

State of Israel
Ministry of Justice
Office of the State Attorney
Department of International Affairs



מדינת ישראל
משרד המשפטים
פרקליטות המדינה
המחלקה הבינלאומית

Ms. Mandy Gardener
International Department
U.S. Department of Justice
Washington, D.C.
OIA.MLA@usdoj.gov

Re: Submission of an MLAT in the matter of Shlomo Noyman

Dear Ms. Gardener,

Please find, attached hereto, a new MLAT regarding suspicions of fraud, theft and money laundering perpetrated by Israeli national Shlomo Noyman against Israeli investors, in the approximate value of eleven million dollars.

We appreciate your good services in assisting us with this matter.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Nina Mansur'.

Nina Mansur

First Senior Deputy to the State Attorney of Israel

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State of Israel
Ministry of Justice
Office of the State Attorney
Jerusalem

To: The Competent Authorities of the United States of America

REQUEST FOR LEGAL ASSISTANCE IN A CRIMINAL MATTER

1. In accordance with the Mutual Legal Assistance Treaty in Criminal Matters between the United States and Israel, the State of Israel hereby requests that the competent authorities of the United States grant legal assistance and execute Letters Rogatory in the manner provided for by the laws of the United States. This assistance is required in order to procure evidence relating to offenses under Sections of Israel's Penal Law 5737-1977 (hereinafter: "**the Penal Law**"), and Sections of Israel's Prohibition on Money Laundering Law, 5760-2000 (hereinafter: "**the Prohibition on Money Laundering Law**").
2. This Request is signed and submitted by the Director of the Department of International Affairs in the Ministry of Justice of the State of Israel, who is authorized to submit requests for legal assistance on behalf of Israel.

Factual Background

3. The Israel Police is investigating of suspicions of fraud and theft perpetrated on the Israeli investing public and the laundering of the stolen money through domestic and foreign bank accounts.
4. The prime suspect in the Israeli investigation is Israeli national **Shlomo Noyman**, d.o.b. February 15, 1981, Israeli passport number 22749986 (hereinafter: "**Noyman**").

5. Noyman conducted a securities brokerage business in Israel, and in the framework of a company he incorporated in 2008 in Anguilla, named "**Short Trade**", registration number 2230863. He offered the Israeli investing public a platform for trading in American securities markets. Noyman also conducted his securities brokerage business in the framework of a company he incorporated in 2008 in the British Virgin Islands, named "**Prop Trade**", registration number 1558670. Noyman also registered a company in the Marshal Islands, named "**N.E. Solutions**", registration number 70984.
6. "Short Trade", also known as "Prop Trade" (hereinafter: "**Short Trade-Prop Trade**") had offices in the Israeli cities of Jerusalem and Bnei Brak. Since 2007, at least 2,000 clients invested with Noyman, in accordance with Noyman's representations that he was investing their money in the American securities market. In accordance with Noyman's instructions, the clients of "Short Trade-Prop Trade" transferred their funds into **account number 003-548597** in a Jerusalem branch of **Bank Mizrahi**, (hereinafter: the "**trust account**"). Noyman had complete and unfettered control of this account.
7. Noyman's company was temporarily liquidated by the District Court of Tel Aviv-Jaffa on May 6, 2018 after the liquidators had informed the court that the company's debt to its clients was evaluated at the equivalent of a total of approximately **11 million dollars** and the company did not have the assets to cover any of this debt.
8. Israeli investigators suspect that Noyman operated a "pyramid scheme", using newer clients' funds to pay out supposed gains to older clients, and in reality failed to invest part or all of the funds he collected from his clients for the purported purpose of investing them in the American securities markets. In addition, it is suspected that Noyman leveraged his clients' funds, held in American brokerage houses and that he stole the amounts he had obtained in this manner. It is suspected that in the years 2007 through 2018, Noyman stole approximately 11 million dollars from clients of "Short Trade-Prop Trade" and transferred them into bank accounts in his control or the control of his co-conspirators, including accounts in Hong Kong and in Luxembourg. Furthermore,

it is suspected that he "laundered" some of these funds out of said accounts in Hong Kong and Luxembourg.

