

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA :
 :
 :
 :
v. :
 :
CAROLINE WINSOR :

CRIMINAL NO. 12-656

GOVERNMENT’S MOTION FOR PRETRIAL DETENTION

Defendant Caroline Winsor, also known as Caroline Meyers and Caroline Danforth, has been charged in an indictment with conspiracy, wire fraud, and securities fraud. As explained below, she poses an extreme risk of flight. She faces a very substantial prison term. She is a citizen of Canada and the United Kingdom who has the ability to freely travel to more than 28 countries. She has personal relationships with people in multiple countries around the globe. She has numerous foreign bank accounts and brokerage accounts, as well as property in foreign countries. Furthermore, she has no ties to this district or the United States.

Most significantly, Winsor previously avoided and/or fled from prosecution on other securities fraud schemes. She avoided facing charges brought in the Northern District of Illinois for more than a decade by avoiding travel to the United States. More recently, she fled Canada, leaving behind her business office, and has failed to return for more than a year after the Alberta Securities Commission filed charges against her for yet another securities fraud scheme. Winsor was only apprehended when she was arrested in Spain with international cooperation.

Because no condition or combination of conditions will reasonably assure the defendant’s appearance as required, the government moves pursuant to 18 U.S.C. §§ 3142(e) and (f) for a detention hearing and pretrial detention of the defendant.

I. THE FACTS

In support of this motion, the government makes the following representations and proposed findings of fact:

A. Probable Cause and the Evidence in this Case

1. There is probable cause to believe that the defendant has violated (i) 18 U.S.C. § 371; (ii) 18 U.S.C. § 1343; and (iii) 15 U.S.C. §§ 78j(b) and 78ff and 17 C.F.R. § 240.10b-5, charges which result from her participation in a stock manipulation scheme which involved, among other things, the bribery of brokers, because a grand jury returned an indictment against her on December 6, 2012.

2. The evidence in this case is strong, and consists of recordings by a cooperating witness, documents, and testimony.

B. Maximum Penalties

The total maximum penalty defendant faces is 165 years imprisonment, three years of supervised release, a \$21,250,000 fine, and a \$900 special assessment. Her estimated advisory sentencing guideline range is 57 to 71 months imprisonment.

C. Criminal Record

The defendant was charged in 1995 with securities fraud in the Northern District of Illinois. Those charges were ultimately dismissed. Securities fraud charges brought by the Alberta Securities Commission have been pending against the defendant in Canada since January 2013.

D. Prior History of Failures To Appear and Abide by Court Supervision

1. In January 1995, Caroline Winsor, a/k/a Caroline Danforth, and another individual were charged with four counts of wire fraud and two counts of mail fraud in connection with a securities fraud scheme in the Northern District of Illinois. Although the defendant had traveled to the United States prior to the time these charges were filed, she has not entered the United States since those charges were filed. She has made statements to a co-conspirator that the reason she did not return to the United States was because she was avoiding prosecution for the charges.

2. In or about May 2011, Canadian authorities in Alberta, Canada executed a search warrant on the offices of Winsor's business, International Securities Group. Subsequently, in January 2013, Canadian authorities brought securities fraud charges against Winsor. Rather than face those charges, Winsor left her family and business in Canada, and has not returned. During a conversation via Skype in October 2013, Winsor told a co-conspirator that she was in Europe and would not be returning to Canada anytime soon because Canadian regulators were looking for her.

3. In January 2014, Winsor was informed by Swiss authorities that the United States authorities were seeking her address. Winsor, who had not appeared in connection with an ongoing civil securities fraud case brought by the U.S. Securities and Exchange Commission in connection with the same scheme charged in the captioned case, told the Swiss that the United States was likely looking for her due to her failure to appear for a court appearance. She told the Swiss authorities that she would contact the U.S. authorities, but she left Switzerland without doing so.

4. In April 2014, Spanish authorities arrested Winsor in Spain based upon the arrest warrant in this case. Subsequently, she waived extradition and appeared in this district on June 27, 2014.

E. Lack of Ties to the Community

1. Defendant Winsor is a citizen of both Canada and the United Kingdom. She has no ties to the United States. She does, however, have family, friends, and close business contacts in Canada, Belize, Europe, China, and Mexico.

2. Winsor was arrested while she was attempting to obtain a Spanish identification.

3. Winsor has addresses in Canada, England, Mexico, and Belize. In January 2014, when Swiss authorities asked Winsor for her address pursuant to an inquiry by U.S. authorities, Winsor provided an address in Canada where allegedly her daughter lives. She also stated that she lives in London, England and has a house in Spain.

4. Winsor owns property in the Del Canto development located in Nuevo Vallarta, Mexico.

5. Winsor told a co-conspirator that she had a house in Belize.

6. The defendant has engaged in extensive international travel. For instance, in January 2014, she informed Swiss authorities that she was travelling for several months around Europe and would be traveling to Greece, where her co-defendant Richard Walchuk resided.

7. Although the defendant has reported to the Court that she earns about \$60,000 year, but she operates a securities consulting business, owns properties in multiple countries, and travels frequently internationally.

8. Winsor controls the bank and brokerage accounts of numerous foreign companies, and has multiple foreign bank and brokerage accounts. Several of these accounts are in Switzerland.

9. Winsor routinely conducts large securities transactions. For instance, financial records show that from March through April 2013, entities that Winsor controlled sold over 1.5 million shares of a company called Octagon 88 Resources, Inc. for over \$11 million. The proceeds of these sales were then credited to a Swiss bank, Rahn & Bodmer Co.

II. CONCLUSION

When all these factors are viewed in light of the substantial sentence defendant faces if convicted, it is clear that no condition or combination of conditions will reasonably assure the presence of the defendant as required.

WHEREFORE, the government respectfully submits that its Motion for Defendant's Pretrial Detention should be granted.

Respectfully submitted,

ZANE DAVID MEMEGER
United States Attorney

Patrick J. Murray
Judy G. Smith
Patrick J. Murray
Assistant United States Attorneys

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UNITED STATES OF AMERICA	:	
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PRETRIAL DETENTION ORDER

AND NOW, this ____ day of July 2014, after an evidentiary hearing and argument of counsel for the government and the defendant, the Court finds that the government has proved by a preponderance of the evidence that no condition or combination of conditions will reasonably assure the appearance of the defendant as required.

The Court makes the following findings of fact:

This case is appropriate for detention under Title 18, United States Code, Section 3142(e) because:

1. There is probable cause to believe that the defendant has violated (i) 18 U.S.C. § 371; (ii) 18 U.S.C. § 1343; and (iii) 15 U.S.C. §§ 78j(b) and 78ff and 17 C.F.R. § 240.10b-5, charges which result from her participation in a stock manipulation scheme which involved, among other things, the bribery of brokers, because a grand jury returned an indictment against her on December 6, 2012.
2. The evidence in this case is strong, and consists of recordings by a cooperating witness, documents, and testimony.
3. The total maximum statutory penalty defendant faces is 165 years imprisonment, three years of supervised release, a \$21,250,000 fine, and a \$900 special

assessment. Her estimated advisory sentencing guideline range is 57 to 71 months imprisonment. Accordingly, the defendant has a substantial incentive to flee.

4. The defendant has a significant history of securities fraud.

a. In January 1995, Caroline Winsor, a/k/a Caroline Danforth, and another individual were charged with four counts of wire fraud and two counts of mail fraud in connection with a securities fraud scheme in the Northern District of Illinois. Although the defendant had traveled to the United States prior to the time these charges were filed, she has not entered the United States since those charges were filed. She has made statements to a co-conspirator that the reason she did not return to the United States was because she was avoiding prosecution for the charges.

b. In or about May 2011, Canadian authorities in Alberta, Canada executed a search warrant on the offices of Winsor's business, International Securities Group. Subsequently, in January 2013, Canadian authorities brought securities fraud charges against Winsor. Rather than face those charges, Winsor left her family and business in Canada, and has not returned. During a conversation via Skype in October 2013, Winsor told a co-conspirator that she was in Europe and would not be returning to Canada anytime soon because Canadian regulators were looking for her.

c. In January 2014, Winsor was informed by Swiss authorities that the United States authorities were seeking her address. Winsor, who had not appeared in connection with an ongoing civil securities fraud case brought by the U.S. Securities and Exchange Commission in connection with the same scheme charged in the captioned case, told the Swiss that the United States was likely looking for her due to her failure to appear for a court appearance.

She told the Swiss authorities that she would contact the U.S. authorities, but she left Switzerland without doing so.

d. In April 2014, Spanish authorities arrested Winsor in Spain based upon the arrest warrant in this case. Subsequently, she waived extradition and appeared in this district on June 27, 2014.

5. The defendant has a lack of community ties.

a. Defendant Winsor is a citizen of both Canada and the United Kingdom. She has no ties to the United States. She does, however, have family, friends, and close business contacts in Canada, Belize, Europe, China, and Mexico.

b. Winsor was arrested while she was attempting to obtain a Spanish identification.

c. Winsor has addresses in Canada, England, Mexico, and Belize. In January 2014, when Swiss authorities asked Winsor for her address pursuant to an inquiry by U.S. authorities, Winsor provided an address in Canada where allegedly her daughter lives. She also stated that she lives in London, England and has a house in Spain.

d. Winsor owns property in the Del Canto development located in Nuevo Vallarta, Mexico.

e. Winsor told a co-conspirator that she had a house in Belize.

f. The defendant has engaged in extensive international travel. For instance, in January 2014, she informed Swiss authorities that she was travelling for several months around Europe and would be traveling to Greece, where her co-defendant Richard Walchuk resided.

g. Although the defendant has reported to the Court that she earns about \$60,000 year, but she operates a securities consulting business, owns properties in multiple countries, and travels frequently internationally.

h. Winsor controls the bank and brokerage accounts of numerous foreign companies, and has multiple foreign bank and brokerage accounts. Several of these accounts are in Switzerland.

i. Winsor routinely conducts large securities transactions. For instance, financial records show that from March through April 2013, entities that Winsor controlled sold over 1.5 million shares of a company called Octagon 88 Resources, Inc. for over \$11 million. The proceeds of these sales were then credited to a Swiss bank, Rahn & Bodmer Co.

6. The strength and nature of the case against the defendant, combined with the strong likelihood that the defendant will be incarcerated for a significant period of time, increases the high risk that the defendant will not appear as required by the Court.

Therefore, IT IS ORDERED that the defendant be committed to the custody of the Attorney General for confinement in a correction facility separate, to the extent practicable, from persons awaiting or serving sentences or being held in custody pending appeal; that the defendant be afforded reasonable opportunity for private consultation with counsel; and that, on order of a Court of the United States, or on request of an attorney for the government, the person in charge

of the corrections facility in which the defendant is confined deliver the defendant to a United States Marshal for the purpose of an appearance in connection with a court proceeding.

BY THE COURT:

HONORABLE DAVID R. STRAWBRIDGE
United States Magistrate Judge

CERTIFICATE OF SERVICE

I certify that a copy of the Government's Motion for Pretrial Detention, and Proposed Order was served by electronic filing and electronic mail on the following defense counsel:

Patrick Egan, Esq.
Fox Rothschild LLP
2000 Market Street
20th Floor
Philadelphia, PA 19103-3222
Email address: PEgan@foxrothschild.com

Patrick J. Murray
Patrick J. Murray
Assistant United States Attorney

Date: July 2, 2014