

**UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS**

_____)	
UNITED STATES OF AMERICA)	
)	CRIMINAL NO. 14CR10056-
)	
v.)	VIOLATIONS:
)	
SHMUEL SHNEIBALG,)	18 U.S.C. §§1341, 1349 (Mail Fraud)
)	18 U.S.C. §§1343, 1349 (Wire Fraud)
Defendant.)	18 U.S.C. §981 (Forfeiture)
)	28 U.S.C. §2461 (Forfeiture)
_____)	

INDICTMENT

THE GRAND JURY CHARGES THAT:

GENERAL ALLEGATIONS

At times relevant to this Indictment:

1. Defendant SHMUEL SHNEIBALG (“SHNEIBALG”) resided in New York. SHNEIBALG was the President and Chief Executive Officer of Safetek International, Inc., a company that purportedly sought to produce and market a product designed to relieve hemorrhoid irritation.
2. Safetek International, Inc.’s common stock was publicly quoted on the Pink OTC Markets, Inc., an inter-dealer electronic quotation and trading system in the over-the-counter securities market commonly known as the “Pink Sheets.”
3. “UA” was an undercover agent of the Federal Bureau of Investigation (“FBI”) who purported to be a representative of a major investment fund (the “Fund”). In actuality, and unbeknownst to SHNEIBALG, the Fund never existed, except as part of an ongoing FBI undercover operation.

4. "H.A." was in the business of assisting public companies in finding sources of funding. H.A. is an individual known to the Grand Jury.

THE FRAUD

5. Beginning in or about April 2011, and continuing through at least May 2011, SHNEIBALG engaged in, and attempted to engage in, a scheme to defraud and obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, by secretly kicking back to UA fifty percent of Fund monies invested in Safetek International, Inc.

MANNER AND MEANS OF THE FRAUD

6. At some point prior to April 14, 2011, H.A. arranged for SHNEIBALG to meet with UA to discuss funding for Safetek International, Inc.

7. On or about April 14, 2011, SHNEIBALG met with UA and H.A. to discuss a potential investment of the Fund's monies in Safetek International, Inc. in exchange for a fifty percent kickback to UA (the "April 14 Meeting"). SHNEIBALG indicated that he was willing to enter into the kickback arrangement.

8. At the April 14 Meeting, UA, SHNEIBALG, and H.A. also discussed the mechanics of the funding. UA explained to SHNEIBALG that UA would invest the money in Safetek International, Inc. over time in tranches, or installments, of increasing amounts.

9. At the April 14 Meeting, UA further discussed with SHNEIBALG the mechanics of how the monies would be kicked back to UA. UA and SHNEIBALG arranged to have Safetek International, Inc. execute a consulting agreement with a "nominee" company that UA purportedly controlled, even though UA told SHNEIBALG that he would not actually provide any consulting services. UA also told SHNEIBALG that UA's "nominee" company would

invoice Safetek International, Inc. in order to disguise the kickbacks. UA further explained to SHNEIBALG that the Fund would not know about the kickbacks paid to him through such a consulting agreement.

10. On various dates between April 15, 2011, and May 27, 2011, SHNEIBALG sent UA documents related to the kickback transactions, including a consulting agreement between Safetek International, Inc. and UA's nominee consulting company and phony invoices in the name of UA's nominee consulting company.

11. On or about April 20, 2011, \$15,000 was sent by wire transfer from a bank account maintained in Boston, Massachusetts, purportedly belonging to the Fund, to a corporate bank account of Safetek International, Inc. outside of Massachusetts. The wire transfer represented the first tranche of funding to Safetek International, Inc.

12. On or about April 21, 2011, SHNEIBALG caused \$7,500 to be sent by wire transfer from a corporate bank account of Safetek International, Inc. outside of Massachusetts to Citizens Bank account number *****0517, which was purportedly held in the name of UA's nominee company in Massachusetts. This wire transfer represented SHNEIBALG's kickback to UA from the first tranche of funding for Safetek International, Inc.

13. On or about April 29, 2011, SHNEIBALG caused a phony invoice for consulting services that were never performed to be sent to UA by electronic mail. This phony invoice related to the monies SHNEIBALG agreed to kick back to UA from the proposed second tranche of funding for Safetek International, Inc.

14. On or about May 2, 2011, SHNEIBALG caused a stock certificate representing the initial purchase by the Fund of Safetek International, Inc. shares to be sent to UA by Federal Express.

15. On or about May 6, 2011, \$25,000 was sent by wire transfer from a bank account maintained in Boston, Massachusetts, purportedly belonging to the Fund, to a corporate bank account of Safetek International, Inc. outside of Massachusetts. This wire transfer represented the second tranche of funding to Safetek International, Inc.

16. On or about May 9, 2011, SHNEIBALG caused \$12,500 to be sent by wire transfer from a corporate bank account of Safetek International, Inc. outside of Massachusetts to Citizens Bank account number *****0517, which was purportedly held in the name of UA's nominee company in Massachusetts. This wire transfer represented SHNEIBALG's kickback to UA from the second tranche of funding to Safetek International, Inc.

17. On or about May 10, 2011, SHNEIBALG caused a stock certificate representing the purchase by the Fund of Safetek International, Inc. shares to be sent to UA by Federal Express.

