FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1558245-000

Total Deleted Page(s) = 124
Page 10 ~ b6; b7C; b7D;
Page 11 ~ b6; b7C; b7D;
Page 13 ~ b6; b7C; b7D;
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Page 220 ~ b6; b7C; b7D; b7E;

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Memorandum

To : SAC, DIVISION II (196B-NEW) Date 2/10/93

From : SSA [redacted] (C-1) b6 b7C

Subject: STEVEN HOFFENBERG;
TOWERS FINANCIAL CORPORATION;
FBW-SECURITIES
OO:NY

Captioned matter predicated upon recent telephone conversations between writer and AUSA [redacted] SDNY. b6 b7C

More specifically, on 2/8/93, [redacted] advised that he was in the process of evaluating an SEC civil complaint against subjects to determine if a criminal investigation is warranted.

On 2/10/93, AUSA [redacted] stated that he met this morning with [redacted] AND advised [redacted] that the FBI had previously expressed interest in this matter. [redacted] stated that after his review of the SEC civil complaint he is recommending that the FBI initiate an investigation into captioned subjects. b6 b7C

According to [redacted] the attorney handling the civil matter is [redacted] New York Office of the SEC. AUSA [redacted] of the SDNY will be assigned captioned case. b6 b7C

Accordingly, this matter is being opened and assigned to SA [redacted]

1 - NEW YORK (196B-NEW)

[redacted]

(1)

[redacted]

196B-NY-235483

196B-NY-23-VOL 2 b6 b7C

SEARCHED INDEXED
SERIALIZED FILED
FBI
FBI — N

[redacted]

AUTOMATED RECORD

FD-340a (Rev. 11-12-89)

(Title) _____

(File No.) 196D-NY-235483 1A5

Item	Date Filed	To be returned Yes	To be returned No		Disposition
1A1	2/26/93		✓	orig. notes and draft report of premises	
1A2	3/4/93		✓	orig. notes re interview of	
1A3	3/4/93		✓	orig. notes re interview of	
1A4	5/26/93		✓	orig. notes re interview of	
1A5	5/26/93		✓	orig. notes re interview of	
1A6	6/11/93		✓	notes for review of documents [redacted]	
1A7	6/22/93		✓	orig. notes re interview of	see 1A2
1A8	7/7/93		✓	orig. notes re interview of	
1A9	3/14/94		✓	orig. notes re interview of	see serial 37
1A10	3/14/94		✓	orig. notes re interview of	see serial 38
1A11	3/14/94		✓	orig. notes re interview of	see serial 37
1A12	3/15/94		✓	photos of Glenn Hoffenberg	
1A13	3/14/94		✓	orig. notes re interview of	
1A14	4/8/94		✓	orig. notes re interview of on 2/16/94	see serial 52
1A15	4/8/94		✓	orig. notes re interview of	see serial 53
1A16	4/8/94		✓	orig. notes re interview of	see serial 54
1A17	4/8/94		✓	orig. notes re interview of	see serial 55

see Volume 1

196D-NY-235483 1A5

SEARCHED SERIALIZED INDEXED FILED

FEB 26 1997

FBI — NEW YORK

b6 b7C b7D

b6 b7C b7D

b6 b7C b7D

b6 b7C

FD-340 (Rev.8-18-89)

Universal File Case Number 176B-NY-[redacted]-1A1

Field Office Acquiring Evidence NY

Serial # of Originating Document _____

Date Received 2/16/93

From [redacted]

(Address of Contributor)

By [redacted]

To Be Returned ☐ Yes ☑ No

Receipt Given ☐ Yes ☐ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e) Federal Rules of Criminal Procedure

☑ Yes ☐ No

Title: [redacted]

Reference: [redacted]
(Communication Enclosing Materia

Description: ☐ Original notes re interview of [redacted]

SEARCHED SERIALIZED FILED

FEB 22 1993

FBI — NEW YORK

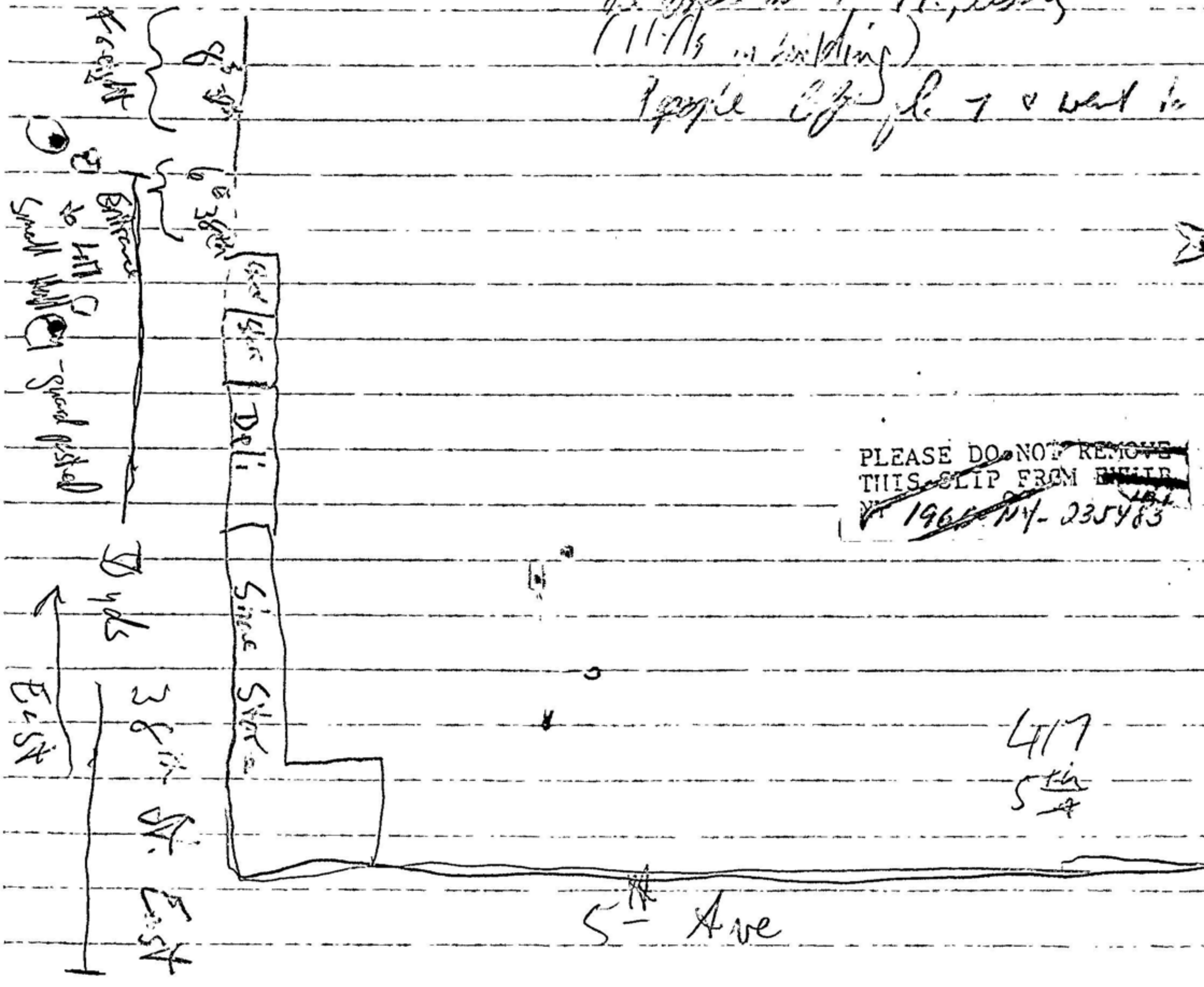
[redacted]

b6
b7C

b6
b7C

guard posted on side entrance to 417 5th Av on 6 E 38th St
W/M 5'8" bl bk mustache medium to heavy
build.

per guard Towers on 7, 8 + 9 flrs.
per directory Towers on 9th fl
on 6 E 38th St, per 417 directory
all offices on 9th Fl, listing
(1111's in building)
people left fl 7 & went to 9.



