

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Crim. No. 08-
: :
: 18 U.S.C. § 371
: 18 U.S.C. § 1341
v. : 18 U.S.C. § 2
: 26 U.S.C. § 7201
: :
: Forfeiture Allegations
: 18 U.S.C. § 981
CHARLES NEELY : 28 U.S.C. § 2461

INFORMATION

The defendant having waived in open court prosecution by Indictment, the United States Attorney for the District of New Jersey charges:

COUNT ONE

(Conspiracy to Commit Mail Fraud)

1. At all times relevant to this Information,
 - a. Defendant CHARLES NEELY was a resident of Middlesex County, New Jersey.
 - b. Defendant CHARLES NEELY, along with his wife, co-conspirator J.N., who is named as a co-conspirator but not as a defendant herein, owned and operated Neely Associates located in East Brunswick, New Jersey.
 - c. Neely Associates was in the business of providing tax services to clients, including the preparation of federal income tax returns, and purported to be in the business of providing investment services to its clients.

2. At various times relevant to this Information, defendant CHARLES NEELY and co-conspirator J.N. defrauded approximately 47 investors (hereinafter, the "Investors") out of approximately \$2,495,000. Several of the Investors were senior citizens with little or no investment experience, and many of them entrusted Neely Associates with their life savings.

3. At no time was defendant CHARLES NEELY, co-conspirator J.N., or anyone else at Neely Associates licensed by Federal or State regulators to provide investment services in New Jersey or elsewhere.

The Conspiracy

4. From in or about January 2002 through in or about February 2008, in the District of New Jersey and elsewhere, defendant

CHARLES NEELY

did knowingly and intentionally conspire and agree with co-conspirator J.N. to commit an offense against the United States, that is, to execute a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, by placing in a post office and authorized depository for mail a matter and thing to be sent and delivered by the Postal Service and depositing and causing to be deposited a matter and thing to be

sent and delivered by private and commercial interstate carrier, contrary to Title 18, United States Code, Section 1341.

The Object of the Conspiracy

5. The object of the conspiracy was to obtain money and property from individual investors by means of material false and fraudulent pretenses, representations and promises, and then to divert those funds for the benefit of defendant CHARLES NEELY and co-conspirator J.N.

The Means and Methods of the Conspiracy

6. It was part of the conspiracy that from in or about January 2002 through in or about February 2008, co-conspirator J.N. would meet with Investors and solicit money from them, by falsely and fraudulently representing, among other things, that the Investors' money would be invested in various municipal bond funds, would be safe and would earn tax-free interest.

7. It was further part of the conspiracy that defendant CHARLES NEELY and co-conspirator J.N. would prepare and provide to Investors, among other things, (a) fabricated agreements and letters purporting to memorialize their investments with Neely Associates and (b) fabricated account statements that falsely and fraudulently represented, among other things, that all of the Investors' money had been invested in

municipal bond funds and was accruing interest on their behalf. Many of those documents were delivered to the Investors by the U.S. Postal Service or commercial interstate carrier.

8. It was further part of the conspiracy that defendant CHARLES NEELY and co-conspirator J.N. would address the concerns of certain Investors by making lulling payments of portions or all of their money. In order to make those payments, co-conspirator J.N. would solicit money from new Investors and use that money to pay the existing Investors.

9. It was further part of the conspiracy that none of the Investors' money would be invested as promised. Rather, defendant CHARLES NEELY and co-conspirator J.N. used the Investors' money for their personal benefit and the benefit of their family. Specifically, defendant CHARLES NEELY and co-conspirator J.N. used and caused to be used the Investors' money to:

- a. gamble at casinos in New Jersey and elsewhere;
- b. take cruises and other vacations;
- c. purchase collectibles via eBay, an internet auction house, and other internet dealers;
- d. purchase and maintain the loans on various automobiles;
- e. make their son's child support payments;

f. pay bills from various retailers, including supermarkets and home electronic stores, as well as numerous restaurants; and

g. pay bills and expenses associated with a gas station located in East Brunswick, New Jersey, including the costs associated with the purchase and maintenance of trucks and other machinery.

Overt Acts

10. On or about September 29, 2004, co-conspirator J.N. met with and solicited money from G.L., a 75 year-old individual who resided first in Harrison, New Jersey, and later in Lakewood, New Jersey.

11. On or about September 29, 2004, co-conspirator J.N. induced G.L. to invest approximately \$75,000 with Neely Associates, by falsely and fraudulently representing, among other things, that Neely Associates would manage G.L.'s daily financial affairs, invest his money in municipal bond funds and other securities, and earn him enough monthly income on his investment to provide him with financial security for the remainder of his life.