18. On or about May 27, 2011, SHNEIBALG caused a phony invoice for consulting services that were never performed to be sent to UA by electronic mail. This phony invoice related to the monies SHNEIBALG agreed to kick back to UA from a proposed third tranche of funding for Safetek International, Inc. This proposed third tranche of funding was never sent to Safetek International, Inc.

COUNTS ONE THROUGH TWO
(Mail Fraud – 18 U.S.C. §1341)

19. The allegations in Paragraphs 1 through 18 are re-alleged and incorporated herein by reference.

20. On or about the following dates, in the District of Massachusetts and elsewhere, the defendant,

SHMUEL SHNEIBALG,

having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, for the purposes of executing such scheme and artifice and attempting to do so, did knowingly cause matters and things to be delivered by the United States Postal Service and by private and commercial interstate carrier, as follows:

COUNT	DATE	CARRIER	MAILING
1	5/2/2011	Federal Express	Stock certificate representing the purchase by the Fund of 187,500 shares of Safetek International, Inc.
2	5/10/2011	Federal Express	Stock certificate representing the purchase by the Fund of 208,344 shares of Safetek International, Inc.

All in violation of Title 18, United States Code, Sections 1341, 1349, and 2.

COUNTS THREE THROUGH FOUR
(Wire Fraud – 18 U.S.C. §1343)

21. The allegations in Paragraphs 1 through 18 are re-alleged and incorporated herein by reference.

22. On or about the following dates, in the District of Massachusetts and elsewhere, the defendant,

SHMUEL SHNEIBALG,

having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, for the purpose of executing such scheme and artifice, did transmit and cause to be transmitted, by means of wire communication in interstate commerce, signs, signals, pictures, and sounds, and attempted to do so, to wit, wire transfers and associated online notices, instructions and inquiries regarding the transfer of funds into and out of a bank account in the name of UA's nominee company in Massachusetts, as follows:

COUNT	DATE	WIRE TRANSMISSION
3	4/21/2011	\$7,500 wire transfer from a corporate account of Safetek International, Inc. at Capital One, N.A. outside of Massachusetts to Citizens Bank account number *****0517 in Boston, Massachusetts.
4	5/9/2011	\$12,500 wire transfer from a corporate account of Safetek International, Inc. at Capital One, N.A. outside of Massachusetts to Citizens Bank account number *****0517 in Boston, Massachusetts.

All in violation of Title 18, United States Code, Sections 1343, 1349, and 2.

FORFEITURE ALLEGATIONS
(18 U.S.C. § 981(a)(1)(C) & 28 U.S.C. § 2461(c))

23. Upon conviction of one or more of the offenses alleged in Counts One through Four of this Indictment, the defendant,

SHMUEL SHNEIBALG,

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 property, real or personal, that constitutes, or is derived from, proceeds traceable to the commission of the offenses, including but not limited to at least \$40,000, which represents the proceeds of the defendant's violations.


24. If any of the property described in paragraph 23 hereof as being forfeitable pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), 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 to, sold to, or deposited with a third party;
- c. has been placed beyond the jurisdiction of this 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 intention of the United States, pursuant to Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of all other property of the defendant up to the value of the property described in paragraph 23.

All pursuant to Title 18, United States Code, Section 981 and Title 28, United States Code, Section 2461(c).

A TRUE BILL

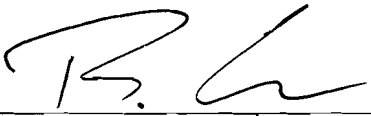

Foreperson of the Grand Jury


RYAN M. DISANTIS
Assistant United States Attorney

DISTRICT OF MASSACHUSETTS

February 27, 2014

Returned into the District Court by the Grand Jurors and filed.


Deputy Clerk 2/27/14
@ 11:50pm

Criminal Case Cover Sheet

U.S. District Court - District of Massachusetts

Place of Offense: _____ Category No. II Investigating Agency FBI

City Burlington

Related Case Information: 14CR10056-

County Middlesex

Superseding Ind./ Inf. N/A Case No. N/A
Same Defendant N/A New Defendant N/A
Magistrate Judge Case Number N/A
Search Warrant Case Number N/A
R 20/R 40 from District of N/A

Defendant Information:

Defendant Name SHMUEL SHNEIBALG Juvenile: Yes No

Is this person an attorney and/or a member of any state/federal bar: Yes No

Alias Name _____

Address (City & State) Brooklyn, NY

Birth date (Yr only): 1970 SSN (last4#): 2031 Sex M Race: WHITE Nationality: Israeli Citizen

Defense Counsel if known: _____ Address _____

Bar Number _____

U.S. Attorney Information:

AUSA Ryan M. DiSantis Bar Number if applicable 654513

Interpreter: Yes No List language and/or dialect: _____

Victims: Yes No If yes, are there multiple crime victims under 18 USC§3771(d)(2) Yes No

Matter to be SEALED: Yes No

Warrant Requested Regular Process In Custody

Location Status:

Arrest Date _____

Already in Federal Custody as of _____ in _____

Already in State Custody at _____ Serving Sentence Awaiting Trial

On Pretrial Release: Ordered by: _____ on _____

Charging Document: Complaint Information Indictment

Total # of Counts: Petty _____ Misdemeanor _____ Felony 4

Continue on Page 2 for Entry of U.S.C. Citations

I hereby certify that the case numbers of any prior proceedings before a Magistrate Judge are accurately set forth above.

Date: 2/27/14 Signature of AUSA: [Signature]

