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**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA

v.

SANDY JOHN MASSELLI

: Hon. Anne E. Thompson

:

: Crim. No. 18-570 (AET)

:

: 18 U.S.C. § 1343

: 18 U.S.C. § 1344

: 15 U.S.C. §§ 78j(b) and 78ff(a);

: and 17 C.F.R. § 240.10b-5

: 18 U.S.C. § 1028A

: 18 U.S.C. § 2

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**SUPERSEDING  
INDICTMENT**

The Grand Jury, in and for the District of New Jersey, sitting at Trenton,  
charges:

**Counts One through Three**  
**(Bank Fraud)**

**Background**

1. At all times relevant to this Superseding Indictment:
  - a. Defendant SANDY JOHN MASSELLI ("MASSELLI") resided in or around Red Bank, New Jersey, and Old Bridge, New Jersey, and owned and controlled numerous bank, brokerage, and credit card accounts. MASSELLI further controlled and was the principal of Carlyle Gaming & Entertainment Ltd. ("Carlyle Gaming") and Carlyle Entertainment Ltd. ("Carlyle Entertainment") (collectively, the "Carlyle Entities"); and Intercapital Management Ltd. ("Intercapital Management").
  - b. Credit Card Companies A, B, C, D and E (collectively, the "Credit Card Companies") were banks or other institutions that issued credit

cards that allowed consumers to obtain goods and services with the understanding that the consumers would repay the Credit Card Companies pursuant to contractual agreements between the consumers and the Credit Card Companies.

c. Credit Card Companies A through C and E were “financial institutions” as that term is defined in Title 18, United States Code, Section 20.

d. Brokerage Firms A and B were financial services companies that specialized in retail brokerage, wealth and asset management, and other financial advisory services.

e. Carlyle Gaming was a Delaware corporation purporting to have a principal place of business in Toronto, Ontario. Prior to 2015, Carlyle Gaming’s purported place of business was in New York, New York. Carlyle Gaming held itself out as a provider of interactive software-based games of chance offered over the internet. In or around January 2015, Carlyle Gaming announced a merger with Carlyle Entertainment.

f. Carlyle Entertainment was a British Columbia corporation purporting to have a principal place of business in Charleston, South Carolina. Carlyle Entertainment also held itself out as provider of interactive software-based games of chance offered over the internet.

g. Intercapital Management was a New Jersey corporation. MASSELLI claimed to be the Chairman and Chief Executive Officer of Intercapital Management. Intercapital Management bank records identified MASSELLI as an authorized signatory on its accounts and further listed the

address of a Red Bank, New Jersey home once owned by MASSELLI as Intercapital Management's business address.

**The Scheme to Defraud**

2. From at least as early as in or about June 2014 through in or about July 2016, in the District of New Jersey and elsewhere, the defendant, SANDY JOHN MASSELLI, did knowingly and intentionally execute and attempt to execute a scheme and artifice to defraud a financial institution, and to obtain money, funds, credits, assets, securities, and other property owned by, and under the custody and control of, that financial institution, by means of materially false and fraudulent pretenses, representations and promises.

**Overview of the Scheme to Defraud**

3. Between in or about June 2014 and in or about July 2016, MASSELLI engaged in a scheme to defraud Credit Card Companies A, B and E. MASSELLI opened accounts with these Credit Card Companies, made purchases with the accounts until he had almost reached or exceeded the credit limit on each account, and then sent the Credit Card Companies fraudulent payments from bank accounts that he knew did not have sufficient funds to cover the payments. While the fraudulent payments were pending, the Credit Card Companies temporarily credited MASSELLI's accounts based on those payments, providing him access to additional credit and allowing him to continue to make purchases. By continuing this cycle numerous times, the balances of MASSELLI's credit accounts far exceeded his initial limits.

MASSELLI failed to pay these balances and the Credit Card Companies ultimately sustained substantial losses.

**Goal of the Scheme to Defraud**

4. The goal of the scheme to defraud was for MASSELLI to obtain from the Credit Card Companies credit to which he was not entitled by submitting fraudulent payments to the Credit Card Companies that temporarily increased his available credit.

