

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA : **CRIMINAL NO.** _____
v. : **DATE FILED:** _____
MALCOLM SEGAL : **VIOLATIONS:**
: **18 U.S.C. § 1341 (mail fraud - 6 counts)**
: **18 U.S.C. § 1341 (wire fraud - 3 counts)**
: **Notice of forfeiture**

INDICTMENT

COUNTS ONE THROUGH SIX

THE GRAND JURY CHARGES THAT:

At times material to this indictment:

1. Aegis Capital Corporation (“Aegis”) was a retail and institutional broker-dealer based in New York City, with offices located at 40 Wall Street, New York, NY.
2. Defendant MALCOLM SEGAL was employed by Aegis as a financial advisor.
3. Aegis maintained brokerage accounts for clients of its financial advisors, including defendant MALCOLM SEGAL.
4. Defendant MALCOLM SEGAL owned and operated entities known as J&M Financial and National CD Sales, each with the mailing address of P.O. Box 594, Langhorne, Pennsylvania.
5. Defendant MALCOLM SEGAL maintained an account at Sovereign Bank and, later, its successor, Santander Bank (hereinafter interchangeably referred to as “Santander”), account number XXXXXX5886, in the name of J&M Financial (“the Santander account”).

6. Mercantile Bank and Bear Stearns were financial institutions that offered Certificates of Deposits to the investing public.

7. B.P. was a client of defendant MALCOLM SEGAL in defendant SEGAL's capacity as an Aegis financial advisor.

8. D.P. and B.P.#2 were relatives of B.P.

9. E.M. was a friend of B.P.

10. E.O. and V.C. were friends and acquaintances of E.M.'s former son-in-law.

THE SCHEME

11. From in or around July 2011 to in or about July 2014, defendant

MALCOLM SEGAL

devised and intended to devise a scheme to defraud B.P., D.P., B.P.#2, E.M., E.O. and V.C. ("the victims"), to obtain money and property by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS

It was part of the scheme that:

12. Defendant MALCOLM SEGAL falsely told individuals that Mercantile Bank and Bear Stearns were offering Certificates of Deposit (CDs) which were paying an annual interest rate of up to 12% with a minimum two-year investment of \$100,000, and that defendant SEGAL could sell these CDs through Aegis.

13. Defendant MALCOLM SEGAL accepted at least \$100,000 from each of the victims for the purchase of CDs from Mercantile Bank and Bear Stearns, which CDs

defendant MALCOLM SEGAL falsely represented would pay an annual interest rate of 12% over two years.

14. Defendant MALCOLM SEGAL falsely represented to the victims that he purchased the CDs which had been ordered and paid for by the victims, when in fact he purchased no CDs on behalf of the victims.

15. Defendant MALCOLM SEGAL mailed fraudulent deposit confirmations from National CD Sales Inc. to the victims as proof that he purchased the CDs on their behalf as promised.

16. Defendant MALCOLM SEGAL mailed checks to the victims drawn on the Santander account held in the name of J&M Financial, which defendant MALCOLM SEGAL falsely represented to be interest payments on CDs purchased on behalf of the victims (“the purported interest payments”).

17. Defendant MALCOLM SEGAL stole the money provided to him by the victims by spending it for personal expenses and to pay off other investors instead of purchasing CDs on behalf of the victims as promised.

18. Defendant MALCOLM SEGAL stole an aggregate total of approximately \$1,885,067.10 from the victims, representing the purchase price of the CDs less the purported interest payments.

19. On or about each of the dates set forth below, in the Eastern District of Pennsylvania, and elsewhere, defendant

MALCOLM SEGAL,

for the purpose of executing the scheme described above, and attempting to do so, knowingly caused to be delivered by mail according to the directions thereon, letters or checks mailed on or about the dates set forth below, and as described below for each count, each mailing constituting a separate count, each of which falsely represented that defendant SEGAL purchased a CD on behalf of the addressee, when in fact no CD was purchased on behalf of the addressee:

