

USAO2019R00577/HS/BD

R E C E I V E D

NOV 01 2021

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

AT 8:30 _____ M
WILLIAM T. WALSH
CLERK

UNITED STATES OF AMERICA	:	Hon. Michael A. Shipp, U.S.D.J.
	:	
	:	Criminal No. 21-826
v.	:	
	:	15 U.S.C. §§ 78j(b) and 78ff 17
	:	C.F.R. § 240.10b-5
DONALD A. MILNE III	:	

I N F O R M A T I O N

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

COUNT ONE
(Securities Fraud)

Relevant Individuals and Entities

1. At all times relevant to this Information:
 - a. Defendant Donald A. Milne III (“MILNE”) was a resident of Massapequa, New York. MILNE was the founder, president, and Chief Executive Officer of Instaprin Pharmaceuticals, Inc. (“Instaprin”) and its predecessor entity, SPI Acquisition Corp. (“SPI”).
 - b. Instaprin, formerly known as SPI, was a Delaware corporation that operated in Merrick, New York. MILNE formed Instaprin in or around 2012, which purported to develop a fast-acting form of powdered aspirin that could instantly stop heart attacks and strokes. Defendant MILNE exercised complete and exclusive control of Instaprin and SPI, including the

offer and sale of securities and other capital investments issued by the company.

c. SPI was a New York corporation that operated in Merrick, New York, and was Instaprin's predecessor company that MILNE formed in or around 2010 for the ostensible purpose of purchasing the assets of a prior company that, like Instaprin, purported to develop a fast-acting form of powdered aspirin to instantly stop heart attacks and strokes. Instaprin and SPI are hereafter referred to collectively as "Instaprin."

The Scheme to Defraud

2. Beginning at least as early as in or around 2013 and continuing through in or around 2018, in the District of New Jersey and elsewhere, the defendant,

DONALD A. MILNE III,

willfully and knowingly, directly and indirectly, by use of the means and instrumentalities of interstate commerce in connection with the purchase and sale of securities, used and employed manipulative and deceptive devices and contrivances in violation of Title 17, Code of Federal Regulations, Section 240.10b-5 by: (i) employing devices, schemes, and artifices to defraud; (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 courses of business which operated and would operate

as a fraud and deceit upon persons, namely, MILNE engaged in a scheme to commit securities fraud regarding securities offered by Instaprin.

Goal of the Scheme

3. The goal of the scheme was for MILNE fraudulently to induce individuals and entities (“Victim Investors”) into investing in unregistered securities offerings by Instaprin by making material misrepresentations and omissions to the Victim Investors concerning, among other things, how their investment money would be used and how their past investments had performed, so that MILNE could fraudulently misappropriate substantial sums of the Victim Investors’ money for his own personal gain and enrichment.

Manner and Means of the Scheme to Defraud

4. It was part of the scheme to defraud that MILNE raised more than \$4 million from more than 70 Victim Investors through at least four separate unregistered securities offerings for Instaprin common stock and common stock purchase warrants in 2013, 2014, 2015, and 2016.

5. It further was part of the scheme to defraud that MILNE misrepresented to Victim Investors the manner in which he and Instaprin would maintain and use the funds raised through Instaprin securities offerings. For example, MILNE represented in written offering materials transmitted to Victim Investors in interstate commerce (the “Offering Materials”) that investment funds would be used to pay the “normal day-to-day operating expenses” of Instaprin, as well as “the costs involved in developing and commercializing its products,” including “Batch/stability testing,”

“Manufacturing,” “Market/advertising consultant,” and “Salaries/rent/insurance [and] General working capital.” Instead of using the investment funds for these and other stated purposes, MILNE misappropriated a substantial majority of the Victim Investors’ funds for purposes inconsistent with those set forth in the Offering Materials, including, among other things: (i) to pay out distributions to other investors in a Ponzi-like fashion; (ii) to pay for MILNE’s personal expenses, including a Caribbean vacation, boating expenses, divorce payments, clothing, and spa treatments; and (iii) to sustain and operate Island Raceway & Hobby, Inc., a toy race car business that MILNE separately owned.

6. It further was part of the scheme to defraud that, to induce the Victim Investors to invest, MILNE falsely represented in the Offering Materials that he had assembled “a very strong world renowned board of directors and medical advisory board” that included industry leaders in fields of science and finance. MILNE also misrepresented to investors that specific individuals had joined Instaprin as directors, advisors, and/or shareholders of Instaprin, when in fact, those individuals had no involvement with Instaprin.

7. It further was part of the scheme to defraud that MILNE falsely represented in the Offering Materials that he had secured millions of dollars in investment commitments from five investors in a particular quarter, when in fact, MILNE had raised only a fraction of that amount.

8. It further was part of the scheme to defraud that to maintain the scheme and induce additional investments from existing investors, MILNE

made numerous false and misleading statements in shareholder updates distributed between in or around April 2014 and in or around September 2018. Among other things, MILNE falsely represented in these updates that: Instaprin's product had been approved by the United States Food and Drug Administration ("FDA"); Instaprin was nearing a product launch and public stock offering; and Instaprin had contracted with a New Jersey research company for an FDA-approved clinical trial. MILNE also represented that Instaprin was in negotiations with large pharmaceutical corporations for joint business ventures, which MILNE represented were imminent. MILNE made these and other similar representations knowing that they were false and misleading.

9. It further was part of the scheme to defraud that as a result of MILNE's material misrepresentations and omissions and his unauthorized diversion of a substantial amount of the investment proceeds generated as a result of the unregistered securities offerings, Victim Investors lost more than \$3.5 million.

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


FORFEITURE ALLEGATIONS

1. As the result of committing the offense constituting specified unlawful activity as defined in 18 U.S.C. § 1956(c)(7), as alleged in Count One of this Information, defendant DONALD A. MILNE III 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 securities fraud offense, 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 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.



RACHAEL A. HONIG
ACTING UNITED STATES ATTORNEY

CASE NUMBER: 21-826

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

UNITED STATES OF AMERICA

v.

DONALD A. MILNE III

INFORMATION FOR

**15 U.S.C. §§ 78j(b) and 78ff
17 C.F.R. § 240.10b-5**

RACHAEL A. HONIG
ACTING UNITED STATES ATTORNEY
FOR THE DISTRICT OF NEW JERSEY

HEATHER SUCHORSKY
J. BRENDAN DAY
ASSISTANT U.S. ATTORNEYS
DISTRICT OF NEW JERSEY
