

ORIGINAL

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

JUDGE DANIELS

-----X
:
UNITED STATES OF AMERICA :
:
- v. - :
:
STEVEN STALTARE, :
:
Defendant. :
:
-----X

INDICTMENT

13 Cr. **CRIM 693**

COUNT ONE

(Securities Fraud)

USDC SDNY
DOCUMENT
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DOC #:
DATE FILED: **SEP 10 2013**

The Grand Jury charges:

Relevant Persons and Entities

1. At all times relevant to this Indictment, STEVEN STALTARE, the defendant, represented himself to others as a consultant with contacts at various publicly traded and privately held companies. STALTARE also represented himself as the president of a company called the "Worldwide Marketing Group," based in Tampa, Florida.

2. At all times relevant to this Indictment, Dematco, Inc. ("Dematco"), Preventia, Inc. ("Preventia"), and First Choice Healthcare Solutions, Inc. ("First Choice") were companies listed on the NASDAQ Stock Market. At all times relevant to this Indictment, Savtira Corporation ("Savtira"), was a privately held company. Savtira filed for bankruptcy on or about April 27, 2012.

The Scheme to Defraud Victim-1 and Victim-2

3. Between in or about 2011 and in or about 2012, STEVEN STALTARE, the defendant, defrauded two individuals ("Victim-1" and "Victim-2," respectively) of thousands of dollars and shares of Dematco stock.

4. In or about 2008, Victim-1 paid STEVEN STALTARE, the defendant, approximately \$14,000 in exchange for 365,000 shares of Dematco stock. In or about 2009, Victim-1 learned that these shares had become restricted, thereby preventing Victim-1 from selling the shares on any market.

5. In or about late 2011, STEVEN STALTARE, the defendant, offered to have a "partner" of STALTARE purchase Victim-1's Dematco shares. STALTARE informed Victim-1 that his "partner" was willing to purchase all of Victim-1's shares in Dematco for approximately \$70,000. On or about March 5, 2012, STALTARE asked Victim-1 to sign a contract in which Victim-1 agreed to sell his shares in Dematco to STALTARE's purported partner for \$70,000. The individual written in as the buyer in this contract was Victim-2. After executing this agreement, but before receiving any money, Victim-1 provided his Dematco stock certificates to STALTARE to provide to Victim-2.

6. In or about late 2011, Victim-2 was introduced to STEVEN STALTARE, the defendant, by an individual who stated to

Victim-2 that he was a business partner of STALTARE ("Partner-1"). Victim-2 knew Partner-1 as an acquaintance. Victim-2 was a resident of Manhattan, New York, during all relevant times set forth in this Indictment. Shortly after Victim-2 met STALTARE, STALTARE and Partner-1 asked Victim-2 to loan them approximately \$150,000 so that STALTARE and Partner-1 could purchase shares in Dematco at a "great price" in relation to the actual value of these shares. STALTARE and Partner-1 promised Victim-2 that in exchange for this loan, Victim-2 would be repaid \$200,000 within three weeks and that Victim-2 would also receive approximately one-third of the profits from the sale of the Dematco stock. Victim-2 was also promised that he would receive Dematco stock certificates as "collateral" for his loan.

7. In or about January 2012, Victim-2 agreed to make this loan to STEVEN STALTARE, the defendant, and Partner-1. Victim-1 caused to be wire transferred approximately \$150,000 from Manhattan, New York to a bank account controlled by STALTARE in Florida. Shortly after wiring these funds, STALTARE provided Victim-2 with stock certificates for Dematco stock as collateral for his \$150,000 loan to STALTARE and Partner-1. These stock certificates included the certificates provided to Victim-1 by STALTARE, as described in paragraph 5. Shortly after receiving these certificates, Victim-2 learned that the

shares he had received were restricted and could not be sold. Neither STALTARE nor Partner-1 had told Victim-2 that these shares were restricted.

