE GRAND JURY CHARGES:

INTRODUCTION

At all times relevant to this Superseding Indictment,
unless otherwise indicated:

I. The Defendants and the Companies

1. Multivend, LLC, d/b/a Vendstar ("Vendstar") operated from Deer Park, New York. Vendstar sold vending machine business opportunities to customers throughout the United States.

2. The defendant EDWARD MORRIS WEAVER, also known as "Ned," was the President and Chief Executive Officer of Vendstar. WEAVER oversaw Vendstar's day to day operations, including advertising, sales, hiring and firing, which locating companies Vendstar recommended, and response to customer complaints.

3. The defendant LAWRENCE A. KAPLAN was the Technical Support Manager for Vendstar. KAPLAN received and responded to customer complaints and reported directly to the defendant EDWARD MORRIS WEAVER, also known as "Ned."

4. The defendant SCOTT M. DOUMAS was a sales representative and sales manager for Vendstar who was responsible for overseeing a team of Vendstar sales representatives.

5. The defendants MARK BENOWITZ, RICHARD R. GOLDBERG, RICHARD LINICK, PAUL E. RAIA and HOWARD S. STRAUSS were sales representatives for Vendstar ("the sales representatives"). The sales representatives spoke by telephone to prospective customers and sent promotional materials to prospective customers through a commercial interstate carrier.

6. The defendant WALLACE W. DiRENZO, also known as "Wally," operated Nationwide Locating Company, a company that Vendstar recommended its customers use to find locations for vending machines that they bought from Vendstar. Nationwide Locating Company operated from North Palm Beach, Florida.

7. The defendant JAMES P. ELLIS, also known as "Max Braddock," "David Addison," "Patrick Cosgrove" and "Todd Parker," operated a series of locating companies that Vendstar recommended its customers use to find locations for vending machines that they bought from Vendstar. These locating companies included Vending Dreams, Priority Placements, Clear Vision Marketing, Map Marketing and Secure Placement, which were based at various times in Illinois, Georgia and Alabama.

II. The Fraudulent Scheme

8. In or about and between May 2005 and July 2010, the defendants EDWARD MORRIS WEAVER, also known as "Ned," LAWRENCE A. KAPLAN, SCOTT M. DOUMAS, MARK BENOWITZ, RICHARD R. GOLDBERG, RICHARD LINICK, PAUL E. RAIA, HOWARD S. STRAUSS, WALLACE W. DiRENZO, also known as "Wally," and JAMES P. ELLIS, also known as "Max Braddock," "David Addison," "Patrick Cosgrove" and "Todd Parker," together with others, devised, implemented, supervised, and executed a scheme to fraudulently induce customers, including John Doe #1 through John

Doe #24, Jane Doe #1 through Jane Doe #9, and others, individuals whose identities are known to the Grand Jury, to purchase vending machine business opportunities from Vendstar by means of materially false and fraudulent pretenses, representations and promises.

9. It was a part of the scheme to defraud that the defendants EDWARD MORRIS WEAVER, also known as "Ned," LAWRENCE A. KAPLAN, SCOTT M. DOUMAS, MARK BENOWITZ, RICHARD R. GOLDBERG, RICHARD LINICK, PAUL E. RAIA, HOWARD S. STRAUSS, WALLACE W. DiRENZO, also known as "Wally," and JAMES P. ELLIS, also known as "Max Braddock," "David Addison," "Patrick Cosgrove" and "Todd Parker," and others, falsely overstated the likely profits of the business opportunities and falsely claimed to operate successful vending routes themselves. It was a further part of the scheme that the defendants and others falsely overstated the services that Vendstar and the locating companies recommended by Vendstar would provide to customers. It was a further part of the scheme that the defendants intentionally failed to inform prospective customers that Vendstar had received numerous complaints from customers that the vending machines did not earn the profits represented by Vendstar sales representatives, locating companies did not usually find locations that generated the profits represented by sales representatives, and locating companies broke their promises to relocate machines and provide refunds.

10. Vendstar sold business opportunities to own and operate bulk candy vending machines that dispensed a handful of loose candy. Vendstar typically offered for sale between 20 and 30 vending machines for \$9,995. As part of the business opportunity package, Vendstar sales representatives promised to provide the following: vending machines, an initial supply of candy, assistance in finding locations for the vending machines, training and ongoing customer assistance in how to operate a successful vending business.

11. Vendstar's newspaper and Internet advertisements suggested that a "local vending route" was available and that customers could earn \$800 per day.

12. Prospective customers who responded to the advertisements spoke by telephone with a Vendstar sales representative, including the defendants SCOTT M. DOUMAS, MARK BENOWITZ, RICHARD R. GOLDBERG, RICHARD LINICK, PAUL E. RAIA, HOWARD S. STRAUSS, and others. During these telemarketing calls, the Vendstar sales representative described the business opportunity as a low-risk investment in which Vendstar would provide everything needed for the customer to be successful. The Vendstar sales representative said all the customer would have to do is visit the vending machines occasionally to collect the money and put in new candy.