**Manner and Means of the Scheme to Defraud**

5. It was part of the scheme to defraud that MASSELLI established credit accounts with Credit Card Companies A and B, and with Credit Card Company E in the name of "Person 1," without Person 1's authorization, and then incurred thousands of dollars in charges on those accounts, bringing his balances close to the credit limits.

6. It was further part of the scheme that MASSELLI issued tens of thousands of dollars in fraudulent payments to Credit Card Companies A, B and E from bank accounts he controlled (the "Masselli Bank Accounts"), which he knew at the time did not contain sufficient funds to cover the payments. While these payments were pending, but before they were rejected, Credit Card Companies A, B and E temporarily credited MASSELLI's accounts, which increased his available credit (the "Temporary Credit Periods").

7. It was further part of the scheme that, during the Temporary Credit Periods, MASSELLI continued to incur charges to his credit accounts. After MASSELLI's fraudulent payments were rejected, the Temporary Credit

Periods expired and, ultimately, MASSELLI's balances exceeded the initial credit limits.

8. It was further part of the scheme that MASSELLI continued this cycle numerous times to maximize the amount of charges he could incur without making payments to Credit Card Companies A, B and E. Credit Card Companies A, B and E eventually charged off MASSELLI's accounts and sustained substantial losses.

**Execution of the Scheme**

9. On or about the dates listed below, in the District of New Jersey and elsewhere, for the purpose of executing and attempting to execute the scheme and artifice to defraud a financial institution, the defendant,

SANDY JOHN MASSELLI,

did knowingly and intentionally execute and attempt to execute a scheme and artifice to defraud a financial institution, and to obtain money, funds, credits assets, securities, and other property owned by, and under the custody and control of, that financial institution, by means of materially false and fraudulent pretenses, representations and promises, namely, through the manner and means described in paragraphs 5 through 8 of Counts One through Three of this Superseding Indictment, and for purpose of executing and attempting to execute this scheme and artifice, MASSELLI made the following fraudulent payments to Credit Card Companies A, B and E, each being a separate count of this Superseding Indictment:

Count	Approximate Date	Description
1	September 25, 2015	MASSELLI made a fraudulent payment in the amount of approximately \$35,000 to Credit Card Company A
2	June 26, 2016	MASSELLI made a fraudulent payment in the amount of \$1,000 to Credit Card Company E
3	July 18, 2016	MASSELLI made a fraudulent payment in the amount of \$10,000 to Credit Card Company B

In violation of Title 18, United States Code, Section 1344, and Title 18, United States Code, Section 2.

**Count Four**  
**(Aggravated Identity Theft)**

1. The allegations set forth in Paragraphs 1 and 3 through 8 of Counts One through Three of this Superseding Indictment are hereby repeated, realleged and incorporated as if fully set forth herein.

2. Between in or about April 2016 and in or about June 2016, in the District of New Jersey, and elsewhere, the defendant,

SANDY JOHN MASSELLI,

knowingly and without lawful authority used, and aided and abetted the use of, a means of identification of another person, that is, Person 1's name, date of birth and social security number, during and in relation to the bank fraud scheme charged in Count Two of this Superseding Indictment.

In violation of Title 18, United States Code, Section 1028A(a)(1), and Title 18, United States Code, Section 2.

**Counts Five and Six**  
**(Wire Fraud)**

1. The allegations in paragraphs 1 and 3 through 8 of Counts One through Three of this Superseding Indictment are re-alleged and incorporated as if set forth fully herein.

2. From at least as early as in or about April 2013 through in or about July 2017, in the District of New Jersey and elsewhere, the defendant,

SANDY JOHN MASSELLI,

did knowingly and intentionally devise and intend to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises.

**Overview of the Scheme to Defraud**

3. Between in or about April 2013 and in or about July 2017, MASSELLI engaged in a scheme to defraud Credit Card Companies C and D. Specifically, MASSELLI opened credit accounts with Credit Card Companies C and D, made thousands of dollars in purchases, and then falsely represented to these Credit Card Companies that the accounts had been opened fraudulently and used without his authorization, causing the Credit Card Companies to sustain losses by not holding MASSELLI responsible for the balances.