9. Furthermore, Noyman claimed to clients of "Short Trade-Prop Trade" that not only was he investing their funds in the American securities market, in a manner in which they could manage and control their investments by themselves, but that the investments were regulated by the American securities authorities.
10. In his interrogation sessions, Noyman claimed to Israeli investigators that in the years 2007-2018, he had invested said "Short Trade-Prop Trade" clients' funds with brokerage houses in the United States. As far as known to Israeli investigators, the following brokerage houses were involved:
 - a) Interactive Brokers Group, Inc.- corporate registration number 208159; One Pickwick Plaza, Greenwich, Connecticut 06830, contact person re SEC reports – John M. Damgard, Tel: 203-618-5800;
 - b) Lek Securities Corporation - corporate registration number 3235-0123; One Liberty Plaza, 52nd floor, NY., NY. 10006; contact person re SEC reports – Daniel Hanuka, Tel: 212-509-5852;
 - c) ChoiceTrade Holdings, Inc. - corporate registration number 142271; service@choicetrade.com, 151 San Francisco Street, Suite 200, San Juan, PR 00901. Tel: 787-680-0085, 787-966-7469.
11. In his statement to Israeli investigators, Noyman also claimed that an American company, based in Wall Street in New York, named "**DAS Trader**" (corporate registration number 0001437535), provided the clients of "Short Trade-Prop Trade" with the ability to trade by themselves, on their own accounts, the funds that they had deposited in the aforesaid "trust account" in Israel and which Noyman had transferred to an American brokerage house of his choice. According to Noyman, said clients were provided a platform for managing their own investments in the American securities market but a number of the clients' accounts were grouped together ("pooled") in what he termed "central accounts", managed by the brokerage house chosen by Noyman. He explained that the reason for the system of "central accounts" was to provide each client with a

maximum ability to leverage, including those clients whose investment portfolio was valued under \$25,000. According to Noyman, he had informed the clients that their investment accounts would be grouped together in "central accounts" in the American brokerage house. However, he had failed to disclose to the clients that the reported value of their individual investment accounts at the American brokerage house, shown to the clients by means of reports from "DAS Trader", was not necessarily the actual value of their accounts, because the accounts had been leveraged (apparently in some cases by Noyman, himself). In his interrogation, Noyman explained that due to the leveraging of the "central accounts", he was able to withdraw money from the "central accounts", without the clients' knowledge and consent and that these withdrawals did not show up in the clients' account statements from "DAS Trader".

12. Noyman claimed to Israeli investigators that the collapse of "Short Trade-Prop Trade" and the disappearance of 3.9 million dollars of clients' funds were caused by failed investments in yet to be issued shares of a company named "**OWC Pharmaceutical Research**" (hereinafter: "**OWCP**"), said investments having no connection whatsoever with the afore-said investments of the clients of "Short Trade-Prop Trade".
13. Noyman admitted stealing 3.9 million dollars from clients of "Short Trade-Prop Trade" and transferring these funds to a third party. (**Attached hereto as Attachment A, please refer to the transcript of Noyman's interrogation sessions on May 13, 2018 and May 17, 2018 and the transcript of Noyman's interrogation session on May 16, 2018**, the latter part of which includes a confrontation between Noyman and said third party). Noyman stated that in the beginning of 2015, he had organized a convention in Singapore to encourage investors to invest in yet to be issued shares of OWCP. At that time OWCP, according to Noyman's interrogation statement of May 17, 2018, was known as "**Dynamic Application – DYAP**". Due to his success in drafting investors, he opened a bank account in HSBC in Hong Kong, in the name of "Short Trade", for the purpose of receiving the money invested by said investors in the yet to be issued shares of OWCP (hereinafter: "**OWCP investors**"). He claimed that at that time he had received about 1.3 million dollars from OWCP investors. **He also claimed that from said bank account in Hong Kong, he transferred all of**

said funds to the attorney of OWCP. According to Noyman, he also opened at least one bank account in Luxembourg in order to hold shares expected to be received from OWCP and for the purpose of using this account to sell those shares of OWCP after they would be issued and registered. (Apparently, the future rights to yet to be issued OWCP shares also were deposited by Noyman into the bank in Luxembourg). Noyman claimed to Israeli investigators that he sold some of the OWCP shares that had been issued and registered, which were held in Luxembourg bank account(s) he controlled. He claimed to have transferred the sale proceeds from the Luxembourg bank to Bank Mizrahi in Israel or to accounts he controlled in Hong Kong, and from those accounts, according to Noyman, he transferred the fruit of the sales to the persons who had invested in the OWCP future rights to shares. According to Noyman, there was no connection between the afore-referenced clients of "Short Trade-Prop Trade" and the OWCP investors.

