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United States Attorney

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APR 15 2004

RICHARD W. WIEKING
CLERK U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND

7 UNITED STATES DISTRICT COURT
8 NORTHERN DISTRICT OF CALIFORNIA
9 OAKLAND DIVISION

FILED BY ORDER
OF THE COURT

10
11 UNITED STATES OF AMERICA,)
12 Plaintiff,)
13 v.)
14 LAL BHATIA,)
15 Defendant.)
16)
17)

No. **CRO4-40071 CW**

VIOLATIONS: 18 U.S.C. §1341 -
Mail Fraud; 18 U.S.C. § 1957(a) - Engaging
in Monetary Transactions in Property
Derived From Specified Unlawful Activity

OAKLAND VENUE

18
19 INDICTMENT

20 The Grand Jury charges:

21 THE SCHEME

22 1. Beginning on or about June 1999, and continuing to on or about May 2001, in the
23 Northern District of California, and elsewhere, the defendant,

24 LAL BHATIA,

25 devised and intended to devise a scheme and artifice to defraud investors, and for the purpose of
26 obtaining money and property from said investors by means of false, fraudulent and material

27 INDICTMENT
28 (U.S. v. Bhatia)

1 pretenses, misrepresentations and promises, falsely represented that the money provided by them
 2 would be used to purchase preferred stock in ABE Technologies, Inc. (hereafter "ABE").

3 Manner and Means of the Scheme

4 2. Defendant BHATIA falsely represented to investors that ABE, a California
 5 corporation, had unique patented software required for the Internet.

6 3. Defendant BHATIA falsely represented to investors that ABE provided analytical,
 7 marketing, and technical support and infrastructure to Internet service providers ("ISPs") in
 8 developing countries.

9 4. Defendant BHATIA falsely represented to investors that ABE was making
 10 significant investments in ISPs in India.

11 5. Defendant BHATIA falsely represented to investors that he had invested
 12 \$328,000.00 of his own money, which he had borrowed using a second deed of trust against his
 13 residence in California as collateral, in ABE.

14 6. Defendant BHATIA falsely represented to investors that Paul Muller (who
 15 BHATIA further represented to be the president of Allied Boston International, Inc. ("ABI")) and
 16 Charles Ward (who BHATIA further represented to be another executive of ABI) had each
 17 invested \$300,000.00 to \$500,000.00 in ABE.

18 7. Defendant BHATIA falsely represented to investors that ABE would repurchase
 19 the preferred stock purchased by the investors, resulting in significant returns to those investors,
 20 and that the investors' initial investment was "two hundred percent" guaranteed.

21 8. Defendant BHATIA falsely made repeated promises to investors that the
 22 repurchase of preferred stock by ABE was imminent and would occur by specific dates.

23 9. Defendant BHATIA falsely represented to investors that ABE had sought
 24 Securities and Exchange Commission ("SEC") approval for an initial public offering.

25 10. Defendant BHATIA falsely represented to investors that Bill Gates of Microsoft
 26 and Michael Dell of Dell Computers, were investing in ABE. Defendant BHATIA further falsely

1 represented that Sabeer Bhatia (the founder of Hotmail, who is no relation to defendant
 2 BHATIA) was purchasing ABE.

3 11. Defendant BHATIA provided investors with fraudulent or forged documents,
 4 including but not limited to "Stock Purchase Agreements" and letters from purported investors,
 5 indicating that various corporations intended to purchase ABE.

6 12. Defendant BHATIA falsely represented to investors that he would return their
 7 investment funds.

8 THE MAILINGS

9 COUNTS ONE THROUGH EIGHT: (18 U.S.C. §1341 - Mail Fraud)

10 13. The allegations set forth in Paragraphs One through Twelve are hereby
 11 incorporated by reference as though set forth in each of Counts One through Nine.

