

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon.
	:	
	:	Crim. No. 16-
v.	:	
	:	18 U.S.C. § 371
	:	15 U.S.C. § 78j(b) and 78ff,
LEE VACCARO	:	17 C.F.R. § 240.10b-5, and
	:	18 U.S.C. § 2

**INFORMATION**

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

**COUNT ONE**  
**(Conspiracy to Commit Securities Fraud)**

1. At all times relevant to this Information:

**Relevant Individuals and Entities**

a. Defendant LEE VACCARO resided in Las Vegas, Nevada, and Laguna Beach, California. Defendant VACCARO was the Chief Marketing Officer and Vice President of Investor Relations for eAgency from in or about July 2009 through in or about October 2013. eAgency was a California-based company developing mobile security products, with its principal place of business in Newport Beach, California. Defendant VACCARO was also the founder of Vaccaro Consultants, Vaccaro Consultant, and Vacaro Consultants (the "Vaccaro Entities").

b. "Co-conspirator #1," who is named as a co-conspirator but not as a defendant herein, was a resident of Alpine, New Jersey and was the

president and owner of Company #1. Co-conspirator #1 was the President and Chief Marketing Officer of eAgency from in or about May 2006 to in or about February 2007.

c. Company #1 was a New Jersey limited liability company with its principal place of business in Alpine, New Jersey.

d. Vaccaro Consultants, LLC was a Nevada limited liability company, with its principal place of business in Laguna Beach, California.

e. Vaccaro Consultant, LLC was a Nevada limited liability company, with its principal place of business in Laguna Beach, California.

f. Vacaro Consultants, LLC was a Nevada limited liability company, with its principal place of business in Las Vegas, Nevada.

### **The Conspiracy**

2. From in or about 2009 to in or about 2015, in Bergen County, in the District of New Jersey, and elsewhere, defendant

### **LEE VACCARO**

did knowingly and willfully combine, conspire, confederate and agree with Co-conspirator #1 and others to commit an offense against the United States, namely securities fraud, by using and employing through the direct and indirect use of the means and instrumentalities of interstate commerce and the mails, manipulative and deceptive devices and contrivances in connection with the purchase and sale of securities by (i) employing devices, schemes, and artifices to defraud members of the investing public; (ii) making untrue statements of

material facts 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 (iii) engaging in acts, practices, and a course of business which operated and would operate as a fraud and deceit upon investors, namely by participating in a scheme to defraud investors seeking to purchase interests in warrants to purchase the stock of eAgency, contrary to Title 15, United States Code, Sections 78j(b) and 78ff(a), and Title 17, Code of Federal Regulations, Section 240-10b-5.

### **Object of the Conspiracy**

3. The object of the conspiracy was for defendant VACCARO and Co-conspirator #1 to enrich themselves by soliciting investors to give them money purportedly to invest in eAgency based on material misrepresentations.

### **Manner and Means of the Conspiracy**

4. It was part of the conspiracy that, from in or about 2009 to in or about 2015, defendant VACCARO and Co-conspirator #1 sold investors interests in Company #1 and the Vaccaro Entities (collectively “the Investment Companies”). Defendant VACCARO and Co-conspirator #1 falsely represented to investors that the Investment Companies held warrants in eAgency. As a general matter, warrants are derivative securities that give the holder the right to purchase common stock at a specific price within a certain time frame. Defendant VACCARO and Co-conspirator #1 also falsely represented to their victims that once eAgency was acquired by another company, the warrants to

purchase eAgency's stock owned by the Investment Companies could be exercised at a very profitable price, thereby generating a high return for investors in the Investment Companies.

5. It was further part of the conspiracy that to solicit investors for the Investment Companies, defendant VACCARO and Co-conspirator #1 made oral and written misrepresentations concerning the existence, number, validity, and term of eAgency warrants purportedly owned by the Investment Companies, as well as misrepresentations about the amount of money Co-conspirator #1 had personally invested in eAgency, the amount of money Co-conspirator #1 had raised for eAgency, and Co-conspirator #1's current position at eAgency.

6. It was further part of the conspiracy that defendant VACCARO and Co-conspirator #1 also created and showed to investors numerous forged documents purporting to reflect the issuance of warrants to entities controlled by defendant VACCARO, and the transfer of those warrants to, among others, Company #1. In reality, most of the eAgency warrants purportedly transferred by defendant VACCARO to Company #1 had never been issued.

7. It was further part of the conspiracy that, beginning in or around January 2011, the dollar amount of interests defendant VACCARO and Co-conspirator #1 sold in the Investment Companies began to surpass the dollar amount of valid warrants held by the Investment Companies. When this occurred, neither defendant VACCARO nor Co-conspirator #1 disclosed to investors the risk that their investments would be diluted by the sale of

additional interests in the Investment Companies.

8. It was further part of the conspiracy that, using the means and methods described above, Defendant VACCARO and Co-conspirator #1 defrauded investors of more than \$5 million.

**Overt Acts**

9. In furtherance of the conspiracy and to effect the unlawful objects thereof, defendant VACCARO, Co-conspirator #1 and others committed and caused to be committed the following overt acts, among others, in the District of New Jersey and elsewhere:

a. On or about April 7, 2010, defendant VACCARO sent a wire transfer of approximately \$100,000 to Co-conspirator #1's bank account in New Jersey, representing a portion of the proceeds from defrauding Victim #1.

b. On or about July 16, 2012, Co-conspirator #1 deposited a check for approximately \$124,000, representing the proceeds from defrauding Victim #2, at a bank in Tenafly, New Jersey.

All in violation of Title 18, United States Code, Section 371.

**COUNT TWO**  
**(Securities Fraud)**

1. The allegations set forth in paragraphs 1 and 3 through 9 of Count One of this Information are repeated and realleged as if fully set forth herein.

2. From in or about 2009 through in or about 2015, in Bergen County, in the District of New Jersey, and elsewhere, defendant

**LEE VACCARO**

did knowingly and willfully, directly and indirectly, by use of the means and instrumentalities of interstate commerce and the mails, use and caused to be used manipulative and deceptive devices and contrivances in contravention of Title 17, Code of Federal Regulations, Section 240.10b-5 (Rule "10b-5") in connection with the purchase and sale of securities by (a) employing devices, schemes, and artifices to defraud members of the investing public; (b) making untrue statements of material facts 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 a course of business which operated and would operate as a fraud and deceit upon investors, in that he participated in a scheme to defraud investors seeking to purchase interests in warrants to purchase the stock of eAgency.

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

### **FORFEITURE ALLEGATIONS**

1. As the result of committing the offenses constituting specified unlawful activity as defined in 18 U.S.C. § 1956(c)(7), as alleged in Counts One and Two of this Information, defendant LEE VACCARO 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(c), all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the said conspiracy and securities fraud offenses, and all property traceable thereto, including, but not limited to, a sum of money equal to at least \$5,437,691.85 in United States currency.


#### **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.

  
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PAUL J. FISHMAN  
United States Attorney



**CASE NUMBER:**

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**United States District Court  
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**UNITED STATES OF AMERICA**

**v.**

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**INFORMATION FOR**

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