

FILED
IN CLERK'S OFFICE
U.S. DISTRICT COURT E.D.N.Y.

★ JUL 24 2018 ★

CCC:JAM
F. #2018R00779

LONG ISLAND OFFICE

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

-----X

UNITED STATES OF AMERICA

-against-

STEVEN PAGARTANIS,

Defendant.

INDICTMENT

Cr. No. **CR 18 374**
(T. 15, U.S.C., §§ 78j(b) and 78ff; T. 18, U.S.C., §§ 981(a)(1)(C), 982(a)(1), 982(b)(1), 1343, 1349, 1956(a)(1)(B)(i), 1956(h), 1957, 2 and 3551 et seq.; T. 21, U.S.C., § 853(p); T. 28, U.S.C., § 2461(c))

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THE GRAND JURY CHARGES:

HURLEY, J.

LINDSAY, M.J.

INTRODUCTION

At all times relevant to this Indictment, unless otherwise indicated:

I. The Defendant and the Companies

1. The defendant STEVEN PAGARTANIS was a licensed securities broker-dealer who solicited individuals to invest in variable annuities, mutual funds and similar investment vehicles. The defendant owned and operated Omega Planning Associates, Inc. ("Omega"), a New York State corporation that maintained an office in East Setauket, New York.

2. The defendant STEVEN PAGARTANIS was also the Chief Executive Officer or Registered Agent for at least five other corporate entities in East Setauket, New York, including Genesis I Holdings, LLC ("Genesis") and Sonesta Holdings, Inc. ("Sonesta"). PAGARTANIS and his wife were also the beneficiaries of the Kinico Land

Trust (“Kinico”), which held residential properties in New York. The address of record for Genesis, Sonesta, Kinico and related entities was approximately one mile from the Omega office.

3. The defendant STEVEN PAGARTANIS created and held bank accounts in the names of Omega, Genesis, Sonesta, Kinico and related entities at Capital One Bank branches in Suffolk County, New York (collectively, the “Bank Accounts”). Investor money was regularly deposited into and withdrawn from the Bank Accounts, and investor money was also wired to and transferred from the Bank Accounts.

4. Capital One Bank was headquartered in McLean, Virginia. All Capital One Bank wire transfers were done through servers located in Richmond, Virginia.

II. The Fraud Scheme Victims

5. In or about and between January 2000 and March 2018, both dates being approximate and inclusive, at least 17 individuals (the “Victims”) collectively invested more than \$13 million with the defendant STEVEN PAGARTANIS, purportedly for real estate-related investments. The Victims sustained actual losses of more than \$8 million. Information regarding some of the Victims is set forth below.

6. Jane Doe #1, a resident of Brick, New Jersey, whose identity is known to the Grand Jury, gave the defendant STEVEN PAGARTANIS approximately \$710,000 to invest and sustained actual losses of approximately \$280,200.

7. Jane Doe #2, a resident of Plainfield, Illinois, whose identity is known to the Grand Jury, gave the defendant STEVEN PAGARTANIS approximately \$200,000 to invest and sustained no actual losses.

8. Jane Doe #3, a resident of Riverhead, New York, whose identity is known to the Grand Jury, gave the defendant STEVEN PAGARTANIS approximately \$1,000,000 to invest and sustained actual losses of approximately \$418,000.

9. Jane Doe #4, a resident of Rocky Point, New York, whose identity is known to the Grand Jury, gave the defendant STEVEN PAGARTANIS approximately \$450,000 to invest and sustained actual losses of approximately \$297,000.

10. Jane Doe #5, a resident of Lake Grove, New York, whose identity is known to the Grand Jury, gave the defendant STEVEN PAGARTANIS approximately \$500,000 to invest and sustained no actual losses.

11. Jane Doe #6, a resident of New York, New York, whose identity is known to the Grand Jury, gave the defendant STEVEN PAGARTANIS approximately \$1,000,000 to invest and sustained no actual losses.

12. Jane Doe #7, a resident of Valencia, California, whose identity is known to the Grand Jury, gave the defendant STEVEN PAGARTANIS approximately \$755,000 to invest and sustained no actual losses.