**Goal of the Scheme to Defraud**

4. The goal of the scheme to defraud was for MASSELLI to enrich himself by making purchases with credit card accounts and then, to avoid



paying the balances, claiming falsely that the accounts had been fraudulently opened by third parties.

**Manner and Means of the Scheme to Defraud**

5. It was part of the scheme that MASSELLI charged thousands of dollars to credit cards issued by Credit Card Companies C and D. These charges included personal expenses such as purchases at stores and restaurants and a payment of over \$15,000 for tuition and related fees to a university for one of MASSELLI's family members.

6. It was further part of the scheme that MASSELLI falsely represented to Credit Card Companies C and D that the cards had been opened fraudulently and used without his authorization, causing the companies to sustain significant losses by determining that MASSELLI was not responsible for the account balances.

7. It was further part of the scheme that MASSELLI committed the following acts:

a. In or about April 2013, MASSELLI opened a credit card account with Credit Card Company C. By in or about May 2014, the account had a balance of over \$24,000. Between June 2014 and July 2015, MASSELLI sent Credit Card Company C numerous fraudulent payments that collectively amounted to tens of thousands of dollars. These payments were rejected due to insufficient funds. In or around July 2015, Credit Card Company C closed the account and, several months later, charged it off. The account balance at the time was over \$89,000. Thereafter, MASSELLI falsely claimed to one or

more credit bureaus that the account had been opened fraudulently and used without his authorization. As a result, in or around October 2016, Credit Card Company C determined that MASSELLI was not responsible for the account.

b. Similarly, in or about February 2017, MASSELLI opened an account with Credit Card Company D. By the end of the first statement period, MASSELLI had generated a balance of approximately \$24,214, approximately \$786 shy of his \$25,000 credit limit. The charges that MASSELLI incurred during this period included approximately \$15,500 in tuition payments and related fees to a university in South Carolina for one of his family members.

c. Over the next few months, MASSELLI sent Credit Card Company D payments, all of which were returned due to insufficient funds. In or about July 2017, MASSELLI contacted Credit Card Company D and falsely claimed that his account had been opened fraudulently and used without his authorization. As a result, Credit Card Company D determined that MASSELLI was not responsible to pay the balance on the card and closed the account, resulting in a loss of approximately \$47,850.

#### **Execution of the Scheme**

8. On or about the dates listed below, in the District of New Jersey and elsewhere, for the purpose of executing and attempting to execute the scheme and artifice to defraud, the defendant,

SANDY JOHN MASSELLI,

did knowingly and intentionally transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign

commerce, certain writings, signs, signals, pictures, and sounds, as set forth below, each instance being a separate count of this Superseding Indictment:

<b>Count</b>	<b>Approximate Date</b>	<b>Wire Transmission</b>
5	June 6, 2014	MASSELLI sent Credit Card Company C a fraudulent electronic payment in the amount of approximately \$10,000
6	May 12, 2017	MASSELLI sent Credit Card Company D a fraudulent electronic payment in the amount of approximately \$28,990

In violation of Title 18, United States Code, Section 1343, and Title 18, United States Code, Section 2.

**Count Seven**  
**(Wire Fraud)**

1. The allegations in paragraphs 1 and 3 through 8 of Counts One through Three of this Superseding Indictment, and paragraphs 3 through 7 of Counts Five and Six of this Superseding Indictment, are re-alleged and incorporated as if set forth fully herein.

2. From at least as early as in or about January 2017 through in or about April 2017, in the District of New Jersey and elsewhere, the defendant,

SANDY JOHN MASSELLI,

did knowingly and intentionally devise and intend to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises.

**Overview of the Scheme to Defraud**

3. Between in or about January 2017 and in or about April 2017, MASSELLI engaged in a scheme to defraud Brokerage Firms A and B. MASSELLI attempted to deposit into accounts at Brokerage Firm B more than \$600,000 in checks from an account he controlled at Brokerage Firm A, which he knew had previously been closed. Shortly after making the deposits, MASSELLI attempted to transfer funds out of the same accounts at Brokerage Firm B to pay various personal expenses. Those transfers were unsuccessful because the checks MASSELLI had deposited were returned as unpaid.