8. Although Victim-1 had agreed with STEVEN STALTARE, the defendant, to sell his stock certificates for \$70,000, Victim-1 never received any money from STALTARE, despite repeated requests. Although Victim-2 was promised that his \$150,000 loan to STALTARE and Partner-1 would be repaid with very substantial interest within three weeks, Victim-2 never received any money back. STALTARE told Victim-2 that there was a delay in repayment because he had been working on another "great deal" with another company.

9. In 2007, STEVEN STALTARE, the defendant, was convicted of securities fraud in this District. At no time did STALTARE inform either Victim-1 or Victim-2 of this prior conviction.

10. The bank records of a bank account ("Staltare Bank Account-1") controlled by STEVEN STALTARE, the defendant, indicate that from on or about January 18, 2012 through on or about January 19, 2012, Victim-2 sent three wires of \$50,000 each, totaling \$150,000, to Staltare Bank Account-1. Prior to these wire transfers, Staltare Bank Account-1 had a balance of approximately \$43,032.76. A review of Staltare Bank Account-1

from January 19, 2012, the date Victim-2 finished wiring \$150,000 into Staltare Bank Account-1, through October 25, 2012, when Staltare Bank Account-1 was closed, shows thousands of dollars in debits and online transfers for personal expenses for STALTARE and his family, including various checks to STALTARE's wife, STALTARE's brother, and to STALTARE himself; mortgage payments; credit card payments; car payments; restaurant purchases; and a variety of other personal, non-business expenses for STALTARE and his family. During this same time period, there is no record of any checks, wires, or other transfers of funds to either Victim-1 or Victim-2.

Statutory Allegations

11. From in or about 2011 through in or about 2012, in the Southern District of New York and elsewhere, STEVEN STALTARE, 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, 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 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 (c) engaging in acts, practices and courses of business which operated and would operate as a fraud and deceit upon persons, to wit, STALTARE engaged in a scheme to defraud victims in connection with the purchase, sale, and transfer of shares of stock in Dematco.

(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 TWO

(Wire Fraud)

The Grand Jury further charges:

12. The allegations contained in paragraphs 1 through 10 are repeated and realleged as though fully set forth herein.

13. From in or about 2011 through in or about 2012, in the Southern District of New York and elsewhere, STEVEN STALTARE, the defendant, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money by means of false and fraudulent pretenses, representations and promises, willfully and knowingly, 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, to wit,

STALTARE engaged in a scheme to defraud victims in connection with the purchase, sale, and transfer of shares of stock in Dematco, in the course of which STALTARE caused a victim to effectuate interstate wire transfers totaling \$150,000.

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

COUNT THREE

(Securities Fraud)

The Grand Jury further charges:

14. The allegations contained in paragraphs 1 and 2 are repeated and realleged as though fully set forth herein.

The Scheme to Defraud Victim-3 and Victim-4

Victim-3

15. In or about late 2012, STEVEN STALTARE, the defendant, recommended to Victim-3, an acquaintance, an investment in Preventia stock. STALTARE told Victim-3 that Preventia stock would be a great investment with significant returns.

16. On or about October 14, 2012, STEVEN STALTARE, the defendant, sent Victim-3 an email encouraging Victim-3 to invest in Preventia through STALTARE. Among other things, STALTARE stated in this email that, "The company Preventia Inc (trades under symbol: PVTA) is currently at .71 cents per shares in the market... this deal is worth at least \$2-\$3 per shares

over the next 6 months. Here is what I can get and my game plan as [discussed with] you: Through my affiliate I have in place, I can get shares in the company via exercising options through a close person at .30 cents a [share], hence .41 cents cheaper than the market. We buy through me and my affiliation, the shares at .30 and in the next 30 days, with news and stuff going on, I am anticipating at least a \$1.00 market price. At that time, I sell the needed amount of shares to generate back the [principal] and take some profit off the table. Then as the stock continues to climb, we continue to take profits and hold and take profits." After further explanation, STALTARE stated, "In this play you get your \$50,000 principal off the table in 30 days and at worst case make \$133,000 profits and still own 25,000 shares for [the] long term [for] over \$3.00." STALTARE concluded the email by providing wiring instructions for a bank account controlled by STALTARE ("Staltare Bank Account-2").

