

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Crim. No. 18-_____
	:	
v.	:	18 U.S.C. § 1343
	:	18 U.S.C. § 1028A
SCOTT NEWSHOLME	:	18 U.S.C. § 2
	:	26 U.S.C. § 7206(2)

I N F O R M A T I O N

The defendant having waived in open court prosecution by indictment, the United States Attorney for the District of New Jersey charges:

COUNT ONE
(Wire Fraud)

Relevant Parties and Entities

1. At all times relevant to this Information, defendant SCOTT NEWSHOLME (“NEWSHOLME”) was an investment adviser, financial planner, and tax return preparer for individual and small-business clients, and did business in and around Monmouth County, New Jersey.

2. From in or about 2002 to in or about 2010, defendant NEWSHOLME provided investment and financial advice and tax return preparation services to clients through Newley Financial Group (“Newley”), which defendant NEWSHOLME owned and operated.

3. From in or about 2010 to in or about 2014, defendant NEWSHOLME provided investment and financial advice and tax return

preparation services to clients through Newsholme Financial Center (“NFC”), which defendant NEWSHOLME owned and operated.

4. From in or about 2014 to in or about 2017, defendant NEWSHOLME provided investment and financial advice and tax return preparation services to clients through MVP Financial LLC (“MVP”). Defendant NEWSHOLME was the majority owner and principal operator of MVP.

5. Defendant NEWSHOLME operated Newley, NFC, and MVP as investment advisory and tax return preparation businesses for individual and small-business clients. From his clients’ perspective, defendant NEWSHOLME operated these businesses without differentiation and with some overlap, such that the clients considered defendant NEWSHOLME to be their personal financial advisor and tax return preparer, regardless of the entity through which he provided his services.

The Scheme and Artifice to Defraud

6. From in or about January 2007 to in or about October 2017, in Monmouth County, in the District of New Jersey and elsewhere, the defendant,

SCOTT NEWSHOLME,

did knowingly and intentionally devise and intend to devise a scheme and artifice to defraud investment clients and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises.

Object of the Scheme and Artifice to Defraud

7. The object of the scheme and artifice to defraud was to misappropriate funds given to defendant NEWSHOLME by his clients for investment purposes, and to divert such funds for defendant NEWSHOLME's own personal benefit and enrichment and, when necessary, to promote, further, disguise, and conceal the scheme and artifice to defraud by repaying other clients with misappropriated funds.

Manner and Means of the Scheme and Artifice to Defraud

8. It was part of the scheme and artifice to defraud that defendant NEWSHOLME, acting in his capacity as an investment adviser, induced multiple clients through false and fraudulent misrepresentations to give him funds for the ostensible purpose of investing those funds in securities and other investments on the clients' behalf. For example, defendant NEWSHOLME represented falsely to his clients that he would invest their money into, among other things, the following securities and investments:

- a. stock shares in a publicly traded soft drink manufacturer;
- b. investment bonds purportedly issued by a private country club located in or around Monmouth County, New Jersey;
- c. capital investments in the production of a feature film;
- d. a convertible debt investment in a company seeking capital for an online video game;
- e. life insurance policies;
- f. 529 college accounts;

- g. money market accounts;
- h. miscellaneous other investments, including stocks, bonds, and mutual funds; and
- i. an escrow account to be used for the purchase of a personal residence.

9. It further was part of the scheme and artifice to defraud that, instead of investing his clients' funds as he had represented to them, defendant NEWSHOLME diverted and misappropriated those funds and used them for his own personal benefit.

10. It further was part of the scheme and artifice to defraud that defendant NEWSHOLME induced his clients to write checks to him personally, or to MVP, Newley, or NFC, rather than directly to the intended investment vehicle or investment sponsor. This enabled defendant NEWSHOLME to deposit the checks in one or more bank accounts that he controlled, or to cash the checks at a check cashing facility, so that he could use the funds for his own personal benefit.