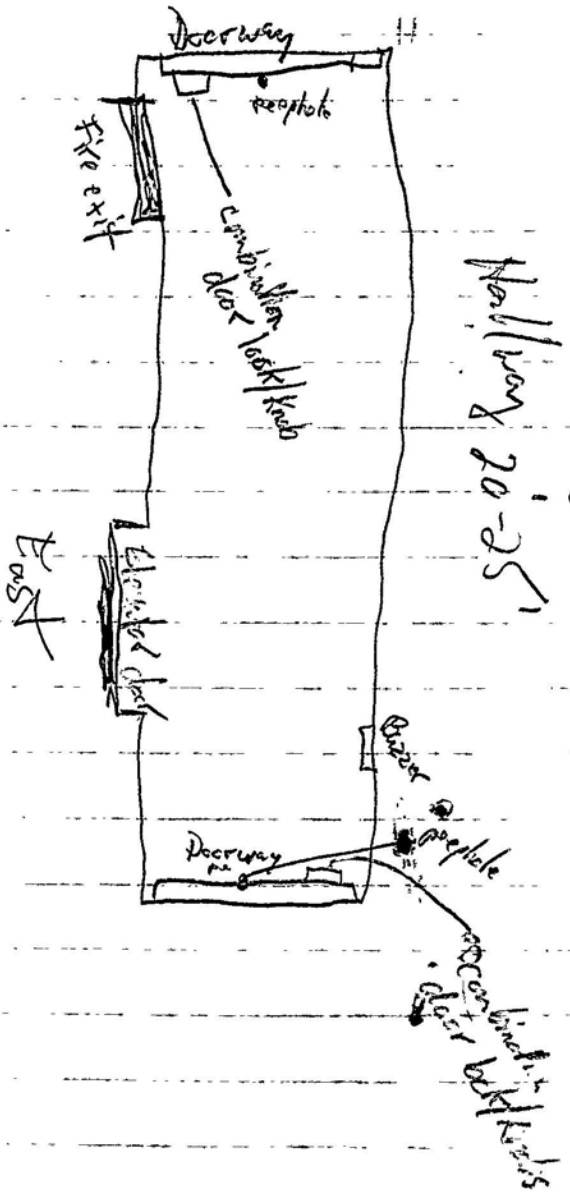
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1966 NY-235483

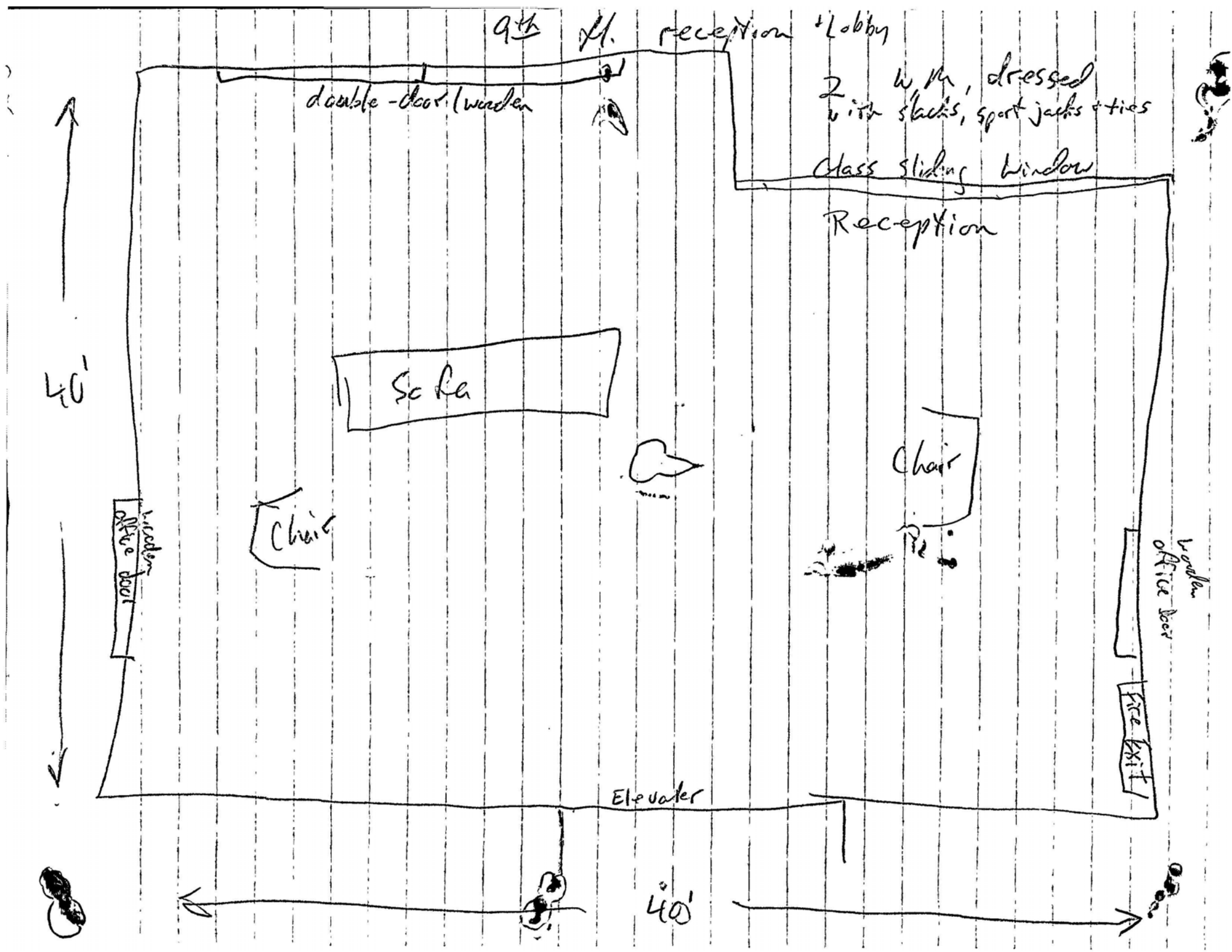
[redacted]

b6
b7C

Down John Smith

9th fl. floor plan




9th M. reception + Lobby
2 W.M. dressed with slacks, sport jacks + ties
double-door (wooden
Glass sliding window
Reception
40'
Sofa
Chair
Chair
wooden office door
wooden office door
Fire Exit
Elevator
40'

Director ## 417 5th Ave
all staff

Leasing info, media
594-2708
SL Green Realty

[redacted] b6 b7C

[redacted]