13. Jane Doe #8, a resident of Fort Meyers, Florida, whose identity is known to the Grand Jury, gave the defendant STEVEN PAGARTANIS approximately \$255,000 to invest and sustained actual losses of approximately \$200,000.

14. Jane Doe #9, a resident of East Meadow, New York, whose identity is known to the Grand Jury, gave the defendant STEVEN PAGARTANIS approximately \$3,793,000 to invest and sustained actual losses of approximately \$2,300,000.

15. Jane Doe #10, a resident of North Babylon, New York, whose identity is known to the Grand Jury, gave the defendant STEVEN PAGARTANIS approximately \$3,052,000 to invest and sustained actual losses of approximately \$3,013,101.

16. Jane Doe #11 and John Doe #1, residents of West Hempstead, New York, whose identities are known to the Grand Jury, gave the defendant STEVEN PAGARTANIS approximately \$230,771 to invest and sustained actual losses of \$230,771.

17. Jane Doe #12, a resident of Holtsville, New York, whose identity is known to the Grand Jury, gave the defendant STEVEN PAGARTANIS approximately \$865,143 to invest and sustained actual losses of \$865,143.

18. Jane Doe #13 and John Doe #2, residents of Manorville, New York, whose identities are known to the Grand Jury, gave the defendant STEVEN PAGARTANIS approximately \$150,000 to invest and sustained actual losses of \$150,000.

19. Jane Doe #14 and John Doe #3, residents of Nesconset, New York, whose identities are known to the Grand Jury, gave the defendant STEVEN PAGARTANIS approximately \$285,000 to invest and sustained actual losses of \$285,000.

III. The Fraudulent Scheme

20. In or about and between January 2000 and March 2018, both dates being approximate and inclusive, the defendant STEVEN PAGARTANIS, together with others, devised, implemented, supervised and executed a scheme to fraudulently induce the Victims, including Jane Doe #1 through Jane Doe #14, John Doe #1 through John Doe #3, and others, to invest money with PAGARTANIS. It was a part of the scheme to defraud that PAGARTANIS told the Victims that their capital would be invested in legitimate real estate-

related investments, including a publicly traded Canadian land development company based in Calgary ("Company 1"). In exchange for their investments, the defendant typically told the Victims that their capital would earn a fixed percentage return, generally between 4.5 and 8 percent annually. The defendant represented to certain Victims that the purported investments were similar to bonds or fixed income investments, while representing to other Victims that they were investing in the common stock of Company 1. To induce the Victims to invest, the defendant provided them with publicly available literature regarding Company 1 from the Internet.

21. However, rather than investing in Company 1 and other investments as promised to the Victims, the defendant STEVEN PAGARTANIS used the investment capital to repay prior investors and for his own personal benefit. For example, PAGARTANIS used the Victims' investment capital to pay for his personal and family expenses, and to purchase luxury items such as clothing, jewelry, airline tickets, massages and cigars. In addition, the defendant returned what purported to be investor principal and interest payments by utilizing funds received from new investors, including the Victims, to directly pay previous investors.

22. As part of the scheme, the defendant STEVEN PAGARTANIS established and utilized a network of shell entities and accounts in the names of entities that appeared to be affiliated with Company 1 and a hotel management company based in Boston, Massachusetts ("Company 2"), which, in fact, had no legitimate relationships with Company 1 and Company 2. Neither Company 1 nor Company 2 had any relationship or affiliation with PAGARTANIS or any entities that he controlled.

23. To induce the Victims to invest, and to prevent the Victims from attempting to withdraw their investments, the defendant STEVEN PAGARTANIS, together with others, made and caused to be made materially false and fraudulent representations to the Victims using interstate wire communications, including telephone calls and e-mails. PAGARTANIS also provided the Victims with forged and fabricated account statements that purportedly showed the value of the Victims' investments in Company 1 stock. These fraudulent account statements and other fraudulent documents were variously mailed, electronically mailed and hand-delivered to the Victims.

COUNT ONE
(Securities Fraud)

24. The allegations contained in paragraphs one through 23 are realleged and incorporated as if fully set forth in this paragraph.

