

ROBB EVANS & ASSOCIATES LLC

Receiver of

**World Traders Association, Inc.; United Traders Association, Inc.; International
Merchandise Group, Inc.; Trans-global Connection, Inc.; Musketeer Partners, Inc.;**
Fulfillment Options, Inc. and
Certain Real Property Assets of Sheldon Fidler and Judith T. Fidler

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United States of America v. Sheldon Fidler and Judith Takala Fidler
CASE No. CR-06 0508

Indictment:

18 U.S.C. § 1341: Mail Fraud;
18 U.S.C. § 1343: Wire Fraud; and
18 U.S.C. § 2: Aiding and Abetting and Causing an Act to be Done

Filed June 22, 2006

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CLERK U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIF.
LOS ANGELES

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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

October 2005 Grand Jury **06- 508**

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
SHELDON FIDLER and)
JUDITH TAKALA FIDLER,)
)
Defendants.)
)
)

No. CR 06-_____

I N D I C T M E N T

[18 U.S.C. § 1341: Mail Fraud;
18 U.S.C. § 1343: Wire Fraud;
18 U.S.C. § 2: Aiding and
Abetting and Causing an Act To
Be Done]

The Grand Jury charges:

COUNTS ONE THROUGH SIX

[18 U.S.C. §§ 1341, 2]

A. INTRODUCTION

1. At all times relevant to this Indictment: World Traders Association, Inc. ("WTA"), United Traders Association ("UTA"), International Merchandise Group, Inc. ("IMG"), Trans-Global Connection, Inc. (which did business as The Global Connection) ("TGC"), and Musketeer Partners ("MP") were Nevada Corporations doing business in Burbank, California. These companies purported

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1 to offer business opportunities to individuals who wished to be
2 self-employed, and will be referred to collectively hereafter as
3 "The Fraudulent Business Opportunity Companies."

4 2. At all times relevant to this Indictment, defendant
5 SHELDON FIDLER ("S. FIDLER") owned and controlled the Fraudulent
6 Business Opportunity Companies.

7 3. At all times relevant to this Indictment, defendant
8 JUDITH TAKALA FIDLER ("J. FIDLER") took part in managing
9 operations at and controlled certain financial aspects of the
10 Fraudulent Business Opportunity Companies.

11 B. THE SCHEME TO DEFRAUD

12 4. Beginning in or about 1996, and continuing to in or
13 about January 2005, within the Central District of California and
14 elsewhere, defendants S. FIDLER and J. FIDLER, together with
15 others known and unknown to the Grand Jury, knowingly and with
16 intent to defraud, devised, participated in, and executed a
17 scheme to defraud victims as to a material matter, and to obtain
18 money or property from such victims by means of material false
19 and fraudulent pretenses, representations, and promises, and by
20 the concealment of material facts.

21 5. To execute the scheme to defraud, defendants S. FIDLER
22 and J. FIDLER set up the Fraudulent Business Opportunity
23 Companies. Defendants S. FIDLER and J. FIDLER caused
24 advertisements to be placed in magazines and on websites on the
25 Internet catering to those interested in learning about business
26 opportunities. Defendants S. FIDLER and J. FIDLER caused their
27 employees to respond to potential interested victims by setting
28 up telephonic sales presentations. At defendants S. FIDLER and

1 J. FIDLER's direction, salespeople for the Fraudulent Business
2 Opportunity Companies told potential victims that:

3 a. For an initial fee ranging from \$2,995 to \$7,950,
4 and monthly fees thereafter, the individuals would be affiliates
5 with the Fraudulent Business Opportunity Companies. The
6 affiliates would become brokers, selling to retail stores and
7 other customers overstocked merchandise obtained and made
8 available to affiliates by the Fraudulent Business Opportunity
9 Companies.

10 b. The fraudulent Business Opportunity Companies would
11 also train affiliates to find other sources for merchandise on
12 their own.

13 c. Affiliates would make money by selling the
14 merchandise to their customers at a price greater than what the
15 Fraudulent Business Opportunity Companies charged them.

16 d. MP offered a slightly different business plan from
17 WTA, UTA, IMG, and TGC. Affiliates would set up a website that
18 sold surplus merchandise obtained by the Fraudulent Business
19 Opportunity Companies directly to end users. The customers of
20 affiliates of WTA, UTA, IMG, and TGC were retailers, whereas the
21 customers of affiliates of MP were individual buyers.

22 6. To further execute the scheme to defraud, defendants S.
23 FIDLER and J. FIDLER performed the following fraudulent and
24 deceptive acts, among others:

25 a. Defendants S. FIDLER and J. FIDLER provided
26 salespeople at the Fraudulent Business Opportunity Companies with
27 scripts and talking points containing false representations,
28 half-truths, and material omissions.

1 b. Defendants S. FIDLER and J. FIDLER created Internet
2 websites, brochures, and other informational materials concerning
3 the Fraudulent Business Opportunity Companies that contained
4 false representations, half-truths, and material omissions.