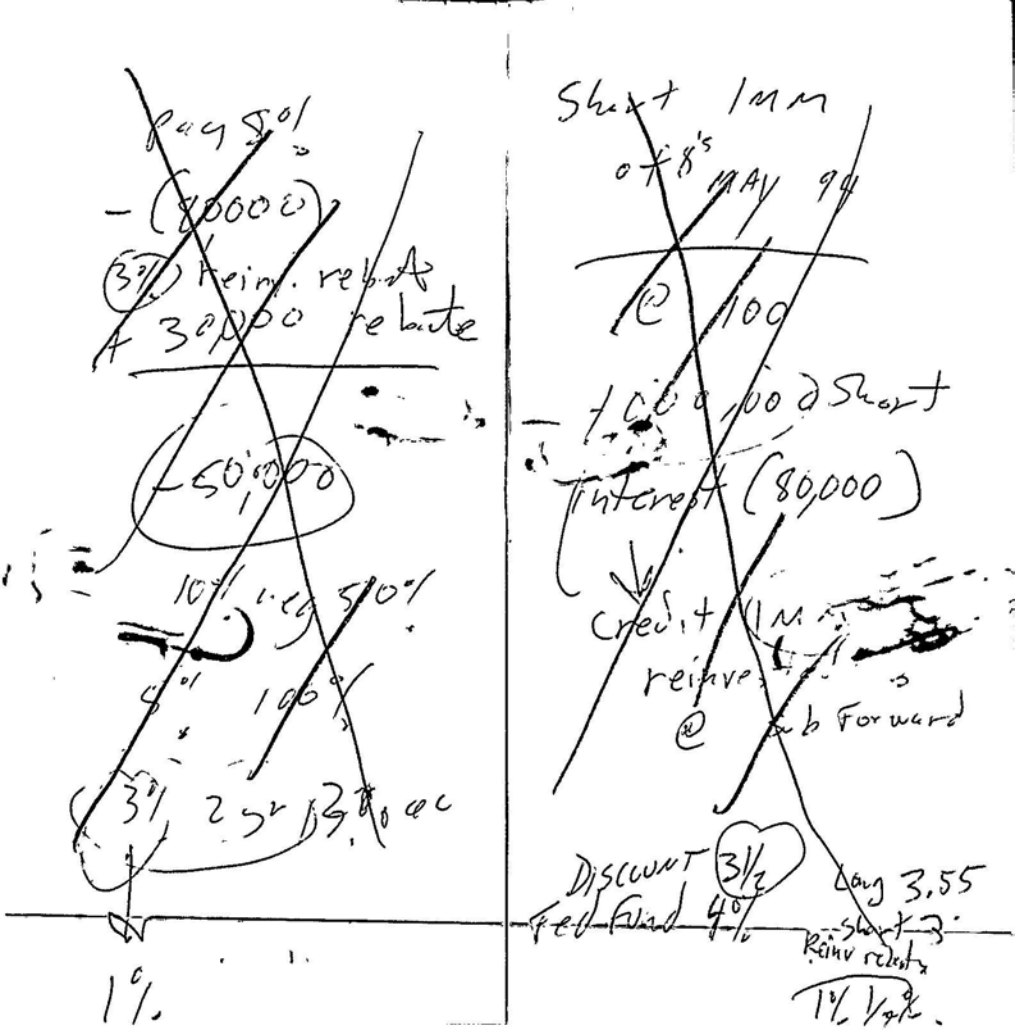
196B-NY-[redacted]-183 1A1

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REMOVE THIS SLIP
FROM EXHIBIT ##

b6
b7C

Steven Hellinger

[redacted]


Pay 5%
(80000)
3½ Reinv. rel. A
A 30,000 relate
(50,000)
10% Leg 5%
100%
3½ 25yr
Short 1mm
of 8's May 94
@ 100
1,000,000 Short
Interest (80,000)
Credit (1M
reinve
@ Sub Forward
Discount 3½
Long 3.55
Fed Fund 4%
Short 3
Reinv relat
1% 1/32%
1%

FD-340 (Rev.8-18-89)

Universal File Case Number 196-NY-155423 - 1 1A-2

Field Office Acquiring Evidence _____

Serial # of Originating Document _____

Date Received 3-10-93

From _____
(Name of Contributor)

_____
(Address of Contributor)

_____
(City and State)

By SA [redacted]
(Name of Special Agent)

To Be Returned ☐ Yes ☑ No
Receipt Given ☐ Yes ☑ No
Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e) Federal Rules of Criminal Procedure
☐ Yes ☑ No

Title: STEVEN HOFFENBERG, AKA
TAXPAYERS FINANCIAL CORP.
ET AL;
FBW (SECURITIES VIOLATION)
OO: NY

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____
MAR 22 1993
FBI — NEW YORK

Reference: _____
(Communication Enclosing Material)

Description: ☑ Original notes re interview of

[redacted]

b6
b7C

b6
b7C
b7D

FD-340 (Rev.8-18-89)

Universal File Case Number 196-NY-235423-1A 3

Field Office Acquiring Evidence _____

Serial # of Originating Document _____

Date Received 3-23-93

From _____
(Name of Contributor)

_____
(Address of Contributor)

_____
(City and State)

By SA [redacted]
(Name of Special Agent)

To Be Returned ☐ Yes ☑ No
Receipt Given ☐ Yes ☑ No
Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e)
Federal Rules of Criminal Procedure
☐ Yes ☑ No

Title: [redacted], dba
[redacted]
FIRM (SECURITIES VIOLATION)
OO: NY

SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___
MAR 22 1993
FBI — NEW YORK

Reference: _____
(Communication Enclosing Material)

Description: ☑ Original notes re interview of

[redacted]

b6
b7C

b6
b7C
b7D

FD-340 (Rev.8-18-89)

Universal File Case Number 196B-NY-285483-1A4

Field Office Acquiring Evidence _____

Serial # of Originating Document _____

Date Received _____

From _____
(Name of Contributor)

_____
(Address of Contributor)

_____

By _____ b6 b7C
(Name of Special Agent)

To Be Returned ☐ Yes ☑ No
Receipt Given ☐ Yes ☑ No
Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e)
Federal Rules of Criminal Procedure
☐ Yes ☑ No

Title: STEVEN HOFFENBERG
ET AL
FBW
OO: NY

SEARCHED _____ INDEXED _____
SERIALIZED _____ FILED _____
MAY 20
FBI — NEW

b6 b7C

Reference: _____
(Communication Enclosing Material)

Description: ☑ Original notes re interview of

_____ b6 b7C b7D

FD-340 (Rev.8-18-89)

Universal File Case Number 196B-NY-235483-1A3

Field Office Acquiring Evidence _____

Serial # of Originating Document _____

Date Received _____

From _____ [redacted] b6 b7C
(Name of Contributor)

(Address of Contributor)

(City and State)

By SA [redacted]
(Name of Special Agent)

To Be Returned ☐ Yes ☑ No
Receipt Given ☐ Yes ☑ No
Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e)
Federal Rules of Criminal Procedure
☐ Yes ☑ No

Title: STEVEN HOFFENBERG, dba
TOWERS FINANCIAL CORP.
ET AL
FBW (SECURITIES VIOLATION)
OO: NY

SEARCHED _____ INDEXED _____
SERIALIZED _____ FILED _____
MAY 17 1999
FBI — NEW YORK

Reference: [redacted]
(Communication Enclosing Material)

b6 b7C b7D

Description: ☑ Original notes re interview of [redacted]

FD-340 (Rev.8-18-89)

Universal File Case Number 196B-NY-235443-1A6

Field Office Acquiring Evidence _____

Serial # of Originating Document _____

Date Received _____

From 5-24-93
(Name of Contributor)

(Address of Contributor)

(City and State)

By _____ b6 b7C
(Name of Special Agent)

To Be Returned ☐ Yes ☒ No
Receipt Given ☐ Yes ☒ No
Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e)
Federal Rules of Criminal Procedure
☐ Yes ☒ No

Title: STEVEN HOFFENBERG, dba
TOWERS FINANCIAL CORPORATION,
417 PARK AVENUE, NY NY
FBW - SECURITIES FRAUD;
OO: NY

SEARCHED _____ INDEXED _____
SERIALIZED _____ FILED _____
JUN - 1 1993
FBI — NEW Y

Reference: _____ b6 b7C
(Communication Enclosing Material)

Description: ☐ Original notes re interview of

NOTES FOR REVIEW OF DOCUMENTS TAKEN
FROM _____ OFFICE AT TFC
BY FNEO _____, ~~OFFICE~~ DOCUMENTS IN b6 b7C
_____ OFFICE AT FF -

Box #5 [redacted] 12-2-16)

b6
b7C

Redacted

#16

folder - notes re: 1-12-92 meeting

[redacted] b6 b7C
took shorthand private (only meeting)

[redacted] Submission

- 5/92 Document Production

(Contains Roster/Contains letter to SEC [redacted]

document production [redacted] b6 b7C

- notes re: Testimony of [redacted]

- [redacted] testimony

- [redacted] 12/12/91 Testimony b6 b7C

1991 SEC proceedings. - Prep of [redacted]

notes of [redacted] 1/22/92 Testimony

9/9/92

[redacted] b6 b7C
Audit Program.