13. Vendstar employees sent to prospective customers by overnight delivery service a sales packet that included a glossy brochure, a promotional video, and a disclosure statement that was required by state and federal laws. Vendstar's sales representatives - with the knowledge and approval of the defendants EDWARD MORRIS WEAVER, also known as "Ned," and LAWRENCE A. KAPLAN - routinely removed from the disclosure statement the front page, which contained warnings about the investment and encouraged the prospective customer to speak to an attorney and get other professional advice before purchasing the business opportunity.

14. Vendstar's sales representatives, including the defendants SCOTT M. DOUMAS, MARK BENOWITZ, RICHARD R. GOLDBERG, RICHARD LINICK, PAUL E. RAIA and HOWARD S. STRAUSS, and others, provided the prospective customer with the telephone number of a locating company, including the locating companies operated by the defendants WALLACE W. DiRENZO, also known as "Wally," JAMES P. ELLIS, also known as "Max Braddock," "David Addison," "Patrick Cosgrove" and "Todd Parker," and others. The Vendstar sales representatives, including the defendants DOUMAS, BENOWITZ, GOLDBERG, LINICK, RAIA and STRAUSS, encouraged the prospective customer to contact that locating company, assured the prospective customer that the recommended locating company would find good locations for the

vending machines, and touted guarantees offered by the locating companies that made the investment appear to be low risk.

15. Vendstar's sales representatives, including the defendants SCOTT M. DOUMAS, MARK BENOWITZ, RICHARD R. GOLDBERG, RICHARD LINICK, PAUL E. RAIA and HOWARD S. STRAUSS, and others, generally recommended only one locating company to any individual prospective customer, including the locating companies operated by the defendants WALLACE W. DiRENZO, also known as "Wally," JAMES P. ELLIS, also known as "Max Braddock," "David Addison," "Patrick Cosgrove" and "Todd Parker," and other co-conspirators, whose identities are known to the Grand Jury. The Vendstar sales representative told the operator of the recommended locating company about the prospective customer and sometimes coached the operator of the locating company, including the locating companies operated by the defendants WALLACE W. DiRENZO and JAMES P. ELLIS, on what to say to the prospective customer. Throughout the process, the Vendstar sales representative and locating company operator frequently exchanged information and coordinated their sales messages to the prospective customer. Even though Vendstar's sales contract stated that Vendstar had no affiliation or financial relationship with locating companies and that Vendstar had no involvement in securing locations, Vendstar's management, including

the defendants EDWARD MORRIS WEAVER, also known as "Ned," and LAWRENCE A. KAPLAN, knew that Vendstar's sales representatives worked closely with the locating companies to make sales and encouraged this practice.

16. The operators of certain locating companies, including the defendants WALLACE W. DiRENZO, also known as "Wally," JAMES P. ELLIS, also known as "Max Braddock," "David Addison," "Patrick Cosgrove" and "Todd Parker," and other co-conspirators whose identities are known to the Grand Jury, paid kickbacks in the form of cash and gift cards to certain Vendstar managers and sales representatives, including the defendants LAWRENCE A. KAPLAN and SCOTT M. DOUMAS, to reward the Vendstar managers and sales representatives for recommending their locating company and to give the Vendstar managers and sales representatives an incentive to continue to recommend their locating company and conceal prior consumer complaints about the locating company.

17. The operators of the locating companies recommended by Vendstar, including the defendants WALLACE W. DiRENZO, also known as "Wally," and JAMES P. ELLIS, also known as "Max Braddock," "David Addison," "Patrick Cosgrove" and "Todd Parker," stated to prospective customers that they would screen potential locations to ensure adequate foot traffic, that high-traffic locations could be

found in the prospective customer's area, and that they would send professional "locators" with expertise in finding good locations to the customer's area to place the machines promptly and sometimes even claimed that high-traffic locations already had been found and were waiting in the prospective customer's area. The operators of the locating companies also offered guarantees that appeared to minimize the risk of the investment including, at times, guarantees by which the locating company promised to relocate the customer's machines, buy back the customer's machines, or refund the customer's investment if the business did not generate a specified level of income.

18. Vendstar sales representatives, including the defendants RICHARD R. GOLDBERG and HOWARD S. STRAUSS, at times falsely told prospective buyers that they were not paid by commission to make it appear as though they had no financial incentive in closing the sale.

19. The defendants SCOTT M. DOUMAS, MARK BENOWITZ, RICHARD R. GOLDBERG, RICHARD LINICK, PAUL E. RAIA, HOWARD S. STRAUSS, and others, encouraged prospective customers to use credit cards and bank wires to purchase the business opportunity. Vendstar deducted from its purchase price any amount that customers paid directly to a locating company.

20. Contrary to their representations, the locating companies, including the companies operated by the defendants WALLACE W. DiRENZO, also known as "Wally," and JAMES P. ELLIS, also known as "Max Braddock," "David Addison," "Patrick Cosgrove" and "Todd Parker," did not screen potential locations and did not have locations awaiting vending machines. Individual locators sent by the locating companies, including the companies operated by the defendants DiRENZO and ELLIS, to place vending machines were not professionals with special skills, tools, and expertise in finding good locations. The individual locators placed vending machines wherever they could as quickly as they could, often in businesses that had not consented to housing the machines and that soon demanded that the machines be removed. The location companies, including those operated by the defendants WALLACE W. DiRENZO and JAMES P. ELLIS, did not honor their purported guarantees. In reality, the vending machines did not generate the sales and profits represented by Vendstar's sales representatives. As a result of this false and fraudulent conduct by the defendants EDWARD MORRIS WEAVER, also known as "Ned," LAWRENCE A. KAPLAN, SCOTT M. DOUMAS, MARK BENOWITZ, RICHARD R. GOLDBERG, RICHARD LINICK, PAUL E. RAIA, HOWARD S. STRAUSS, WALLACE W. DiRENZO, also known as "Wally," and JAMES P. ELLIS, also known

as "Max Braddock," "David Addison," "Patrick Cosgrove" and "Todd Parker," Vendstar's customers lost most of their investments.