5 c. Defendants S. FIDLER and J. FIDLER employed
6 individuals who would pose as successful affiliates with the
7 Fraudulent Business Opportunity Companies, instruct these
8 individuals in what to say, and pay these individuals to speak to
9 victims and potential victims about their purported satisfaction
10 with the Fraudulent Business Opportunity Companies.

11 d. Defendants S. FIDLER and J. FIDLER caused their
12 employees to post on Internet websites fake positive testimonials
13 regarding the Fraudulent Business Opportunity Companies.

14 e. Defendants S. FIDLER and J. FIDLER diverted funds
15 from the Fraudulent Business Opportunity Companies to their own,
16 personally controlled accounts, and used these funds for their
17 own purposes.

18 C. THE MISREPRESENTATIONS AND CONCEALMENT OF MATERIAL FACTS

19 7. In furtherance of the scheme to defraud, defendants S.
20 FIDLER and J. FIDLER, and others known and unknown to the Grand
21 Jury, engaged in and willfully caused others to engage in the
22 following fraudulent and deceptive acts, practices, devices, and
23 misrepresentations, among others, and to knowingly conceal and
24 caused others to conceal the following material facts, among
25 others:

26 a. Defendants S. FIDLER and J. FIDLER caused their
27 employees to represent to victims and potential victims that if
28 they followed the training offered by the Fraudulent Business

1 Opportunity Companies, they would almost immediately start
2 earning money, and that existing affiliates of the Fraudulent
3 Business Opportunity Companies were earning tens of thousands of
4 dollars per year, and in some cases, "six figures." In fact, as
5 defendants S. FIDLER and J. FIDLER then well knew, virtually none
6 of the affiliates of the Fraudulent Business Opportunity
7 Companies made any money at all, and those who did failed to earn
8 back the amount they paid to the Fraudulent Business Opportunity
9 Companies to become affiliates.

10 b. Defendants S. FIDLER and J. FIDLER caused their
11 employees to provide to victims and potential victims as
12 references the names and contact information of persons who were
13 purportedly operating successfully as affiliates of the
14 Fraudulent Business Opportunity Companies. In fact, as
15 defendants S. FIDLER and J. FIDLER then well knew, the purported
16 successful affiliate references were not affiliates, but were
17 rather employees of defendants S. FIDLER and J. FIDLER who, at
18 defendants S. FIDLER and J. FIDLER's direction, lied to potential
19 victims about their purported business with the Fraudulent
20 Business Opportunity Companies.

21 c. Defendants S. FIDLER and J. FIDLER caused their
22 employees to falsely represent to victims and potential victims
23 that the Fraudulent Business Opportunity Companies provided to
24 affiliates pre-screened leads of businesses and individuals
25 interested in purchasing surplus merchandise from the affiliates,
26 so that the affiliates would not have to do any selling or cold-
27 calling. In fact, as defendants S. FIDLER and J. FIDLER then
28

1 well knew, the leads were not pre-screened as to their interest
2 in purchasing surplus merchandise.

3 d. Defendants S. FIDLER and J. FIDLER caused their
4 employees to falsely represent to victims and potential victims
5 that the Fraudulent Business Opportunity Companies would work
6 closely with the affiliates to establish a certain number of
7 customers. In fact, as defendants S. FIDLER and J. FIDLER then
8 well knew, the Fraudulent Business Opportunity Companies would
9 provide little assistance to the affiliates in obtaining
10 customers, and most affiliates were able to obtain few, if any,
11 customers.

12 e. Defendants S. FIDLER and J. FIDLER caused their
13 employees to falsely represent to victims and potential victims
14 that the Fraudulent Business Opportunity Companies provided
15 affiliates with training by proven experts who had many years'
16 experience in the surplus merchandise business, and were making
17 "six figure" incomes through such business. In fact, as
18 defendants S. FIDLER and J. FIDLER then well knew, the
19 individuals employed by the Fraudulent Business Opportunity
20 Companies to train new affiliates had little if any experience in
21 the surplus merchandise business, and did not earn significant
22 income as brokers of surplus merchandise.

23 f. Defendants S. FIDLER and J. FIDLER caused their
24 employees to falsely represent to victims and potential victims
25 that the Fraudulent Business Opportunity Companies had listed
26 high quality merchandise immediately available for customers who
27 made purchases through the affiliates (or, for MP, through the
28 affiliate's website). In fact, as defendants S. FIDLER and J.

1 FIDLER then well knew, the Fraudulent Business Opportunity
2 Companies often failed to supply merchandise ordered through
3 affiliates, or failed to do so in a timely fashion.

4 g. Defendants S. FIDLER and J. FIDLER caused their
5 employees to falsely represent to victims and potential victims
6 that the Fraudulent Business Opportunity Companies and their
7 employees made the majority of their profit from the affiliates'
8 sales of merchandise. In truth, as defendants S. FIDLER and J.
9 FIDLER then well knew, the Fraudulent Business Opportunity
10 Companies and their employees made the majority of their profit
11 from the payments made by victims to join the program.