17. In or about October 2012, Victim-3 agreed to wire money to STEVEN STALTARE, the defendant. STALTARE promised Victim-3 by phone and by email that he would use these funds to purchase shares in Preventia for Victim-3. On or about October 15, 2012, Victim-3 wired \$25,000 to Staltare Bank Account-2.

18. Following this wire transfer, Victim-3 repeatedly asked STEVEN STALTARE, the defendant, for confirmation of her

purchases of stock in Preventia. Specifically, Victim-3 asked STALTARE for the stock certificates reflecting her purchases of stock in Preventia. Despite repeated requests by phone, email and text message, STALTARE did not provide Victim-3 with any stock certificates or any other legitimate confirmation of Victim-3's ownership of stock in Preventia.

19. In or about March or April 2013, Victim-3 repeatedly asked STEVEN STALTARE, the defendant, through text messages, for stock certificates for the Preventia stock that Victim-3 had purportedly purchased through STALTARE. In response, STALTARE wrote, "Ok, I just got confirmation all will be settled and sent by no later than April 9th [April 9, 2013]. All past and recent will then be squared away and you guys will all be happy and of course profitable. There is an outside chance it could be sooner but I am saying April 9th bottom line no waiting for anything else. Sorry it has been so long but there are reasons and were some little complications and some obstacles I needed to deal with." Despite this text message from STALTARE, Victim-3 did not receive any stock certificates or any other legitimate confirmation of Victim-3's ownership in Preventia stock by April 9, 2013.

20. Victim-3 last spoke to STEVEN STALTARE, the defendant, in or about May 2013 to ask for stock certificates or

the return of her investment principal. As of the date of this Indictment, Victim-3 has not received any stock certificates or her original investment back from STALTARE.

21. At no time did STEVEN STALTARE, the defendant, inform Victim-3 that he had previously been convicted of securities fraud as set forth in paragraph 9.

22. Bank records of Staltare Bank Account-2, controlled by STALTARE and a relative of STALTARE, indicate that on or about October 15, 2012, Victim-3 sent a \$25,000 wire to Staltare Bank Account-2. At that time, Staltare Bank Account-2 had a balance of approximately \$628.45. Within three days of Victim-3's wire transfer of \$25,000 to Staltare Bank Account-2, STALTARE's withdrawals and expenditures left Staltare Bank Account-2 with a remaining balance of approximately \$2,576.26. By October 31, 2012, the balance for Staltare Bank Account-2 was depleted to approximately \$233.44, due to various personal expenditures at supermarkets, gas stations, and liquor stores, among other things. Moreover, there were no transactions in Staltare Bank Account-2 reflecting stock purchases in Preventia on behalf of Victim-3.

Victim-4

23. Between in or about 2012 and in or about 2013, STEVEN STALTARE, the defendant, defrauded another individual

("Victim-4") who invested money with STALTARE in connection with stock in Dematco, Preventia, First Choice, and Savtira.

24. Victim-4 first met STEVEN STALTARE, the defendant, in 2006. Soon thereafter, Victim-4 began having conversations with STALTARE about investing in stocks. Several years after this first meeting, Victim-4 began investing with STALTARE, who represented to Victim-4 that he could help Victim-4 profit handsomely by investing in the stocks of various companies that STALTARE was connected to.