21. Vendstar's sales representatives, including the defendants SCOTT M. DOUMAS, MARK BENOWITZ, RICHARD R. GOLDBERG, RICHARD LINICK, PAUL E. RAIA and HOWARD S. STRAUSS, and others, tried to convince customers who had purchased the business opportunity to "reorder" additional vending machines. "Co-conspirator #1," an individual whose identity is known to the Grand Jury, was a Vendstar sales representative who was in charge of "reorders."

Co-conspirator #1 attempted to persuade customers to order additional vending machines after the customer's first set of vending machines had been delivered, but before the customer had any face-to-face contact with a locator and the fraudulent nature of the business became apparent. Co-conspirator #1 also falsely told customers that additional vending machines were available at a discount because another Vendstar customer in the area had recently backed out of a purchase and that the locating company already had found locations for the machines involved in the canceled order and that the customer could place the additional machines in those locations if the customer acted quickly.

22. The defendants WALLACE W. DiRENZO, also known as "Wally," and JAMES P. ELLIS, also known as "Max Braddock," "David

Addison," "Patrick Cosgrove" and "Todd Parker," and Co-conspirator #2, who was the operator of another locating company and whose identity is known to the Grand Jury, worked with Co-conspirator #1 on reorders. The defendants DiRENZO and ELLIS and Co-conspirator #2 reiterated to customers the false information about a canceled deal and the availability of locations that were awaiting machines. The defendants DiRENZO and ELLIS and Co-conspirator #2 sometimes spoke to customers one-on-one and sometimes during three-way conference calls in which Co-conspirator #1 also participated.

23. During attempted reorders, Co-conspirator #1 and the defendant JAMES P. ELLIS, also known as "Max Braddock," "David Addison," "Patrick Cosgrove" and "Todd Parker," sometimes used a variation of the canceled order story described above. In these instances, Co-conspirator #1 and the defendant ELLIS falsely claimed that another Vendstar customer with a large vending route was moving out of the area and taking his vending machines with him. Co-conspirator #1 and the defendant ELLIS falsely claimed that the customer targeted for the reorder could place any additional machines that he bought into the locations being vacated by the departing customer if the prospective reorder customer purchased the additional machines immediately.

24. Many Vendstar customers complained to the defendants EDWARD MORRIS WEAVER, also known as "Ned," LAWRENCE A. KAPLAN, SCOTT M. DOUMAS, MARK BENOWITZ, RICHARD R. GOLDBERG, RICHARD LINICK, PAUL E. RAIA, and HOWARD S. STRAUSS, and others, about the quality of the machines, the quality of the candy Vendstar provided, the locations in which the machines were placed, the locating companies that Vendstar's sales representatives had recommended, the locators sent by the locating companies and the lack of income generated by the vending machines. Complaining customers spoke primarily to the defendant LAWRENCE A. KAPLAN and sometimes also spoke to their sales representative and to the defendant EDWARD MORRIS WEAVER, also known as "Ned." The defendants WEAVER and KAPLAN attempted to prevent discovery of the fraudulent scheme and discouraged customers from further pursuing complaints. The defendants WEAVER and KAPLAN attempted to isolate complaining customers by blaming them for the failure of their businesses by falsely claiming that Vendstar had not received similar complaints before and by falsely stating that Vendstar's other customers were successful and satisfied.

25. In order to fraudulently induce others to purchase the business opportunities, the defendants EDWARD MORRIS WEAVER, also known as "Ned," LAWRENCE A. KAPLAN, SCOTT M. DOUMAS, MARK BENOWITZ, RICHARD R. GOLDBERG, RICHARD LINICK, PAUL E. RAIA, HOWARD

S. STRAUSS, WALLACE W. DiRENZO, also known as "Wally," and JAMES P. ELLIS, also known as "Max Braddock," "David Addison," "Patrick Cosgrove" and "Todd Parker," and their co-conspirators made, and caused others to make, materially false and fraudulent statements including, among others, the following:

Materially False Statements

- a. Customers who purchased the business opportunity would earn substantial profits;
- b. Customers' vending machines would sell their entire stock of candy three to four times per year;
- c. Customers would earn back their investment in one year or less;
- d. One or more Vendstar sales representatives personally owned and operated a highly profitable vending machine route;
- e. The locating company Vendstar recommended would secure - and, in some cases, already had secured - high-traffic locations for the prospective customer's vending machines;
- f. The recommended locating company's locators were familiar with the customer's area and had expertise in finding good locations;

g. If the customer purchased additional vending machines, the customer could place those machines in locations that already had been secured for another Vendstar customer in the area who had canceled his order;

h. If the customer purchased additional vending machines, the customer could place those machines in locations that were being vacated by another successful Vendstar customer in the area who was moving the machines to another part of the country;

i. Vendstar was not associated with the recommended locating company, even though Vendstar's sales representatives worked closely with the recommended locating companies to close deals and the operators of some locating companies paid kickbacks to certain Vendstar managers and sales representatives who recommended their locating company;

j. The Vendstar sales representative were not paid by sales commission; and

k. Vendstar would assist the customer in operating the business for the lifetime of the business.

