

department. Law Funder predominantly relied on outside brokerage firms to generate inquiries from potential clients and gather necessary information and documents in support of funding opportunities to allow Law Funder to evaluate whether to fund a case and for how much. Law Funder worked with several outside brokerage firms. In certain instances, Law Funder accepted direct inquiries from potential clients seeking funding. With respect to those direct inquiries, Law Funder sometimes would send information concerning the direct inquiry to an outside broker. The selected broker would, among other things, collect the required underlying information and documents and deliver the finished funding opportunity to Law Funder for consideration.

c. MFG was a New Jersey corporation with a principal place of business in Union City, New Jersey. MFG formerly was located at 295 Madison Avenue, 27th floor, in New York, New York. MFG's primary business was operating as a broker between plaintiffs seeking advances against potential recoveries in pending litigation and private entities such as Law Funder, who would provide such funding. If a funding entity elected to make an advance to a client that MFG had presented, the entity would pay MFG a broker's fee consisting of a percentage of the advance amount approved. MFG received payment of its broker's fee when the funding entity issued an advance to a plaintiff, regardless of whether the plaintiff ever repaid the advance.

d. Defendant Mathew Sheldon was a resident of New

York and the owner of a 25% interest in Law Funder. Defendant Mathew Sheldon provided services to Law Funder for which he received a salary that reached approximately \$250,000. Among other things, defendant Mathew Sheldon's responsibilities at Law Funder included managing staff, acting as legal counsel for Law Funder, interacting with brokers who referred potential clients to Law Funder, and underwriting and performing due diligence on proposed advances to prospective Law Funder clients. Although Law Funder employed underwriters in addition to defendant Mathew Sheldon, Sheldon supervised the underwriting process.

e. Individual 1 was a resident of New Jersey and a 25% co-owner of Law Funder.

f. Individual 2 was a resident of New Jersey and a 25% co-owner of Law Funder.

g. Individual 3 was a resident of New York and a 25% co-owner of Law Funder.

h. Law Funder, Individual 2, Individual 3, and Individual 4 each had an intangible right to the honest services of defendant Mathew Sheldon. In defendant Mathew Sheldon's capacity as an employee of Law Funder and as a business partner in the venture, defendant Mathew Sheldon owed Law Funder, Individual 2, Individual 3, and Individual 4 a duty to, among other things, refrain from splitting commissions paid to outside brokers that Law Funder used to collect the relevant information and paperwork in support of finding opportunities and otherwise

assist with the funding process.

THE CONSPIRACY

2. From at least as early as in or about February 2005 through in or about March 2009, in the District of New Jersey, and elsewhere, the defendant,

MATHEW R. SHELDON,

did knowingly and intentionally conspire and agree with Rory Donadio and others to devise a scheme and artifice to defraud Law Funder, Individual 2, Individual 3, and Individual 4 of money and the intangible right to defendant Mathew Sheldon's honest services in the performance of his duties by means of materially false and fraudulent pretenses, representations and promises, and, for the purpose of executing such scheme and artifice, to cause to be transmitted by means of wire communications in interstate commerce writings, signs, signals, and pictures, contrary to Title 18, United States Code, Sections 1343 and 1346.

OBJECT OF THE CONSPIRACY

3. It was the object of the conspiracy that defendant Mathew Sheldon, Rory Donadio, and their co-conspirators, acting for their own financial gain, designed and executed a kickback scheme involving Law Funder and MFG.

MANNER AND MEANS OF THE CONSPIRACY

4. It was part of the conspiracy that defendant Mathew Sheldon referred certain direct inquiries from potential clients

of Law Funder to Rory Donadio at MFG, as opposed to other outside brokers, and agreed to share the broker's fee on such transactions between MFG and Sheldon personally.

5. It was further part of the conspiracy that defendant Matthew Sheldon and Rory Donadio agreed to conceal the kickback scheme from Law Funder, Individual 2, Individual 3, Individual 4, and others (the "Kickback Scheme").

6. It was further part of the conspiracy that defendant Matthew Sheldon and Rory Donadio concealed the Kickback Scheme from Law Funder, Individual 2, Individual 3, Individual 4, and others by, among other means, using code words, such as "Giants" or the letter "G", among others, to refer to transactions that were part of the Kickback Scheme in business records and other documents that tracked transactions between Law Funder and MFG.

7. It was further part of the conspiracy that defendant Mathew Sheldon and Rory Donadio would communicate, in-person and by e-mail, to identify the coded transactions and calculate the amounts that MFG and Rory Donadio owed to defendant Mathew Sheldon personally, pursuant to the Kickback Scheme.

8. It was further part of the conspiracy that, after defendant Mathew Sheldon and Rory Donadio identified the amounts that MFG and Rory Donadio owed to defendant Mathew Sheldon as a result of the Kickback Scheme, Rory Donadio would direct or cause periodic electronic or other payments to be made from MFG and other accounts at banks in New Jersey to personal accounts at

banks outside of New Jersey, controlled by defendant Mathew Sheldon.

9. It was further part of the conspiracy that, pursuant to the Kickback Scheme, MFG and Rory Donadio paid to defendant Mathew Sheldon a total of approximately \$869,492, including through the use of wire communications in interstate commerce.

In violation of Title 18, United States Code, Section 1349.

FORFEITURE ALLEGATION

1. The allegations contained in this Superseding Information are hereby realleged and incorporated by reference for the purpose of noticing forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(c), and Title 28, United States Code, Section 2461(c).

2. The United States hereby gives notice to the defendant that, upon conviction of the offense charged in this Superseding Information, the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(c) and Title 28, United States Code, Section 2461(c), which requires any person convicted of such offense to forfeit any 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

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it is the intent of the United States, pursuant to Title 21,
United States Code, Section 853(p), as incorporated by Title 28,
United States Code, Section 2461(c), to seek forfeiture of any
other property of the defendant up to the value of the
forfeitable property described in paragraph 2.

A handwritten signature in cursive script, reading "Paul J. Fishman". The signature is written in black ink and is positioned above a horizontal line.

PAUL J. FISHMAN
United States Attorney

CASE NUMBER: 12-324 (DMC)

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

UNITED STATES OF AMERICA

v.

MATHEW SHELDON

INFORMATION FOR

18 U.S.C. § 1349

PAUL J. FISHMAN

UNITED STATES ATTORNEY, NEWARK, NEW JERSEY

JOSEPH B. SHUMOFSKY
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NEWARK, NEW JERSEY
973-297-2098*