12 14. On or about the dates set forth below, in the Northern District of California, and
 13 elsewhere, the defendant,

14 LAL BHATIA,

15 for the purpose of executing the scheme and artifice to defraud set forth above, and attempting to
 16 do so, did knowingly cause to be delivered by United States mail and private and commercial
 17 interstate carriers., according to the direction thereon, the following items:

<u>COUNT</u>	<u>DATE</u>	<u>FROM</u>	<u>TO</u>	<u>ITEM(S) MAILED</u>
18 ONE	19 August 19, 1999	Manmohan Wig	Lal Bhatia	Two checks totaling \$300,000.00, both payable to ABE
20 TWO	21 September 20, 1999	Krishna Kirpalani	Lal Bhatia	Check for \$100,000.00, payable to "ABE Technologies, Inc."
22 THREE	23 November 2, 1999	Sheila Verghese	Lal Bhatia	Check for £255,000.00 (\$410,000.00 US), payable to "ABE Technologies, Inc."
24 FOUR	25 April 8, 2000	Krishna Kirpalani	Lal Bhatia c/o ABE	Check for \$100,000.00, payable to "Allied Boston Bank"

27 INDICTMENT
 28 (U.S. v. Bhatia)

1	FIVE	April 18, 2000	Lal Bhatia	Manmohan Wig	Letter of Intent re Alliance Ventures, Inc., dated April 14, 2000
2					
3	SIX	October 10, 2000	Lal Bhatia	Krishna Kirpalani	Letter purportedly from George Yen to all warrant holders re ABE Technologies, dated October 10, 2000 and Stock Purchase Agreement
4					
5					
6					
7	SEVEN	October 11, 2000	"Gina" at Allied Boston International	Indru Bhatia	Letter purportedly from Chalmers Fitzpatrick at RR Donnelley Financial dated September 25, 2000
8					
9					
10	EIGHT	April 25, 2001	Lal Bhatia	Krishna Kirpalani	\$250,000.00 check for repayment of investment (returned unpaid)
11					

12 COUNT NINE: (18 U.S.C. § 1957(a) - Engaging in Monetary Transactions in Property
 13 Derived From Specified Unlawful Activity)

14 15. Paragraphs One through Twelve of this Indictment are incorporated by reference
 15 as though fully set forth in this count.

16 16. In reliance upon the representations made by defendant BHATIA set forth in
 17 paragraphs One through Twelve of this indictment, on or about April 8, 2000, Krishna Kirpalani
 18 wrote check number 1215 on her Washington Mutual checking account number 001895-8 in the
 19 amount of \$100,000.00 payable to Allied Boston Bank which represented her further investment
 20 in ABE.

21 17. On or about April 13, 2000, this check was deposited into Bank of Guam (San
 22 Francisco Branch) account number 610000058 held in the name of Allied Boston Bank.

23 18. On or about April 13, 2000, Bank of Guam cashier's check number 018905 in the
 24 amount of \$85,000.00 was purchased by Lal Bhatia. On the same date, that cashier's check was
 25 deposited in Bank of America account 04968-12236 held in the name of ABI.

1 19. On or about April 13, 2000, in the Northern District of California and elsewhere,
2 the defendant,

3 LAL BHATIA,

4 knowingly engaged in a monetary transaction as defined in 18 U.S.C. § 1957(f)(1) by depositing
5 check number 1215 into the Bank of Guam, purchasing an \$85,000.00 cashier's check, and
6 depositing that cashier's check into Bank of America, using criminally derived property of a
7 value greater than \$10,000.00, which was derived from the commission of specified unlawful
8 activity, to wit: the mail fraud offenses set forth in paragraphs One through Twelve above, in
9 violation of Title 18, United States Code, Section 1957(a)

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11

DATED: April __, 2004

A TRUE BILL.

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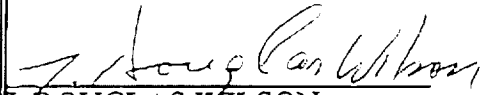
FOREPERSON

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KEVIN V. RYAN
United States Attorney

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DOUGLAS WILSON
Acting Chief, Oakland Division

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(Approved as to form: KNB)
AUSA Bowen

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INDICTMENT

28

(U.S. v. Bhatia)