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F. #2017R01021

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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

U.S. DISTRICT COURT
EASTERN DISTRICT
OF NEW YORK

- - - - -X

UNITED STATES OF AMERICA

I N D I C T M E N T

- against -

WILLIAM NELSON,

Defendant.

- - - - -X

THE GRAND JURY CHARGES:

Cr. No. **CR 17- 394**
(T. 18, U.S.C., §§ 666(a)(1)(A),
981(a)(1)(C), 1341 and 3551 et seq.; T. 21,
U.S.C., § 853(p); T. 28, U.S.C., § 2461(c))

DEARIE, J.

POLLAK, M.J.

INTRODUCTION TO ALL COUNTS

At all times relevant to this Indictment, unless otherwise indicated:

I. The Richmond County District Attorney's Office

1. The Richmond County District Attorney's Office, also known as the Staten Island District Attorney's Office (the "RCDA"), was a government agency responsible for investigating and prosecuting New York state and local criminal offenses in the borough of Staten Island, New York.

2. In or about and between 2006 through 2016, the RCDA received in excess of \$10,000 each calendar year under federal programs involving asset forfeiture monies and other forms of federal assistance. During the relevant time period, the RCDA received in excess of one million dollars in federal funds.

II. The Defendant

3. The defendant WILLIAM NELSON was a resident of Richmond County.

4. The defendant WILLIAM NELSON was employed by the City of New York for over twenty years. NELSON joined the RCDA as the Procurement Director in approximately June 2005. NELSON's role as head of the RCDA Procurement Department involved various fiscal responsibilities, including, but not limited to, the purchase of goods and services for the RCDA using two American Express cards (collectively, the "AMEX Cards") issued to the RCDA. As part of NELSON's duties, he was also responsible for the reconciliation of the AMEX Cards' bills and approval of payments to American Express for purchases made using the AMEX Cards.

III. The Defendant's Scheme to Defraud

A. The Financial Management System

5. The RCDA facilitated, among other things, payment of New York City funds to vendors, including American Express, through an electronic system called the Financial Management System ("FMS").

6. Upon receipt of vendor invoices or other demands for payment, RCDA employees with authority to submit payment vouchers initiated the vendor payment process in FMS by inputting information obtained from vendor invoices and credit card statements.

7. As part of the payment process, purchases were assigned a billing object code used to categorize the purpose of the expenditure, as well as to designate the appropriate source of funds for expenditures.

8. Prior to the issuance of funds to vendors, payment requests made via FMS required two levels of approvals. Following the approvals, the payment requests were submitted for payment, and funds were transferred to the relevant vendors pursuant to the information provided in FMS.

9. Payments to vendors that were not issued via FMS were paid by check.

B. The Defendant's Fraudulent Transactions

1. The AMEX Cards Charges

10. Between approximately 2006 and 2016, the defendant WILLIAM NELSON embezzled, stole and misappropriated funds from the RCDA. NELSON fraudulently used the AMEX Cards to make numerous purchases that did not constitute legitimate RCDA business expenditures, but instead were for his own personal benefit or for the benefit of others ("Fraudulent Charges").

11. As part of the scheme, the defendant WILLIAM NELSON charged over \$440,000 in Fraudulent Charges to purchase several categories of goods, including but not limited to jewelry, apparel, toys, sporting goods and memorabilia, alcohol, video games and movies, electronics, household items, grocery items, books, sundries, knives, survival gear, handbags, collectibles, souvenirs, and event tickets. NELSON also used the AMEX Cards to purchase several categories of services and intangible items, such as meals, lodging, airfare, excursions, and online services.

12. For example, from approximately 2007 through 2016, the defendant WILLIAM NELSON used the AMEX Cards to purchase over \$99,000 in personal items from the online vendor Amazon.com, Inc. ("Amazon"). Amazon is an internet-based

retailer and users access the vendor via the internet. The defendant WILLIAM NELSON registered an account with Amazon (the "Amazon Account"), which listed the AMEX Cards as payment methods for the Amazon Account. Numerous goods that the defendant WILLIAM NELSON illegally purchased using the AMEX Cards, including those purchased via Amazon, were shipped via the United States Postal Service or private carriers and delivered to NELSON's residence in Staten Island, New York, and to the RCDA.