12 h. Defendants S. FIDLER and J. FIDLER caused their
13 employees to use alias names when speaking to victims and
14 potential victims. Moreover, defendants S. FIDLER and J. FIDLER
15 caused their employees to change the alias names they used when
16 representing different entities within the Fraudulent Business
17 Opportunity Companies. Further, defendants S. FIDLER and J.
18 FIDLER caused their employees to misrepresent to victims and
19 potential victims the relationship between the different entities
20 within the Fraudulent Business Opportunity Companies.

21 i. Defendants S. FIDLER and J. FIDLER caused various
22 entities within the Fraudulent Business Opportunity Companies to
23 be registered in the names of their employees, and held various
24 employees out as the presidents of these entities. Defendants S.
25 FIDLER and J. FIDLER made and caused to be made false claims
26 regarding the involvement of these employees in the organization,
27 planning, and control of the entities; the experience of these
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1 employees in the surplus merchandise business; and other details
2 concerning the identities and involvement of these employees.

3 8. Through the above-described scheme to defraud,
4 defendants S. FIDLER and J. FIDLER caused approximately 4,700
5 victims to send to the Fraudulent Business Opportunity Companies
6 a total of approximately \$30 million.

7 D. THE MAILINGS

8 9. On or about the following dates, within the Central
9 District of California and elsewhere, defendants S. FIDLER and J.
10 FIDLER, for the purpose of executing the above-described scheme
11 to defraud, caused the following items to be placed in an
12 authorized depository for mail matter and to be sent and
13 delivered by the U.S. Postal Service and to be deposited with and
14 to be delivered by private and commercial interstate carriers,
15 according to the directions thereon:

16	<u>COUNT</u>	<u>DATE</u>	<u>DESCRIPTION</u>
17	ONE	07/10/02	UPS Next Day letter from Ralph
18			Saint Clair in Bloomingfield,
19			New Jersey, to WTA in Sylmar,
			California, containing a
			member agreement and check
20	TWO	02/22/02	Letter from Robert D. Hunt, in
21			Wenomonie, Wisconsin, to WTA
22			in Sylmar, California,
			containing a member agreement
			and check
23	THREE	01/10/04	UPS Next Day letter from IMG
24			in Burbank, California, to
25			Danny Gallant in Austin,
			Texas, containing a member
			agreement

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<u>COUNT</u>	<u>DATE</u>	<u>DESCRIPTION</u>
1		
2	FOUR	01/29/04
3		UPS Next Day letter from Danny Gallant in Austin, Texas, to IMG in Burbank, California, containing a member agreement and check
4		
5	FIVE	02/05/04
6		UPS Next Day letter from Michael Kosir in St. Paul, Minnesota, to IMG in Burbank, California, containing a member agreement and check
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8	SIX	04/05/04
9		Letter from WTA in Burbank, California, to Robert D. Hunt in Wenomonie, Wisconsin, containing a complaint response
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COUNTS SEVEN THROUGH SIXTEEN

[18 U.S.C. §§ 1343, 2]

10. The Grand Jury hereby realleges and incorporates by reference paragraphs one through eight of the Indictment.

E. THE WIRE COMMUNICATIONS

11. On or about the dates listed below, within the Central District of California and elsewhere, Defendants S. FIDLER and J. FIDLER, for the purpose of carrying out the above-described scheme to defraud, caused, and aided and abetted the transmission of, the following by means of wire communication in interstate and foreign commerce:

<u>COUNT</u>	<u>DATE</u>	<u>WIRE COMMUNICATION</u>
SEVEN	07/24/02	Facsimile transmission from Ralph Saint Clair in Bloomingfield, New Jersey, to WTA in Sylmar, California
EIGHT	07/24/02	Facsimile transmission from WTA in Sylmar, California, to Ralph Saint Clair in Bloomingfield, New Jersey
NINE	08/21/02	Facsimile transmission from WTA in Sylmar, California, to Ralph Saint Clair in Bloomingfield, New Jersey
TEN	01/07/03	Facsimile transmission from WTA in Sylmar, California, to Aaron McClone in South Bend, Indiana
ELEVEN	01/07/03	Facsimile transmission from Aaron McClone in South Bend, Indiana, to WTA in Sylmar, California
TWELVE	12/01/03	Facsimile transmission from Aaron McClone in South Bend, Indiana, to WTA in Sylmar, California

<u>COUNT</u>	<u>DATE</u>	<u>WIRE COMMUNICATION</u>
1		
2	01/15/04	Telephone call from Danny Gallant in Austin, Texas, to "Jim Stepp" of IMG in Burbank, California
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4	02/06/04	Telephone call from Danny Gallant of Austin, Texas, to "Jessica Deliso" of IMG in Burbank, California
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7	04/19/04	Facsimile transmission from IMG in Burbank, California, to Danny Gallant in Austin, Texas
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