

Approved: _____

MICHAEL A. LEVY
TELEMACHUS P. KASULIS
Assistant United States Attorneys

Before: THE HONORABLE HENRY B. PITMAN
United States Magistrate Judge
Southern District of New York

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UNITED STATES OF AMERICA	:	<u>SEALED COMPLAINT</u>
	:	
- v. -	:	Violation of
	:	18 U.S.C. § 1343
SETH BEOKU BETTS,	:	
	:	COUNTY OF OFFENSE:
Defendant.	:	New York
	:	
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SOUTHERN DISTRICT OF NEW YORK, ss:

SCOTT F. ROMONOWSKI, being duly sworn, deposes and says that he is a Criminal Investigator with the United States Attorney's Office for the Southern District of New York, and charges as follows:

From in or about July 2008 through and including in or about December 2012, in the Southern District of New York and elsewhere, SETH BEOKU BETTS, the defendant, unlawfully, willfully, and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, in furtherance of a scheme to defraud a purchaser of supposed collateralized mortgage obligations, BETTS misappropriated approximately \$8.165 million of investor funds, including by causing approximately \$2 million to be wire transferred from a bank account in North Carolina to a bank account in Manhattan.

(Title 18, United States Code, Sections 1343 and 2.)

The bases for my knowledge and for the foregoing charge are, in part, as follows:

1. I am a Criminal Investigator with the United States Attorney's Office for the Southern District of New York, and I have been personally involved in the investigation of this matter. This affidavit is based upon my conversations with other law enforcement agents and other persons and my examination of reports and records. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

Overview of the Scheme to Defraud

2. Based on my interviews with individuals at a state university (the "University") in the midwest, and my review of various documents, including documents provided to individuals at the University by SETH BEOKU BETTS, the defendant, I have learned that between in or about July 2008 and in or about December 2008, BETTS solicited approximately \$8.165 million in investment funds from the University. BETTS falsely represented to the University that he would use the funds to purchase "collateralized mortgage obligations" (CMOs)¹ on the University's behalf, which he would then sell to third-party buyers in short order at predicted profits.

3. BETTS never delivered CMOs to the University or returned any funds. Instead, he spent millions of dollars of the University's investment on his own personal expenses, including the purchase of luxury cars and real estate.

The Victim, the Defendant, and the Fraudulent Scheme

4. I have spoken with the former Director of Cash and Investments (the "University Director") for the University. The University Director told me, in sum and substance, that:

- a. In 2008, SETH BEOKU BETTS, the defendant, presented himself to her as the principal of an

¹ A CMO is a fixed income mortgage-backed security which permits investment in different tranches based upon the maturity of the underlying mortgages.

entity called Betts and Gambles Global Equities, LLC ("Betts and Gambles"). In that capacity, BETTS solicited the University's investment in "collateralized mortgage obligations" (CMOs).

- b. As a result of BETTS's solicitation, the University Director agreed to and did invest approximately eight million dollars of the University's money with BETTS in 2008.
- c. After 2008, the University Director began to have concerns about the security of the University's investment with BETTS. As a result, the University Director had numerous conversations and e-mail exchanges with BETTS in which she demanded that BETTS return the University's investment. BETTS has never returned any of the University's money.

5. The University Director has provided me with three investment contracts between the University and Betts and Gambles (the "Investment Contracts"). Based on my review of the Investment Contracts, I have observed the following:

- a. The three Investment Contracts are dated July 3, July 24, and December 9, 2008, respectively. Each of the Investment Contracts was executed by the University Director on behalf of the University and SETH BEOKU BETTS, the defendant, on behalf of Betts and Gambles.
- b. Each of the Investment Contracts provides that Betts and Gambles "has available to it investments in Collateralized Mortgage Obligation ('CMO') transactions." Each Investment Contract goes on to specify an amount of money that the University would invest with Betts and Gambles "for use by [Betts and Gambles] towards its investment in the aforementioned CMO transactions."
- c. The first Investment Contract called for the University to invest \$2.5 million with Betts and Gambles. The second Investment Contract called for the University to invest \$3.165 million with Betts and Gambles. The third Investment Contract

called for the University to invest \$2.5 million with Betts and Gambles. Each Investment Contract specified that the University would make its investment by wiring its money to an attorney trust account maintained by Betts and Gambles's attorneys (the "Law Firm Account").