#15

[redacted] - [redacted] - supplemental [redacted] - marked redlined b6 b7C

- [redacted] material for drafts

- drafts supplemental [redacted] - marked

- notes of [redacted] meeting

- drafts (Diversified Corporation) & other

- drafts - [redacted] b6 b7C

- [redacted] re [redacted]

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NY- 116

[redacted] SEC accountant

b6
b7C

Box 2 [redacted] 7 to 11)

Redirected

↓

#7 - 4 copies of [redacted] Testimony @ SEC on 9-9-92 P. 39-172 unmarked b6 b7C

#8 - 3 copies of [redacted] Testimony @ SEC on 11-21-91 P. 1-235A unmarked

#9 - 3 copies of [redacted] Testimony @ SEC on 11-26-91 - pages 236-366 unmarked b6 b7C

#10 - 3 copies of [redacted] Testimony @ SEC on 12/12/91 - pages 367-574 unmarked

#11 - 4 copies of [redacted] Testimony @ SEC on 2/21/92 - unmarked

Bk #3

#14 –

[redacted] – 10/1/91 Offering Memo draft – marked by [redacted] b6 b7C

" 2/15/89 "

" 10/1/90 "

" 2/20/90 "

" 10/1+/91 " (file empty)

" 1/20/89 "

" 3/23/92 "

" 1/20/89 " (2 pages of) questions by [redacted] b6 b7C

" 1991 annual report

#13

#12 returning of [redacted] b6 b7C

Box #9 [redacted] 44-to 46)

#46 [redacted]

⊕ #45 TFC vs [redacted]

#44 [redacted] - suits & agreements.

Box #11 - personal property [redacted]

⊕ - notebook 11-15-91 to ——

- Bank Statements [redacted]
417 Fifth Ave
NY NY

- Chase Checking a/c
a/c # [redacted]
Branch 089

⊗ - 1991 [redacted]

AG salary 115,573. —

b6
b7C

who is [redacted] b6 b7C

being rcd 1,000.- per month thru 2/91

Box #14 [redacted] 62-64) b6 b7C

(X) [redacted] #64 [redacted]

#63 TFC vs Kearney Heights Care Centers.

#62 TFC vs Dunn + Bradstreet

Box #13 [redacted] 59-61) b6 b7C

#60 TFC vs Dunn + Bradstreet

#61 " "

#59 Start of Pinnacle letters - TFC or Healthcare receivables.

Box #15 (miscellaneous dkts.)

unopened Fed Ex package from [redacted] to [redacted] his residence dated 12-11-92

b6
b7C

received on: [redacted] security

Black Binder with Depositions Summaries for [redacted]

b6
b7C

[redacted] has been assigned as a B/D for 60 days.

b6
b7C

by the NASD — a CTON

Depositions

[redacted]

b6
b7C

Box #5 ([redacted] 26-29)

b6
b7C

#28 - Totes sublease Doc #6.

#29 - New Collection [redacted]

b6
b7C

Alabama criminal code
Forgery & Fraudulent Practices
" & Related Offences.
Negotiating worthless neg. instruments.
Colorado "

#27 - [redacted]

b6
b7C

Retention Agreement
Stock Option Agreements.

#24 Application for & Certificate of Authority to operate in various States.

FD-340 (Rev.8-18-89)

Universal File Case Number 196B-NY-235488-1A7

Field Office Acquiring Evidence _____

Serial # of Originating Document _____

Date Received 3-30-93

From _____
(Name of Contributor)

_____
(Address of Contributor)

_____
(City and State)

By SA [redacted]
(Name of Special Agent)

b6
b7C

To Be Returned ☐ Yes ☑ No
Receipt Given ☐ Yes ☑ No
Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e)
Federal Rules of Criminal Procedure
☐ Yes ☑ No

Title: STEVEN HOFFENBERG, dba
TOWERS FINANCIAL CORPORATION
417 PARK AVENUE, NY, N.Y.
FAW - SECURITIES FRAUD;
OO: NY

SEARCHED _____ INDEXED _____
SERIALIZED _____ FILED _____
FBI — N.Y.
[redacted]

b6
b7C

Reference: _____
(Communication Enclosing Material)

Description: ☑ Original notes re interview of

[redacted]

b6
b7C
b7D

the period 1142

FD-340 (Rev.8-18-89)

Universal File Case Number 196A-NY-235483-1A8

Field Office Acquiring Evidence _____

Serial # of Originating Document _____

Date Received 3-24-93

From _____
(Name of Contributor)

_____
(Address of Contributor)

_____
(City and State)

By SA [redacted]
(Name of Special Agent)

b6
b7C

To Be Returned ☐ Yes ☒ No
Receipt Given ☐ Yes ☒ No
Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e)
Federal Rules of Criminal Procedure
☐ Yes ☒ No

Title: STEVEN HOFFENBERG, dba
TOWER FINANCIAL CORPORATION
477 PARK AVENUE, NY, NY;
FBW - SECURITIES FRAUD;
OO: NY

SEARCHED _____ INDEXED _____
SERIALIZED _____ FILED _____
MAY 25
FBI - NEW [redacted]

b6
b7C

Reference: _____
(Communication Enclosing Material)

Description: ☒ Original notes re interview of

[redacted]

b6
b7C
b7D

per Rule 11X1

FD-340 (Rev. 8-18-89)

Universal File Case Number 196B-NY-235483-1A 9

Field Office Acquiring Evidence N.Y

Serial # of Originating Document _____

Date Received 1-24-94

From _____
(Name of Contributor)

_____
(Address of Contributor)

_____
(City and State)

By SA [redacted] b6 b7C
(Name of Special Agent)

To Be Returned ☐ Yes ☒ No
Receipt Given ☐ Yes ☒ No
Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e)
Federal Rules of Criminal Procedure
☐ Yes ☒ No

[redacted]

Title:

SEARCHED _____ INDEXED _____
SERIALIZED _____ FILED _____
FEB 8 1994
FBI — N

Reference: [redacted] b6 b7C
(Communication Enclosing Material)

Description: ☒ Original notes re interview of

[redacted] b6 b7C b7D

Rec Rem 0 87

FD-340 (Rev.8-18-89)

Universal File Case Number 196B-NY-235443-1A10

Field Office Acquiring Evidence _____

Serial # of Originating Document _____

Date Received 1-25-94

From _____
(Name of Contributor)

_____
(Address of Contributor)

_____

By SA [redacted]
(Name of Special Agent)

b6
b7C

To Be Returned ☐ Yes ☒ No
Receipt Given ☐ Yes ☒ No
Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e) Federal Rules of Criminal Procedure
☐ Yes ☒ No

Title:

Reference: _____
(Communication Enclosing Material)

Description: ☒ Original notes re interview of [redacted]

b6
b7C
b7D

see serial 38

FD-340 (Rev.8-18-89)

Universal File Case Number 1963-NY-235483-1A11

Field Office Acquiring Evidence _____

Serial # of Originating Document _____

Date Received 2-3-93

From _____
(Name of Contributor)

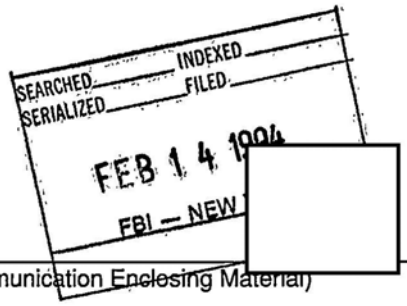
_____
(Address of Contributor)

By SA [redacted]
(Name of Special Agent)

b6
b7C

To Be Returned ☐ Yes ☑ No
Receipt Given ☐ Yes ☑ No
Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e)
Federal Rules of Criminal Procedure
☐ Yes ☑ No

Title:



Reference: _____
(Communication Enclosing Material)

Description: ☑ Original notes re interview of

[redacted]

b6
b7C
b7D

per memo 39

FD-340 (Rev.8-18-89)

Universal File Case Number 166B-NY-235483-1A12

Field Office Acquiring Evidence _____

Serial # of Originating Document _____

Date Received 2-17-94

From _____
(Name of Contributor)