25. From in or about April 2012 through in or about February 2013, at the direction of STEVEN STALTARE, the defendant, Victim-4 wired a total of approximately \$357,000 to two different bank accounts controlled by STALTARE, specifically Staltare Bank Account-2 and another bank account controlled by STALTARE ("Staltare Bank Account-3"). At various meetings and through emails, phone calls, and text messages, Victim-4 was told by STALTARE that these funds would be invested in four different public companies on behalf of Victim-4. Specifically, STALTARE told Victim-4 that approximately \$150,000 was being invested in Savtira stock, approximately \$87,500 in Preventia stock, approximately \$80,000 in Dematco stock, and approximately \$15,000 in First Choice stock.

26. From on or about April 6, 2012, through on or about May 18, 2012, Victim-4 wired approximately \$150,000 to Staltare Bank Account-2 at the direction of STEVEN STALTARE, the defendant, for the purchase of shares of Savtira. Prior to these wire transfers, Staltare Bank Account-2 had a balance of approximately \$171.00. From April 6, 2012 through May 18, 2012, STALTARE wrote \$14,000 in checks to his wife, made \$26,900 in payments for a credit card, wrote \$49,500 in checks to himself, made \$27,700 in cash withdrawals, spent \$9,000 for his mortgage, wired \$2,500 to a gambling account for STALTARE at the Florida Casino, and had spent thousands of dollars for various personal expenses.

27. On or about April 19, 2012, STEVEN STALTARE, the defendant, sent Victim-4 an email. This email was a response to an email that had previously been sent by Victim-4 to STALTARE. In that original message, that was embedded within the April 19, 2012 email from STALTARE, Victim-4 had told STALTARE, "I happen to be looking [online] and see that Savtira is having trouble making payroll. That [does] not look [too] good and makes me feel insecure about investing a lot into the Company... I need you to explain the shares to me again. They are not going to be publicly tradable, [correct] and I am going to be limited as to how I can get out correct?? Email me when you can."

28. In response, STEVEN STALTARE, the defendant, stated, among other things, "This company will NOT make it in my opinion past this year without being bought out. Honestly, I don't think they make it through the summer and I will tell you [it] will be at least \$3 billion if not at least \$5 billion. That is between \$30,000 and \$50,000 valuation per shares. That is HUGE for us [Victim-4], HUGE!!!" Shortly thereafter, the email continued, "So [Victim-4] this company is going NO WHERE but UP to the clouds, haha. You will see at least \$30,000 a share if not \$50,000 or more, bottom line so trust me, you want as much as we can get here no bullshit as this company in my real opinion, doesn't make it past September before we are sold or at worst case an investment [fund] coming in and buy a block which we would all get to sell the same percentage of our holding into it... I wish you [had] \$250,000 worth here as that would be worth at least at worst case \$3.8 million plus! Ok, let me know when the wire is coming and if you want you can do more and need time, please let me know as I will work it out, ok. Steven."

29. On or about May 18, 2012, STEVEN STALTARE, the defendant, sent Victim-4 an email that stated, "I worked out as I told you with them special pricing which I included you in on and went back and put you in for that, \$500 per share. You

currently sent in \$150,000 which means you are owed 300 shares. When they come back out of BKL and resume normal activity and valuation, the last valued purchase was at \$5,000 per shares or a \$500 million valuation. That puts the shares you already have at a valuation of \$1.5 million when all is said and done."

Later in the email, STALTARE wrote, "On your end you should do at least another \$50,000[.] I would like to see you do \$100,000 so you are in for \$250,000 and make at least \$2.5 million off of it, at least.... [L]et me know how much you can wire down today... So you know I am buying another \$250,000 worth myself, which is why I suggested you do that [for] a total of \$250,000."

30. On or about May 18, 2012, Victim-4 wired an additional \$10,000 to Staltare Account-2. Prior to this wire transfer, Staltare Account-2 had a balance of approximately \$2,406.11. By May 25, 2012, STEVEN STALTARE, the defendant, had written \$3,000 in checks to himself, \$3,500 in checks payable to STALTARE's wife, and made various ATM withdrawals and debits for personal expenditures, leaving a balance of \$95.70 in Staltare Account-2.