**Goal of the Scheme to Defraud**

4. The goal of the scheme was for MASSELLI to obtain funds from Brokerage Firm B to which he was not entitled by depositing fraudulent checks

into accounts at Brokerage Firm B and then making withdrawals from those accounts before the fraudulent checks were rejected.

**Manner and Means of the Scheme to Defraud**

5. It was part of the scheme that MASSELLI and entities he controlled opened accounts at Brokerage Firms A and B.

6. It was further part of the scheme that MASSELLI deposited hundreds of thousands of dollars in fraudulent checks drawn from an account at Brokerage Firm A into accounts at Brokerage Firm B, knowing that the account at Brokerage Firm A had been closed and could not pay the checks he had issued.

7. It was further part of the scheme that MASSELLI attempted to use thousands of dollars from the accounts at Brokerage Firm B for personal expenses before the fraudulent checks he had issued from Brokerage Firm A had been rejected.

8. It was further part of the scheme that MASSELLI committed the following acts:

a. In or about November 2016, MASSELLI opened a brokerage account at Brokerage Firm A in the name of a company that he controlled (the "First Masselli Brokerage Account"). In or about January 2017, Brokerage Firm A closed the First Masselli Brokerage Account due, at least in part, to MASSELLI's attempts to withdraw funds from the account before the account had sufficient assets. Brokerage Firm A notified MASSELLI that it was closing the account.

b. On or about February 27, 2017, more than a month after Brokerage Firm A closed the First Masselli Brokerage Account, MASSELLI attempted to deposit two checks, totaling approximately \$300,000 ("Fraudulent Checks 1 & 2"), drawn from that account into accounts MASSELLI controlled at Brokerage Firm B (the "Second Masselli Brokerage Accounts").

c. Brokerage Firm A did not issue payment for Fraudulent Checks 1 & 2 because it had already closed the First Masselli Brokerage Account. Nonetheless, after Fraudulent Checks 1 & 2 were deposited, but before they were returned as unpaid, MASSELLI attempted to transfer thousands of dollars out of the Second Masselli Brokerage Accounts to pay personal expenses, including making payments to a credit card account on which MASSELLI was an authorized user.

d. Similarly, on or about April 10, 2017, MASSELLI deposited two more fraudulent checks into the Second Masselli Brokerage Accounts from the First Masselli Brokerage Account, one in the amount of \$100,000 and the other in the amount of \$204,000. Before these checks were returned as unpaid, MASSELLI attempted to make additional transfers out of the Second Masselli Brokerage Accounts, including a payment on or about the same date of approximately \$7,500 to Credit Card Company D.

**Execution of the Scheme**

9. On or about April 10, 2017, in the District of New Jersey and elsewhere, for the purpose of executing and attempting to execute the scheme and artifice to defraud, the defendant,

SANDY JOHN MASSELLI,

did knowingly and intentionally transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds, specifically, an electronic transfer of approximately \$7,500 from a brokerage account MASSELLI controlled to one of MASSELLI's credit card accounts.

In violation of Title 18, United States Code, Section 1343, and Title 18, United States Code, Section 2.

**Counts Eight and Nine**  
**(Wire Fraud)**

**Background**

1. The allegations set forth in Paragraph 1 of Counts One through Three of this Superseding Indictment are hereby repeated, realleged and incorporated as if fully set forth herein.

**The Scheme to Defraud**

2. From at least as early as in or about September 2011 through in or about October 2017, in the District of New Jersey and elsewhere, the defendant,

SANDY JOHN MASSELLI,

did knowingly and intentionally devise and intend to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and, for the purpose of executing and attempting to execute such scheme and artifice, 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, as more fully set forth below.

**Goal of the Scheme to Defraud**

3. The goal of the scheme and artifice to defraud was for MASSELLI to unjustly enrich himself by misappropriating funds from investors of the Carlyle Entities and then using those funds for his personal benefit.



**Manner and Means of the Scheme to Defraud**

4. It was part of the scheme that MASSELLI or others acting at his direction made materially false and fraudulent representations to investors and potential investors to induce them to entrust their monies to MASSELLI in return for shares of stock in the Carlyle Entities.

