



*United States Attorney
District of New Jersey*



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**LEADER OF \$200 MILLION REAL ESTATE
INVESTMENT SCAM ARRESTED FOR FRAUD**

Alleged Schemes Defrauded Investors in Multiple States and Abroad

NEWARK, N.J. – Eliyahu Weinstein, a/k/a “Eli Weinstein,” was arrested at his home this morning by federal agents on charges that he ran an investment fraud scheme causing losses of at least \$200 million, United States Attorney Paul J. Fishman announced.

Weinstein, 35, of Lakewood, New Jersey, was charged with one count of bank fraud and one count of wire fraud in connection with the alleged scheme. Vladimir Siforov, 43, of Manalapan, New Jersey, was also charged with one count of wire fraud in connection with the scheme and remains at large. Weinstein is expected to appear later today before United States Magistrate Judge Esther Salas in Newark federal court.

According to the criminal Complaint unsealed today:

From as early as September 2005 to the present, Weinstein orchestrated – with the help of Siforov and others – a real estate investment fraud scheme, headquartered in Lakewood, that has resulted in losses to victim investors of at least \$200 million. To perpetrate this scheme, Weinstein targeted fellow members of the Orthodox Jewish community in New Jersey, New York, Florida, California and abroad, using the social and business customs and practices of the community in furtherance of his scheme. To induce his victims’ investments, Weinstein, Siforov and others lied to their victims, using a variety of fraudulent means.

For example: Weinstein did not own many of the properties he claimed to own; his asserted “third-party buyers” were often co-conspirators, such as Siforov, not bona fide arms-length purchasers; and he sold his real or fake interest in a single property multiple times to different victims. Weinstein also fraudulently altered checks that had been negotiated for small amounts to make it appear that they were worth millions of dollars and presented copies of checks to his victims as having been negotiated that never were negotiated. Additionally, Weinstein drew up fraudulent leases to make it seem that a property had substantial rental income, when in fact there was no tenant and no income, and hid material information from his victims – such as profound zoning changes that would dramatically reduce the value of certain properties.

U.S. Attorney Fishman stated: “Weinstein is charged with offering an array of lucrative investment opportunities that served the single purpose of fattening his wallet. It is always offensive when someone steals from others to finance his own luxurious lifestyle, but it is

especially galling to exploit a community with whom one shares an inherent trust.”

“Based on the allegations in the criminal complaint – lies, threats, deliberate misrepresentations, and even counterfeit checks, it is clear to us that the defendants in this matter exploited the close community ties of the Orthodox Jewish Community for one goal: to steal money through an elaborate real estate and Ponzi scheme,” said Special Agent In Charge Michael B. Ward of the FBI’s Newark division. “This investigation highlights the need for consumers to do their own homework before entering into any business arrangements and not simply take the word of the other partners. If something seems too good to be true, it almost always is. I want to thank the IRS and the office of the U.S. Attorney for their important roles in this investigation. At its most basic level, this is a case about greed and the abuse of trust. The subjects in this case did not utilize overly sophisticated fraud schemes, but rather took advantage of trusted relationships to persuade victims to invest in their staged real estate ventures, which were often supported by false and forged documents.”

As an example of Weinstein’s scheme, Weinstein and another individual purported to enter into a contract to purchase 1209 DeKalb Avenue in Brooklyn, New York, through an LLC. The LLC then sought a \$6 million purchase money mortgage loan from a victim bank, conditioned on Weinstein and his partner paying approximately 25 percent of the purchase price in cash. To induce the victim bank to close on and fund this loan, Weinstein caused a fax to be sent to the bank’s closing attorney, attaching copies of two fraudulent checks, purportedly written by a Weinstein entity, for approximately \$2.1 million.

Weinstein also approached an individual victim investor based in the United Kingdom, claiming that “Siforov, Inc.,” headed by Siforov, was ready to buy 1209 DeKalb for approximately \$16.2 million. As proof, Weinstein caused a fax of a “Share Sale Agreement” to be sent to the victim investor. The victim investor then had a telephone conversation with Siforov, during which Siforov falsely represented himself to be the intended purchaser of the property. The victim investor wired approximately \$4.8 million to an account controlled by Weinstein.

The Share Sale Agreement falsely claimed that Siforov Inc. would fund its purchase of 1209 DeKalb partly through an approximately \$1 million down payment. To further the fraud, Weinstein directed the transfer of approximately \$1 million through a bank account in the name of an entity with which he was associated, then directed a transfer to make it appear as though Siforov had deposited the payment. A few days after the initial transfer, Weinstein and Siforov directed Weinstein’s attorney to withdraw the approximately \$1 million and make the proceeds “payable to the discretion of Eli Weinstein.”

To defraud the victim investor out of even more money, Weinstein misrepresented the transaction with “Siforov, Inc.” had closed, showing a copy of an approximately \$9.9 million cashier’s check which was counterfeit and never deposited. Based on this misrepresentation and others, the victim-investor provided Weinstein with approximately \$1.7 million more. The real

check Weinstein doctored was for a different amount, issued on a different date, and payable to a different person.

Weinstein used some of his victims' investments to amass a substantial collection of art, jewelry and Judaica. These items include manuscripts and antique Judaica worth approximately \$6.2 million; a jewelry and clock collection, for which he paid approximately \$7.6 million; a substantial collection of jewelry and watches valued at more than approximately \$6.2 million, including items from such high-end jewelers and watchmakers as Breguet, Bulgari, Cartier, Omega, Patek Phillippe and Harry Winston. Moreover, American Express records show that from December 24, 2004 through the present, approximately \$1.7 million was charged to Weinstein-related accounts for transactions with jewelers, art dealers and Judaica dealers. The investigation has revealed that Weinstein has stored some of these items in New Jersey, Florida, Israel and elsewhere.

If convicted of the wire fraud charge, Weinstein and Siforov each face a maximum potential penalty of 20 years in prison and a \$250,000 fine. Weinstein also faces a maximum potential penalty of 30 years in prison and a \$1 million fine on the bank fraud count with which he is charged.

U.S. Attorney Fishman praised special agents of the FBI, under the direction of Special Agent in Charge Michael B. Ward in Newark, for their work leading the investigation of this case. He also credited agents of the Internal Revenue Service – Criminal Investigation, under the direction of Special Agent in Charge William P. Offord, for their important contributions to the investigation.

The government is represented by Assistant United States Attorneys Mark E. Coyne and Zach Intrater of the United States Attorney's Office Economic Crimes Unit.

The charges and allegations contained in the Complaint are merely accusations, and the defendants are considered innocent unless and until proven guilty.

If you believe you are a victim of or otherwise have information concerning this alleged scheme, you are encouraged to contact the FBI at 973-792-3000.

This case was brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.