31. By the date of this Indictment, despite numerous requests by Victim-4 to STEVEN STALTARE, the defendant, for confirmation of Victim-4's ownership of the stocks as set forth above from his approximately \$357,000 investment, STALTARE has

not provided Victim-4 with a single stock certificate, receipt, or any other legitimate confirmation of Victim-4's ownership of stocks arising from Victim-4's investment with STALTARE. As of the date of this Indictment, Victim-4 had not received any money back from STALTARE since his wiring of funds to STALTARE's bank accounts.

32. At no time did STEVEN STALTARE, the defendant, inform Victim-4 that he had previously been convicted of securities fraud as set forth in paragraph 9.

33. The bank records for Staltare Bank Account-2 and Staltare Bank Account-3, which STALTARE also controlled, indicate that from in or about April 2012 through in or about December 2012, Victim-4 wired approximately \$342,000 to Staltare Bank Account-2, and on or about February 21, 2013, Victim-4 wired approximately \$15,000 to Staltare Bank Account-2. During these time periods, bank records reflect that Staltare Bank Account-2 and Staltare Bank Account-3 were primarily used for personal expenditures, such as groceries, credit card bill payments, mortgage payments, checks made out to STALTARE and STALTARE's wife, and regular cash withdrawals of thousands of dollars at a time. In total, Victim-4 wired approximately \$357,000 to Staltare Bank Account-2 and Staltare Bank Account-3. From in or about April 2012 through in or about February 2013,

there were no transactions in Staltare Bank Account-2 or Staltare Bank Account-3 reflecting stock purchases made by STALTARE in Savtira, Preventia, First Choice or Dematco on behalf of Victim-4.

34. Various wire transfers of funds sent by Victim-4 to Staltare Bank Account-2, as set forth in paragraph 33, were routed from a location in Manhattan, New York to Staltare Bank Account-2, located in Florida.

Statutory Allegations

35. From in or about 2012 through in or about 2013, in the Southern District of New York and elsewhere, STEVEN STALTARE, 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, 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 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 (c) engaging in acts, practices and courses of

business which operated and would operate as a fraud and deceit upon persons, to wit, STALTARE engaged in a scheme to defraud victims by soliciting funds for investment in various securities, including Dematco, Preventia, First Choice, and Savtira.

(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 FOUR

(Wire Fraud)

The Grand Jury further charges:

36. The allegations contained in paragraphs 1 and 2, and 15 through 34 are repeated and realleged as though fully set forth herein.

37. From in or about 2012 through in or about 2013, in the Southern District of New York and elsewhere, STEVEN STALTARE, the defendant, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money by means of false and fraudulent pretenses, representations and promises, willfully and knowingly, 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, to wit, STALTARE engaged in a scheme to defraud investors by soliciting

funds for investment in various securities, including Dematco, Preventia, First Choice, and Savtira, in the course of which STALTARE caused a victim to effectuate interstate wire transfers.

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

FORFEITURE ALLEGATION

38. As a result of committing the offenses alleged in Counts One, Two, Three, and Four of this Indictment, STEVEN STALTARE, 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, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offenses.

SUBSTITUTE ASSET PROVISION

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 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

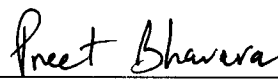
which cannot be subdivided without difficulty;

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

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



FOREPERSON



PREET BHARARA
United States Attorney

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

- v. -

STEVEN STALTARE

Defendant.

INDICTMENT

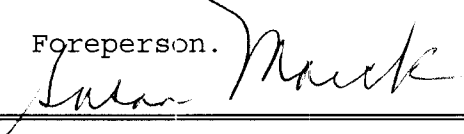
13 Cr. ___

(Title 18, United States Code, Section 1343,
Title 15, United States Code, Sections 78j(b) and 78ff)

PREET BHARARA
United States Attorney.

A TRUE BILL

Foreperson.



Sept 10, 2013 indictment filed. Case assigned
to USDS Daniels. A. Pect USMI