_____
(Address of Contributor)

_____
(By and Title)

By _____
(Special Agent)

To Be Returned ☐ Yes ☒ No
Receipt Given ☐ Yes ☒ No
Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e) Federal Rules of Criminal Procedure
☐ Yes ☒ No

SEARCHED _____ INDEXED _____
SERIALIZED _____ FILED _____
MAR - 3
FBI — NEW

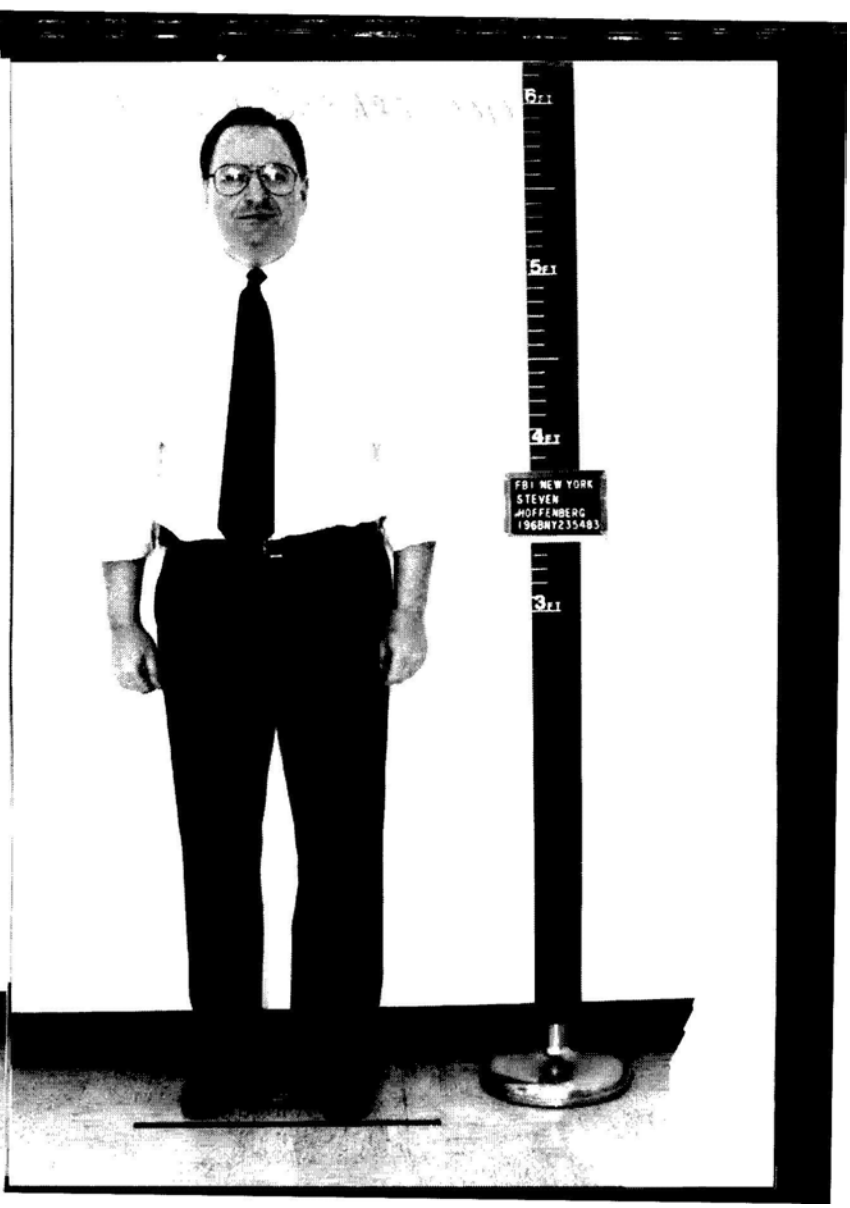
Title: STEVEN HOFFENBERG ET AL
FCW - SECURITIES VIOLATIONS
OO: NY

Reference: _____
(Communication Enclosing Material)

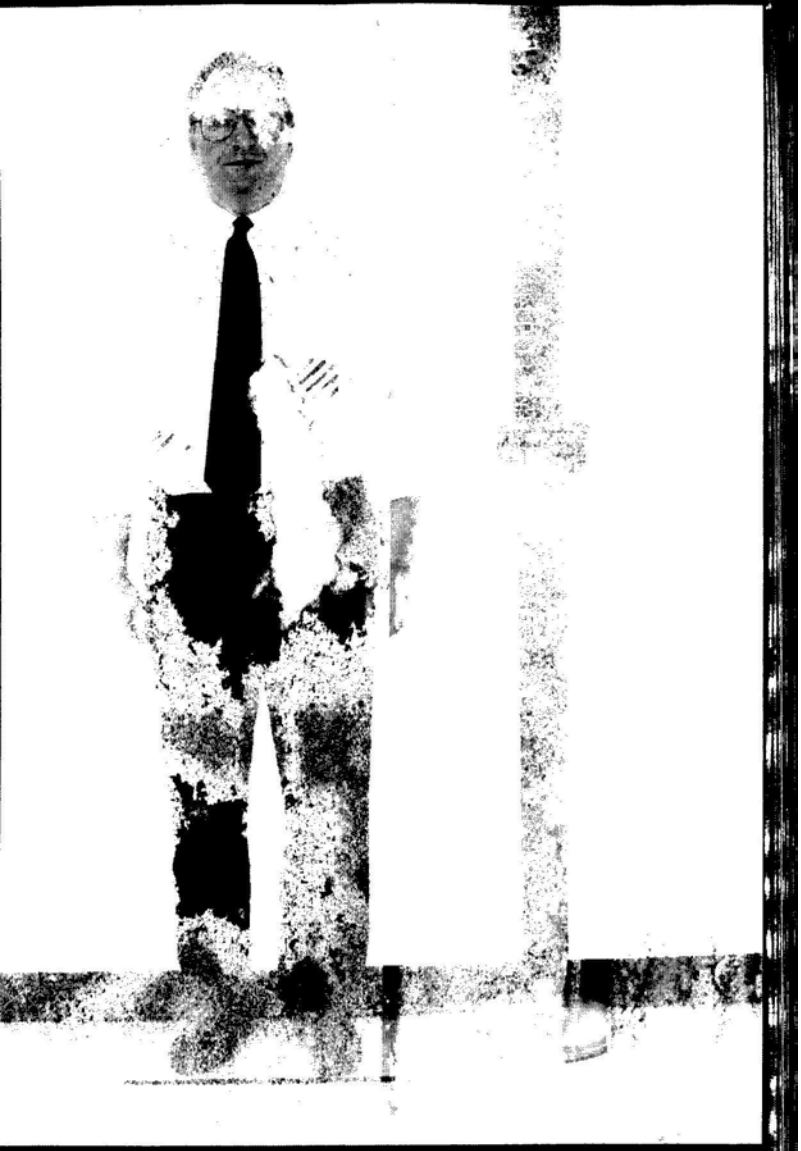
Description: ☒ Original notes re interview of

PHOTOS OF STEVEN HOFFENBERG


6FT
5FT
4FT
3FT
FBI NEW YORK
STEVEN
MOFFENBERG
196BNY235483


6FT
5FT
4FT
3FT
FBI NEW YORK
STEVEN
MOFFENBERG
196BNY235483


FBI NEW YORK
196BNY235483
STEVEN
HOFFENBERG
039444
FBI NEW YORK
196BNY235483
STEVEN
HOFFENBERG
039444



FD-340b (Rev. 8-18-89)

1A13

Universal File Case Number 1968-NY-[redacted]

Field Office Acquiring Evidence _____

Serial # of Originating Document _____

Date Received 3-2-94

From [redacted]

(Address of Contributor)

By [redacted]

(Name of Special Agent)

To Be Returned ☐ Yes ☐ No

Receipt Given ☐ Yes ☐ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e), Federal Rules of Criminal Procedure

☐ Yes ☐ No

Title:

Reference: _____

(Communication Enclosing Material)

