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INDICTMENT

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA :

- v. - :

JAMES MONAHAN and
EDWARD ADAMS, :

Defendants. :

----- -x

12 Cr.

12 CRIM 587

COUNT ONE

(Conspiracy to Commit Wire Fraud & Mail Fraud)

The Grand Jury charges:

Relevant Individuals and Entities

1. At all times relevant to this Indictment, Panam Management Group, Inc. ("Panam") was a corporation located in Manhattan, New York. During this time period, Panam, through its management, solicited investment funds for a purported real estate development project in the Dominican Republic.

2. At all times relevant to this Indictment, JAMES MONAHAN, the defendant, was the Chairman and Chief Executive Officer ("CEO") of Panam.

3. At all times relevant to this Indictment, EDWARD ADAMS, the defendant, was an attorney licensed to practice law in New York. ADAMS was a partner in the law firm of Obermayer & Adams LLP, whose offices were located in Manhattan, New York.

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4. At all times relevant to this Indictment, BridgePoint Ventures LLC ("Bridgepoint") was a real estate investment company based in Ft. Lauderdale, Florida that was engaged in locating real estate development projects as investment opportunities for its clients.

The Scheme to Defraud

5. Beginning in or about January 2008, Bridgepoint employees negotiated a real estate development deal with JAMES MONAHAN, the defendant. The purpose of the deal was to offer Bridgepoint clients the opportunity to invest in a condominium project that MONAHAN claimed to be developing called "Praderas Del Yaque" (the "Praderas Project"), which was to be located on Avenida Universitaria, La Barranquita, in Santiago, Dominican Republic.

6. The Praderas Project purported to develop approximately 1,200 condominium units. During the negotiations concerning the Praderas Project, JAMES MONAHAN, the defendant, repeatedly touted his prior service with the New York City Police Department as proof of his trustworthiness and as a reason why Bridgepoint should invest in the Praderas Project.

7. In or around October 2008, the CEO of Bridgepoint and JAMES MONAHAN and EDWARD ADAMS, the defendants, entered into final negotiations for the Praderas Project. The negotiations occurred at Panam's offices in Manhattan, New York. During the

negotiations, the CEO of Bridgepoint advised MONAHAN and ADAMS that one of his clients' primary concerns was to ensure that their investment funds would be held in escrow, and that the developer have no, or only limited, access to the escrowed funds. In order to address that concern, MONAHAN, ADAMS, and the CEO of Bridgepoint agreed to structure the investment so that Bridgepoint investors could elect to have their funds placed in one of two escrow "tranches". In the first "tranche," the funds would be held in escrow, but could be accessed if Panam posted collateral worth four times the amount of the funds removed from the escrow account. In the second "tranche," the funds were to be held in escrow and Panam would not be able to access the funds until the project was sufficiently completed.

8. On or about October 21, 2008, Panam and Bridgepoint executed a Master Agreement whereby Panam was to sell condominium units in the Praderas Project to investors introduced by Bridgepoint. In addition, Panam and Bridgepoint executed an escrow agreement in which EDWARD ADAMS, the defendant, was to serve as the escrow agent for the deal. As the escrow agent, ADAMS, who was responsible for protecting investor funds, was to be paid \$25,000.

9. Pursuant to the escrow agreement, and consistent with prior negotiations, deposits from investors were to be placed, at the investor's discretion, into one of two escrow

"tranches," which were designated "Tranche A" and "Tranche B" (collectively, the "Praderas Project Escrow Accounts"). For "Tranche A," Panam was permitted to "access only the deposits for Tranche A provided [Panam] places collateral in the form of owned and titled land equal to no less than (400%) of the amount of the deposit being accessed." For Tranche B, the agreement stated that Panam "may not access the deposits for Tranche B under any circumstance."

10. Beginning in or about November 2008, investors brought into the Praderas Project through Bridgepoint provided approximately \$4,757,931 in total investment funds, of which approximately \$1,072,773 was placed in the Tranche A escrow account (where it could be accessed by Panam only if sufficient collateral were posted) and approximately \$3,685,157 was placed in the Tranche B escrow account (where the funds could not be accessed by Panam).

