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CLERK U.S. DISTRICT COURT  
NORTHERN DISTRICT OF OHIO  
CLEVELAND

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

JONATHAN M. PIPPIN,

Defendant.

) INFORMATION

) CASE NO.

) JUDGE

) Title 18, United States Code, Sections 1343  
) and 1957  
)

1:16 CR 229  
JUDGE BOYKO

The United States Attorney charges:

I. GENERAL ALLEGATIONS

At all times material to this Information, except where otherwise noted:

1. Defendant JONATHAN M. PIPPIN (hereinafter, "Defendant") was a resident of Logan, Ohio.
2. On or about July 13, 2011, Defendant created and became a partner of PJH Horse Racing, Inc. ("PJH"), a business organized under the laws of Ohio with its principal place of business in Cleveland, Ohio.
3. PJH was engaged in the purported business of purchasing race horses and ownership interests in race horses.

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4. Defendant maintained personal bank accounts at JP Morgan Chase Bank (hereinafter, "JPMC"). Defendant was the sole authorized signatory on the JPMC checking account ending in x1738 and the JPMC savings account ending in x7237.

5. PJH maintained business bank and money market accounts at JPMC. Defendant was the sole authorized signatory on the PJH operating account ending in x2661 and the PJH money market account ending in x4025 (collectively, the "PJH Accounts").

6. Defendant had complete control over PJH, overseeing the PJH Accounts with sole management and financial authority.

7. M.R. was a wealthy businessman and an established and widely-known investor in the horse racing and horse investing industry.

## II. THE FRAUDULENT SCHEME

8. To accomplish the fraudulent scheme, from in or around April 2011, through in or around July 2012, Defendant solicited and induced individuals to invest in his purported horse racing company, PJH, under false pretenses, and used the investments to enrich himself, to pay his personal expenses, and to pay some of his operating expenses.

9. It was a part of the scheme that Defendant misrepresented to prospective investors that they were investing in a horse racing venture involving an established horse investor, M.R., when in truth and in fact, as Defendant then knew, he had no business or personal relationship with M.R. and that M.R. was not involved in Defendant's horse racing venture.

10. It was a part of the scheme that Defendant misrepresented to prospective investors that the investments were going to be used to purchase ownership interests in horses from M.R., when in truth and in fact, as Defendant then knew, he did not know M.R. and had no ability to purchase ownership interests in horses through M.R.

11. It was a part of the scheme that Defendant misrepresented to prospective investors that they would receive a percentage of the winnings of the M.R. horses that were part of the investment, when in truth and in fact, as Defendant then well knew, the investors would have no such ownership interest in the M.R. horses and would receive no portion of the winnings from the M.R. horses.

12. It was a part of the scheme that Defendant misrepresented to prospective investors that Defendant had the stud rights in a M.R. horse, when in truth and in fact, as Defendant then well knew, he had no such rights. When one of the investors questioned Defendant regarding his ownership in the stud rights, Defendant, to lull the investor into a false sense of security, claimed that the transaction was an “under the table” deal.

13. It was a part of the scheme that Defendant created a fake email address for M.R. that Defendant himself used to pose as M.R. and have conversations with himself and the investors to convince them that he was properly investing their money and to lull them into a false sense of security.

14. It was a part of the scheme that rather than actually investing all of the investors’ funds, Defendant used the investors’ money to enrich himself, to pay his personal expenses, and to pay some of his operating expenses.

15. Defendant induced at least four investors to invest in his fraudulent horse racing scheme, including R.L., J.N., D.W., and C.S.

16. Defendant caused investors to lose approximately \$308,305 in total.

17. Some of the transactions that were part of the fraudulent scheme included, but were not limited to, the following:

a. On or about May 19, 2011, R.H. provided a cashier's check ending in number x8348 to Defendant in the amount of \$50,000 for purposes of investing in an M.R. horse that Defendant deposited into his JPMC personal account ending in x1738.

b. On or about June 16, 2011, Defendant received an investment of approximately \$53,670 from R.H. for the purchase of race horses. Defendant deposited approximately \$30,000 in JPMC account ending in x4025 and approximately \$23,750 in JPMC PJH account ending in x2661. On or about June 20 and 21, 2011, Defendant transferred approximately \$20,000.00 and \$18,000.00, respectively, from JPMC account x4025 to his JPMC personal account ending in x7237. On or about July 12, 2011, Defendant conducted an on-line transfer of approximately \$35,000.00 from JPMC account ending in x7237 to his JPMC personal account ending in x1738. On or about July 13, 2011, Defendant used funds from this JPMC personal account to create a bank check in the amount of approximately \$37,000.00 payable to "Bobby Rahal Motorcars," to purchase a Cadillac Escalade. Defendant made several on-line transfers to and from the four accounts that he controlled and ultimately conducted personal expenditures with the funds. The above mentioned accounts were almost exclusively funded by the investments received from the investors.