11. It further was part of the scheme and artifice to defraud that defendant NEWSHOLME provided to clients fabricated account statements and other documentation purporting to show the clients where their money had been invested and/or the value of their investment portfolio. In fact, defendant NEWSHOLME did not invest the clients' funds as he represented on the account statements and other documentation, but had misappropriated the funds for his own personal use and to repay other investors.

12. It further was part of the scheme and artifice to defraud that defendant NEWSHOLME used the funds that he misappropriated for, among other things, personal expenses for himself and his family, and business and operational expenses, including, but not limited to:

- a. distributions and transfers to personal bank accounts held by defendant NEWSHOLME and his wife;
- b. ATM withdrawals and checks made payable to cash or to defendant NEWSHOLME personally;
- c. purchases of personal vehicles;
- d. personal vacations and travel expenses for defendant NEWSHOLME and his family;
- e. security deposit and rent payments for MVP's offices;
- f. household furniture;
- g. purchases of chips at casinos;
- h. membership dues at a private country club located in or around Monmouth County, New Jersey; and
- i. other personal expenses.

13. It further was part of the scheme and artifice to defraud that in addition to misappropriating his clients' investment money for his own personal benefit, defendant NEWSHOLME also diverted client investment funds to repay other clients who requested to withdraw some or all of the money that they believed defendant NEWSHOLME had invested for them, but which he, in fact, had misappropriated. These repayments had the purpose and effect of

concealing defendant NEWSHOLME's fraudulent scheme, thus allowing it to continue.

14. In total, defendant NEWSHOLME misappropriated more than \$3.1 million from his clients, which the clients believed defendant NEWSHOLME had invested in securities and other investments on their behalf and for their benefit.

15. On or about July 14, 2014, in furtherance of the scheme and artifice to defraud described above, and for the purpose of executing and attempting to execute the scheme and artifice to defraud, in Monmouth County, in the District of New Jersey, and elsewhere, the defendant,

SCOTT NEWSHOLME,

knowingly and intentionally transmitted and caused to be transmitted by means of wire communication in interstate and foreign commerce certain writings, signs, signals, pictures, and sounds; namely, a wire transfer of approximately \$600 from a bank account held by defendant NEWSHOMLE in the State of New Jersey to a bank account held by Client 1, one of defendant NEWSHOLME's investment clients, in the Commonwealth of Kentucky.

In violation of Title 18, United States Code, Sections 1343 and 2.

COUNT TWO
(Aggravated Identity Theft)

1. The allegations contained in paragraphs 1 through 15 of Count One of this Information are hereby repeated, re-alleged, and incorporated as if fully set forth herein.

2. Between on or about July 28, 2017 and on or about September 26, 2017, in furtherance of the scheme and artifice to defraud, defendant NEWSHOLME misappropriated approximately \$62,000 from Client 2, to whom defendant NEWSHOLME represented falsely that he would establish an escrow account on her behalf to facilitate her purchase of a personal residence. Contrary to his representations to Client 2, defendant NEWSHOLME did not establish the escrow account for Client 2's benefit; instead, defendant NEWSHOLME misappropriated Client 2's money for his own personal use and benefit.

3. In furtherance of the scheme and artifice to defraud, and to conceal his misappropriation of Client 2's money, defendant NEWSHOLME provided Client 2 a letter purportedly from an attorney, hereafter referred to as "Attorney A." This letter represented falsely, among other things, that Attorney A had established the escrow account for Client 2's benefit, and that Client 2's money was held safely in that account. The letter bore Attorney A's address and appeared to bear Attorney A's signature.

4. This letter was false and fraudulent. No such escrow account had been created for Client 2's benefit, and defendant NEWSHOLME

misappropriated Client 2's money for his own personal use and benefit. Indeed, defendant NEWSHOLME fabricated the letter containing these false representations to conceal his misappropriation of Client 2's money. Additionally, Attorney A did not sign the letter. Rather, defendant NEWSHOLME forged Attorney A's signature without Attorney A's permission.

