UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

UNITED STATES OF AMERICA	)	10 CR 10051 JLT
v.	)	**CRIMINAL NO.**
RICHARD ELKINSON,	)	**VIOLATIONS:**
Defendant	)	**18 U.S.C. §1341 (MAIL FRAUD)**
	)	**18 U.S.C. §981 and**
	)	**28 U.S.C. §2461 -**
	)	**(CRIMINAL FORFEITURE**
	)	**ALLEGATION)**

INDICTMENT

THE GRAND JURY CHARGES:

1. At all times material to this Indictment, defendant **RICHARD ELKINSON** ("**ELKINSON**") was an individual living in Framingham, Massachusetts.

2. Beginning in or about a date uncertain but no later than about 1993, and continuing until in or about December 2009, in the District of Massachusetts and elsewhere, the defendant herein, **RICHARD ELKINSON**, operated a fraud scheme by which he defrauded more than 100 individuals and entities (hereafter "client-victims") of millions of dollars.

3. The scheme consisted primarily of **ELKINSON** obtaining funds from client-victims by representing, falsely, that he would use the funds to finance the manufacture of uniforms and hats which had been contracted for purchase by state governments, and would repay the client-victims their principal and a fixed rate of interest from the profits earned on those contracts. In truth and in fact, as **ELKINSON** well knew, **ELKINSON** was not involved in any uniform or hat business, he

had no uniform or hat contracts with state governments, and client-victims' funds were not going to be used to finance the manufacture of uniforms and hats. Instead, **ELKINSON** intended to and did use the client-victims' funds for his own personal purposes and to repay amounts to other client-victims.

4. In furtherance of his fraudulent scheme, **ELKINSON** did the following, among other things:

a. **ELKINSON** held himself out as a representative of a Japanese manufacturer which, **ELKINSON** claimed, sold uniforms to state governments for use by state agencies, for example, police, turnpike authorities, departments of public works and prisons. **ELKINSON** represented that he did so using the business name Northeast Sales Co.

b. **ELKINSON** told client-victims that he occasionally contracted to supply hats for state fund-raisers to assist relief efforts for disasters such as 9/11 and Hurricane Katrina. As the scheme continued, **ELKINSON** told client-victims that he had expanded the business by contracting to supply uniforms to the Olympics and the Pan-American Games.

c. **ELKINSON** told client-victims that he was responsible for entering into contracts directly with state governments for the supply of uniforms and hats, and that he was also responsible for providing the Japanese manufacturer with an advance payment of half the dollar amount of each contract in order to finance production of the uniforms and hats.

d. **ELKINSON** told client-victims that in addition to investing his own money, he

sought outside investors in order to raise sufficient funds to finance the several contracts he received every year.

e. **ELKINSON** promised client-victims a fixed rate of return for their investment ranging from 9%-13%, with a term usually of 330-360 days, guaranteed by a promissory note signed by **ELKINSON**. The client-victims usually mailed checks to **ELKINSON** at his Framingham home-office, and **ELKINSON** usually mailed the promissory notes to his client-victims from the same location.

f. **ELKINSON** told client-victims that after the uniforms were delivered, his company collected payment from the purchasing state, repaid all his investors their principal and interest, and forwarded the balance to the Japanese manufacturer.

g. **ELKINSON** represented to client-victims that investments were for specific uniform or hat contracts, and the promissory notes he provided to the client-victims usually contained notations which purported to refer to specific contracts.

h. When promissory notes became due, **ELKINSON** persuaded many of his client-victims to "rollover" all or part of their investment in a new contract, secured by a new promissory note.

I. When client-victims requested payment of all or part of their money and "interest" when notes became due, **ELKINSON** paid them with funds he received from other investors.

j. **ELKINSON** persuaded some of his client-victims to solicit others to invest, and paid them for those referrals.

k. **ELKINSON** prepared fake contract/purchase orders which purported to reflect

orders placed by state governments for uniforms and hats, which he showed to client-victims who requested to see such documents.

5. In or about early 2009, **ELKINSON** began to default on payments to some client-victims when they requested money due on their notes. **ELKINSON** offered excuses for the non-payment, including blaming delays on the well-publicized budgetary problems of many state governments.

6. In order to prevent and delay discovery of his scheme after he began to default on payments due, **ELKINSON** told client-victims that his involvement with the Japanese manufacturer was coming to an end and that he was arranging to sell his business to an investor group which would provide sufficient funds - about $30 million - to repay all of **ELKINSON's** client-victims the amount outstanding on their promissory notes.

7. In truth and in fact, as **ELKINSON** well knew, all of his representations to client-victims concerning his involvement in a uniform and hat business were false. **ELKINSON** was not in fact a representative of a uniform or hat manufacturer and he did not enter into contracts with state governments or any other entity to supply uniforms or hats.

8. In truth and in fact, as **ELKINSON** well knew, the money he obtained from client-victims was not used for any investment purpose, but was instead used by **ELKINSON** for his own personal benefit, and to repay other client-victims who requested payment when their notes became due.