c. On or about November 18, 2011, J.N. provided check number 257 to Defendant in the amount of \$17,000 for the purpose of investing in an M.R. horse that Defendant deposited into JPMC PJH operating account ending in number x2661.

d. During 2011 and 2012, Defendant made fifty-seven electronic transfers of money from the JPMC PJH operating account ending in x2661. The total of the transfers was approximately \$161,484. Defendant transferred, and caused to be transferred, the funds to his JPMC personal account ending in x1738. During the same period, Defendant made eight

electronic transfers from JPMC account ending in x4025 to JPMC account ending in x1738, totaling approximately \$40,475.

e. From on or about July 13, 2011, to on or about September 9, 2011, Defendant caused funds to be electronically transferred from JPMC account ending in x7237 to JPMC account ending in x1738, totaling approximately \$69,670. Defendant used the transferred funds to pay his personal expenditures, which included the following: purchase of tickets to sporting events, rent, expensive clothing, gambling expenses, and the purchase of a personal vehicle. During the same period, Defendant made minimal expenditures on items associated with horse racing.

f. On or about April 19, 2012, Defendant, posing as M.R., caused an email to be transmitted to R.H., J.N., and others with the subject line "Never Right Joey," stating "Jonathan . . . I'm just sending a friendly email to you to remind you that your bill from Todd is being sent this week and so is the VET bill. Make sure you pay him for April Bills by May 2nd no later or they already said they will ship horses and stop working on them. We shouldn't have this problem where people are paid 17 days late. Let's just get this straight this month and make sure all bills are paid by MAY 2nd so send checks the 28th of April."

g. On or about April 25, 2012, Defendant, posing as M.R., caused an email to be transmitted to R.H., J.N., and others with the subject line "Transfer," stating "[c]an anyone please inform me the name of ownership I need to transfer the horses into. Most will arrive into PA today and I want this s\*\*t to be done and over with. [M.R.]."

COUNTS 1 and 2

(Wire Fraud, in violation of Title 18, United States Code, Section 1343)

The United States Attorney further charges:

18. The allegations contained in paragraphs 1 through 17 of this Information are repeated and realleged as if fully set forth herein.

19. From in or around April 2011, through in or around July 2012, in the Northern District of Ohio, Eastern Division, and elsewhere, Defendant JONATHAN M. PIPPIN knowingly devised, and intended to devise, a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations, and promises.

20. On or about the approximate dates listed below, in the Northern District of Ohio, Eastern Division, and elsewhere, Defendant, for the purpose of executing and attempting to execute the foregoing scheme and artifice, transmitted and caused to be transmitted, writings, signs, signals, pictures, and sounds by means of wire and radio communication, in interstate commerce, to wit: electronic communications that Defendant caused to be sent from a fraudulent email address purporting to be M.R. through servers in California, to the Cleveland, Ohio area, and elsewhere, as described below:

COUNT	DATE	SENT THROUGH	RECEIVED IN	TO
1	04/19/2012	Servers outside Ohio	Cleveland, Ohio	J.N., R.H.
2	04/25/2012	Servers outside Ohio	Cleveland, Ohio	J.N., R.H., and others

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

COUNT 3

(Money Laundering – in violation of Title 18, United States Code, Section 1957)

21. The allegations contained in paragraphs 1 through 17 of this Information are repeated and realleged as if fully set forth herein.

22. On or about July 12, 2011, in the Northern District of Ohio, Eastern Division, and elsewhere, Defendant JONATHAN M. PIPPIN knowingly engaged, attempted to engage, and caused others to engage, in a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, to wit: Defendant used and caused to be used the wires to transfer approximately \$35,000 from the account maintained by Defendant at JPMC ending in x7237, to JPMC account ending in x1738, such property having been derived from specified unlawful activity, that is, wire fraud, a violation of Title 18, United States Code, Section 1343.

All in violation of Title 18, United States Code, Section 1957.

CAROLE S. RENDON  
Acting United States Attorney

By:   
ANN C. ROWLAND  
Chief, Major Fraud & Corruption Unit