



**UNITED STATES ATTORNEY'S OFFICE**  
*Southern District of New York*

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**MANHATTAN U.S. ATTORNEY ANNOUNCES CONVICTION OF  
RADIO TALK SHOW HOST CRAIG CARTON FOR SECURITIES AND  
WIRE FRAUD**

Geoffrey S. Berman, the United States Attorney for the Southern District of New York, announced today the conviction of CRAIG CARTON for securities fraud, wire fraud, and conspiracy to commit those offenses. CARTON's co-defendant, Michael Wright, pled guilty before U.S. Magistrate Judge Stewart D. Aaron in September 2018 for his participation in the scheme. CARTON is scheduled to be sentenced on February 27, 2018, at 4 p.m. by Chief U.S. District Judge Colleen McMahon, who presided over the one-week trial.

Manhattan U.S. Attorney Geoffrey S. Berman said: "Radio personality Craig Carton solicited investments for his ticket buying scheme by touting his show business contacts and ability to buy blocks of tickets to live events such as Metallica, Barbra Streisand, and others, and sell them for a profit on the secondary ticket market. As a unanimous Manhattan jury has found, Carton was all talk. Carton fabricated contracts for blocks of tickets and spent the almost \$7 million he collected from investors on gambling and personal expenses. We commend the jury for seeing through Carton's blatant lies, and holding him responsible for his Ponzi-like scheme. Today's verdict is a win for investors; lying to them is a federal crime."

As set forth in the Complaint, Indictment, and the evidence presented at trial:

CARTON and another individual ("CC-1") worked together to induce investors to provide them with millions of dollars, based on representations that the investor funds would be used to purchase blocks of tickets to concerts, which would then be re-sold on the secondary market. CARTON and CC-1 purportedly had access to those blocks of tickets based on agreements that CC-1 had with a company that promotes live music and entertainment events (the "Concert Promotion Company") and that CARTON had with a company that operates two arenas in the New York metropolitan area (the "Sports and Entertainment Company"). In fact, neither the Concert Promotion Company nor the Sports and Entertainment Company had any such agreement with CARTON, Wright, CC-1, or any entity associated with them. After receiving the investor funds, CARTON, Wright, and CC-1 misappropriated those funds, using them to, among other things, pay personal debts and repay prior investors as part of a Ponzi-like scheme.

In the fall of 2016, CARTON, Wright, and CC-1 exchanged emails and text messages regarding their existing debts. On September 5, 2016, for example, Wright emailed CARTON and CC-1, “for the sake of our conversation tomorrow,” and outlined “the debt past due and due next week.” Wright listed several apparent creditors, to whom he, CC-1, and/or CARTON were personally indebted for over a million dollars. Wright listed eight possible options for repaying the debt, including “Run to Costa Rica, change name, and start life all over again – may not be an option.” CARTON responded to Wright and CC-1, stating “don’t forget I have \$1m coming tomorrow from ticket investor[.] will need to be discussed how to handle.” On September 7, 2016, CARTON emailed Wright and CC-1, referenced a potential investor (“Investor-1”) in an upcoming holiday concert tour, and suggested “borrow[ing] against projected profits” on that investment.

Later in the fall of 2016, CARTON began negotiating with a hedge fund (the “Hedge Fund”) regarding a transaction in which the Hedge Fund would extend CARTON capital to finance CARTON’s purchase of event tickets, which CARTON would then re-sell at a profit. In early December 2016, CC-1 texted CARTON and Wright and discussed using the Hedge Fund’s capital “to repay debts,” and not for the purchase of tickets.

The next day, December 7, 2016, CARTON emailed the Hedge Fund five agreements between (i) CC-1 and a company controlled by CC-1 (the “CC-1 Entity”) and (ii) the Concert Promotion Company. In each of the purported agreements, the Concert Promotion Company agreed to sell the CC-1 Entity up \$10 million worth of tickets to different concert tours. However, as alleged, these agreements were fraudulent and had not, in fact, been entered into by the Concert Promotion Company.