Description: ☐ Original notes re interview of [redacted]

SEARCHED SERIALIZED FILED

MAR - 3 1994

FBI — NEW [redacted]

b6
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b7C
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FD-340b (Rev. 8-18-89)

1A 14

Universal File Case Number 196B-NY [redacted]

Field Office Acquiring Evidence _____

Serial # of Originating Document _____

Date Received 2-16-94

From _____
(Name of Contributor)

_____
(Address of Contributor)

By [redacted]
(Name of Special Agent)

b6
b7C

To Be Returned ☐ Yes ☒ No

Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e), Federal Rules of Criminal Procedure

☐ Yes ☒ No

Title: STEVEN HOFFENBERG, ET, AL; FBW (SECURITIES VIOLATION) OO: NY

Reference: _____
(Communication Enclosing Material)

Description: ☒ Original notes re interview of [redacted]

b6
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on 2-16-94

SEARCHED _____ INDEXED _____
SERIALIZED _____ FILED _____
APR - [redacted]
FBI — NE[redacted]

[redacted]

pc
serial
52

FD-340b (Rev. 8-18-89)

1A 15

Universal File Case Number 168-NY-235483

Field Office Acquiring Evidence _____

Serial # of Originating Document _____

Date Received 2-16-94

From _____
(Name of Contributor)

_____
(Address of Contributor)

By [redacted] b6 b7C
(Name of Special Agent)

To Be Returned ☐ Yes ☒ No

Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e), Federal Rules of Criminal Procedure

☐ Yes ☒ No

Title: STEVEN HOFFENBERG, dba TOWERS FINANCIAL CORPORATION, ET AL; FBW SECURITIES FRAUD OO: NY

Reference: _____
(Communication Enclosing Material)

Description: ☒ Original notes re interview of [redacted] b6 b7C b7D

Pre Serial 53

FD-340b (Rev. 8-18-89)

1A16.

Universal File Case Number 198B-NY-235483

Field Office Acquiring Evidence _____

Serial # of Originating Document _____

Date Received 2-22-94

From _____
(Name of Contributor)

_____
(Address of Contributor)

By [redacted]
(Name of Special Agent)

b6
b7C

To Be Returned ☐ Yes ☒ No

Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e), Federal Rules of Criminal Procedure

☐ Yes ☒ No

Title: STEVEN HOFFENBERG ET AL; FBW (SECURITIES VIOLATION) OO: NY

Reference: _____
(Communication Enclosing Material)

Description: ☒ Original notes re interview of

[redacted]

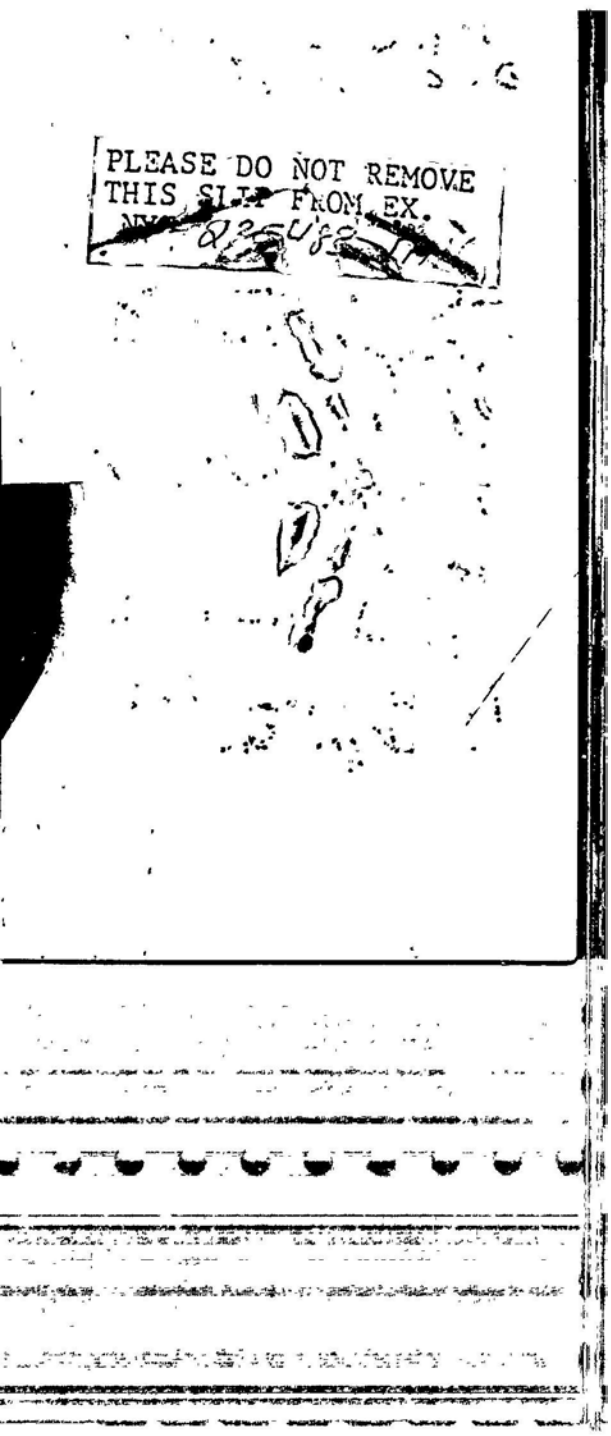
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m 2-22-94

Xc
Serial
54

SEARCHED _____ INDEXED _____
SERIALIZED _____ FILED _____
APR - [redacted] 1994
FBI — NY

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b7C


PLEASE DO NOT REMOVE
THIS SLIP FROM EX.

FD-340b (Rev. 8-18-89)

1A17

Universal File Case Number 196B-NY-235483

Field Office Acquiring Evidence _____

Serial # of Originating Document _____

Date Received 3-23-94

From _____
(Name of Contributor)

_____
(Address of Contributor)

By [redacted]
(Name of Special Agent)

b6
b7C

To Be Returned ☐ Yes ☑ No

Receipt Given ☐ Yes ☑ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e), Federal Rules of Criminal Procedure

☐ Yes ☑ No

Title: STEVEN HOFFENBERG, ET AL; FBW (SECURITIES VIOLATION) OO: NY

Reference: _____
(Communication Enclosing Material)

Description: ☑ Original notes re interview of

[redacted]

b6
b7C
b7D

55

Title and Character of Case:

HOFFENBERG, STEVEN
TOWERS FINANCIAL CORP

Date Property Acquired: Source from which Property Acquired:
AUSA, SDNY

02/19/1999

Anticipated Disposition: Acquired By: Case Agent:

[redacted] [redacted] C-1

b6
b7C

Description of Property: Date Entered
1B 8

ONE RED ROPE CONTAINING TOWER COMPUTER RUN OF INVESTORS

Barcode: E1639593 Location: ECR8 02/26/1999

Case Number: 196C-NY-235483
Owning Office: NEW YORK

196C-NY-235483

[redacted]

b6
b7C

[redacted]

[redacted]

[redacted]

TRANSFER SHEET

File - Serial Charg[redacted]t
FD-5 (Rev. 10-13-89)

Date 3/1/93

File 116B NY 235483
Class. Office of Origin Case No. Last Serial

☑ Pending ☐ Closed

Serial No.	Description of Serial	Date Charged
2	NEWSPAPER	3/1/93
	TO NY	
	FM [redacted]	
	DATE 3/1/93	
	[redacted] Sub A Serial 23	
	[redacted] offense	

Employee

TRANSFER SHEET RECHARGE

Date

To From

Initials of Clerk

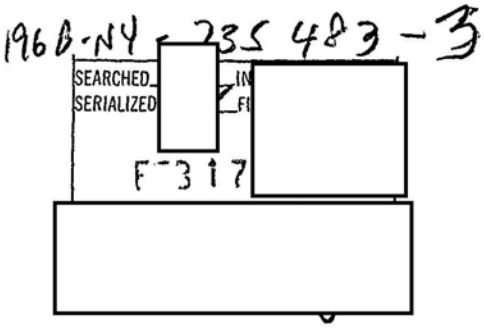
Date

Date charged

Employee

Location

☆U.S. G.P.O. 1991 282-006/44218



b6
b7C

FD-36 (Rev. 8-29-85)