2. The Fraudulent Transfer of Funds

13. In or about and between February 2010 and November 2016, the defendant WILLIAM NELSON spent approximately \$160,000 in funds from the AMEX Cards via a PayPal account registered to NELSON (the "PayPal Account").

14. PayPal is an American company operating a worldwide online payments system that supports online money transfers and serves as an electronic alternative to traditional methods of payment such as checks and money orders. PayPal operates as a payment processor for online vendors, auction sites and other commercial users.

15. The defendant WILLIAM NELSON used the PayPal Account, which listed the AMEX Cards as a payment method for the PayPal Account, to pay for personal expenditures.

16. The defendant WILLIAM NELSON also transferred approximately \$22,000 directly from the AMEX Cards to the PayPal Account. NELSON subsequently transferred at least \$12,000 of these funds from the PayPal Account into his personal bank account.

C. Preventing Detection of the Scheme

17. To avoid discovery of his unauthorized use of the AMEX Cards, as well as his embezzlement, theft and misappropriation of RCDA funds, the defendant WILLIAM NELSON made misrepresentations of fact and engaged in conduct aimed at concealing his scheme to defraud.

18. In furtherance of his fraudulent scheme, the defendant WILLIAM NELSON had the AMEX Cards' credit card statements, which contained the itemized purchases made with the AMEX Cards, sent to his RCDA email address.

19. As further part of the fraudulent scheme, the defendant WILLIAM NELSON intentionally failed to provide the itemized statements related to the AMEX Cards as supporting documentation for requests for payment to American Express via FMS, in order to avoid detection of the Fraudulent Charges, which were listed on the itemized credit card statements for the AMEX Cards.

20. As further part of the fraudulent scheme, the defendant WILLIAM NELSON intentionally assigned, and instructed others in the Procurement Department staff to assign, a billing object code designated for RCDA case-related expenditures to purchases made using the AMEX Cards, including the Fraudulent Charges, in order to conceal the unauthorized nature of the purchases. NELSON assigned, and instructed others to assign, this billing object code to the Fraudulent Charges because he understood that use of this particular code would avoid review of and oversight over the Fraudulent Charges.

21. As further part of the fraudulent scheme, the defendant WILLIAM NELSON intentionally concealed the itemized credit card statements for the AMEX Cards in

his office and elsewhere to avoid the itemized statements being filed in the location designated for vendor invoices.

22. As further part of the fraudulent scheme, the defendant WILLIAM NELSON reviewed payment requests in FMS related to purchases made using the AMEX Cards. NELSON then used his approval authority to approve purchases on the AMEX Cards, including the Fraudulent Charges, as legitimate RCDA expenditures, and to approve payment of funds to American Express in order to pay for the Fraudulent Charges.

COUNT ONE
(Theft of Funds)

23. The allegations contained in paragraphs one through 22 are realleged and incorporated as if set forth fully in this paragraph.

24. In or about and between July 2012 and December 2016, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant WILLIAM NELSON, an agent of the RCDA, did knowingly and intentionally embezzle, steal, obtain by fraud, misapply and otherwise without authority knowingly convert to the use of a person other than the rightful owner, property of the RCDA, an agency of a local government that received benefits in excess of \$10,000 under one or more Federal programs involving grants, contracts, subsidies, loans, guarantees, insurance and other forms of Federal assistance in one or more one-year periods, which property was valued at \$5,000 or more, and was owned by, and was under the care, custody and control of the RCDA, to wit: funds paid by the City of New York to American Express for unauthorized expenditures made by NELSON using one or more of the AMEX Cards.

(Title 18, United States Code, Sections 666(a)(1)(A) and 3551 et seq.)

COUNTS TWO THROUGH TEN
(Mail Fraud)

25. The allegations contained in paragraphs one through 22 are realleged and incorporated as if set forth fully in this paragraph.

26. In or about and between 2006 and 2016, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant WILLIAM NELSON did knowingly and intentionally devise a scheme and artifice to defraud the RCDA, and to obtain money and property from it by means of materially false and fraudulent pretenses, representations and promises.