Omission/Concealment of Material Facts

In addition, to further fraudulently induce others to purchase the business opportunities, the defendants EDWARD MORRIS WEAVER, also known as "Ned," LAWRENCE A. KAPLAN, SCOTT M. DOUMAS,

MARK BENOWITZ, RICHARD R. GOLDBERG, RICHARD LINICK, PAUL E. RAIA, HOWARD S. STRAUSS, WALLACE W. DiRENZO, also known as "Wally," and JAMES P. ELLIS, also known as "Max Braddock," "David Addison," "Patrick Cosgrove" and "Todd Parker," and their co-conspirators omitted and concealed, and caused others to omit and conceal, material facts including, among others, the following:

l. The candy Vendstar shipped to customers was often stale and rotten;

m. The individual locators used by the locating companies recommended by Vendstar discouraged customers from accompanying them while they placed the vending machines and tried to avoid having customers see the locations until after the locator had been paid and left the area;

n. Vendstar received numerous complaints from previous customers who said the recommended locating company's individual locators dumped vending machines anywhere, including in businesses that had not given permission for the machines to be placed, businesses that already had other Vendstar vending machines and businesses that had few customers;

o. Vendstar received numerous complaints from previous customers about the lack of profitability of the vending machine business;

p. Certain locating companies recommended by Vendstar regularly changed their names to create the appearance of having a clean record and to avoid association with past complaints;

q. The operators of certain locating companies recommended by Vendstar regularly used aliases to avoid association with previous complaints;

r. Vendstar continued to recommend that customers use locating companies operated by the defendant JAMES P. ELLIS, also known as "Max Braddock," "David Addison," "Patrick Cosgrove" and "Todd Parker," after FBI agents interviewed Vendstar employees in 2009 as part of an investigation into ELLIS' locating practices;

s. Locating companies that claimed to have already secured locations in a prospective customer's area had not already secured locations;

t. Locating companies that claimed to offer various warranties rarely if ever honored the purported warranties; and

u. The disclosure statement Vendstar was required by law to send to prospective customers did not in fact include a front page that contained warnings about purchasing the business opportunity.

III. The Fraud Scheme Victims

26. Between May 2005 and July 2010, more than 7,000 individuals paid over \$60 million to Vendstar. Most of those customers lost all or nearly all of their investments. Information regarding 33 of those customers is set forth below.

27. John Doe #1, a resident of North Bellmore, New York, whose identity is known to the Grand Jury, was a Vendstar customer. John Doe #1's sales representative was the defendant SCOTT M. DOUMAS. John Doe #1 hired one of the locating companies operated by the defendant JAMES P. ELLIS to place his vending machines.

28. John Doe #2, a resident of New Bern, North Carolina, whose identity is known to the Grand Jury, was a Vendstar customer.

29. John Doe #3, a resident of Austin, Texas, whose identity is known to the Grand Jury, was a Vendstar customer. John Doe #3's sales representative was the defendant SCOTT M. DOUMAS.

30. John Doe #4, a resident of Crowley, Texas, whose identity is known to the Grand Jury, was a Vendstar customer. John Doe #4's sales representative was the defendant SCOTT M. DOUMAS.

31. John Doe #5, a resident of Fowlerville, Michigan, whose identity is known to the Grand Jury, was a Vendstar customer.

32. Jane Doe #1, a resident of Dorchester, Massachusetts, whose identity is known to the Grand Jury, was a Vendstar customer. Jane Doe #1's sales representative was the defendant SCOTT M. DOUMAS.

33. John Doe #6, a resident of Dillon, South Carolina, whose identity is known to the Grand Jury, was a Vendstar customer.

34. John Doe #7, a resident of Lafayette, Indiana, whose identity is known to the Grand Jury, was a Vendstar customer.

35. Jane Doe #2, a resident of Davie, Florida, whose identity is known to the Grand Jury, was a Vendstar customer. Jane Doe #2's sales representative was the defendant RICHARD LINICK.

36. Jane Doe #3, a resident of Jacksonville, Florida, whose identity is known to the Grand Jury, was a Vendstar customer. Jane Doe #3's sales representative was the defendant MARK BENOWITZ. Jane Doe #3 hired the company operated by the defendant WALLACE W. DiRENZO to place her vending machines.

37. John Doe #8, a resident of Van Nuys, California, whose identity is known to the Grand Jury, was a Vendstar customer.

38. John Doe #9, a resident of North Lauderdale, Florida, whose identity is known to the Grand Jury, was a Vendstar customer. John Doe #9 hired the company operated by the defendant WALLACE W. DiRENZO to place his vending machines.