COUNTS 1-18 - MAIL FRAUD (18 U.S.C. §1341)

9. The Grand Jury repeats and incorporates by reference the allegations in paragraphs 1-8 of the Indictment and further charges:

10. On or about the dates set forth below, in the District of Massachusetts and elsewhere, the defendant herein,

RICHARD ELKINSON

having devised and intending to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises concerning material facts and matters, for the purpose of executing such scheme and artifice and attempting to do so, did knowingly cause matters and things to be delivered by the United States Postal Service and by private and commercial interstate carriers according to directions thereon:

COUNT	DATE (on or about)	MAILING
1	6/9/05	$50,000 check mailed from C.S.S. in Massachusetts to **ELKINSON** in Massachusetts
2	11/3/05	$100,000 check mailed from W.M. in Massachusetts to **ELKINSON** in Massachusetts
3	7/1/06	$100,000 promissory note mailed from **ELKINSON** in Massachusetts to C.A.S. in Missouri
4	12/22/06	$50,000 check mailed from J.L. and J.M.L. in Massachusetts to **ELKINSON** in Massachusetts
5	9/17/07	$150,000 check mailed from G.K. in Massachusetts to **ELKINSON** in Massachusetts

6	11/25/07	$25,000 check mailed from D.F. and S.F. in Massachusetts to **ELKINSON** in Massachusetts
7	8/6/08	Letter and $50,000 check from V.A. and S.A. in New Jersey to **ELKINSON** in Massachusetts
8	8/10/08	$205,000 promissory note mailed from **ELKINSON** in Massachusetts to L.W. in Massachusetts
9	9/1/08	$100,000 promissory note mailed from **ELKINSON** in Massachusetts to R.F. and D.F. in Massachusetts
10	9/30/08	$75,000 check mailed from B.E. and D.E. in Massachusetts to **ELKINSON** in Massachusetts
11	11/30/08	$30,000 check mailed from H.L. and A.L. in Massachusetts to **ELKINSON** in Massachusetts
12	3/20/09	$100,000 promissory note mailed from **ELKINSON** in Massachusetts to J.B. in Arizona
13	3/23/09	$25,000 check mailed from M.L. and B.L. in Massachusetts to **ELKINSON** in Massachusetts
14	5/17/09	$25,000 check mailed from N.G. in New Hampshire to **ELKINSON** in Massachusetts
15	6/2/09	$50,000 check mailed from M.C. and J.C. in New Hampshire to **ELKINSON** in Massachusetts
16	6/5/09	$330,000 promissory note mailed from **ELKINSON** in Massachusetts to P.Z. and B.Z. in Massachusetts

17	6/16/09	$100,000 check mailed from M.A. in Massachusetts to **ELKINSON** in Massachusetts
18	10/15/09	$50,000 promissory note mailed from **ELKINSON** in Massachusetts to J.B. and M.B. in Massachusetts

All in violation of 18 U.S.C. §1341 and 2.

FORFEITURE ALLEGATIONS

(18 U.S.C. §981 and 28 U.S.C. §2461)

THE GRAND JURY FURTHER CHARGES THAT:

11. Upon conviction of one or more of the offenses in violation of 18 U.S.C. §1341 alleged in Counts 1 through 18 of the Indictment, the defendant,

RICHARD ELKINSON

shall forfeit to the United States, pursuant to 18 U.S.C. §981(a)(1)(C) and 28 U.S.C. § 2461(c) any property, real or personal, which constitutes or is derived from proceeds traceable to such violations. The property to be forfeited includes, but is not limited to, the following:

a. $45,000.00 in United States currency, seized on or about December 30, 2009;

b. $1,200.00 in traveler's checks, seized on or about December 30, 2009;

c. $143,906.25 in United States currency, seized on or about January 5, 2010;

d. $69,900.00 in United States currency, seized on or about January 29, 2010;

e. nineteen pieces of assorted jewelry, seized on or about January 29, 2010.

12. If any of the property described in paragraph 11, above, as a result of any act or omission of the defendant –

a. cannot be located upon the exercise of due diligence;

b. has been transferred to, sold to, or deposited with a third party;

c. has been placed beyond the jurisdiction of this Court;

d. has been substantially diminished in value; or

e. has been commingled with other property which cannot be divided without difficulty;

it is the intention of the United States, pursuant to 28 U.S.C. §2461(c), incorporating 21 U.S.C. §853(p), to seek forfeiture of all other property of the defendant up to the value of the property described in subparagraphs (a) through (e) of this paragraph.

All pursuant to 18 U.S.C. §981 and 28 U.S.C. §2461(c).

A TRUE BILL

FOREPERSON OF THE GRAND JURY

ASSISTANT U.S. ATTORNEY

DISTRICT OF MASSACHUSETTS; February 17, 2010.

Returned into the District Court by the Grand Jurors and filed.

DEPUTY CLERK

3:26p.