6. I have reviewed account statements for the Law Firm Account. Those statements show that - as called for by the Investment Contracts - the University made the following wire transfers to the Law Firm Account on or about the following dates: (i) \$2,500,000 on or about July 3, 2008; (ii) \$3,165,000 on or about July 24, 2008; and (iii) \$2,500,000 on or about December 9, 2008.

7. I have reviewed various bank and brokerage account records that demonstrate that SETH BEOKU BETTS, the defendant, misappropriated millions of dollars invested by the University pursuant to the Investment Contracts. Specifically, the financial records I have reviewed demonstrate the following:

- a. As noted, the University wired \$2,500,000 to the Law Firm Account on or about July 3, 2008. Of that \$2,500,000 investment, approximately \$500,000 was transferred from the Law Firm Account to BETTS's personal bank account. The remaining \$2 million was wired from the Law Firm Account to Bank of America in Manhattan, where it was credited to a different attorney's trust account.
- b. As noted, the University wired \$3,165,000 to the Law Firm Account on or about July 24, 2008. Of that \$3,165,000 investment, approximately \$165,000 was transferred to a bank account controlled by BETTS where it was spent on various expenses. The remaining \$3 million was transferred to the brokerage account of another individual, who appears to have: (i) used approximately \$1.4 million to purchase a CMO security; (ii) transferred approximately \$501,000 back to the Law Firm Account where it was split by BETTS and his attorneys; and (iii) spent the rest on her own activities.
- c. As noted, the University wired \$2,500,000 to the

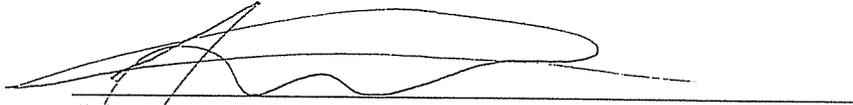
Law Firm Account on or about December 9, 2008. On December 10, 2008, the University's \$2,500,000 investment was wired from the Law Firm Account to a bank account held in the name of "Betts and Gambles Investments."² That same day, BETTS transferred \$325,000 of the University's investment money to a car dealership for the purchase of a Ferrari automobile and a Maserati automobile. Approximately one week later, BETTS transferred \$1,545,000 of the University's investment money to an attorney trust account in connection with his purchase of a personal residence in Florida. Between approximately December 2008 and on or about June 8, 2009, BETTS spent some or all of the remaining \$455,000 on personal expenses, including more than \$150,000 in payments to car dealerships.

8. Representatives of the University have provided me with records relating to the University's investment with SETH BEOKU BETTS, the defendant. Among those records are three screenshots from a commonly used electronic database of registered securities (commonly known as a "Bloomberg screenshot"), purporting to show the details of three CMOs. The University Director has told me that these three Bloomberg screenshots were provided to her by BETTS, who told her that the University was a partial investor in these CMOs as a result of its investment. When the University Director followed up with BETTS to ask for the status of the University's investment in the CMOs in July 2009, however, BETTS claimed the University was invested in different CMOs. When the University Director asked BETTS to explain the discrepancy, BETTS would not correspond further on the topic.

9. Other agents and I have spoken with representatives of the University, who have informed me that SETH BEOKU BETTS, the defendant, has been emailing and calling representatives of the University through as recently as December 2012, negotiating to resolve the loss of the University's investment. At no time during those communications did BETTS reveal that he spent at least the \$2,500,000 received from the University in December 2008 on his own personal expenses.

² Prior to the December 9, 2008 wire from the University, the Law Firm Account had a balance of approximately \$1,035.

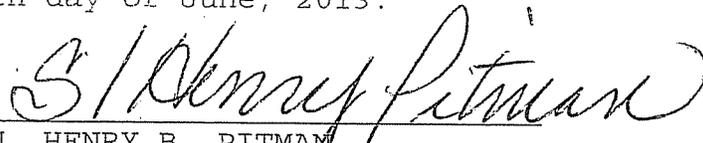
WHEREFORE, the deponent prays that a warrant be issued for the arrest of SETH BEOKU BETTS, the defendant, and that he be arrested and imprisoned, or bailed, as the case may be.



SCOTT F. ROMONOWSKI
CRIMINAL INVESTIGATOR
UNITED STATES ATTORNEY'S OFFICE, S.D.N.Y.

JUN 12 2013

Sworn to before me this
12th day of June, 2013.


HON. HENRY B. PITMAN
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK