

Financier charged in fake pre-IPO Facebook sales

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Screens display the start of trading in Facebook shares at the NASDAQ stock exchange on Times Square in New York, on May 18, 2012. A Florida investment adviser was charged Tuesday with selling \$8 million of fake Facebook shares ahead of the social network's highly anticipated public offering, officials said.

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The Justice Department said Craig Berkman, 71, was arrested on two separate securities fraud schemes involving Facebook shares.

Berkman received a total of at least \$8 million from these schemes, most of which he "misappropriated for his own benefit," a Justice Department statement said.

He was arrested at his home in Odessa, Florida, and was to face the charges in federal court in Tampa.

"As alleged, Craig Berkman seized on the interest in a highly coveted investment opportunity to swindle investors out of millions," US Attorney Preet Bharara said.

According to officials, Berkman said his Ventures Trust II LLC falsely claimed to own shares in Facebook as early as 2010, more than a year before its IPO.

[Investors](#) discovered the fraud when they tried to redeem their shares in 2012, officials said.

Berkman was charged with two counts of [securities fraud](#) and two counts of wire fraud. If convicted, he faces a maximum sentence of 20 years in prison on each of the four counts in the complaint and fines in the millions of dollars.

The case is not related to questions about the underwriting or valuation of the Facebook [IPO](#) last year. The shares slid from an [offering price](#) of \$38, losing more than half their value, before recovering some of the losses.

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