COUNT	DATE	DESCRIPTION
1	12/6/11	Handwritten note on Aegis Capital Corp. stationary from defendant MALCOLM SEGAL to B.P., confirming the purchase of CDs on behalf of B.P. in trust for B.P.'s children
2	9/30/11	Letter from defendant MALCOLM SEGAL to E.M., consisting of a deposit confirmation falsely representing that defendant SEGAL purchased and caused to be purchased a \$225,000 CD on E.M.'s behalf
3	5/30/13	Letter from defendant MALCOLM SEGAL to V.C., consisting of a deposit confirmation falsely representing that defendant SEGAL purchased and caused to be purchased a CD on V.C.'s behalf
4	6/10/13	Regular Mail containing a check in the amount of approximately \$100,000, sent by BP on the behalf of BP#2 to defendant MALCOLM SEGAL at defendant SEGAL's direction for the purchase of a CD.
5	1/23/14	Express mail containing a check in the amount of approximately \$50,000, sent by E.O. to defendant MALCOLM SEGAL at defendant SEGAL's direction for the purchase of a CD.
6	6/30/14	Regular mail containing an interest check from defendant MALCOLM SEGAL to D.P., purporting to be an interest payment for a CD purchased on D.P's behalf

In violation of Title 18, United States Code, Section 1341.

COUNTS SEVEN THROUGH NINE

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 7 of Count One of this Indictment are incorporated by reference.
2. B.P., E.K. and W.M. (“the victims”) were clients of defendant MALCOLM SEGAL, in defendant SEGAL’s capacity as an Aegis financial adviser.

THE SCHEME

3. From on or about March 16, 2011 to on or about January 2, 2014, defendant

MALCOLM SEGAL

devised and intended to devise a scheme to defraud B.P., E.K., and W.M., and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS

It was part of the scheme that:

4. Aegis maintained brokerage accounts for B.P. (account number XXX-XXX46), E.K. (account number XXX-XXX62) and W.M. (account number XXX-XXX24) (the brokerage accounts).
5. Defendant MALCOLM SEGAL, as a financial advisor for Aegis, had access to the brokerage accounts, and was knowledgeable as to how to effect wire transfers of money into and out of the brokerage accounts without the knowledge and authorization of his clients, including B.P., E.K. and W.M.

6. Defendant MALCOLM SEGAL prepared fraudulent Letters of Authorization and forged the victims' signatures on the Letters of Authorization in connection with unauthorized wire transfers of funds from the brokerage accounts.

7. Defendant MALCOLM SEGAL, without the knowledge and authorization of victims, accessed the brokerage accounts and effected interstate wire transfers of the victims' funds into the Santander account.

8. Defendant MALCOLM SEGAL, by means of the unauthorized wire transfers of funds from the brokerage accounts stole an aggregate total of approximately \$1,218,183.60 from the victims.

9. On or about each of the dates set forth below, in the Eastern District of Pennsylvania, and elsewhere, defendant

MALCOLM SEGAL,

for the purpose of executing the scheme described above, and attempting to do so, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

COUNT	DATE	DESCRIPTION
7	12/17/13	Wire transfer of approximately \$225,000 from the Aegis brokerage account of B.P. (account number XXX-XXX46) into defendant Malcolm SEGAL'S Santander account in the name of J&M Financial
8	12/19/13	Wire transfer of approximately \$540,000 from the Aegis brokerage account of W.M. (account number XXX-XXX24) into defendant Malcolm SEGAL'S Santander account in the name of J&M
9	1/2/14	Wire transfer of approximately \$85,000 from the Aegis brokerage account of E.K. (account number XXX-XXX62) into defendant Malcolm SEGAL'S Santander account in the name of J&M Financial

All in violation of Title 18, United States Code, Section 1343.

NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violation of Title 18, United States Code, Sections 1341 and 1343, set forth in this indictment, defendant

MALCOLM SEGAL

shall forfeit to the United States of America any property that constitutes, or is derived from, proceeds obtained directly or indirectly from the commission of such violations including, but not limited to, the sum of \$3,103,250.75.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendants:

- (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 Title 18, United States Code, Section 982(b), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendants up to the value of the property subject to forfeiture.

All pursuant to Title 28, United States Code, Section 982(a)(2).

A TRUE BILL:

GRAND JURY FOREPERSON

**ZANE DAVID MEMEGER
UNITED STATES ATTORNEY**