

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
- - - - - X

UNITED STATES OF AMERICA :
 : INFORMATION
 -v- :
 : 12 Cr.
ANAND SEKARAN, :
 :
 Defendant. :
- - - - - X

COUNT ONE

(Securities Fraud)

The United States Attorney charges:

Relevant Persons and Entities

1. On or about November 17, 1997, Wasson Capital Advisors, Inc. was incorporated under the laws of New York State. On or about April 10, 2007, Wasson Capital Advisors, Ltd. was incorporated in the British Virgin Islands as a successor entity to Wasson Capital Advisors, Inc. (both collectively, "Wasson"). Wasson originally had offices and operated in New York, New York, but before in or about February 2010, Wasson moved its operations to Miami, Florida.

2. At all times relevant to this Information, ANAND SEKARAN, the defendant, was the President and Director of Wasson.

3. At all times relevant to this Information, Cook Islands Bank-1 was a bank located in the Cook Islands, in the South Pacific, which deposited funds into a U.S. brokerage account for ANAND SEKARAN, the defendant, to manage and invest.

4. At all times relevant to this Information, NZ Firm-1, a New Zealand brokerage firm, was an affiliate of Cook Islands Bank-1.

Factual Background

5. In or about 1997, ANAND SEKARAN, the defendant, formed Wasson as an asset management firm in New York, New York, which intended to invest client money primarily in the U.S. options market. From in or about 1999 through in or about 2010, SEKARAN solicited approximately 20 investors, mostly SEKARAN's family and friends, to invest in Wasson. Wasson investors ultimately contributed approximately \$6 million into Wasson.

6. ANAND SEKARAN, the defendant, primarily invested Wasson's investor contributions into call and put options, including out-of-the-money options that were near expiration. One aspect of SEKARAN's strategy involved selling an option contract near expiration in order to collect a small premium with the hope that the option would never be exercised.

7. In exchange for the investment services provided by ANAND SEKARAN, the defendant, SEKARAN charged several investors a 20-25% "performance fee" from purported profits Wasson made for investors. This fee, however, was subject to a "high-water mark," which meant that SEKARAN was prohibited from collecting his fee until the investor's investment balance exceeded its prior maximum value.

8. In or about 2003, ANAND SEKARAN, the defendant, began to engage in a business relationship with the principal of the entity that owns Cook Islands Bank-1. From in or about 2003 through in or about 2008, Cook Islands Bank-1 transferred funds to a U.S. brokerage account in order for those funds to be managed and invested by SEKARAN. SEKARAN had no relationship with NZ Firm-1, Cook Islands Bank-1's affiliate.

9. While ANAND SEKARAN, the defendant, collected approximately \$6 million for Wasson over the last decade, by in or about late 2008, Wasson's total approximate fund value was worth a fraction of that amount primarily because (i) some Wasson investors had requested and received redemptions from the fund, and (ii) some of Wasson's investments had suffered significant losses as a result of, among other things, the 2008 global financial crisis.

10. In or about June 2011, ANAND SEKARAN, the defendant, ceased most of Wasson's operations.

The Fraudulent Scheme

11. From in or about 2009, up to and including in or about June 2011, ANAND SEKARAN, the defendant, engaged in an illegal scheme to defraud members of the investing public, divert investor funds, and perpetrate a "Ponzi" scheme through two methods. First, SEKARAN made oral misrepresentations to existing investors, potential investors, and those who had provided

SEKARAN funds for Wasson, concerning: (i) Wasson's investment value and past performance; (ii) the intended use of funds provided to SEKARAN for investment in Wasson; and (iii) the source of funds distributed to investors who had requested redemptions. Second, SEKARAN distributed and caused to be distributed fraudulent statements to investors concerning the value of investor accounts and Wasson's prior performance, in order to forestall redemption requests by investors, induce new investors to contribute to Wasson, and induce existing investors to provide additional contributions. Furthermore, in effectuating this fraudulent scheme, SEKARAN misappropriated approximately \$500,000 of investor funds during this period. As a result of SEKARAN's fraudulent scheme, from in or about 2009 through in or about June 2011, over 10 investors lost a total of approximately \$2.3 million in invested funds.