12. In or about October 2004, co-conspirator J.N. induced G.L. to sell his home in Harrison, New Jersey, and to

later invest approximately \$155,000 in proceeds from the sale with Neely Associates.

13. On or about May 27, 2005, unbeknownst to G.L., co-conspirator J.N. caused to be transferred to the Neely Associates' bank account approximately \$47,000 from G.L.'s pension account.

14. On or about January 18, 2007, defendant CHARLES NEELY and co-conspirator J.N. sent and caused to be sent a letter to G.L., which falsely and fraudulently represented, among other things, that the "long term goal [for G.L.] was preservation of principal and conservative growth"; that a large portion of G.L.'s investment was "sheltered, tax free, earning 4.25 per cent"; that the remainder of his investment had been placed in a "private real estate holding group" offering percentage returns of between approximately 4.95% and 5.5%; and further that his investment holdings "remain[ed] intact".

15. On or about August 13, 2007, after G.L. requested an accounting of his investments, defendant CHARLES NEELY and co-conspirator J.N. returned to G.L. via Federal Express a lulling payment in the amount of \$5,000.

In violation of Title 18, United States Code, Section 371.

COUNT TWO
(Mail Fraud)

1. The allegations set forth in paragraphs 1 through 3 and 6 through 15 of Count One of this Information are realleged and incorporated herein.

2. From in or about January 2002 through in or about February 2008, defendant CHARLES NEELY did knowingly devise and intend to devise a scheme and artifice to defraud Investors and obtain money and property from such Investors by means of materially false and fraudulent pretenses, representations and promises, as set forth in paragraphs 3 and 6 through 15 of Count One of this Information.

3. On or about August 13, 2007, defendant CHARLES NEELY and co-conspirator J.N. sent and caused to be sent a Federal Express package to G.L. that contained false and fraudulent representations concerning his investments with Neely Associates and a lulling payment in the amount of \$5,000.

4. On or about August 13, 2007, for the purpose of executing the scheme and artifice described in paragraph 2 above, and attempting to do so, in the District of New Jersey, and elsewhere, defendant

CHARLES NEELY

did knowingly deposit and caused to be deposited for sending and delivery by private and commercial interstate carrier, namely,

Federal Express, the matter and thing described above in paragraph 3 of this Count of the Information.

In violation of Title 18, United States Code, Section 1341 and Section 2.

COUNT THREE
(Tax Evasion)

1. The allegations set forth in paragraphs 1, 2 and 6 through 15 of Count One of this Information are realleged and incorporated herein.

2. At various times relevant to this Count of the Information, defendant CHARLES NEELY filed and caused to be filed with the Internal Revenue Service joint U.S. Individual Income Tax Returns, Forms 1040 ("Form 1040"), on behalf of himself and his wife J.N.

3. On or about December 17, 2007, defendant CHARLES NEELY prepared, and caused to be prepared, signed and caused to be signed, and filed and caused to be filed with the Internal Revenue Service, a false and fraudulent Form 1040 for calendar year 2005 reporting negative taxable income of \$2,817.00 and a corresponding tax liability of \$4,849.00.

4. At the time the 2005 Form 1040 mentioned above was prepared, signed and filed with the Internal Revenue Service, defendant CHARLES NEELY well knew and believed that the 2005 Form 1040 failed to disclose and report a total amount of approximately \$713,810.47 in joint taxable income for calendar year 2005, representing the amount of money received from Investors and diverted to his personal use, upon which an

additional tax of approximately \$229,296.00 was due and owing to the United States.

5. On or about December 17, 2007, in the District of New Jersey and elsewhere, defendant

CHARLES NEELY

did knowingly and willfully attempt to evade and defeat a substantial part of the income tax due and owing to the United States, for calendar year 2005, by preparing and causing to be prepared, signing and causing to be signed, and filing and causing to be filed with the Internal Revenue Service, a false and fraudulent 2005 Form 1040.

In violation of Title 26, United States Code, Section 7201.

FORFEITURE ALLEGATIONS

(18 U.S.C. § 981 and 28 U.S.C. § 2461)

1. As a result of the offenses alleged in Counts One and Two of this Information, defendant CHARLES NEELY shall forfeit to the United States, pursuant to 18 U.S.C. § 981(a)(1)(c) and 28 U.S.C. § 2461(c), all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offense, including but not limited to, a sum of money equal to approximately \$2,495,085.86 in United States currency, representing the amount of proceeds obtained as a result of the mail fraud offense.

2. If any of the above-described forfeitable property, as a result of any act of omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court; or
- d. has been commingled with other property which cannot be divided without difficulty,

it is the intention of the United States, pursuant to 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. § 982(b)(1), to seek

forfeiture of any other property of said defendant up to the value of the forfeitable property described in paragraph 1 above.

CHRISTOPHER J. CHRISTIE
United States Attorney