39. Jane Doe #4, a resident of Ormond Beach, Florida, whose identity is known to the Grand Jury, was a Vendstar customer. Jane Doe #4's sales representative was the defendant PAUL E. RAIA. Jane Doe #4 hired the company operated by the defendant WALLACE W. DiRENZO to place her vending machines.

40. John Doe #10, a resident of Miami, Florida, whose identity is known to the Grand Jury, was a Vendstar customer. John Doe #10's sales representative was the defendant RICHARD R. GOLDBERG.

41. John Doe #11, a resident of Lake Elsinore, California, whose identity is known to the Grand Jury, was a Vendstar customer. John Doe #11's sales representative was the defendant HOWARD S. STRAUSS.

42. John Doe #12, a resident of Washington, Pennsylvania, whose identity is known to the Grand Jury, was a Vendstar customer. John Doe #12's sales representative was the defendant RICHARD LINICK. John Doe #12 hired one of the locating companies operated by the defendant JAMES P. ELLIS to place his vending machines.

43. Jane Doe #5, a resident of Export, Pennsylvania, whose identity is known to the Grand Jury, was a Vendstar customer. Jane Doe #5 hired one of the locating companies operated by the defendant JAMES P. ELLIS to place her vending machines.

44. John Doe #13, a resident of Tewksbury, Massachusetts, whose identity is known to the Grand Jury, was a Vendstar customer. John Doe #13's sales representative was the defendant HOWARD S. STRAUSS. John Doe #13 hired one of the locating companies operated by the defendant JAMES P. ELLIS to place his vending machines.

45. John Doe #14, a resident of High Ridge, Missouri, whose identity is known to the Grand Jury, was a Vendstar customer. John Doe #14 hired one of the locating companies operated by the defendant JAMES P. ELLIS to place his vending machines.

46. Jane Doe #6, a resident of Manchester, Missouri, whose identity is known to the Grand Jury, was a Vendstar customer. Jane Doe #6 hired one of the locating companies operated by the defendant JAMES P. ELLIS to place her vending machines.

47. John Doe #15, a resident of Miami, Florida, whose identity is known to the Grand Jury, was a Vendstar customer. John Doe #15's sales representative was the defendant HOWARD S. STRAUSS.

48. John Doe #16, a resident of Rockville Centre, New York, whose identity is known to the Grand Jury, was a Vendstar customer. John Doe #16's sales representative was the defendant PAUL E. RAIA.

49. John Doe #17, a resident of San Francisco, California, whose identity is known to the Grand Jury, was the son

of a Vendstar customer. John Doe #17 spoke to the defendant LAWRENCE A. KAPLAN about his mother's purchase.

50. Jane Doe #7, a resident of Indianapolis, Indiana, whose identity is known to the Grand Jury, was a Vendstar customer. Jane Doe #7's sales representative was the defendant RICHARD LINICK. Jane Doe #7 hired one of the locating companies operated by the defendant JAMES P. ELLIS to place her vending machines.

51. John Doe #18, a resident of South Orange, New Jersey, whose identity is known to the Grand Jury, was a Vendstar customer. John Doe #18's sales representative was the defendant RICHARD LINICK.

52. Jane Doe #8, a resident of Metairie, Louisiana, whose identity is known to the Grand Jury, was a Vendstar customer. Jane Doe #8's sales representative was the defendant RICHARD LINICK. Jane Doe #8 hired one of the locating companies operated by the defendant JAMES P. ELLIS to place her vending machines.

53. John Doe #19, a resident of Chester, New York, whose identity is known to the Grand Jury, was a Vendstar customer. John Doe #19's sales representatives were the defendants SCOTT M. DOUMAS and MARK BENOWITZ.

54. John Doe #20, a resident of Chester, Virginia, whose identity is known to the Grand Jury, was a Vendstar customer. John Doe #20's sales representative was the defendant PAUL E. RAIA.

55. Jane Doe #9, a resident of Avon Park, Florida, whose identity is known to the Grand Jury, was a Vendstar customer.

56. John Doe #21, a resident of Gatlinburg, Tennessee, whose identity is known to the Grand Jury, was a Vendstar customer. John Doe #21's sales representative was the defendant RICHARD R. GOLDBERG.

57. John Doe #22, a resident of Stevenson Ranch, California, whose identity is known to the Grand Jury, was a Vendstar customer. John Doe #22's sales representative was the defendant RICHARD R. GOLDBERG. John Doe #22 hired one of the locating companies operated by the defendant JAMES P. ELLIS to place his vending machines.

58. John Doe #23, a resident of Youngsville, Louisiana, whose identity is known to the Grand Jury, was a Vendstar customer. John Doe #23's sales representative was the defendant PAUL E. RAIJA. John Doe #23 hired the company operated by the defendant WALLACE W. DiRENZO to place his vending machines.

59. John Doe #24, a resident of Brandon, Mississippi, whose identity is known to the Grand Jury, was a Vendstar customer. John Doe #24's sales representative was the defendant HOWARD S. STRAUSS.

COUNT ONE

(Conspiracy to Commit Mail and Wire Fraud)

60. The allegations contained in paragraphs one through fifty-nine are realleged and incorporated as if fully set forth in this paragraph.