14. According to Noyman, he encountered delays in receiving some of the OWCP shares, because of flaws in the registration of the future rights to those shares, and as a result the bank in Luxembourg blocked them from trade for particular periods of time. Noyman claimed that because of this problem, he stole 3.9 million dollars from the accounts of "Short Trade-Prop Trade" clients who had deposited their money in the "trust account" in Bank Mizrahi in Israel. According to Noyman's interrogation statement of May 17, 2018, Noyman transferred some of these stolen funds from an account he controlled in HSBC in Hong Kong and he transferred the rest directly from the "trust account" in Bank Mizrahi in Israel. He claimed that he transferred these funds to a third party who was the head of a group of investors in the future rights to the yet to be issued OWCP shares. Additionally, Noyman claimed that he also transferred OWCP shares to said third party (apparently after they eventually were issued, registered and held in a bank account controlled by Noyman in Luxembourg). In his interrogation statement of May 16, 2018, Noyman admitted that in the early Fall of 2017, he had transferred to said third party 5 million registered shares of OWCP securities, valued at that time (according to Noyman himself) at "close to 2.5 million dollars", apparently at the expense of "Short Trade-Prop Trade" clients who had deposited their money in the Bank Mizrahi "trust account".

15. According to Noyman, the future rights to the yet to be issued shares of OWCP and also the ownership of the shares after their issuance, were registered in the company "**V Stock Transfer**", which acts as a type of trustee for shares yet to be issued and registers them in the name of their owners after they are issued. The contact details of said company, are as follows: VStock Transfer, LLC, 18 Lafayette Place, Woodmere, New York 11598 (tel: 212-828-8436, fax: 646-536-3179; mobile phone: 516-317-3912, website: www.VStockTransfer.com).
16. According to Noyman, after OWCP issued its shares in order to have them registered in the names of the owners, Noyman was required to provide "V Stock Transfer" with an attorney's letter stating that the rights to the shares had been acquired lawfully and that six months had passed since the acquisition of the future rights in the then yet to be issued shares. During his interrogation, Noyman claimed that he had received said required letters from the following law offices: (a) **Attorney Richard Rubin**, 28th floor, 40 Wall Street, New York, N.Y. 1005 (tel: 212-400-7198; fax: 212-658-9867; mobile phone: 917-957-9092; e-mail: rrubin@parkavenuegroup.us); (b) **Thomas J. Craft, Jr., Esq.**, Suite 2102, 5420 North Ocean Drive, Singer Island, Florida 33404 (tel: 561-317-7036; fax: 561-848-2279).
17. To the best of the knowledge of the Israeli authorities the relevant bank accounts in Hong Kong include the following: Account number 848380440838 at HSBC at 1 Sham Mong Road, Kowloon. To the best of the knowledge of the Israeli authorities the relevant bank accounts in Luxembourg include the following: accounts at BHI, numbers 0291150, 0291140 and 0291130.

Purpose of the Request

18. The purpose of this Request is to receive information and documents, involving Noyman or one of his afore-referenced companies ("Short Trade", "Prop Trade" or NE Solutions"), from the afore-referenced brokerage houses, the "V Stock Transfer" company, the "Das Trader" company, the afore-referenced attorneys and banks relevant to this investigation, involving the following subjects: a) the investments of funds of clients of "Short Trade-Prop Trade" in shares, by means of the services of the brokerage houses; b) the