5. It was further part of the scheme that MASSELLI or others acting at his direction told potential investors that they would be eligible for shares of Carlyle Entities stock at steeply-discounted prices in advance of a purported initial public offering ("IPO") on either the National Association of Securities Dealers Automated Quotations ("NASDAQ") or the New York Stock Exchange ("NYSE"), after which, according to MASSELLI or others acting at his direction, the investors' pre-IPO purchased shares of Carlyle Entities stock would appreciate markedly on the secondary trading market. In fact, as MASSELLI knew, at no time were either of the Carlyle Entities capable or prepared to conduct an IPO.

6. It was further part of the scheme that MASSELLI typically documented the investments with a subscription agreement issued by the Carlyle Entities stating, among other things, that "The Company acknowledges that the only material non-public information relating to the Company or the Company's subsidiaries that the Company, its subsidiaries, or any of their respective officers, directors, employees or agents (including ICAP) has provided to the Investor prior to the date hereof is the existence of the Offering, which will be disclosed in an 8-K filed with the SEC no later than 9:30 a.m. on the

first Trading Day after execution of this Agreement.” In truth, as MASSELLI knew, statements MASSELLI made repeatedly to numerous potential investors promising an IPO shortly after the investors’ purchases of Carlyle Entities stock were false and fraudulent, as well as material. Further, as MASSELLI knew, these statements were designed to induce investment in the Carlyle Entities.

7. It was further part of the scheme that MASSELLI or others acting at his direction, in order to induce the purchase of Carlyle Entities stock, made false and fraudulent representations to investors and potential investors promising that the Carlyle Entities would conduct an IPO in the immediate or near future on the NASDAQ, the NYSE, or both. However, because neither MASSELLI nor anyone else on behalf of either of the Carlyle Entities at any point ever (i) filed with either exchange an application to be listed on the NASDAQ or the NYSE, or (ii) filed with the Securities and Exchange Commission (“SEC”) a Form S-1 registration statement -- both, prerequisites to conducting an IPO on either exchange -- any statement made by MASSELLI or anyone else at his direction regarding the imminence of an IPO on one of these exchanges was knowingly false.

8. It was further part of the scheme that MASSELLI or others acting at his direction made false representations regarding how funds paid by investors to purchase shares of the Carlyle Entities stock would be invested. For example, MASSELLI told investors that the funds from the purchase of Carlyle Entities stock would be used by MASSELLI for, among other business expenses, (i) improvements to the Carlyle Entities’ purported online platform;

(ii) legal fees in connection with preparing the Carlyle Entities to undergo an IPO; and (iii) upgrades to the Carlyle Entities' credit card processing system. Contrary to these claims, MASSELLI did not invest these funds in the Carlyle Entities, as he had promised investors he would, but instead misappropriated these funds to pay for his and his family's own personal expenses.

9. It was further part of the scheme that in order to placate dissatisfied investors or to further induce potential investors to transfer money to MASSELLI, MASSELLI promised these investors and potential investors (i) executive-level employment, including substantial salaries, with the Carlyle Entities; or (ii) seats on the board of directors of the Carlyle Entities, when in fact, as MASSELLI knew, these supposed positions and board seats, as well as any compensation purportedly tied to either, were illusory, carrying neither privilege nor any corporate responsibility.

10. It was further part of the scheme that MASSELLI converted millions of dollars in the Carlyle Entities investments to his own use, and otherwise used the funds in a manner that was inconsistent with the representations made to the investors.

11. It was further part of the scheme that MASSELLI made significant efforts to conceal his fraud, and to conceal the unauthorized expenditures of investor funds, including but not limited to the following:

a. Although MASSELLI constantly promised investors that the Carlyle Entities were on the verge of conducting a lucrative IPO on either the NASDAQ or the NYSE, as MASSELLI knew, the Carlyle Entities never took any

meaningful and required steps toward conducting an IPO in the U.S., including but not limited to, filing an application with either exchange or a Form S-1 registration statement with the SEC to list Carlyle Entities shares on either the NASDAQ or the NYSE.

b. When asked by investors over and over again about the status of their investments in the Carlyle Entities, MASSELLI frequently told them that although the advertised IPO had been unavoidably delayed, its occurrence was imminent, and that, upon the IPO, the share price of their Carlyle Entities stock would increase dramatically, when, as MASSELLI knew, the Carlyle Entities had no actual plan or capability to conduct an IPO.