25. In or about and between January 2000 and March 2018, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant STEVEN PAGARTANIS, together with others, did knowingly and willfully use and employ one or more manipulative and deceptive devices and contrivances, contrary to Rule 10b-5 of the Rules and Regulations of the United States Securities and Exchange Commission, Title 17, Code of Federal Regulations, Section 240.10b-5, by: (a) employing one or more devices, schemes and artifices to defraud; (b) making one or more untrue statements of material fact and omitting to state one or more material facts necessary in order to make the statements made, in the light of the circumstances in which they were made, not misleading; and (c) engaging in one or more acts, practices and courses of business which

would and did operate as a fraud and deceit upon one or more investors and potential investors in Company 1, in connection with the purchase and sale of investments in Company 1, directly and indirectly, by use of means and instrumentalities of interstate commerce and the mails.

(Title 15, United States Code, Sections 78j(b) and 78ff; Title 18, United States Code, Sections 2 and 3551 et seq.)

COUNT TWO
(Conspiracy to Commit Mail and Wire Fraud)

26. The allegations contained in paragraphs one through 23 are realleged and incorporated as if fully set forth in this paragraph.

27. In or about and between January 2000 and March 2018, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant STEVEN PAGARTANIS, together with others, did knowingly and intentionally conspire to devise a scheme and artifice to defraud the Victims, and to obtain money and property from the Victims by means of materially false and fraudulent pretenses, representations and promises, and, for the purpose of executing such scheme and artifice, (a) to place in authorized depositories for mail matter one or more matters and things to be sent and delivered by the United States Postal Service, and to cause to be deposited one or more matters and things to be sent and delivered by private and commercial interstate carriers, and taken and received therefrom one or more such matters, contrary to Title 18, United States Code, Section 1341; and (b) to transmit and cause to be transmitted, by means of wire

communication in interstate and foreign commerce, one or more writings, signs, signals, pictures and sounds, contrary to Title 18, United States Code, Section 1343.

(Title 18, United States Code, Sections 1349 and 3551 et seq.)

COUNT THREE

(Conspiracy to Commit Money Laundering)

28. The allegations contained in paragraphs one through 23 are realleged and incorporated as if fully set forth in this paragraph.

29. In or about and between January 2013 and March 2018, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant STEVEN PAGARTANIS, together with others, did knowingly and intentionally conspire: (a) to conduct and attempt to conduct one or more financial transactions in and affecting interstate commerce, which transactions in fact involved the proceeds of one or more specified unlawful activities, to wit: mail fraud, in violation of Title 18, United States Code, Section 1341, wire fraud, in violation of Title 18, United States Code, Section 1343, and securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, knowing that the property involved in such financial transactions represented the proceeds of some form of unlawful activity, and knowing that such transactions were designed in whole and in part to conceal and disguise the nature, the location, the source, the ownership and the control of the proceeds of specified unlawful activity, contrary to Title 18, United States Code, Section 1956(a)(1)(B)(i); and (b) to engage and attempt to engage in one or more monetary transactions in and affecting interstate commerce in criminally derived property of a value greater than \$10,000 that was derived from one or more specified unlawful activities,

to wit: mail fraud, in violation of Title 18, United States Code, Section 1341, wire fraud, in violation of Title 18, United States Code, Section 1343, and securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, knowing that the property involved in such monetary transactions represented the proceeds of some form of unlawful activity, contrary to Title 18, United States Code, Section 1957(a).

(Title 18, United States Code, Sections 1956(h) and 3551 et seq.)

COUNT FOUR

(Engaging in Unlawful Monetary Transactions)

30. The allegations contained in paragraphs one through 23 are realleged and incorporated as if fully set forth in this paragraph.

31. On or about February 13, 2017, within the Eastern District of New York and elsewhere, the defendant STEVEN PAGARTANIS, together with others, did knowingly and intentionally engage and attempt to engage in one or more monetary transactions in and affecting interstate commerce in criminally derived property of a value greater than \$10,000 that was derived from one or more specified unlawful activities, to wit: mail fraud, in violation of Title 18, United States Code, Section 1341, wire fraud, in violation of Title 18, United States Code, Section 1343, and securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, knowing that the property involved in such transactions represented the proceeds of some form of unlawful activity.

(Title 18, United States Code, Sections 1957, 2 and 3551 et seq.)

COUNT FIVE
(Money Laundering)

32. The allegations contained in paragraphs one through 23 are realleged and incorporated as if fully set forth in this paragraph.