61. In or about and between May 2005 and July 2010, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants EDWARD MORRIS WEAVER, also known as "Ned," LAWRENCE A. KAPLAN, SCOTT M. DOUMAS, MARK BENOWITZ, RICHARD R. GOLDBERG, RICHARD LINICK, PAUL E. RAIA, HOWARD S. STRAUSS, WALLACE W. DiRENZO, also known as "Wally," and JAMES P. ELLIS, also known as "Max Braddock," "David Addison," "Patrick Cosgrove" and "Todd Parker," together with others, in connection with the conduct of telemarketing, did knowingly and intentionally conspire to devise a scheme and artifice to defraud Vendstar customers, and to obtain money and property from them by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, (a) to place in authorized depositories for mail matter to be delivered by the United States Postal Service, and cause to be deposited to be sent by private and commercial interstate carriers, and taken and received therefrom, mail matter, contrary to Title 18, United States Code, Section 1341, and (b) to transmit and cause to be transmitted, by

means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds, contrary to Title 18, United States Code, Section 1343.

62. In furtherance of the conspiracy, and to effect the objects thereof, within the Eastern District of New York and elsewhere, the defendants EDWARD MORRIS WEAVER, also known as "Ned," LAWRENCE A. KAPLAN, SCOTT M. DOUMAS, MARK BENOWITZ, RICHARD R. GOLDBERG, RICHARD LINICK, PAUL E. RAIA, HOWARD S. STRAUSS, WALLACE W. DiRENZO, also known as "Wally," and JAMES P. ELLIS, also known as "Max Braddock," "David Addison," "Patrick Cosgrove" and "Todd Parker," together with others, committed and caused to be committed, among others, the following:

OVERT ACTS

a. On or about May 26, 2005, the defendant SCOTT M. DOUMAS spoke by telephone from Deer Park, New York, to John Doe #1.

b. On or about April 14, 2006, the defendant EDWARD MORRIS WEAVER sent a letter from Deer Park, New York, to John Doe #1 in New York.

c. On or about December 6, 2006, the defendant EDWARD MORRIS WEAVER sent a letter from Deer Park, New York, to John Doe #2 in North Carolina.

d. On or about December 18, 2006, the defendant EDWARD MORRIS WEAVER sent a letter from Deer Park, New York, to John Doe #2 in North Carolina.

e. On or about January 26, 2007, the defendant SCOTT M. DOUMAS spoke by telephone from Deer Park, New York, to John Doe #3 in Texas.

f. On or about February 13, 2007, the defendant EDWARD MORRIS WEAVER sent a letter from Deer Park, New York, to John Doe #2 in North Carolina.

g. On or about June 21, 2007, the defendant SCOTT M. DOUMAS spoke by telephone from Deer Park, New York, to John Doe #4 in Texas.

h. On or about September 5, 2007, the defendant LAWRENCE A. KAPLAN spoke by telephone to John Doe #5 in Michigan.

i. On or about September 6, 2007, the defendant EDWARD MORRIS WEAVER sent a letter from Deer Park, New York, to John Doe #5 in Michigan.

j. On or about November 6, 2007, the defendant SCOTT M. DOUMAS spoke by telephone from Deer Park, New York, to Jane Doe #1 in Massachusetts.

k. In approximately December 2007, the defendant EDWARD MORRIS WEAVER spoke by telephone from Deer Park, New York, to John Doe #3 in Texas.

l. In approximately December 2007, the defendant EDWARD MORRIS WEAVER spoke by telephone from Deer Park, New York, to John Doe #4 in Texas.

m. In approximately December 2007, the defendant EDWARD MORRIS WEAVER spoke by telephone from Deer Park, New York, to John Doe #6 in South Carolina.

n. In approximately December 2007, the defendant EDWARD MORRIS WEAVER spoke by telephone from Deer Park, New York, to John Doe #7 in Indiana.

o. In approximately December 2007, the defendant EDWARD MORRIS WEAVER spoke by telephone from Deer Park, New York, to Co-conspirator #3, the operator of a locating company who is known to the Grand Jury.

p. On or about April 17, 2008, the defendant RICHARD LINICK spoke by telephone from Deer Park, New York, to Jane Doe #2 in Florida.

q. On or about July 2, 2008, the defendant MARK BENOWITZ spoke by telephone from Deer Park, New York, to Jane Doe #3 in Florida.

r. In approximately September 2008, the defendant LAWRENCE A. KAPLAN spoke by telephone from Deer Park, New York, to John Doe #8 in California.

s. On or about January 21, 2009, the defendant WALLACE W. DiRENZO spoke by telephone from Florida to John Doe #9 in Florida.

t. On or about February 4, 2009, the defendant PAUL E. RAIK spoke by telephone from Deer Park, New York, to Jane Doe #4 in Florida.

u. On or about February 10, 2009, the defendant WALLACE W. DiRENZO spoke by telephone from Florida to Jane Doe #4.

v. On or about March 11, 2009, the defendant MARK BENOWITZ spoke by telephone from Deer Park, New York, to an undercover investigator for the Federal Trade Commission in Washington, D.C.

w. On or about April 7, 2009, the defendant RICHARD R. GOLDBERG spoke by telephone from Deer Park, New York, to John Doe #10 in Florida.

x. On or about April 7, 2009, the defendant HOWARD S. STRAUSS spoke by telephone from Deer Park, New York, to John Doe #11 in California.

