

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
v. : Criminal No. 12-____
CARMELO PROVENZANO, : 18 U.S.C. § 1349
a/k/a "Mel Tannenbaum"

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 CARMELO PROVENZANO, a/k/a "Mel Tannenbaum," resided in Passaic 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. Daniel Dragan, who is named as a coconspirator but not as a defendant herein, resided in Hunterdon County, New Jersey.
 - d. "Pelt Capital"; "Caxton Capital Management"; "SP Investors Inc."; "Casa Nostra Enterprises, Inc."; "CCP Pro Consulting, Inc."; "SePro Management"; and "Centro Capital" among others (collectively, the "Fake Hedge Funds") were fictitious "hedge funds," operated in New Jersey by PROVENZANO, Sepero, and Dragan.

THE CONSPIRACY

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

CARMELO PROVENZANO,
a/k/a "Mel Tannenbaum"

did knowingly and intentionally conspire and agree with George Sepero, Daniel Dragan, and others to devise a scheme and artifice to defraud victim investors and to obtain money from victim 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 certain 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 PROVENZANO, along with Sepero, Dragan, and others (collectively, the "Co-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 Co-Conspirators used the Fake Hedge Funds to solicit investors to invest more than \$4 million in foreign currency markets by making numerous material misrepresentations and omissions, including, among other things, that:

- a. the Co-Conspirators owned and controlled a proprietary computer algorithm that had achieved and could achieve extraordinary returns by trading foreign currencies;
- b. the Co-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 Co-Conspirators induced numerous wire transfers of funds from investors outside of New Jersey to bank accounts in New Jersey controlled by the Co-Conspirators.

6. It was further a part of the conspiracy that the Co-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 Co-Conspirators' personal expenditures. Among other expenditures, the Co-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, and a Range Rover vehicle costing approximately \$70,000.

7. It was further a part of the conspiracy that the Co-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 Co-Conspirators invented a fictional character named "Mel Tannenbaum," whom they claimed to be an accountant, to perpetuate the fraud. The Co-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 Co-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 Co-Conspirators to dupe investors into believing that their investment funds had, in fact, been invested.

10. As a result of the Co-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.


PAUL J. FISHMAN
United States Attorney

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v.

CARMELO PROVENZANO

INFORMATION FOR

18 U.S.C. § 1349

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