



*United States Attorney
District of New Jersey*



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**BERGEN COUNTY, N.J., MAN OUT ON BAIL FOR FRAUD SCHEME
ADMITS TO SECOND FRAUD**

NEWARK, N.J. – A Teaneck, N.J., man admitted today to swindling Morgan Stanley Smith Barney LLC and two individuals out of more than \$200,000 while he was free on bail for a separate million-dollar fraud scheme, U.S. Attorney Paul J. Fishman announced.

Moshe Butler, 33, pleaded guilty before U.S. District Judge William H. Walls in Newark federal court to an Information charging him with committing bank fraud while he was on pre-trial release in another fraud case.

According to documents filed in this case and statements made in court:

Butler admitted that in the summer of 2011 he defrauded Morgan Stanley Smith Barney LLC (MSSB) out of approximately \$37,417. In July 2011, Butler opened an investment account with Morgan Stanley in New York and was the sole signatory. The account allowed him to have immediate access to funds deposited by check. On August 12, 2011, Butler funded his MSSB account by depositing a \$50,000 check and used the entire \$50,000 to cover the purchases of various securities and commodities option contracts. The purchases were largely unsuccessful and within five days, Butler lost his entire \$50,000 investment as well as an additional \$18,921.

On August 19, 2011, Butler deposited a \$100,000 check into his MSSB account to cover the negative balance in the account. The \$100,000 check Butler deposited was drawn against a bank account that Butler solely controlled, but which had been closed by the issuing bank more than two months earlier because Butler had written a dozen checks the prior month that were returned for insufficient funds. Butler took advantage of the fact that MSSB made the funds immediately available to him by withdrawing \$7,000 in cash and purchasing numerous securities and commodities option contracts in his account. Those purchases were also unsuccessful and resulted in additional losses of \$11,496. In October 2011, Butler deposited a \$30,000 check to cover the losses in his MSSB account, but that check was also returned for insufficient funds.

Butler also admitted that between November 2011 and March 2012, he fraudulently obtained \$170,755 in money and legal services from two individuals, D.B. and C.W., and wrote them a series of bad checks.

Butler committed these acts while he was on pretrial release in connection with a separate fraudulent scheme he perpetrated in 2008 and 2009. On Sept. 30, 2009, Butler was arrested and charged in a federal criminal Complaint with defrauding multiple hotel and motel development companies out of more than \$1.7 million by obtaining payment for large numbers of flat panel televisions that he failed to deliver. On Dec. 14, 2011, Butler pleaded guilty to this offense.

The bank fraud count to which Butler pleaded guilty carries a maximum potential penalty of 30 years in prison and a fine of up to \$1 million. For committing the offense while on pretrial release, Butler also faces a statutory maximum sentencing enhancement of 10 years in prison consecutive to any other prison sentence. Sentencing is not yet scheduled.

U.S. Attorney Fishman credited special agents of the FBI, under the direction of Special Agent in Charge Michael B. Ward in Newark, for the investigation leading to today's guilty plea.

The government is represented by Assistant U.S. Attorney Matthew E. Beck, deputy chief of the General Crimes Unit in Newark.

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.

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Defense Counsel: Edward J. Dauber Esq., Newark