33. On or about February 15, 2017, within the Eastern District of New York and elsewhere, the defendant STEVEN PAGARTANIS, together with others, did knowingly and intentionally conduct and attempt to conduct one or more financial transactions affecting interstate commerce, which transactions involved the proceeds of one or more specified unlawful activities, to wit: mail fraud, in violation of Title 18, United States Code, Section 1341, wire fraud, in violation of Title 18, United States Code, Section 1343, and securities fraud, in violation of Title 15, United States Code, Section 78j(b) and 78ff, knowing that the property involved in such financial transactions represented the proceeds of some form of unlawful activity, and knowing that such transactions were designed in whole and in part to conceal and disguise the nature, the location, the source, the ownership and the control of the proceeds of the specified unlawful activity.

(Title 18, United States Code, Sections 1956(a)(1)(B)(i), 2 and 3551 et seq.)

COUNTS SIX THROUGH NINE
(Wire Fraud)

34. The allegations contained in paragraphs one through 23 are realleged and incorporated as if fully set forth in this paragraph.

35. On or about the dates set forth below, within the Eastern District of New York and elsewhere, the defendant STEVEN PAGARTANIS, together with others, did knowingly and intentionally devise a scheme and artifice to defraud the Victims, and to

obtain money and property from the Victims by means of materially false and fraudulent pretenses, representations and promises, and, for the purpose of executing such scheme and artifice, transmitted and caused to be transmitted one or more writings, signs, signals, pictures and sounds by means of wire communication in interstate and foreign commerce, to wit:

Count	Approximate Date of Wire Transmission	Victim	Description of Wire Transmission
SIX	March 27, 2014	Jane Doe #9	\$403,000 wire transfer from a Genesis bank account at Capital One Bank in Suffolk County, New York, through a server in Richmond, Virginia, to a Sonesta bank account at Capital One Bank in Suffolk County, New York
SEVEN	November 29, 2016	Jane Doe #11	\$25,000 wire transfer from a Genesis bank account at Capital One Bank in Suffolk County, New York, through a server in Richmond, Virginia, to a Sonesta bank account at Capital One Bank in Suffolk County, New York
EIGHT	February 13, 2017	Jane Doe #11	\$12,000 wire transfer from a Genesis bank account at Capital One Bank in Suffolk County, New York, through a server in Richmond, Virginia, to a Sonesta bank account at Capital One Bank in Suffolk County, New York
NINE	February 14, 2017	Jane Doe #11	\$11,084 wire transfer from a Sonesta bank account at Capital One Bank in Suffolk County, New York, through a server in Richmond, Virginia, to pay the credit card bill of PAGARTANIS's family member in Suffolk County, New York

(Title 18, United States Code, Sections 1343, 2 and 3551 et seq.)

**CRIMINAL FORFEITURE ALLEGATION
AS TO COUNTS ONE, TWO AND SIX THROUGH NINE**

36. The United States hereby gives notice to the defendant that, upon his conviction of any of the offenses charged in Counts One, Two and Six through Nine, the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which require any person convicted of such offenses to forfeit any property, real or personal, constituting, or derived from, proceeds obtained directly or indirectly as a result of such offenses.

37. 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), to seek forfeiture of any other property of the defendant up to the value of the forfeitable property described in this forfeiture allegation.

(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(c))

**CRIMINAL FORFEITURE ALLEGATION
AS TO COUNTS THREE THROUGH FIVE**

38. The United States hereby gives notice to the defendant that, upon his conviction of any of the offenses charged in Counts Three through Five, the government will seek forfeiture in accordance with Title 18, United States Code, Section 982(a)(1), which requires any person convicted of such offenses to forfeit any property, real or personal, involved in such offenses, or any property traceable to such property.

39. 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), as incorporated by Title 18, United States Code, Section 982(b)(1), to seek forfeiture of any

other property of the defendant up to the value of the forfeitable property described in this forfeiture allegation.

(Title 18, United States Code, Sections 982(a)(1) and 982(b)(1); Title 21, United States Code, Section 853(p))

A TRUE BILL



FOREPERSON

RICHARD P. DONOGUE
UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK

BY: 
ACTING UNITED STATES ATTORNEY
PURSUANT TO 28 C.F.R. O.136

No.