The Defendant's Misrepresentations to Investors

12. Beginning in or about 2009, and in response to telephone calls ANAND SEKARAN, the defendant, received from certain investors requesting redemptions, SEKARAN misrepresented to investors that their money was safe and secure, that the fund was doing well, and that he would endeavor to transfer money to them in a timely fashion. SEKARAN also falsely advised certain investors seeking redemptions that their investment funds were not readily available. Further, SEKARAN informed selected

investors that he would return their investments, but ultimately SEKARAN did not send the requested amounts.

13. Beginning in or around 2009, ANAND SEKARAN, the defendant, began to solicit new investors and additional funds from existing investors, including investors in New York, New York. He sought this funding in order to purchase options with the hope of making money so that he could pay out those investors who were demanding redemptions. In order to solicit these additional funds, SEKARAN misrepresented the value of certain existing investments, as well as the past performance of the fund.

14. From in or about 2009 through in or about June 2011, in response to redemption requests and in furtherance of the fraudulent scheme, ANAND SEKARAN, the defendant, sent or caused to be sent money to selected investors, which SEKARAN falsely represented to be proceeds of their investments. In truth and in fact, and as SEKARAN well knew, the purported investment proceeds were often funds contributed by other investors.

15. In addition, from in or about 2009 through in or about 2010, ANAND SEKARAN, the defendant, made and caused others to make false and fraudulent representations regarding how certain Wasson funds would be maintained. SEKARAN asked selected individuals to loan Wasson money so that SEKARAN could use their

loaned funds to enhance Wasson's assets under management, the value of which SEKARAN could promote in soliciting new investors. SEKARAN represented to these individuals that the loaned funds would not be used for trading. In return, SEKARAN agreed to provide lenders interest on their loan. In truth and in fact, from in or about 2009 through in or about 2010, SEKARAN used the loaned money to (i) pay other investors who were seeking redemptions of their investments, and (ii) purchase securities for Wasson in violation of the loan terms.

Fraudulent Account and Performance Statements

16. From in or about 2005 through in or about June 2011, ANAND SEKARAN, the defendant, deposited Wasson investor contributions into various brokerage accounts held largely under Wasson's name, rather than in brokerage accounts held in the individual investor's name (the "Wasson sub-accounts"). At many of the brokerage firms where the Wasson sub-accounts were held, SEKARAN also opened a Wasson "master" account (the "Wasson Master Account") that was linked to each sub-account, allowing the sub-accounts to be collateralized against the Wasson Master Account. SEKARAN falsely represented to these brokerage firms that housed Wasson's sub-accounts and Master Accounts that some of these accounts were Wasson proprietary trading accounts, rather than accounts held for individual investors.

17. From in or about 2009 through in or about June 2011, ANAND SEKARAN, the defendant, caused misleading Wasson sub-account brokerage statements to be sent to several Wasson investors, including investors located in New York, New York. Specifically, the balances reflected in these false brokerage statements were artificially inflated because, in truth and in fact, and as SEKARAN well knew, the balances were actually offset by losses in the corresponding Wasson Master Account.

18. Furthermore, from in or about 2009 through in or about 2010, ANAND SEKARAN, the defendant, caused to be delivered to selected investors fabricated account statements from firms that did not actually hold Wasson funds. For example, in or about mid-2010, SEKARAN hand delivered to an investor located in New York, New York ("Investor-1"), purported NZ Firm-1 monthly account statements representing that Investor-1's money was being held in full at NZ Firm-1, when in truth and in fact, and as SEKARAN well knew, Investor-1's funds had never been held at NZ Firm-1. Indeed, SEKARAN had lost a substantial portion of Investor-1's contributions through aggressive options trading.

19. Similarly, ANAND SEKARAN, the defendant, created fictitious account statements in the name of a defunct company located in the British Virgin Islands. SEKARAN then issued those statements to selected investors representing that their investment was doing well and that their money was being held in

legitimate accounts. In truth and in fact, and as SEKARAN well knew, SEKARAN had already lost a substantial portion of those investors' contributions through aggressive options trading.

20. Moreover, from in or about 2009 through in or about June 2011, in order to secure new investments in Wasson, and to respond to existing investor demands for redemptions, ANAND SEKARAN, the defendant, caused to be created and distributed fraudulent Wasson performance statements to investors, including investors in New York, New York. These false statements purported to show that the Wasson fund was performing well when, in truth and in fact, and as SEKARAN well knew, Wasson was suffering losses. For example, SEKARAN caused to be sent to investors and potential investors performance statements representing that in or about April 2010, Wasson's total investment value had gained 1.66% for the month, when, in truth and in fact, and as SEKARAN well knew, Wasson had experienced massive trading losses during that time as a result of an approximately \$919,000 loss following a sequence of trades in a technology company stock.