c. To appease investors dissatisfied with their Carlyle Entities investment, MASSELLI frequently represented that these investors could enter into a "Rescission Agreement" with the Carlyle Entities, pursuant to which the investors would sell their shares of stock back to the Carlyle Entities in return for reimbursement of their investment, when, as MASSELLI knew, MASSELLI never intended to return any of the investment funds to the investors. Indeed, MASSELLI had dissipated most of the investors' funds on personal expenses within weeks, if not days, of their deposits into accounts he controlled.

d. MASSELLI deposited monies obtained from Carlyle Entities investors into and, thereafter, throughout a web of bank accounts he controlled, many of which were opened under names of fictitious corporate entities, in an effort to conceal the source of the funds that were ultimately used to pay MASSELLI's and his family's personal expenses.

12. To effect the object of the scheme and artifice to defraud, the following acts, among others, were taken:

a. In or around July 2012, MASSELLI represented to "Victim Investor 1" that Carlyle Gaming was poised to conduct an IPO on a major U.S. exchange in a matter of weeks and that, in anticipation of this event, MASSELLI would provide Victim Investor 1 with 200,000 shares of Carlyle Gaming stock for a \$50,000 investment. MASSELLI further represented that the stock price would increase substantially upon the purported IPO.

b. MASSELLI further represented to Victim Investor 1 that the funds from the purchase of Carlyle Gaming stock would be used by MASSELLI for, among other business expenses, (i) improvements to the Carlyle Gaming's purported online platform; (ii) efforts to legalize Carlyle Gaming's purported online gaming business in the United States; and (iii) upgrades to the Carlyle Gaming's credit card processing system.

c. Based on the above material misrepresentations, among others, on or about July 26, 2012, Victim Investor 1 caused \$50,000 to be wired to a bank account controlled by MASSELLI.

d. After receiving Victim Investor 1's money, MASSELLI converted the majority of it to his own use, or otherwise used the funds in a manner that was inconsistent with the representations made to Victim Investor 1. For example, within days of receiving Victim Investor 1's funds, MASSELLI electronically transferred approximately \$4,700 to Credit Card Company A to pay off his personal credit card balance. At or around this same time,

MASSELLI also used Victim Investor 1's funds to electronically transfer approximately \$3,200 to another financial institution to pay off his personal credit card balance.

e. Likewise, in or around August 2012, MASSELLI falsely represented to Victim Investor 1 that purported minority share owners of Carlyle Gaming were selling their shares of stock and, given that (i) potential investors other than Victim Investor 1 did not have adequate funds available to purchase these shares, and (ii) Carlyle Gaming was on the verge of conducting an IPO, Victim Investor 1 should seize the opportunity to purchase these shares before the IPO, at which point, MASSELLI promised, the shares' value would increase dramatically.

f. On or about August 20, 2012, based on the above material misrepresentations, among others, Victim Investor 1 purchased a cashier's check in the amount of \$842,500 payable to Intercapital Management and provided the check to MASSELLI. In return, MASSELLI represented he would provide Victim Investor 1 with approximately three-million shares of Carlyle Gaming stock.

g. On or about September 4, 2012, MASSELLI deposited the cashier's check into a bank account he controlled in the name of Intercapital Management. Contrary to his representations to Victim Investor 1, however, MASSELLI, within days of depositing the cashier's check, converted the funds to his own use. For example, on or about September 6, 2012, MASSELLI caused approximately \$15,000 to be wired to Credit Card Company A to pay off

his personal credit card balance. Additionally, on or about September 7, 2019, MASSELLI caused an additional wire in the amount of approximately \$9,000 to be transferred to Credit Card Company A similarly to pay off his personal credit card balance.

h. In or around the second half of 2013, MASSELLI and others at his direction told "Victim Investor 2" that MASSELLI was selling shares of Carlyle Gaming stock to investors, and further represented that within weeks or months Carlyle Gaming would be conducting an IPO on both the NASDAQ and the Canadian National Stock Exchange ("CNSX"). MASSELLI and others at his direction further represented to Victim Investor 2 that the shares of Carlyle Gaming stock that were available for purchase were valued at \$0.75 per share, but would be sold to Victim Investor 2, pre-IPO, for \$0.25 per share in order to raise money for the purported IPO.