UNITED STATES DISTRICT COURT

EASTERN District of NEW YORK

CRIMINAL DIVISION

THE UNITED STATES OF AMERICA

vs.

STEVEN PAGARTANIS,

Defendant.

INDICTMENT

(T. 15, U.S.C., §§ 78j(b) and 78ff; T. 18, U.S.C., §§ 981(a)(1)(C),
982(a)(1), 982(b)(1), 1343, 1349, 1956(a)(1)(B)(i), 1956(h), 1957, 2 and
3551 et seq.; T. 21, U.S.C., § 853(p); T. 28, U.S.C., § 2461(c))

A true bill.

Foreperson

Filed in open court this _____ day,

of _____ A.D. 20 _____

Clerk

Bail, \$ _____

Artie McConnell, Assistant U.S. Attorney (631) 715-7825

INFORMATION SHEET

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

FILED
CLERK'S OFFICE
U.S. DISTRICT COURT E.D.N.Y.
★ JUL 24 2018 ★

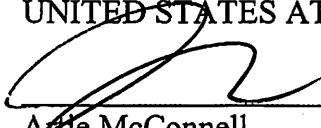
LONG ISLAND OFFICE

CR 18 374

1. Title of Case: United States v. Steven Pagartanis HURLEY, J.
2. Related Magistrate Docket Number(s): N/A LINDSAY, M.J.
3. Arrest Date: N/A
4. Nature of offense(s): Felony
 Misdemeanor
5. Related Cases - Title and Docket No(s). (Pursuant to Rule 50.3.2 of the Local E.D.N.Y. Division of Business Rules): _____
6. Projected Length of Trial: Less than 6 weeks
More than 6 weeks
7. County in which crime was allegedly committed: Suffolk
(Pursuant to Rule 50.1(d) of the Local E.D.N.Y. Division of Business Rules)
8. Was any aspect of the investigation, inquiry and prosecution giving rise to the case pending or initiated before March 10, 2012.¹ Yes No
9. Has this indictment/information been ordered sealed? Yes No
10. Have arrest warrants been ordered? Yes No
11. Is there a capital count included in the indictment? Yes No

RICHARD P. DONOGHUE
UNITED STATES ATTORNEY

By: _____


Arlie McConnell
Assistant U.S. Attorney
(631) 715-7825

¹ Judge Brodie will not accept cases that were initiated before March 10, 2012.

TO: Clerk's Office
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK



APPLICATION FOR LEAVE
TO FILE DOCUMENT UNDER SEAL IN CLERK'S OFFICE
U.S. DISTRICT COURT E.D.N.Y.

FILED

IN CLERK'S OFFICE
U.S. DISTRICT COURT E.D.N.Y.

***** ★ JUL 24 2018 ★

CR 18 574

-v.-

Docket Number

A) If pursuant to a prior Court Order:
Docket Number of Case in Which Entered: _____
Judge/Magistrate Judge: _____
Date Entered: _____

SUBMITTED BY: Plaintiff ___ Defendant ___ DOJ
Name: Artie McConnell
Firm Name: U.S. Attorney's Office
Address: 610 Federal Plaza
Central Islip, New York 11722
Phone Number: 631-715-7825
E-Mail Address: Artie.McConnell@usdoj.gov

HURLEY, J.
LINDSAY, M.J.

B) If a new application, the statute, regulation, or other legal basis that
authorizes filing under seal

INDICATE UPON THE PUBLIC DOCKET SHEET: YES ___ NO
If yes, state description of document to be entered on docket sheet:

ORDERED SEALED AND PLACED IN THE CLERK'S OFFICE
AND MAY NOT BE UNSEALED UNLESS ORDERED BY
THE COURT

DATE: Brook

U.S. DISTRICT JUDGE/U.S. MAGISTRATE JUDGE

RECEIVED IN CLERK'S OFFICE _____
DATE

MANDATORY CERTIFICATION OF SERVICE:

A.) ___ A copy of this application either has been or will be promptly served upon all parties to this action, B.) ___ Service is excused by 31 U.S.C. 3730(b), or by the following other statute or regulation: _____; or C.) ___ This is a criminal document submitted, and flight public safety, or security are significant concerns. (Check one)

DATE

SIGNATURE