

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon.
	:	
	:	Criminal No.
	:	
v.	:	18 U.S.C. § 1343
	:	18 U.S.C. § 2
JOSHUA B. NEWMAN	:	

INFORMATION

The defendant having waived in open court prosecution by indictment, the United States Attorney for the District of New Jersey charges:

Relevant Persons and Entities

1. At all times relevant to this Information, unless otherwise indicated:
 - a. Defendant JOSHUA B. NEWMAN was a resident of New York, New York, and the managing partner of a venture capital firm located in New York, New York. Defendant NEWMAN was also affiliated with, or purported to be affiliated with, a number of sports and entertainment ventures (the "Newman Ventures"), which included Businesses 1 through 3 described below. At various times relevant to this Information, defendant NEWMAN solicited investments and loans for the Newman Ventures from numerous investors in New Jersey, New York, Connecticut, and elsewhere in the United States. As described herein, rather than use the investors' funds in

the manner represented to them, defendant NEWMAN instead diverted those funds to his own use without disclosing those diversions to investors.

b. "Business 1" was an entity that operated strength and conditioning facilities in New York, New York, that offered classes to the public. At times relevant to this Information, defendant NEWMAN held an ownership stake in Business 1.

c. "Business 2" was a proposed partnership that defendant NEWMAN and others sought to create for the purpose of owning and operating facilities in and around New York, New York, and northern New Jersey.

d. "Business 3" was a professional sports league that sponsored strength and conditioning competitions. Defendant NEWMAN falsely claimed to have an ownership stake in this league and purported to sell shares in Business 3 to investors.

The Scheme to Defraud

2. From in or about 2012 through in or about April 2015, in Hudson County, in the District of New Jersey, and elsewhere, defendant

JOSHUA B. NEWMAN

did knowingly and intentionally devise and intend to devise a scheme and artifice to defraud and to obtain money and property from investors purportedly to finance various businesses, including Businesses 1 through 3, by means of materially false and fraudulent pretenses, representations, and promises, and, for purposes of executing and attempting to execute such

scheme and artifice to defraud, did transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce certain writings, signs, signals, pictures, and sounds, as set forth more fully below.

Object of the Scheme

3. The object of the scheme was for defendant NEWMAN to obtain money through fraudulent means to, among other things: pay mounting debts incurred through failed business ventures; repay victims of the fraudulent scheme described herein; and pay his personal expenses.

Manner and Means of the Scheme

4. It was part of the scheme that defendant NEWMAN made material misrepresentations to potential investors and lenders claiming that he was raising money for his various businesses, including Businesses 1 through 3, when in fact his intent was to use the money for his own purposes. Defendant NEWMAN's material misrepresentations included, among others, false statements about his ownership percentage in the businesses, lies about the purported business reasons for raising additional capital, false statements about the amount of money that had already been raised from others to finance the businesses, and misrepresentations about the purpose for which the funds would be used.

5. It was further part of the scheme that defendant NEWMAN used the money he solicited through these material misrepresentations to repay various debts he had incurred from prior failed business dealings, including debts relating to projects that never materialized and for which he

had been sued by investors. In addition, defendant NEWMAN used money he raised through various material misrepresentations to reimburse earlier victims of his fraudulent scheme who demanded repayment of their funds. Defendant NEWMAN also used a portion of the funds to pay his personal living expenses, including for groceries, pharmacy bills, and pet supplies, among others.

6. It was further part of the scheme that defendant NEWMAN used a number of bank accounts to accomplish the scheme. For instance, he opened bank accounts in the names of Business 1 and Business 2 without the prior knowledge or authorization of others with whom he was operating those businesses, and then had his victims send money to the accounts. Defendant NEWMAN also used other bank accounts he personally controlled, including ones in his own name and in the name of his venture capital firm, to execute the scheme, instructing his victims to send money to one of the accounts and then using the funds for his own personal benefit.

7. It was further part of the scheme that defendant NEWMAN supplied his victims with documents containing material misrepresentations in order to induce them to give him money supposedly to finance his businesses. Once he had obtained their money, defendant NEWMAN then lulled his victims into believing that their funds were safe by making further misrepresentations and supplying them with additional phony documents. The false documents included altered operating agreements, false statements of ownership percentages supposedly held by various investors, investment solicitations falsely reflecting the amount of funds already raised, and bogus Schedule K-1s

purporting to show the amount of annual partnership gains or losses reported to the Internal Revenue Service.

8. It was further part of the scheme that, when his victims raised concerns about their investments or loans, defendant NEWMAN supplied them with false assurances or promised to repay their funds. In reality, he had little or no money to return to his victims. In an effort to avoid detection of his scheme, defendant NEWMAN regularly lied to his victims by telling a number of them, among other things, that he had sent them money by wire transfer, but that the wires had been delayed in the banking system, when no such wires had been sent. On at least one occasion, defendant NEWMAN sent a picture of the purported wire transfer order for \$165,000 to an investor who had threatened legal action and told the investor that the funds were on the way to the investor, when defendant NEWMAN knew that he neither had sent any funds to the investor, nor had sufficient funds to send to the investor. On other occasions, defendant NEWMAN knowingly gave certain victims checks drawn on accounts with insufficient funds.

9. It was further part of the scheme that, using the manner and means described above, defendant NEWMAN defrauded approximately 30 victims of approximately \$3.1 million in connection with purported investments in, among others, Businesses 1 through 3, which money he diverted to his own use without disclosing such diversions to the investors.

Execution of the Scheme

10. In furtherance of the above-described scheme and to achieve its objective, in the District of New Jersey and elsewhere, defendant

JOSHUA B. NEWMAN

knowingly transmitted and caused to be transmitted by means of wire, radio, and television communications in interstate and foreign commerce, a writing, sign, signal, picture, and sound, in that, on or about February 12, 2015, defendant NEWMAN knowingly caused a victim to send a wire transmission from New Jersey to New York, which initiated the transfer of approximately \$250,000 to an account defendant NEWMAN controlled in the name of Business 2.

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

FORFEITURE ALLEGATION


1. As the result of committing the offense of wire fraud in violation of 18 U.S.C. § 1343, as charged in this Information, defendant NEWMAN shall forfeit to the United States, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the said offense, and all property traceable thereto, including, but not limited to, a sum of money equal to the proceeds of the offense charged in this Information as determined by the Court at sentencing and not to exceed \$3,125,500.

Substitute Assets Provision

2. 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 person;
- (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 subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), as incorporated by 28 U.S.C. § 2461(c), to seek forfeiture of any other property of the defendant up to the value of the above forfeitable property.


PAUL J. FISHMAN
United States Attorney

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UNITED STATES OF AMERICA

v.

JOSHUA B. NEWMAN

INFORMATION FOR

**18 U.S.C. § 1343
18 U.S.C. § 2**

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