leveraging of groups of investors' funds, as they were grouped at the brokerage houses; c) the transfer of funds from the "trust account" in Bank Mizrahi in Israel to the brokerage houses; d) the transfer of funds from the brokerage houses to the "trust account" in Bank Mizrahi in Israel or any other account in Israel; d) the transfer of funds from the brokerage houses to any other account relevant to this matter, including, *inter alia*, the afore-referenced accounts in Luxembourg and Hong Kong; e) the registration at "V Stock Transfer" in the name of Noyman or his afore-referenced companies of rights to yet-to-be issued shares in OWCP, including problems involved in said registration; and f) the registration at "V Stock Transfer" in the name of Noyman or his afore-referenced companies of rights to issued shares in OWCP, including problems involved in said registration. In the event that the legal assistance received regarding sub-categories a-f, above, will not suffice for purposes of the Israeli investigation, a further purpose of this Request will be to receive information and documents from the "Das Trader" company and from the "V Stock Transfer" company regarding the purchase and sale of shares by the "Short Trade-Prop Trade" investors.

Details of the Request

19. The authorities of the United States are requested to transfer to the Israeli authorities all information and documents involving the investments of "Short Trade-Prop Trade" clients in the afore-referenced brokerage houses, (including *inter alia* information and documents regarding the grouping of investors' funds); the leveraging performed against those funds (including *inter alia* the dates, value of each leveraging activity, instructions and orders provided the brokerage house, the use or transfer of funds from the leveraging, and the stated purpose of the leveraging); the transfer of funds from the "trust account" in Bank Mizrahi to the brokers; and the transfer of funds from the brokers to said "trust account" and to any other account in Israel; and the transfer of funds from the brokers to any other account, including *inter alia* the afore-referenced accounts in Hong Kong and Luxembourg.
20. The authorities of the United States are requested to transfer to the Israeli authorities information and all documents regarding all the bank accounts used

by the afore-referenced brokerage houses, involving transfer from or to Noyman or one of his afore-referenced companies ("Short Trade", "Prop Trade" or NE Solutions").

21. The authorities of the United States are requested to provide the Israeli authorities with information and documents from the "V Stock Transfer" company regarding the registration in the name of Noyman or one of his afore-referenced companies ("Short Trade", "Prop Trade" or NE Solutions") of rights to yet-to-be issued shares of OWCP and of rights to issued shares of OWCP, including explanations and documents regarding delays or problems in performing said registration.
22. The authorities of the United States are requested to provide information and documents regarding the services performed by the afore-referenced attorneys for Noyman or one of his afore-referenced companies ("Short Trade", "Prop Trade" or NE Solutions"), regarding issued OWCP shares and rights to OWCP shares to be issued in the future. Said information and documents should include any problems that arose regarding the registration of said shares.
23. The authorities of the United States are requested to provide the above information and documents for the period of January 2014 through the date of the compliance with this Request.
24. In the event that the information and documents that will be received from the brokerage houses and the American banks used by the brokerage houses, will not suffice for purposes of the Israeli investigation, the authorities of the United States are requested to provide information and documents from the "V Stock Transfer" and "Das Trader" companies, regarding the purchase and sale of shares by "Short Trade-Prop Trade" clients.

Additional Information

25. The authorities of the United States are requested to provide the Israeli authorities with copies of all documents or evidence obtained, statements taken or reports prepared in connection with the execution of this Request or in connection with any independent American investigation relevant to this matter.

26. The authorities of the United States are kindly requested to provide any further assistance that may be required in this matter, in accordance with the developments in the investigation in this matter.

Participation of Israeli Investigators

27. The authorities of the United States are requested to allow Israeli Police officers, who are familiar with the facts and evidence of this case, to arrive in the United States in order to participate and assist in the investigation of this matter.

Time Constraints

28. The present Request is deemed urgent due to the serious injury caused to the investing public and Noyman's money laundering activities, which might be continuing. The authorities of the United States are therefore kindly requested to consider this request on an urgent basis.

Confidentiality

29. In consonance with the need for confidentiality during these stages of the investigation, the State of Israel kindly requests that this Request, and the activities undertaken pursuant to the Request, be kept confidential to the fullest extent possible under American law. If confidentiality cannot be maintained regarding any part of this Request, please immediately inform the Israeli authorities before revealing any information related to the Request and its execution.