11. Beginning in or about February 2009, the funds deposited into the Praderas Project Escrow Accounts on behalf of the Bridgepoint investors were removed from those accounts by EDWARD ADAMS, the defendant, who was the paid escrow agent. By in or about June 2009, all of the funds from the Praderas Project Escrow Accounts had been withdrawn by ADAMS and the accounts closed.

12. Beginning in or about December 2008, Bridgepoint

began making inquiries both to JAMES MONAHAN and EDWARD ADAMS, the defendants, as to the status of the investors' funds that had been deposited into the Praderas Project Escrow Accounts. Those inquiries were conducted via telephone calls from Bridgepoint's offices in Florida to both the law offices of EDWARD ADAMS, the defendant, in Manhattan, New York and to MONAHAN's Panam offices in Manhattan, New York. The inquiries also were conducted via e-mail. At all times, MONAHAN and ADAMS indicated that the funds were safe and accounted for; they never disclosed that escrow funds had been withdrawn by ADAMS.

13. On or about May 9, 2009, an employee of Bridgepoint contacted Bank of America, where the Praderas Project Escrow Accounts were based, and accessed account information relating to those accounts. The Bridgepoint employee learned that over \$4,300,000 had been removed from the accounts without permission from, or notice to, Bridgepoint or its clients.

14. Shortly thereafter, Bridgepoint employees contacted JAMES MONAHAN and EDWARD ADAMS, the defendants, and confronted them with this information. The employees again demanded an accounting of the funds that were held in the Praderas Project Escrow Accounts. No factual explanation was supplied to them by either MONAHAN or ADAMS.

15. On or about May 6, 2009, EDWARD ADAMS, the defendant, sent a letter to Bridgepoint denying Bridgepoint

access to bank records related to the Praderas Project Escrow Accounts. In the letter, ADAMS also claimed that he had fulfilled his obligations as escrow agent.

16. On or about May 22, 2009, JAMES MONAHAN, the defendant, mailed a memorandum, from New York, New York, to various Bridgepoint investors. In that letter, MONAHAN claimed that "no funds were lost and the escrow accounts are in good standings [sic] and uncompromised in any capacity." In addition, with that mailing, MONAHAN included a letter on Bank of America letterhead that stated that Panam "has full custody over said funds in the amount of USD 100,000,000.00 (one hundred million dollars) and these funds shall remain reserved and under their exclusive instructions." The letter on Bank of America letterhead was a forgery.

17. Despite additional efforts made by Bridgepoint, the approximately \$4,757,931 in Bridgepoint investor funds have never been returned. In addition, no apparent progress has been made in the construction of the Praderas Project, which remains undeveloped.

The Conspiracy

18. From at least in or about the beginning of 2008, up through and including in or about May 2012, in the Southern District of New York and elsewhere, JAMES MONAHAN and EDWARD ADAMS, the defendants, and others known and unknown, willfully

and knowingly did combine, conspire, confederate and agree together and with each other to violate Title 18, United States Code, Sections 1341 and 1343.

Objects of the Conspiracy

Mail Fraud

19. It was a part and an object of the conspiracy that JAMES MONAHAN and EDWARD ADAMS, the defendants, and others known and unknown, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, for the purpose of executing such scheme and artifice and attempting so to do, would and did place in a post office and authorized depository for mail matter, a matter and thing to be sent and delivered by the Postal Service and knowingly would and did cause to be delivered by mail according to the direction thereon, and would and did thereby affect a financial institution, in violation of Title 18, United States Code, Section 1341.

Wire Fraud

20. It was further a part and an object of the conspiracy that JAMES MONAHAN and EDWARD ADAMS, the defendants, and others known and unknown, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and

fraudulent pretenses, representations and promises, would and did transmit and cause to be transmitted by means of a wire, radio, and television communication in interstate commerce, writings, signs, signals, pictures, and sounds for purposes of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343.