21. From in or about 2009 through in or about June 2011, ANAND SEKARAN, the defendant, caused the aforementioned fraudulent account and performance statements to be sent from Wasson's offices, including Wasson's office in New York, New York, to several investors, including those in New York, New

York, by, among other means, U.S. mail and Federal Express delivery.

The Defendant's Misappropriation of Investor Funds

22. As discussed above, at all times relevant to this Information, ANAND SEKARAN, the defendant, represented to several investors that he collected a 20-25% performance fee based on purported profits from Wasson's investments. Under the terms SEKARAN represented to investors, however, SEKARAN was prohibited from collecting his fee from an investor until the investor's account balance exceeded its prior maximum value. Nevertheless, from in or about 2009 through in or about June 2011, SEKARAN withdrew approximately \$500,000 from Wasson investor accounts, as purported compensation and to sustain Wasson's business, notwithstanding the fact that Wasson's total value declined, meaning, SEKARAN was not entitled to withdraw any money at all.

Statutory Allegation

23. From at least in or about 2009 through in or about June 2011, in the Southern District of New York and elsewhere, ANAND SEKARAN, the defendant, willfully and knowingly, directly and indirectly, by the use of means and instrumentalities of interstate commerce, the mails and the facilities of national securities exchanges, in connection with the purchase and sale of securities, used and employed

manipulative and deceptive devices and contrivances, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by:

(a) employing devices, schemes and artifices to defraud;
(b) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices and courses of business which operated and would operate as a fraud and deceit upon persons, to wit, SEKARAN made material misrepresentations to, and distributed and caused to be distributed fraudulent account and performance statements to, existing and potential Wasson investors in order to maintain existing investor money and solicit additional contributions to the investment fund.

(Title 15, United States Code, Sections 78j(b) & 78ff;
Title 17, Code of Federal Regulations, Section 240.10b-5.)

COUNT TWO

(Mail Fraud)

The United States Attorney further charges:

24. The allegations contained in paragraphs 1 through 22 of this Information are repeated and re-alleged as if set forth fully herein.

25. From at least in or about 2009 up to and including in or about June 2011, in the Southern District of New York and elsewhere, ANAND SEKARAN, the defendant, willfully and

knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, for the purpose of executing such scheme and artifice, and attempting so to do, placed in post offices and authorized depositories for mail matter, matters and things to be sent and delivered by the Postal Service, and deposited and caused to be deposited matters and things to be sent and delivered by private and commercial interstate carriers, and took and received therefrom, such matters and things, and caused to be delivered by mail and such carriers according to the directions thereon, and at the places at which they were directed to be delivered by the persons to whom they were addressed, such matters and things, to wit, SEKARAN engaged in a scheme to defraud Wasson investors by sending, and causing to be sent to, investors and potential investors fabricated and fraudulent account statements through, among other means, U.S. mail and private and commercial interstate carriers, to wit, Federal Express.

(Title 18, United States Code, Section 1341.)

FORFEITURE ALLEGATION

26. As the result of committing the securities fraud and mail fraud offenses alleged in Counts One and Two of this Information, ANAND SEKARAN, the defendant, shall forfeit to the United States, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C.

§ 2461, all property, real and personal, which constitutes or is derived from proceeds traceable to the commission of the offenses.

Substitute Asset Provision

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

(1) cannot be located upon the exercise of due diligence;

(2) has been transferred or sold to, or deposited with, a third person;

(3) has been placed beyond the jurisdiction of the Court;

(4) has been substantially diminished in value; or

(5) has been commingled with other property which cannot be subdivided without difficulty;

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

(Title 18, United States Code, Section 981;
Title 21, United States Code, Section 853; and
Title 28, United States Code, Section 2461.)


PREET BHARARA (MPB)
United States Attorney

UNITED STATES DISTRICT COURT
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UNITED STATES OF AMERICA

- v. -

ANAND SEKARAN,

Defendant.

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(15 U.S.C. §§ 78j(b) & 78ff;
17 C.F.R. § 240.10b-5;
18 U.S.C. § 1341.)

PREET BHARARA
United States Attorney.
