

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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	:	
UNITED STATES OF AMERICA	:	<u>INFORMATION</u>
	:	
- v. -	:	21 Cr.
	:	
JAESON BIRNBAUM,	:	
	:	
Defendant.	:	
	:	
- - - - -	X	

COUNT ONE

(Securities Fraud)

The United States Attorney charges:

RELEVANT PARTIES

1. At all times relevant to this Information, Cash4Cases, Inc. ("Cash4Cases") was a litigation finance company headquartered in Manhattan, New York. Cash4Cases' business model involved purchasing rights to the prospective financial recoveries associated with certain personal injury, medical malpractice, and other lawsuits.

2. At all times relevant to this Information, Liberty Bridge Capital Management LP ("Liberty Bridge") was a litigation finance company with offices in Franklin Lakes, New Jersey and Manhattan.

3. At all times relevant to this Information, JAESON BIRNBAUM, the defendant, was the president, founder, and sole

shareholder of Cash4Cases, as well as the founder and sole member of Liberty Bridge Capital Management, GP, LLC, the general partner of Liberty Bridge. BIRNBAUM was also a licensed attorney.

THE SCHEME TO DEFRAUD

4. From at least in or about 2017 through in or about 2019, JAESON BIRNBUAM, the defendant, solicited and obtained more than \$3 million in investments for Cash4Cases based on fraudulent misrepresentations. These investments were in the form of promissory notes, titled "Investor Security Agreements" ("ISAs"). Among other things, the ISAs purported to provide the relevant investors with a security interest in the recoveries associated with certain specified lawsuits that were ostensibly purchased, in whole or in part, by Cash4Cases. The ISAs also provided that Cash4Cases would repay the investors, with interest, "out of pocket," regardless of the outcome of the lawsuits pledged as collateral. The ISAs typically had one-year terms.

5. Pursuant to the ISAs for at least three investors ("Investor-1," "Investor-2," and "Investor-3"), in the aggregate amount of approximately \$1.8 million, JAESON BIRNBAUM, the defendant, caused Cash4Cases to pledge as collateral certain lawsuits that he, in fact, had previously caused to be pledged to other investors or lenders, or previously assigned or sold to other entities. This was contrary to BIRNBAUM's representations, under

the relevant ISAs, that the collateral pledged to Investor-1, Investor-2, and Investor-3 was in "good standing" and "free of any liens."

6. To help carry out his fraud, JAESON BIRNBAUM, the defendant, directed an employee ("Employee-1") to falsify Cash4Cases' and Liberty Bridge's books and records to make it appear that certain cases were available to be pledged as collateral to new investors, when in fact those lawsuits had concluded or been dismissed and the related settlement payments, if any, had already been paid out to the applicable parties.

7. JAESON BIRNBAUM, the defendant, also caused Cash4Cases, in some instances, to pledge as collateral to investors, including Investor-3 and another investor ("Investor-4"), lawsuits that were either never purchased by Cash4Cases or that were funded in amounts substantially lower than represented in the ISAs. As a result, the relevant ISAs overstated the security interests pledged to Investor-3 and Investor-4.

8. JAESON BIRNBAUM, the defendant, misappropriated a substantial portion of investors' funds for his personal use and to make promised payments to earlier investors. For example, BIRNBAUM obtained several investments for Cash4Cases from Investor-1 beginning in or about December 2018, including \$1 million pursuant to an ISA in September 2019. Prior to these investments, BIRNBAUM falsely told Investor-1, in substance and in

part, that Cash4Cases would use Investor-1's funds exclusively for advances to litigants. Contrary to this representation, BIRNBAUM misappropriated at least approximately \$673,000 of Investor-1's funds, including by wiring \$530,000 toward the purchase of a house in September 2019, on or about the same date that Cash4Cases received Investor-1's \$1 million investment.

9. Similarly, from in or about March 2017 through in or about July 2019, Investor-4 made investments in Cash4Cases totaling approximately \$1.3 million, pursuant to several ISAs. Prior to these investments, JAESON BIRNBAUM, the defendant, told Investor-4 that Cash4Cases would use Investor-4's money to make loans to litigants. However, BIRNBAUM, in fact, used a substantial portion of Investor-4's funds to make payments to other investors.

Statutory Allegation

10. From at least in or about 2017 through in or about 2019, in the Southern District of New York and elsewhere, JAESON BIRNBAUM, the defendant, willfully and knowingly, directly and indirectly, by use of the means and instrumentalities of interstate commerce, and of the mails, and of the facilities of national securities exchanges, used and employed, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, 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, to wit, as set forth above, BIRNBAUM defrauded purchasers of promissory notes through misrepresentations regarding the use of their funds and the assets that they would receive as collateral, and by misappropriating the investors' funds.

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

FORFEITURE ALLEGATION

11. As a result of committing the offense alleged in Count One of this Information, JAESON BIRNBAUM, the defendant, 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), any and all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of said offense.

Substitute Assets Provision

12. 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;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p) and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described above.

(Title 18, United States Code, Section 981;
Title 21, United States Code, Section 853; and
Title 28, United States Code, Section 2461.)



AUDREY STRAUSS
United States Attorney

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Defendant.

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(15 U.S.C. §§ 78j(b), 78ff; 17 C.F.R.
§ 240.10b-5; and 18 U.S.C. § 2)

AUDREY STRAUSS

United States Attorney
