

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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:  
UNITED STATES OF AMERICA  
:  
- v. -  
:  
GREGG SCHONHORN,  
:  
Defendant.  
:  
- - - - - x

SEALED INFORMATION  
**16 CRIM 828**

COUNT ONE  
(Conspiracy to Commit Securities Fraud)

The United States Attorney charges:

1. From in or about 2014, up to and including in or about 2016, in the Southern District of New York and elsewhere, GREGG SCHONHORN, the defendant, and others known and unknown, willfully and knowingly combined, conspired, confederated, and agreed together and with each other to commit an offense against the United States, to wit, securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5.

2. It was a part and object of the conspiracy that GREGG SCHONHORN, the defendant, and others known and unknown, 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, in connection with the purchase and sale of securities, would and did use and

employ 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, in violation of Title 15, United States Code, Sections 78j(b) and 78ff.

Overt Act

3. In furtherance of the conspiracy and to effect its illegal object, GREGG SCHONHORN, the defendant, committed the following overt act, among others, in the Southern District of New York and elsewhere:

a. In or about November 2015, in New York, New York, SCHONHORN purchased a luxury wristwatch for a co-conspirator not named as a defendant herein ("CC-1"), who served as a director at the New York State Common Retirement Fund (the "NYSCRF").

(Title 18, United States Code, Section 371.)

COUNT TWO  
(Securities Fraud)

The United States Attorney further charges:

4. From in or about 2014, up to and including in or about 2016, in the Southern District of New York and elsewhere, GREGG SCHONHORN, 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, 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 (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, SCHONHORN and CC-1 engaged in a scheme to defraud the NYSCRF, in which (i) SCHONHORN paid bribes to CC-1 in exchange for NYSCRF fixed-income business, and (ii) CC-1 failed to disclose the existence of those bribes or the

conflicts of interest inherent therein to the NYSCRF, to which CC-1 owed fiduciary duties.

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

**COUNT THREE**

(Conspiracy to Commit Honest Services Wire Fraud)

The United States Attorney further charges:

5. From in or about 2014, up to and including in or about 2016, in the Southern District of New York and elsewhere, GREGG SCHONHORN, the defendant, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to commit honest services wire fraud in violation of Title 18, United States Code, Sections 1343 and 1346.

6. It was a part and an object of the conspiracy that GREGG SCHONHORN, the defendant, and others known and unknown, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and to deprive CC-1's employer, the NYSCRF, of its intangible right to CC-1's honest services, would and did transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such

scheme and artifice, in violation of Title 18, United States Code, Sections 1343 and 1346.

(Title 18, United States Code, Section 1349.)

**COUNT FOUR**  
(Honest Services Wire Fraud)

The United States Attorney further charges:

7. From in or about 2014, up to and including in or about 2016, in the Southern District of New York and elsewhere, GREGG SCHONHORN, the defendant, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and to deprive CC-1's employer, the NYSCRF, of its intangible right to CC-1's honest services, transmitted and caused to be transmitted by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, SCHONHORN paid bribes to CC-1 in exchange for which CC-1 advanced SCHONHORN's interests, including by facilitating transactions that enabled SCHONHORN's brokerage firm to obtain fixed-income business and SCHONHORN to earn commissions from the NYSCRF, which transactions used interstate wires.

(Title 18, United States Code, Sections 1343, 1346 and 2.)

COUNT FIVE  
(Bank Fraud)

The United States Attorney further charges:

8. In or about August 2014, in the Southern District of New York and elsewhere, GREGG SCHONHORN, the defendant, knowingly did execute a scheme and artifice to defraud a financial institution, the deposits of which were then insured by the Federal Deposit Insurance Corporation, and to obtain moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of, such financial institution, by means of false and fraudulent pretenses, representations and promises, to wit, SCHONHORN made false statements in a loan application in order to obtain a home equity loan from a financial institution.

(Title 18, United States Code, Sections 1344 and 2.)

COUNT SIX  
(Conspiracy to Obstruct Justice)

The United States Attorney further charges:

9. From in or about 2015, up to and including in or about 2016, in the Southern District of New York and elsewhere, GREGG SCHONHORN, the defendant, and others known and unknown, knowingly combined, conspired, confederated, and agreed together and with each other to obstruct justice, in violation of Title 18, United States Code, Section 1512(c)(2).

10. It was a part and an object of the conspiracy that GREGG SCHONHORN, the defendant, and others known and unknown, would and did corruptly obstruct, influence, and impede an official proceeding, and attempt to do so, in violation of Title 18, United States Code, Section 1512(c)(2), to wit, SCHONHORN and others conspired to provide false information and testimony to the Securities and Exchange Commission, and otherwise obstruct its investigation into bribes received by CC-1.

(Title 18, United States Code, Section 1512(k).)

**FORFEITURE ALLEGATION**

11. As a result of committing one or more of the offenses alleged in Counts One through Six of this Information, GREGG SCHONHORN, 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, any and all property, real or personal, that constitutes or is derived from proceeds traceable to the commission of the offenses alleged in Counts One through Six of this Information.

**Substitute Assets Provision**

12. If any of the above-described forfeitable property, as a result of any act or omission of GREGG SCHONHORN, 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, to seek forfeiture of any other property of said defendant up to the value of the forfeitable property described above.

(Title 18, United States Code, Section 981(a)(1)(C);  
Title 21, United States Code, Section 853(p);  
Title 28, United States Code, Section 2461.)

Preet Bharara / KBL  
PREET BHARARA  
United States Attorney



Form No. USA-33s-274 (Ed. 9-25-58)

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Defendant.

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16 Cr. \_\_\_\_

(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, Sections  
371, 1343, 1344, 1346, 1349, 1512  
and 2.)

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PREET BHARARA  
United States Attorney.

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