

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.  
v. : Criminal No. 12-\_\_\_\_\_  
DANIEL DRAGAN : 18 U.S.C. § 1349

INFORMATION

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

BACKGROUND

1. At all times relevant to this Information:
  - a. Defendant DANIEL DRAGAN resided in Hunterdon County, New Jersey.
  - b. George Sepero, who is named as a coconspirator but not as a defendant herein, resided in Bergen County, New Jersey.
  - c. Carmelo Provenzano, a/k/a "Mel Tannenbaum," who is named as a coconspirator but not as a defendant herein, resided in Passaic County, New Jersey.
  - d. "Caxton Capital Management," "SP Investors Inc.," and "CCP Pro Consulting, Inc." (collectively, the "Fake Hedge Funds") were fictitious "hedge funds," operated in New Jersey by DRAGAN, Sepero, and Provenzano.

THE CONSPIRACY

2. From in or around 2009 through in or around July 2011, in the District of New Jersey, and elsewhere, defendant

DANIEL DRAGAN

did knowingly and intentionally conspire and agree with George Sepero, Carmelo Provenzano, a/k/a "Mel Tannenbaum," and others to devise a scheme and artifice to defraud and to obtain money from investors by means of materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing such scheme and artifice, to transmit and cause to be transmitted by means of wire communication in interstate commerce writings, signs, signals, pictures and sounds, contrary to Title 18, United States Code, Section 1343.

OBJECT OF THE CONSPIRACY

3. It was the object of the conspiracy for defendant DRAGAN, along with Sepero, Provenzano, and others (collectively, the "Conspirators"), to profit unlawfully by obtaining money and property through the use of false and fraudulent representations and promises relating to purported investments in foreign currency markets.

MANNER AND MEANS OF THE CONSPIRACY

4. It was part of the conspiracy that the Conspirators used the Fake Hedge Funds to solicit investors to invest more than \$3.5 million in foreign currency markets by making numerous material misrepresentations and omissions, including, among other things, that:

- a. the Conspirators owned and controlled a proprietary computer algorithm that achieved extraordinary returns by trading foreign currencies;
- b. the Conspirators had used this proprietary algorithm to achieve returns of more than 170 percent in the prior two years; and
- c. investors' investment funds would be highly liquid and could be withdrawn at any time on just days' notice.

5. It was further a part of the conspiracy that the Conspirators induced numerous transfers of funds from investors outside of New Jersey to bank accounts in New Jersey controlled by the Conspirators.

6. It was further a part of the conspiracy that the Conspirators did not invest the majority of investors' money in foreign currency or any other investment, but instead used investor funds to make payments to initial victims, in Ponzi-scheme fashion, and to fund the Conspirators' personal expenditures. Among other expenditures, the Conspirators used investor funds (1) to pay for extravagant vacations to destinations including Paris, France; (2) to pay bar tabs including a bar tab of approximately \$18,241 (including a \$4,000 gratuity) for one night at "Drai's Hollywood" nightclub in Los Angeles, California; and (3) to purchase luxury vehicles, including a customized Ford F-350 "Harley-Davidson Edition" truck

costing more than approximately \$80,000.

7. It was further a part of the conspiracy that the Conspirators e-mailed several investors fake account statements, which falsely represented that investors' investment principal had been invested in the foreign currency markets and had appreciated substantially.

8. It was further a part of the conspiracy that the Conspirators invented a fictional character named "Mel Tannenbaum," whom they claimed to be an accountant, to perpetuate the fraud. The Conspirators sent e-mails purportedly authored by "Mel Tannenbaum" from the e-mail address "mel@caxtonfunds.com," listing the purported returns achieved by investors' investments. These e-mails were false, and the purported returns they recited were fictional.

9. It was further a part of the conspiracy that the Conspirators e-mailed to several investors "screen shots" of a computer-based trading program, which they claimed represented the investors' actual investment funds being traded in the currency markets. These "screen shots," however, reflected trading in fictional, "dummy accounts," set up by the Conspirators to dupe investors into believing that their investment funds had, in fact, been invested.

10. As a result of the Conspirators' false and fraudulent representations and promises, investors suffered losses.

All in violation of Title 18, United States Code, Section 1349.

FORFEITURE ALLEGATION

1. The allegations contained in this Information are hereby realleged and incorporated by reference for the purpose of noticing forfeitures pursuant to Title 18, United States Code, Sections 982(a)(2)(A).

2. The United States hereby gives notice to the defendant that, upon conviction of the offense charged in this Information, the government will seek forfeiture in accordance with Title 18, United States Code, Section 982(a)(2)(A), of any and all property constituting or derived from proceeds obtained directly or indirectly as a result of such offense.

3. If any of the above-described forfeitable property, 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 or sold to, or deposited with, a third party;

(c) has been placed beyond the jurisdiction of the 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 intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described in this forfeiture allegation.

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PAUL J. FISHMAN  
United States Attorney

**United States District Court  
District of New Jersey**

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**UNITED STATES OF AMERICA**

**v.**

**DANIEL DRAGAN**

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**INFORMATION FOR**

18 U.S.C. § 1349

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**PAUL J. FISHMAN**

*UNITED STATES ATTORNEY*

*NEWARK, NEW JERSEY*

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ZACH INTRATER & CHRISTOPHER J. KELLY

ASSISTANT U.S. ATTORNEYS

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