The following day, the Hedge Fund and CARTON executed the revolving loan agreement (the “Revolving Loan Agreement”), under which the Hedge Fund agreed to provide CARTON with up to \$10 million, for the purpose of funding investments in the purchase of tickets for events. The Revolving Loan Agreement provided, in sum and substance, that the proceeds of the loan would be used only to purchase tickets pursuant to agreements for the acquisition of tickets, including the agreements with the Concert Promotion Company and for limited business expenses. The Hedge Fund would receive a share of the profits from the resale of the tickets.

The Hedge Fund then sent \$700,000 to the CC-1 Entity to finance the purchase of tickets pursuant to the agreements between the CC-1 Entity and the Concert Promotion Company. CC-1, however, then sent this money to a bank account controlled by Wright, who then, on December 12, sent \$200,000 to CARTON’s personal bank account (the “CARTON Bank Account”), which CARTON then wired to a casino. Also on December 12, Wright sent another \$500,000 to an individual who had previously lent CARTON \$500,000, which was due to be repaid that day.

Later in December 2016, the Hedge Fund sent an additional \$1.9 million to the CC-1 Entity, to finance the purchase of tickets pursuant to agreements between the CC-1 Entity and the Concert Promotion Company. Once again, the Concert Promotion Company had not entered into any such agreements. CC-1, Wright, and CARTON engaged in text messages regarding the

disposition of these funds. Some of the money was used by CC-1 to repay two individuals who had previously invested with CC-1 in a related scheme involving the purported investment in the resale of tickets, and by CARTON to pay casinos and to pay Investor-1 a purported return on an earlier investment in a ticket-related venture.

CARTON also induced the Hedge Fund to wire \$2 million to the Sports and Entertainment Company, based purportedly on an agreement he had with the Sports and Entertainment Company (the “Sports and Entertainment Company Agreement”). The Sports and Entertainment Company Agreement purportedly gave an entity controlled by CARTON (the “CARTON Entity”) the right to purchase \$2 million of tickets to concerts at one of the venues operated by the Sports and Entertainment Company. CARTON, among other things, sent the Hedge Fund a copy of the Sports and Entertainment Company Agreement that purportedly had been signed by the chief executive officer of the Sports and Entertainment Company. However, this agreement was fraudulent and had never been entered into by the Sports and Entertainment Company or signed by the chief executive officer.

On December 20, 2016, when the Hedge Fund wired the \$2 million to the Sports and Entertainment Company, CARTON contacted the Sports and Entertainment Company and told them, in sum and substance, that the wire had been sent in error and should be sent to the bank account for an entity operated by CARTON and Wright, for which Wright is the signatory. After the money was rewired to that account, Wright wired \$966,000 to Wright’s personal bank account and \$700,000 to the CARTON Bank Account. CARTON then wired approximately \$188,000 from the CARTON Bank Account, including at least \$133,000 in wires to several casinos.

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CARTON, 49, of New York, New York, was convicted of one count of conspiracy to commit securities fraud and wire fraud, one count of wire fraud, and one count of securities fraud. The conspiracy count carries a maximum sentence of five years in prison and a maximum fine of \$250,000, or twice the gross gain or loss from the offense. The securities fraud count carries a maximum sentence of 20 years in prison and a maximum fine of \$5 million, or twice the gross gain or loss from the offense. The wire fraud count carries a maximum sentence of 20 years in prison and a maximum fine of \$250,000 or twice the gross gain or loss from the offense. The maximum potential sentences in this case are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendant will be determined by the judge.

Mr. Berman praised the investigative work of the Federal Bureau of Investigation and thanked the Boston Regional Office of the U.S. Securities and Exchange Commission, which has filed civil charges against CARTON and CC-1 in a separate action.

This case is being handled by the Office’s Securities and Commodities Fraud Task Force. Assistant U.S. Attorneys Brendan F. Quigley and Elisha J. Kobre are in charge of the prosecution.