FBI

TRANSMIT VIA:
☒ Teletype
☐ Facsimile
☐ AIRTEL

PRECEDENCE:
☐ Immediate
☐ Priority
☒ Routine

CLASSIFICATION:
☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☒ UNCLAS

Date 2/11/93

FM FBI NEW YORK (196B-NY-235483) (C-1) (P)/ROUTINE/

TO DIRECTOR FBI/ROUTINE/

BT

UNCLAS

CITE: //3540//

PASS: SSA [redacted] ECONOMIC CRIMES UNIT.

b6
b7C

SUBJECT: STEVEN HOFFENBERG; TOWERS FINANCIAL CORPORATION; FBW-SECURITIES FRAUD; OO:NY

REFERENCE TELECAL OF SSA [redacted] NYO, TO SSA [redacted] ECU.

b6
b7C

FOR INFORMATION OF THE BUREAU, THE NYO HAS INITIATED AN INVESTIGATION OF CAPTIONED MATTER UPON REQUEST TO DO-SO FROM THE UNITED STATES ATTORNEY'S OFFICE (USAO) SOUTHERN DISTRICT OF NEW YORK (SDNY). REQUEST IS BASED UPON THE REVIEW OF A RECENTLY FILED COMPLAINT BY THE SECURITIES AND EXCHANGE COMMISSION. AUSA [redacted] CHIEF OF THE SECURITIES FRAUD

b6
b7C

Approved: _____ Original filename: UXA00IW.042

Time Received: _____ Telprep filename: UXA00ISO.042

MRI/JULIAN DATE: 505/047 ISN: 008

FOX DATE & TIME OF ACCEPTANCE: 1528

UNIT, SDNY, ADVISED AFOREMENTIONED COMPLAINT ALLEGES CASE INVOLVES THE ONGOING AND FRAUDULENT SALE OF UNREGISTERED DEBT SECURITIES TO MORE THAN 2,800 INVESTORS IN AMOUNTS TOTALLING MORE THAN 215 MILLION DOLLARS. THE SEC CHARGES THE SALES WERE MADE IN VIOLATION OF A PRIOR INJUNCTION ISSUED IN 1988 BY THE U.S. DISTRICT COURT, SDNY. ACCORDING TO THE COMPLAINT FILED, THOUSANDS OF MILLIONS OF DOLLARS OF INNOCENT INVESTOR FUNDS HAVE BEEN RAISED IN THIS MANNER AND MUCH OF IT REMAINS UNACCOUNTED FOR. THESE PRACTICES CONSTITUTE A VIOLATION OF T.15, SECTIONS 5 (A), 5 (C), 17 (A), SECURITIES ACT OF 1933 AND 1934 RESPECTIVELY.

AUSA [redacted] STATED THAT HIS OFFICE WILL BRING CHARGES AGAINST SUBJECTS IF ALLEGATIONS CONTAINED IN SEC SUIT ARE SUBSTANTIATED AND SUBJECTS HAVE BEEN OPERATING A CRIMINAL FINANCIAL ENTERPRISE.

b6
b7C

BT

196B-NY-235483

[redacted] b6 b7C

On 2/16/93 the following investigation was conducted by Special Agent (SA) [redacted] b6 b7C

An observation of the area and premises revealed that TOWERS FINANCIAL SERVICES (TOWERS) is at 417 Fifth Avenue, New York, New York between East 38th and East 37th Streets. 417 Fifth Avenue occupies about half the block up to 38th Street on the east side of Fifth Avenue. The main entrance is on Fifth Avenue and the freight entrance is on East 38th Street with an address of 8 East 38th Street. The lobby at the main entrance has a security guard behind a reception desk. The side entrance for 417 Fifth is on East 38th Street with an address of 6 East 38th Street. The building has 11 floors and TOWERS occupies floors 7,8 and 9. The side entrance on the ninth floor has two doors with combination locks and peepholes. A guard is posted at side entrance on the main floor. The reception room on the ninth floor is about 40 feet by 40 feet. The reception desk is behind glass windows and was occupied by two white males. There are three doorways which appear to go into the office space. During that time, it appeared that the business environment was busy.

The directory in the lobby of 417 Fifth Avenue included the following businesses and individuals that occupy the ninth floor: TEC MANAGEMENT INC., TOWERS DIVERSIFIED CORP.; TOWERS FINANCIAL CORP.; TOWERS ORGANIZATION; TOWERS COLLECTION SERVICES INC.; TOWERS CREDIT CORP.; UNITED DIVERSIFIED CORP.; UNITED FIRE INSURANCE; UNITED PREMIUM FINANCE CO.; [redacted] ESQ.; ETON CAPITAL CORP.; ETON SECURITIES.; [redacted] P.C.; STEVEN HOFFENBERG; [redacted] b6 C.P.A. and; [redacted] ESQ. b7C There were no occupants listed on the directory on the seventh and eighth floors.

In the lobby was a sign posted for leasing information at S.L. GREEN REALTY, telephone number (212)594-2700.

196B-NY-235483-4

SEARCHED [redacted] INDEXED [redacted] SERIALIZED [redacted] FILED [redacted]

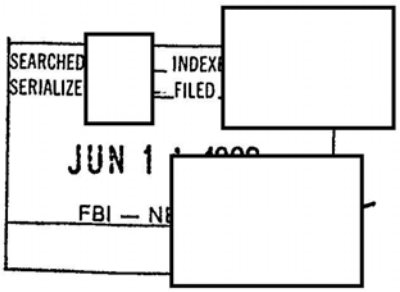
FEB 22 1993

FBI — NEW YORK [redacted]

b6 b7C

1963-NY-235483 4X1

b6
b7C



FD-302 (Rev. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/28/93

[redacted] a White male with a date of birth of [redacted] was contacted at the United States Attorney's Office, Southern District of New York. [redacted] was interviewed by Special Agent (SA) [redacted] Assistant United States Attorneys (AUSA) [redacted] and [redacted] of the Securities and Exchange Commission (SEC). After being advised of the identity of the interviewers and the nature of the interview, [redacted] furnished the following information:

b6
b7C
b7C

[redacted]

b5
b6
b7C
b7D

Investigation on 2/16/93 at [redacted] File # 196B-NY-235483

by SA [redacted] Date dictated 2/19/93

b6
b7C
b7D

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

Memorandum

To : SAC, DIVISION 11 Date 2-18-93

From : SA [redacted] b6 b7C

Subject: STEVEN HOFFENBERG, dba
TOWERS FINANCIAL CORPORATION,
417 PARK AVENUE, N.Y., N.Y.;
FBW - (SECURITIES FRAUD);
OO: NY

IT IS REQUESTED THAT THE FOLLOWING SUB-FILES BE OPENED:

[redacted] b6 b7C

SUB A: - NEWS ARTICLES
SUB B: - RECORDS CHECKS
SUB C: - SEC MATTERS

[redacted]

O.K. to open

[redacted] b6 b7C

(1) - 196B-NY-235483 (MAIN)
1 - 196B-NY-235483 SUB A
1 - 196B-NY-235483 SUB B
1 - 196B-NY-235483 SUB C

196B-NY-235483

SEARCHED [redacted] INDEXED [redacted] b6 b7C
SERIALIZED FILED
FEB 22 1993
FBI — NEW [redacted]

Memorandum

To : ADIC, NEW YORK (196B-NY-235483) Date 2/25/93

From [redacted] SA [redacted] (C-1)

Subject: STEVEN HOFFENBERG; dba
TOWERS FINANCIAL CORPORATION;
417 PARK AVENUE, NY, NY;
FBW-SECURITIES
OO:NY

On 2/23/93, writer discussed captioned matter with AUSA [redacted] Chief of the Securities Fraud Unit, SDNY, specifically regarding an FBI investigation by the Chicago Division of subject HOFFENBERG.