i. Based on the above material misrepresentations, among others, on or about January 9, 2014, Victim Investor 2 caused approximately \$44,516 to be wired to a bank account controlled by MASSELLI.

j. After receiving Victim Investor 2's money, MASSELLI converted the majority of it to his own use, or otherwise used the funds in a manner that was inconsistent with the representations made to Victim Investor 2. For example, within days of receiving Victim Investor 2's funds, MASSELLI electronically transferred approximately \$5,000 to Credit Card Company C to pay off his personal credit card balance.

k. In or around the Fall of 2015, MASSELLI, in connection with soliciting an investment from "Victim Investor 3," falsely represented that Carlyle Entertainment was poised to conduct an IPO on a major U.S. stock exchange in the near future. MASSELLI further represented that while Victim Investor 3 could purchase outstanding shares of Carlyle Entertainment stock for \$0.25 per share, those same shares would be valued at between \$10 and \$14 per share after the IPO, which, as MASSELLI further represented, would occur in January 2016.

l. Based on the above material misrepresentations, among others, on or about November 4, 2015, Victim Investor 3 caused \$50,000 to be wired to an account controlled by MASSELLI.

m. After receiving Victim Investor 3's money, MASSELLI converted the majority of it to his own use, or otherwise used the funds in a manner that was inconsistent with the representations made to Victim Investor 3. For example, within one day after receiving Victim Investor 3's money, MASSELLI electronically transferred approximately \$10,000 to Credit Card Company C to pay off his personal credit card balance. MASSELLI also within days of receiving Victim Investor 3's funds electronically transferred approximately \$1,604 of Victim Investor 3's funds to another financial institution to pay off his personal credit card balance.

n. In or around May 2017, MASSELLI, in connection with soliciting an investment from "Victim Investor 4," falsely represented that Carlyle Entertainment was poised to conduct an IPO on the NYSE by June



2017. MASSELLI further represented that while Victim Investor 4 could purchase outstanding shares of Carlyle Entertainment stock for \$0.25 per share, those same shares would command a price of \$1.90 per share after the purported IPO.

o. Based on the above material misrepresentations, among others, on or about May 24, 2017, Victim Investor 4 caused \$100,000 to be wired to a bank account controlled by MASSELLI.

p. After receiving Victim Investor 4's money, MASSELLI converted the majority of it to his own use, or otherwise used the funds in a manner that was inconsistent with the representations made to Victim Investor 4. For example, within one day of receiving Victim Investor 4's money, MASSELLI wrote a check for approximately \$27,980 to a car dealership in connection with the financing or leasing of a luxury automobile. On or about June 2, 2017, MASSELLI also made a payment of approximately \$2,000 to a financial institution to pay off his personal credit card balance. Further, on or about June 12 and 13, 2017, MASSELLI executed two electronic transfers in the aggregate amount of approximately \$11,500 to a self-storage company.

#### **Execution of the Scheme**

13. On or about the dates set forth below, for the purpose of executing and attempting to execute the aforesaid scheme and artifice to defraud, in the District of New Jersey and elsewhere, the defendant,

SANDY JOHN MASSELLI,

did knowingly and intentionally transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, the following writings, signs, signals, pictures, and sounds, each constituting a separate count of this Superseding Indictment:

<b>Count</b>	<b>Approximate Date</b>	<b>Description</b>
8	November 4, 2015	Victim Investor 3 sent an electronic payment in the amount of approximately \$50,000 to an account controlled by MASSELLI.
9	May 24, 2017	Victim Investor 4 sent an electronic payment in the amount of approximately \$100,000 to an account controlled by MASSELLI.

In violation of Title 18, United States Code, Section 1343, and Title 18, United States Code, Section 2.

**Count Ten**  
**(Securities Fraud)**

1. The allegations set forth in Paragraph 1 of Counts One through Three of this Superseding Indictment, and Paragraphs 3 through 12 of Counts Eight and Nine of this Superseding Indictment, are hereby repeated, realleged and incorporated as if fully set forth herein.