y. On or about May 27, 2009, the defendant RICHARD LINICK spoke by telephone from Deer Park, New York, to John Doe #12 in Pennsylvania.

z. On or about July 15, 2009, the defendant JAMES P. ELLIS, using the alias "Todd Parker," spoke by telephone from Alabama to Jane Doe #5 in Pennsylvania.

aa. On or about July 30, 2009, the defendant HOWARD S. STRAUSS spoke by telephone from Deer Park, New York, to John Doe #13 in Massachusetts.

bb. On or about September 16, 2009, the defendant JAMES P. ELLIS, using the alias "Todd Parker," spoke by telephone from Alabama to John Doe #14 in Missouri.

cc. On or about September 18, 2009, the defendant JAMES P. ELLIS, using the alias "Todd Parker," spoke by telephone from Alabama to Jane Doe #6 in Missouri.

dd. On or about November 5, 2009, the defendant HOWARD S. STRAUSS spoke by telephone from Deer Park, New York, to John Doe #15 in Florida.

ee. On or about November 12, 2009, the defendant PAUL E. RAIA spoke by telephone from Deer Park, New York, to John Doe #16 in New York.

ff. On or about November 16, 2009, the defendant LAWRENCE A. KAPLAN spoke by telephone from Deer Park, New York, to John Doe #17 in California.

gg. On or about January 5, 2010, the defendant JAMES P. ELLIS, using the alias "Todd Parker," and Co-conspirator #1 spoke by telephone from Alabama and New York to Jane Doe #7 in Indiana.

hh. On or about February 23, 2010, the defendant RICHARD LINICK spoke by telephone from Deer Park, New York, to John Doe #18 in New Jersey.

ii. On or about June 9, 2010, the defendant RICHARD LINICK spoke by telephone from Deer Park, New York, to Jane Doe #8 in Louisiana.

(Title 18, United States Code, Sections 371, 2326 and 3551 et seq.)

COUNT TWO
(Mail Fraud)

63. The allegations contained in paragraphs one through fifty-nine are realleged and incorporated as if fully set forth in this paragraph.

64. On or about February 20, 2009, within the Eastern District of New York, the defendants EDWARD MORRIS WEAVER, also known as "Ned," LAWRENCE A. KAPLAN, SCOTT M. DOUMAS, and MARK BENOWITZ, together with others, in connection with the conduct of

telemarketing, did knowingly and intentionally devise a scheme and artifice to defraud Vendstar customers, and to obtain money and property from them by means of materially false and fraudulent pretenses, representations, and promises and, for the purpose of executing such scheme and artifice and attempting to do so, cause to be delivered by commercial interstate carrier, according to the directions thereon, Vendstar's promotional sales packet, which was sent via commercial interstate carrier from Deer Park, New York, to John Doe #19 in Chester, New York.

(Title 18, United States Code, Sections 1341, 2326, 2 and 3551 et seq.)

COUNTS THREE THROUGH TEN
(Wire Fraud)

65. The allegations contained in paragraphs one through fifty-nine are realleged and incorporated as if fully set forth in this paragraph.

66. On or about the dates set forth below, within the Eastern District of New York and elsewhere, the defendants EDWARD MORRIS WEAVER, also known as "Ned," LAWRENCE A. KAPLAN, RICHARD R. GOLDBERG, RICHARD LINICK, PAUL E. RAIA, and HOWARD S. STRAUSS, together with others, in connection with the conduct of telemarketing, did knowingly and intentionally devise a scheme and artifice to defraud Vendstar customers, and to obtain money and

property from them by means of materially false and fraudulent pretenses, representations, and promises and, for the purpose of executing such scheme and artifice, transmit and cause to be transmitted writings, signs, signals, and sounds by means of wire communication in interstate and foreign commerce, to wit:

Count	Defendants	Approximate Date of Wire Transmission	Description of Wire Transmission
THREE	EDWARD MORRIS WEAVER, also known as "Ned," and LAWRENCE A. KAPLAN	January 23, 2009	Telephone call between a co-conspirator whose identity is known to the Grand Jury in Deer Park, New York, and John Doe #9 in Florida
FOUR	EDWARD MORRIS WEAVER, also known as "Ned," LAWRENCE A. KAPLAN, and PAUL E. RAIA	March 30, 2009	Telephone call between PAUL E. RAIA in Deer Park, New York, and John Doe #20 in Virginia
FIVE	EDWARD MORRIS WEAVER, also known as "Ned," and LAWRENCE A. KAPLAN	March 2009	Telephone call between LAWRENCE A. KAPLAN in Deer Park, New York, and Jane Doe #9 in Florida
SIX	EDWARD MORRIS WEAVER, also known as "Ned," LAWRENCE A. KAPLAN, and RICHARD R. GOLDBERG	May 27, 2009	Telephone call between RICHARD R. GOLDBERG in Deer Park, New York, and John Doe #21 in Tennessee
SEVEN	EDWARD MORRIS WEAVER, also known as "Ned," LAWRENCE A. KAPLAN, and RICHARD R. GOLDBERG	July 7, 2009	Telephone call between RICHARD R. GOLDBERG in Deer Park, New York, and John Doe #22 in California