27. On or about the dates set forth below, for the purpose of executing and attempting to execute such scheme and artifice, the defendant WILLIAM NELSON did knowingly and intentionally place in a post office and authorized depository for mail matter, and cause to be delivered by the United States Postal Service and private and commercial interstate carriers, according to direction thereon, matters and things, to wit: goods fraudulently purchased for NELSON's and others' personal benefit using one of the AMEX Cards via the online vendor Amazon, as set forth below:

COUNT	ITEM DESCRIPTION	ORDER DATE	SHIP DATE	DELIVERY METHOD
TWO	Samsung Series 3 NP300E5C-A03US 15.6-Inch Laptop (Blue Silver)	November 8, 2012	November 9, 2012	United Parcel Service ("UPS")

COUNT	ITEM DESCRIPTION	ORDER DATE	SHIP DATE	DELIVERY METHOD
THREE	Victorinox Swiss Army Men's SWISSA-241427 Diver Master 500 Black Rubber Watch; Ritmo Mundo Unisex 608/1 Black Classic Quartz Chronograph Watch	February 5, 2013	February 6, 2013	United States Postal Service ("USPS")
FOUR	Spyderco Sage Titanium Plain Edge Knife; Benchmade McHenry and Williams Design Knife	March 26, 2014	March 27, 2014	USPS
FIVE	Salvatore Ferragamo Women's FG5030014 Buckle Analog Display Swiss Quartz Beige Watch	December 17, 2014	December 17, 2014	UPS
SIX	Gucci Women's YA125403 G-Gucci Medium Black IP Stainless Steel Watch; Salvatore Ferragamo Men's F55LGQ6875 S113 F-80 Black Carbon Fiber Soft Rubber Watch	March 18, 2015	March 19, 2015	UPS
SEVEN	Callaway Men's XR Iron Set, Regular Flex, Right Hand, Graphite, 4-PW, SW	August 5, 2015	August 6, 2015	Federal Express

COUNT	ITEM DESCRIPTION	ORDER DATE	SHIP DATE	DELIVERY METHOD
EIGHT	Callaway Men's XR Hybrid, Graphite, Right Hand, Regular Flex, 28-Degree	August 5, 2015	August 6, 2015	Federal Express
NINE	Salvatore Ferragamo Nencia Leather Tote Color-block Leather Tote, Black, One Size; Gucci Women's YA133301 Stainless Steel Watch with Leather Band	December 21, 2015	December 22, 2015	UPS
TEN	ECCO Men's Biarritz Wing Tip Oxford, Black, 45 EU/11-11.5 M US; ECCO Men's Edinburgh Buckle Loafer, Black, 45 EU/11-11.5 M US	February 21, 2016	February 22, 2016	USPS

(Title 18, United States Code, Sections 1341 and 3551 et seq.)

CRIMINAL FORFEITURE ALLEGATION

28. The United States hereby gives notice to the defendant that, upon his conviction of any of the offenses charged herein, 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 require any person convicted of such offenses to forfeit any property, real or personal, constituting, or derived from, proceeds obtained directly or indirectly as a result of such offenses.

29. 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

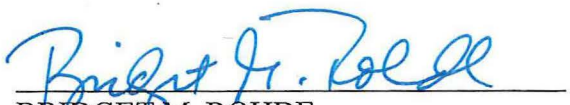
divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described in this forfeiture allegation.

(Title 18, United States Code, Section 981(a)(1)(C); Title 21, United States Code, Section 853(p); Title 28, United States Code, Section 2461(c))

A TRUE BILL


FOREPERSON
7-21-17


BRIDGET M. ROHDE
ACTING UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK

No. _____

UNITED STATES DISTRICT COURT

EASTERN *District of* NEW YORK

CRIMINAL DIVISION

THE UNITED STATES OF AMERICA

vs.

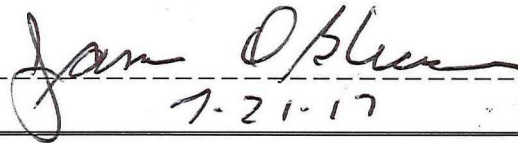
WILLIAM NELSON,

Defendant.

INDICTMENT

(T. 18, U.S.C., §§ 666(a)(1)(A), 981(a)(1)(C), 1341 and 3551 et seq.;
T. 21, U.S.C., § 853(p); T. 28, U.S.C., § 2461(c))

A true bill.


7-21-17

Foreperson

Filed in open court this _____ day,

of _____ A.D. 20 _____

Clerk

Bail, \$ _____

Maria Cruz Melendez, Assistant U.S. Attorney (718) 254-6408