2. In or about November 2015, in the District of New Jersey, and elsewhere, the defendant,

SANDY JOHN MASSELLI,

by use of the means and instrumentalities of interstate commerce, the mails, and facilities of national securities exchanges, directly and indirectly, knowingly and willfully used manipulative and deceptive devices and contrivances in contravention of Title 17, Code of Federal Regulations, Section 240.10b-5, in connection with the purchases and sales of securities, namely, shares of Carlyle Entertainment stock, by (a) employing devices, schemes and artifices to defraud; (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices and courses of business which operated and would operate as a fraud and deceit upon persons, namely, Victim Investor 3, a purchaser of shares of stock in Carlyle Entertainment.

In violation of Title 15, United States Code, Sections 78j(b) and 78ff; Title 17, Code of Federal Regulations, Section 240.10b-5; and Title 18, United States Code, Section 2.

**Count Eleven**  
**(Securities Fraud)**

1. The allegations set forth in Paragraph 1 of Counts One through Three of this Superseding Indictment, and Paragraphs 3 through 12 of Counts Eight and Nine of this Superseding Indictment, are hereby repeated, realleged and incorporated as if fully set forth herein.

3. In or about May 2017, in the District of New Jersey, and elsewhere, the defendant,

SANDY JOHN MASSELLI,

by use of the means and instrumentalities of interstate commerce, the mails, and facilities of national securities exchanges, directly and indirectly, knowingly and willfully used manipulative and deceptive devices and contrivances in contravention of Title 17, Code of Federal Regulations, Section 240.10b-5, in connection with the purchases and sales of securities, namely, shares of Carlyle Entertainment stock, by (a) employing devices, schemes and artifices to defraud; (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices and courses of business which operated and would operate as a fraud and deceit upon persons, namely, Victim Investor 4, a purchaser of shares of stock in Carlyle Entertainment.

In violation of Title 15, United States Code, Sections 78j(b) and 78ff; Title 17, Code of Federal Regulations, Section 240.10b-5; and Title 18, United States Code, Section 2.

**FORFEITURE ALLEGATION AS TO COUNTS ONE THROUGH THREE**

1. As a result of committing the offenses charged in Counts One through Three of this Superseding Indictment, defendant,

SANDY JOHN MASSELLI,

shall forfeit to the United States pursuant to Title 18, United States Code, Sections 982(a)(2)(A), any property, real or personal, constituting, or derived from, proceeds obtained directly or indirectly as a result of the offenses charged in Counts One through Three of this Superseding Indictment.

**FORFEITURE ALLEGATION AS TO COUNTS FIVE THROUGH ELEVEN**

2. As a result of committing the offenses charged in Counts Five through Eleven of this Superseding Indictment, the defendant,

SANDY JOHN MASSELLI,

shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the said offenses, and all property traceable thereto.

**SUBSTITUTE ASSETS PROVISION**  
**(Applicable to All Forfeiture Allegations)**

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;

the United States shall be entitled, pursuant to 21 U.S.C. § 853(p) (as incorporated by 28 U.S.C. § 2461(c) and 18 U.S.C. § 982(b)), to forfeiture of any other property of the defendants up to the value of the above-described forfeitable property.



RACHAEL A. HONIG  
ATTORNEY FOR THE UNITED STATES  
Acting under Authority Conferred by 28 U.S.C. § 515

**CASE NUMBER: 18-570**

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

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**UNITED STATES OF AMERICA**

**v.**

**SANDY JOHN MASSELLI**

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**INDICTMENT FOR**

**18 U.S.C. § 1343;  
18 U.S.C. § 1344;  
15 U.S.C. §§ 78j(b) and 78ff(a);  
and 17 C.F.R. § 240.10b-5;  
18 U.S.C. § 1028A; and  
18 U.S.C. § 2**

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**RACHAEL A. HONIG**  
*ATTORNEY FOR THE UNITED STATES  
ACTING UNDER AUTHORITY  
CONFERRED BY 28 U.S.C. § 515  
NEWARK, NEW JERSEY*

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**ERIC A. BODEN**  
*ASSISTANT U.S. ATTORNEY  
TRENTON, NEW JERSEY  
609-989-0564*

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