Count	Defendants	Approximate Date of Wire Transmission	Description of Wire Transmission
EIGHT	EDWARD MORRIS WEAVER, also known as "Ned," LAWRENCE A. KAPLAN, and PAUL E. RAIA	August 12, 2009	Telephone call between PAUL E. RAIA in Deer Park, New York, and John Doe #23 in Louisiana
NINE	EDWARD MORRIS WEAVER, also known as "Ned," LAWRENCE A. KAPLAN, and RICHARD LINICK	December 28, 2009	Telephone call between RICHARD LINICK in Deer Park, New York, and Jane Doe #7 in Indiana
TEN	EDWARD MORRIS WEAVER, also known as "Ned," LAWRENCE A. KAPLAN, and HOWARD S. STRAUSS	March 8, 2010	Telephone call between HOWARD S. STRAUSS in Deer Park, New York, and John Doe #24 in Mississippi

(Title 18, United States Code, Sections 1343, 2326, 2 and 3551 et seq.)

COUNT ELEVEN
(Making a False Statement)

67. The allegations contained in paragraphs 1 through 59 are realleged and incorporated as if fully set forth in this paragraph.

68. On or about May 20, 2009, within the Eastern District of New York, the defendant EDWARD MORRIS WEAVER, also known as "Ned," did knowingly and willfully make a materially false, fictitious, and fraudulent statement and representation, in a matter within the jurisdiction of the executive branch of the Government of the United States, to wit: the Federal Bureau of Investigation ("FBI"), in that

the defendant falsely stated and represented to Special Agents of the FBI that Vendstar had no relationship with any locating company and that Vendstar had not referred customers to the defendant JAMES P. ELLIS since 2006, when, in fact, as the defendant WEAVER then and there well knew and believed, Vendstar worked closely with locating companies to make sales and Vendstar had since 2006 referred customers to various companies operated by the defendant ELLIS.

(Title 18, United States Code, Section 1001(a)(2) and 3551 et seq.)

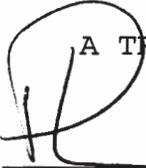
COUNT TWELVE
(Making a False Statement)

69. The allegations contained in paragraphs 1 through 59 are realleged and incorporated as if fully set forth in this paragraph.

70. On or about May 20, 2009, within the Eastern District of New York, the defendant LAWRENCE A. KAPLAN did knowingly and willfully make a materially false, fictitious, and fraudulent statement and representation, in a matter within the jurisdiction of the executive branch of the Government of the United States, to wit: the FBI, in that the defendant falsely stated and represented to Special Agents of the FBI that he did not know if the defendant JAMES P. ELLIS was still involved in locating vending machines, did not know of any aliases used by the defendant ELLIS, and had not had

contact with ELLIS for three years, when, in fact, as the defendant KAPLAN then and there well knew and believed, the defendant ELLIS was still operating locating companies and was using various aliases, and the defendant KAPLAN had been in contact with the defendant ELLIS during the three years prior to May 20, 2009.

(Title 18, United States Code, Sections 1001(a)(2) and 3551 et seq.)

A TRUE BILL


FOREPERSON


LORETTA E. LYNCH
UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK

No. 13-CR-120 (S-1) (SJF)

FORM DBD-34
JUN. 85

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF NEW YORK

CRIMINAL DIVISION

THE UNITED STATES OF AMERICA

vs.

EDWARD MORRIS WEAVER, LAWRENCE A. KAPLAN,
SCOTT M. DOUMAS, MARK BENOWITZ, RICHARD R. GOLDBERG,
RICHARD LINICK, PAUL E. RAIA, HOWARD S. STRAUSS,
WALLACE W. DIRENZO, and JAMES P. ELLIS,

Defendants.

INDICTMENT

(T. 18, U.S.C., §§ 371, 1001 (a) (2), 1341, 1343, 2326, 2 and 3551 et seq.)

A true bill.



Foreman

Filed in open court this _____ day,

of _____ A.D. 19 _____

Clerk

Bail, \$ _____

DEMETRI M. JONES, AUSA (631) 715-7840

FILED
IN CLERK'S OFFICE
U.S. DISTRICT COURT E.D.N.Y.

INFORMATION SHEET

★ MAY 01 2013 ★

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK LONG ISLAND OFFICE

USAO# 2013R00540

1. Title of Case: United States v. Edward Morris "Ned" Weaver, et al

2. Related Magistrate Docket Number(s) _____

None ()

3. Arrest Date: _____

4. Nature of offense(s): Felony
 Misdemeanor

5. Related Civil or Criminal Cases - Title and Docket No(s). (Pursuant to Rule 50.3 of the Local E.D.N.Y. Division of Business Rules): _____

6. Projected Length of Trial: Less than 6 weeks (X)
More than 6 weeks ()

7. County in which crime was allegedly committed: Nassau (Pursuant to Rule 50.1(d) of the Local E.D.N.Y. Division of Business Rules)

8. Has this information been ordered sealed? () Yes (X) No

9. Have arrest warrants been ordered? () Yes (X) No

10. Is a capital count included in the information? () Yes (X) No

LORETTA E. LYNCH
UNITED STATES ATTORNEY

By: Patrick Jsaperle
Patrick Jsaperle, DOJ Attorney
(202) 616-0509