

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

UNITED STATES OF AMERICA	:	Hon.
	:	
v.	:	Criminal No. 22-
	:	
JOHN KLEIN	:	18 U.S.C. § 1343

INDICTMENT

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

Introduction

1. From in or around May 2016 through in or around January 2017, defendant John Klein (“KLEIN”), through his ownership and control of Cambridge Therapeutic Technologies (“CTT”), misappropriated millions of dollars from CTT for his personal use.

Background

2. At various times relevant to this Indictment:
- a. KLEIN was a resident of Alpine, New Jersey.
 - b. Cambridge Therapeutic Technologies, LLC (“CTT-DE”) was a Delaware limited liability company formed on May 4, 2011. The principal address of CTT-DE was in Teaneck, New Jersey.
 - c. Cambridge TT Limited Liability Company (“CTT-NJ”) was a New Jersey limited liability company formed on June 7, 2011 and merged into CTT-DE on or about June 2, 2016.

d. KLEIN was the majority shareholder and CEO of CTT-DE and CTT-NJ, collectively referred to herein as “CTT.” CTT was a pharmaceutical company whose core business included buying generic prescription drugs at wholesale prices and packaging them for resale.

e. KLEIN was the sole signatory to a bank account held by CTT at Bank-1 ending in 5904 (the “5904 Account”).

f. Company-1 was a prescription drug distribution company.

g. Individual-1 was an employee at a company responsible for the distribution of CTT products.

h. Individual-2 served as CTT’s Chief Financial Officer.

i. Individual-3 was a resident of Illinois and served as an advisor to certain CTT investors.

The Scheme

3. From in or around May 2016 through in or around January 2017, in Bergen County, in the District of New Jersey, and elsewhere, the defendant,

JOHN KLEIN,

did knowingly and intentionally devise and intend to devise a scheme and artifice to defraud CTT and to obtain money and property from CTT by means of materially false and fraudulent pretenses, representations, and promises, as set forth more fully below.

Goal of the Scheme

4. The goal of the scheme was for KLEIN to profit through the misappropriation of funds from CTT.

Manner and Means of the Scheme

5. It was part of the scheme that:

a. On or about May 3, 2016, and on or about May 17, 2016, Company-1 made two wire transfers into the 5904 Account totaling approximately \$3.9 million as payment for certain products (the “Products”) that CTT sold to Company-1 (the “Company-1 Payments”).

b. Following the Company-1 Payments, KLEIN made numerous personal expenditures out of the 5904 Account, including, but not limited to:

- (a) credit card payments for his own and his wife’s American Express accounts;
- (b) payment of property taxes on KLEIN’s home in Alpine, New Jersey; and
- (c) tuition payments for KLEIN’s child’s private school.

c. On or about June 5, 2016, KLEIN sent an email to Individual-1 with the subject line “Invoicing for 3% Gel Products.” In the body of the email, KLEIN listed several CTT-related invoices, including an invoice for one of the Company-1 Payments, which KLEIN designated as “paid in full.”

d. In or around July 2016, KLEIN provided information to Individual-2 that showed CTT had sold the Products to Company-1, but that CTT had not received the Company-1 Payments. Therefore, and although KLEIN had received the Company-1 Payments in the 5904 Account, the invoices related to the Company-1 Payments continued to be designated as money due to CTT and CTT investors were left unaware of the Company-1 Payments.

e. In or around December 2016, KLEIN instructed Individual-2 to write off the money due from Company-1 as described in paragraph 5(d) of this Indictment as uncollectible bad debt (the “Write Off”).

f. On or about January 25, 2017, at KLEIN’s direction, Individual-2 emailed Individual-3 and copied KLEIN (the “January 25 Email”). The January 25 Email referred to an upcoming CTT board meeting on January 27, 2017 and attached an analysis of CTT’s financial forecast for 2017, which included the Write-Off.

g. On or about January 27, 2017, CTT held an in-person board meeting (the “January 27 Board Meeting”) which KLEIN, Individual-2, Individual-3, and certain CTT investors attended. The Write Off was discussed during the January 27 Board Meeting. Following the January 27 Board Meeting, a CTT accounts receivable “aging summary” was updated to reflect that money due to CTT from Company-1 was written off as an “allowance for doubtful account,” or an account that CTT did not expect to be able to collect from. In reality, KLEIN had already received the funds in or around May 2016 into the 5904 Account and used the funds for various personal expenditures.

Execution of the Scheme

6. On or about January 25, 2017, in the District of New Jersey and elsewhere, for the purpose of executing and attempting to execute this scheme and artifice to defraud, the defendant,

JOHN KLEIN,

did knowingly and intentionally transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce certain writings, signs, signals, pictures, and sounds, to wit, an email sent by Individual-2 to Individual-3, from a location in New Jersey to a location outside New Jersey.

All in violation of Title 18, United States Code, Section 1343.

FORFEITURE ALLEGATION

1. As the result of committing the wire fraud offense alleged in this Indictment, defendant JOHN KLEIN 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 offense charged in this Indictment and all property traceable thereto.

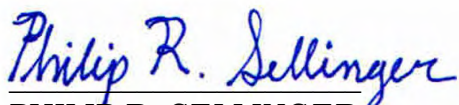
2. If any of the above-described forfeitable property, as a result of any act or omission of the Defendant:

- (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 Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of defendant Carter up to the value of the property described in this forfeiture allegation.

A TRUE BILL

FOREPERSON


PHILIP R. SELLINGER
United States Attorney