OVERT ACTS

21. In furtherance of the conspiracy and to effect the illegal objects thereof, JAMES MONAHAN and EDWARD ADAMS, the defendants, committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. Between approximately in or about December 2008 and in or about April 2009, MONAHAN and ADAMS had telephone conversations during which each fraudulently claimed that over \$4,700,000 in investor funds were safely maintained in escrow accounts or failed to disclose that escrow funds had been withdrawn by ADAMS, when in fact MONAHAN and ADAMS had stolen those funds.

b. On or about May 6, 2009, ADAMS sent a letter to Bridgepoint denying Bridgepoint access to the bank statements for the escrow accounts.

c. On or about May 22, 2009, MONAHAN caused a false letter from Bank of America to be mailed, from New York, New York to investors, assuring them that their funds were

maintained by the bank when, in fact, MONAHAN and ADAMS had stolen those funds.

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

COUNT TWO

(Mail Fraud)

The Grand Jury further charges:

22. The allegations contained in paragraphs 1 through 17 are repeated and realleged as though fully set forth herein.

23. From at least in or about the beginning of 2008, up through and including in or about May 2012, in the Southern District of New York and elsewhere, JAMES MONAHAN and EDWARD ADAMS, the defendants, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, for the purpose of executing such scheme and artifice and attempting so to do, did place in a post office and authorized depository for mail matter, a matter and thing to be sent and delivered by the Postal Service and knowingly did cause to be delivered by mail according to the direction thereon, and did thereby affect a financial institution, to wit, for example, on or about May 22, 2009, MONAHAN caused a false letter from Bank of America to be mailed to investors assuring them that their funds were maintained by the bank when, in fact, MONAHAN and ADAMS had stolen those funds.

(Title 18, United States Code, Sections 1341 & 2.)

COUNT THREE

(Wire Fraud)

The Grand Jury further charges:

24. The allegations contained in paragraphs 1 through 17 are repeated and realleged as though fully set forth herein.

25. From at least in or about the beginning of 2008, up through and including in or about May 2012, in the Southern District of New York and elsewhere, JAMES MONAHAN and EDWARD ADAMS, the defendants, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, transmitted and caused to be transmitted by means of a wire, radio, and television communication in interstate commerce, writings, signs, signals, pictures, and sounds for purposes of executing such scheme and artifice, to wit, in telephone conversations in Miami, Florida and New York City, MONAHAN and ADAMS fraudulently claimed that over \$4,700,000 in investor funds were safely maintained in the Praderas Project escrow accounts or failed to disclose that the funds had been withdrawn when in fact MONAHAN and ADAMS had stolen those funds.

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

FORFEITURE ALLEGATION

26. As a result of committing the offenses alleged in Counts One, Two and Three of this Indictment, JAMES MONAHAN and EDWARD ADAMS, the defendants, shall forfeit to the United States pursuant to 18 U.S.C. § 981(a)(1)(c) and 28 U.S.C. § 2461, any property constituting or derived from proceeds obtained directly or indirectly as a result of the wire and mail fraud offenses alleged in Counts One, Two and Three of this Indictment, including but not limited to, at least \$4,700,000 in United States currency, in that such sum in aggregate is property representing the amount of proceeds obtained as a result of the offenses alleged in Counts One, Two and Three of the Indictment.

SUBSTITUTE ASSET PROVISION

27. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

- (1) cannot be located upon the exercise of due diligence;
- (2) has been transferred or sold to, or deposited with, a third person;
- (3) has been placed beyond the jurisdiction of the Court;
- (4) has been substantially diminished in value; or
- (5) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), to seek forfeiture of any other property of said defendants up to the value of the above forfeitable property.

(Title 18, United States Code, Sections 981 and 1343, Title 21, United States Code, Section 853, and Title 28, United States Code, Section 2461.)

FOREPERSON

Preet Bharara
PREET BHARARA (S)
United States Attorney

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

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(18 U.S.C. §§ 1341, 1343 & 2)

PREET BHARARA

United States Attorney.

A TRUE BILL

Foreperson.

8/2/12
MB

Indictment filed. Case assigned
to Judge Koeth for all purposes.
EHS, USMJ