5. Between on or about September 20, 2017 and on or about October 12, 2017, in Monmouth County, in the District of New Jersey, and elsewhere, the defendant,

SCOTT NEWSHOLME,

during and in relation to a violation of federal law, namely, wire fraud, did knowingly transfer, possess, and use, without lawful authority, the means of identification of another person, namely, Attorney A.

In violation of Title 18, United State Code, Sections 1028A and 2.

COUNT THREE

(Aiding and Abetting the Preparation of a False Tax Return)

1. The allegations contained in paragraphs 1 through 5 of Count One of this information are hereby repeated, re-alleged, and incorporated as if fully set forth herein.

2. At all times relevant to this Information, defendant NEWSHOLME:

a. met with taxpayer clients at Newley, NFC, and/or MVP offices to prepare their U.S. individual income tax returns; and

b. prepared false U.S. individual income tax returns for multiple clients by fabricating and inflating itemized deductions, including medical expenses, unreimbursed employee business expenses, and/or charitable deductions on Schedule A of their tax returns in order to obtain refunds for his clients in amounts greater than that to which they were entitled, or to reduce the income tax otherwise due and owing to the United States.

3. On or about March 12, 2015, defendant NEWSHOLME prepared and filed a 2014 U.S. Individual Income Tax Return, Form 1040, on behalf of married Clients 3 and 4. That return stated that for calendar year 2014, Clients 3 and 4 were entitled to income tax deductions for medical expenses, charitable contributions, and various other expenses totaling approximately \$68,879, resulting in a tax of approximately \$2,284 due and owing to the United States.

4. During calendar year 2014, Clients 3 and 4 were not, in fact, entitled to claim at least \$54,334 of the foregoing deductions claimed on the tax return that defendant NEWSHOLME prepared.

5. On or about March 12, 2015, in Monmouth County, in the District of New Jersey, and elsewhere, the defendant,

SCOTT NEWSHOLME,

did knowingly and willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service of a 2014 U.S. Individual Income Tax Return, Form 1040, as described in paragraph 3, above, which was fraudulent and false as to a material matter, as described in paragraph 4, above, knowing that the return was false and fraudulent.

In violation of Title 26, United States Code, Section 7206(2).

FORFEITURE ALLEGATION

1. The allegations contained in all paragraphs of Counts One through Three of this Information are hereby repeated, re-alleged, and incorporated as if fully set forth herein for the purpose of noticing forfeiture pursuant to 18 U.S.C. §§ 981(a)(1)(C) and 982(a)(2)(A) and 28 U.S.C. § 2461(c).

2. The United States hereby gives notice to defendant NEWSHOLME that, upon conviction of the offenses charged in Counts One through Three of this Information, the United States will seek forfeiture in accordance with 18 U.S.C. §§ 981(a)(1)(C) and 982(a)(2)(A) and 28 U.S.C. § 2461(c), which requires any person convicted of such offenses to forfeit any property, real or personal, which constitutes or is derived from proceeds traceable to the commission of the scheme to defraud of which the defendant is convicted, including but not limited to, the following property:

- a. a sum of money equal to \$2.5 million in United States currency;
- b. \$33,968.47 seized from JPMorgan Chase bank account number 827030656 on or about December 14, 2016;
- c. a 2016 Jeep Patriot bearing vehicle identification number 1C4NJRFB3GD573784, seized on or about December 14, 2016; and
- d. a 2015 Ford F150 pickup truck bearing vehicle identification number 1FTBW1FF5FFB86308, seized on or about January 19, 2017.

3. If any of the above-described forfeitable property, as a result of any act or omission of defendant SCOTT NEWSHOLME:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- 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 divided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p) and 28 U.S.C. § 2461(c), to seek forfeiture of any other property of said defendant up to the value of the forfeitable property described above.


CRAIG CARPENITO
United States Attorney