The Relevant Provisions of Israeli Law

30. Sections 3, 4, 9 and 10 of Israel's **Prohibition on Money Laundering Law** provide as follows:

"...Prohibition on Money Laundering

3. (a) *A person performing a property transaction involving property described in paragraphs (1) to (4), (in this Law referred to as "prohibited property"), with the object of concealing or disguising its source, the identity of the owners of the rights, the location, movement or disposition with respect to such property, shall be liable to ten years imprisonment or a fine twenty times greater than the fine specified in section 61(a)(4) of the Penal Law -*

(1) property originating directly or indirectly in an offense;

(2) property used to commit an offense;

(3) property enabling the commission of an offense;

(4) property regarding which an offense was committed.

(b)(1) A person performing a property transaction or transmitting false information with the object of preventing any reporting under sections 7 or 8(a) or in order not to report under section 9, or to cause incorrect reporting under the aforesaid sections, shall be liable to five years imprisonment or a fine eight times greater than the fine in section 61(a)(4) of the Penal Law; for the purposes of this section, "transmitting false information" shall include failure to deliver updated information about any item required to be reported.

(2) A person transmitting false information, as stated in paragraph (1), regarding prohibited property, shall be liable to the punishment established in subsection (a)."

"Prohibition of performing a prohibited transaction with property

4. *A person performing any property transaction, knowing that it is prohibited property, and that such property falls within one of the categories of property specified in the Second Schedule, and at the value determined therein, shall be liable to seven years imprisonment or a fine ten times the fine stated in section 61(a)(4) of the Penal Law; for the purposes of this section, "knowing" does not include disregarding, within the meaning specified in section 20(c)(1) of the Penal Law.;"*

...

"Obligation to report on monies at the time of entry into and exit from Israel

9. ...

(b) A person entering or leaving the State of Israel shall be obliged to report on the monies he has with him at the time of entry into or exit from

Israel, where the value of the monies is of the amounts prescribed in the Fourth Schedule.

(c)The obligation to report on monies brought into or taken out of Israel, at the rate stated in subsection (b), shall also apply to a person bringing monies into or taking monies out of Israel by mail or by any other method."

...

"Breach of obligation to report

10. A person in breach of the obligation to report imposed on him under section 9 shall be liable to six months' imprisonment or a fine at the rate stated in section 61(a)(4) of the Penal Law, or ten times the amount which was not reported on, all according to the greater amount"....

31. Sections 393, 415 and 425 of Israel's **Penal Law** provide as follows:

Theft by agent: Section 393:

"If a person does one of the following, then he is liable to seven years imprisonment:

(1) he steals an asset that he received with a power of attorney to deal with it;

(2) he steals an asset deposited with him – alone or with another – that he keep it in safe custody, or that he use it or all or part of the consideration for it for a certain purpose, or that he deliver all or part of it to a certain person;

(3) he steals an asset which he received – alone or with another – for or to the credit of another person;

(4) he steals from the proceeds of a security, or of the disposition of an asset under a power of attorney, having received instructions to use it for a certain purpose or to pay it to a certain person."

Obtaining a thing by deceit: Section 415:

"A person who obtains a thing by deceit is liable to imprisonment for three years; if the offence is committed under aggravating circumstances, he is liable to imprisonment for five years."

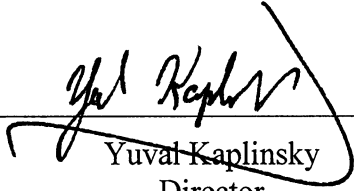
Deceit and breach of trust in body corporate: Section 425:

"If a director, business manager or other employee of a body corporate, or a receiver, liquidator, temporary liquidator, asset manager or special manager of a body corporate committed in connection with his position deceit or a breach of trust that injured the body corporate, then he is liable to three years imprisonment."

Supplementary Information

32. The State of Israel will submit any additional information, which the authorities of the United States may require in order to enable them to accede to this Request.
33. The Department of International Affairs of the Office of the State Attorney in the Ministry of Justice may be contacted with respect to any issues or questions regarding this Request. Ms. Nina Mansur is handling this matter and can be reached by at Ninah@justice.gov.il.
34. The State of Israel takes this opportunity to express its appreciation to the authorities of the United States for their co-operation and assistance in this case and offers its assurance of reciprocal assistance.

Jerusalem, 12 day of April, 2019
7 day of Nisan, 5779


Yuval Kaplinsky
Director
Department of International Affairs
Office of the State Attorney
Ministry of Justice
State of Israel