

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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: UNITED STATES OF AMERICA :  
: : INFORMATION  
: - v. - :  
: 12 Cr.  
ALAN RITTER, :  
: :  
: Defendant. :  
: :  
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COUNTS ONE THROUGH THREE

(Wire Fraud)

The United States Attorney charges:

Relevant Persons and Entities

1. At all times relevant to this Information, ALAN RITTER, the defendant, was a certified public accountant. RITTER operated an accounting practice in Rockland County, New York ("Ritter's Accounting Practice").

The Scheme To Defraud

2. In or about 2001, ALAN RITTER, the defendant, and a business partner (the "Business Partner") formed a business - distinct from Ritter's Accounting Practice - intended to purchase and collect distressed consumer debt (the "Debt Collection Business"). The Debt Collection Business was a failure. In connection with the failure of the Debt Collection Business, RITTER lost several hundred thousand dollars of his own money and, in addition, RITTER paid the Business Partner

approximately \$500,000 to reimburse the Business Partner for his losses.

3. In order to pay for the aforementioned losses from the failure of the Debt Collection Business, beginning in or about 2001, ALAN RITTER, the defendant, borrowed hundreds of thousands of dollars from several friends and clients of Ritter's Accounting Practice (the "Initial Loans"). In order to procure the Initial Loans, RITTER falsely told the lenders that their money would be invested in several real estate projects with which RITTER was involved. In fact, as RITTER knew, the proceeds of the Initial Loans would be and were used to repay the Business Partner. In exchange for the Initial Loans, RITTER agreed to pay these lenders interest on a monthly basis at a fixed interest rate and to return the principal to the lenders either on a specified date or on demand.

4. Thereafter, between in or about 2001 and the present, ALAN RITTER, the defendant, operated a "Ponzi scheme" whereby RITTER repeatedly and continuously borrowed money from several dozen family members, friends, and clients of Ritter's Accounting Practice for the purpose of servicing the ever increasing amount of debt that resulted from the Initial Loans and all of these subsequent loans. The amount of money that RITTER borrowed from each investor ranged from tens of thousands

of dollars to hundreds of thousands of dollars. As with the Initial Loans, RITTER procured these subsequent loans (the "Ponzi Scheme Loans") by falsely telling the lenders that their money would be used as an investment in various business ventures. For example, RITTER told at least one investor that the investor's money was going to be invested in a real estate project that RITTER was managing. In fact, as RITTER knew, the proceeds of the Ponzi Scheme Loans would be and were used to make the interest payments on the ever expanding debt RITTER was accumulating, and also for RITTER's personal benefit. In exchange for the Ponzi Scheme Loans, RITTER - as with the Initial Loans - agreed to pay the lenders interest on a monthly basis at a fixed interest rate and to return the principal to the lenders either on a specified date or on demand.

5. In addition to making false and fraudulent statements for the purpose of obtaining the Ponzi Scheme Loans, ALAN RITTER, the defendant, in order to perpetuate the scheme, also made false, fraudulent, and deceptive statements to various lenders who inquired about obtaining repayment of their principal. For example, in one instance, RITTER fraudulently dissuaded a lender from insisting on repayment of his principal by convincing the lender that the interest-bearing loan to RITTER was a prudent investment that made financial sense in the

lender's circumstances. In truth and in fact, and as RITTER well knew, there was no economic substance to the loan; indeed, the proceeds of the loan had already been spent and RITTER simply did not have the ability to pay the loan back.

6. ALAN RITTER, the defendant, was unable to keep up with the interest payments on the Ponzi Scheme Loans solely by using the proceeds of new Ponzi Scheme Loans. In order to make up the difference, in at least the following two instances, RITTER embezzled money from clients of Ritter's Accounting Practice and used that money to make interest payments on the Ponzi Scheme Loans, as well as for RITTER's personal benefit.

a. In or about November 2011, ALAN RITTER, the defendant, received a wire transfer of approximately \$650,000 from a family that was a client of Ritter's Accounting Practice (the "Victim Family"). The money represented the proceeds of the recent sale of one of the Victim Family's principal assets. RITTER and the Victim Family agreed that RITTER would use a portion of the money to satisfy several of the Victim Family's outstanding debts. RITTER agreed to hold the remainder of the money as a custodian until the Victim Family gave further instructions. RITTER used a small portion of the Victim Family's money for its intended purpose. However, instead of acting as a custodian for the remainder of the money, RITTER

used at least \$530,000 of the Victim Family's money to make interest payments on the Ponzi Scheme Loans and misappropriated a portion of the money for RITTER's personal benefit.

b. Beginning at least in or about 2009, ALAN RITTER, the defendant, agreed to receive and forward to the Internal Revenue Service ("IRS") payments of back taxes owed by a client of Ritter's Accounting Practice (the "Victim Tax Client"). Thereafter, the Victim Tax Client regularly provided money to RITTER for that purpose. However, instead of forwarding the money to the IRS, RITTER used at least \$75,000 of the Victim Tax Client's money to make interest payments on the Ponzi Scheme Loans and misappropriated a portion of the money for RITTER's personal benefit.

7. ALAN RITTER, the defendant, obtained a total of at least \$6 million in Ponzi Scheme Loans from his victims.

#### Statutory Allegations

8. From in or about 2001, up to and including in or about 2012, in the Southern District of New York and elsewhere, ALAN RITTER, the defendant, 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, to wit, a fraudulent scheme to obtain loans under false pretenses and to

service the resulting debt with additional fraudulently obtained loans and embezzled funds, 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, as set forth below:

Count	Approximate Date	Wire Communication
ONE	September 19, 2008	Wire communication from New York bank to Federal Reserve in New Jersey, in connection with wire transfer of approximately \$230,000.
TWO	September 6, 2010	Wire communication from New York bank to Federal Reserve in New Jersey, in connection with wire transfer of approximately \$100,000.
THREE	November 1, 2011	Wire communication from New York bank to Federal Reserve in New Jersey, in connection with wire transfer of approximately \$658.

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

FORFEITURE ALLEGATION

9. As a result of committing the wire fraud offenses alleged in Counts One, Two, and Three of this Information, in violation of Title 18, United States Code, Sections 1343 and 2, ALAN RITTER, 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

10. 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.)

*Preet Bharara*

PREET BHARARA <sup>MPB</sup>  
United States Attorney