By way of background, during previous conversations writer advised AUSA [redacted] of the Chicago office investigation of HOFFENBERG which related to insurance fraud and a similar Ponzi scheme being addressed by the NYO. Writer suggested that [redacted] contact AUSA [redacted] Chicago and resolve any venue problems the 2 districts may have regarding the eventual prosecution of HOFFENBERG.

After speaking with [redacted] and [redacted] Unit Chief, [redacted] advised that Chicago was "backing off the Ponzi" scheme which is the basis of the NYO investigation and will prosecute HOFFENBERG for his involvement in insurance fraud.

AUSA [redacted] added that he is interested in having case agent [redacted] review Chicago's case for any info Chicago may have relative the HOFFENBERG'S activities that may assist the NY case.

[redacted]

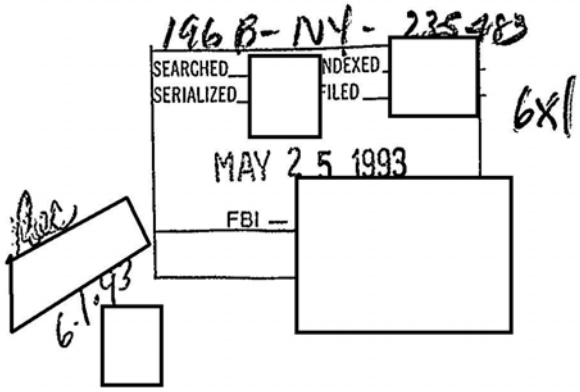
1 - NEW YORK (196B-NY-235483)

[redacted]
(1)

196B-NY-235483 - 6

SEARCHED [redacted] IND
SERIALIZE [redacted] FIL [redacted]
FEB 25 1993

[redacted]


196B-NY-235483
SEARCHED
SERIALIZED
INDEXED
FILED
MAY 25 1993
FBI
6-1-93

6X1

b6
b7C

FD-302 (Rev. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/30/93

[redacted] b6 b7C b7D

[redacted] date of birth (dob) [redacted] Social Security Account Number (SSAN) [redacted] was contacted at the United States Attorney's Office, Southern District of New York. [redacted] was interviewed by Special Agent (SA) [redacted] and Assistant United States Attorney (AUSA) [redacted] and [redacted] in the presence of [redacted] Attorney, [redacted] After being advised of the identity of the interviewers and the nature of the interview, [redacted] furnished the following information:

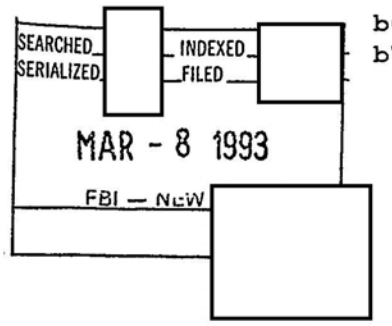
[redacted] b5 b6 b7C b7D

Investigation on 2/25/93 at [redacted] File # 196B-NY-235483

by SA [redacted] Date dictated 3/1/93 b6 b7C b7D

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196B-NY-235483-7



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b7C

FD-302 (Rev. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/25/93

[redacted] was contacted at his residence. After being advised of the identity of the interviewing Agents and the nature of the interview, [redacted] supplied the following information: b6 b7C

[redacted] advised that no documents were destroyed at the offices of TOWERS FINANCIAL CORPORATION (TFC) over the weekend. There were approximately 1300 boxes of closed accounts receivable files shipped to the office on Saturday. [redacted]

[redacted] is [redacted] at TOWERS COLLECTION SERVICE (TCS). He supervises over one hundred collection representatives. TCS does not own the receivables they are trying to collect. All of their work is done on consignment. TCS receives a fee based on their actual collections. b6 b7C

[redacted] is not aware of any wrong doing at TFC. He has not made any telephone calls to the SEC. b6 b7C

TFC has many disgruntled ex-employees. There were people who left TFC and were jealous of the people who made good money at TFC.

Investigation on 2/17/93 at [redacted] File # 196B-NY-235483

by SA [redacted] Date dictated 2/22/93 b6 b7C

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196B-NY-235483

b6
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The following investigation was conducted by Special Agent (SA) of the FEDERAL BUREAU OF INVESTIGATION (FBI) on 3/1/93:

b3
b6
b7C

SA arrived at to serve a Federal Grand Jury (FGJ) on a FGJ on Answering the door of was approximately who identified himself as SA identified himself as a SA of the FBI and showed his credentials.

b6
b7C

indicated that was vacationing in Florida and he does not know his whereabouts and when he will return.

SA asked for the address and telephone number of stated that he does not have the address and telephone number of

b6
b7C

SA asked to have call SA of the FBI, who is the case agent regarding this matter, the next he speaks to SA provided with the business card of SA At first, did not accept the business card and indicated that told him not to accept anything from anybody.

b6
b7C

SA asked for identification to verify his identity. displayed his New York State drivers license which displayed the initial of "C" after his last name. SA again asked to have call SA the next time he speaks to said he will do that and also accepted the business cards of SA and SA

b6
b7C

stated that he and reside at

appeared to be very nervous and defensive when being confronted by SA

196B-NY-235483-8

SEARCHED INDEXED
SERIALIZED FILED
MAR - 8 1993

b6
b7C

Memorandum

To : SAC, DIVISION 11 Date 4-6-93

From : SA [redacted] (196B-NY-235483) (P) (C-1) b6 b7C

Subject: STEVEN HOFFENBERG, dba
TOWERS FINANCIAL CORPORATION,
417 PARK AVENUE, NY NY;
FBW - SECURITIES FRAUD;
OO: NY

IT IS REQUESTED THAT THE FOLLOWING SUB-FILE BE OPENED IN THE ABOVE CAPTIONED CASE: [redacted] b6 b7C

SUB-FILE E : SUBPOENAS

196B-NY-235483-9
SEARCHED [redacted] INDEXED [redacted]
SERIALIZED [redacted] FILED [redacted]
APR - 6 1993
FBI — NEW YORK
[redacted] b6 b7C

(1)- 196B-NY-235483 MAIN
1- 196B-NY-235483 SUB E

[redacted]
(2)

FD-302 (Rev. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/27/93

A Cooperating Witness (CW) was contacted at his attorney's office. CW was interviewed by Special Agent (SA) [redacted] and Assistant United States Attorney (AUSA) [redacted] and [redacted] and in the presence of his attorney. After being advised of the identity of the interviewing Agent and the nature of the interview, CW furnished the following information.

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[redacted]

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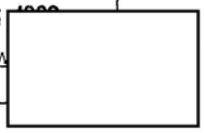
Investigation on 4/14/93 at [redacted] File # 196B-NY-235483

b6
b7C
b7D

by SA [redacted] Date dictated 4/20/93

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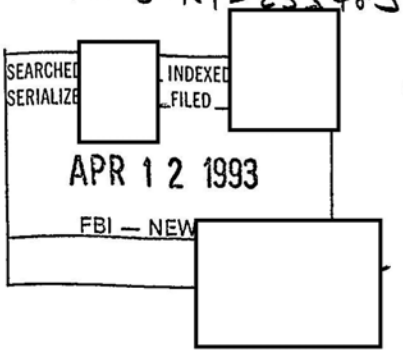
SEARCHED_____ INDEXED_____
SERIALIZED_____ FILED_____
AUG 16
FBI — NEW



b6
b7C

196B-NY-235483 -
10

b6
b7C



FD-302 (Rev. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/15/93

[redacted] date of birth [redacted] b6 b7C b7D
[redacted] living in [redacted] telephone number [redacted]
[redacted] was interviewed telephonically on a conference call with [redacted] and [redacted] of the SECURITIES AND EXCHANGE COMMISSION in New York. After being advised of the identity of the interviewing Agent and the nature of the interview, [redacted] furnished the following information:

[redacted] b6 b7C b7D

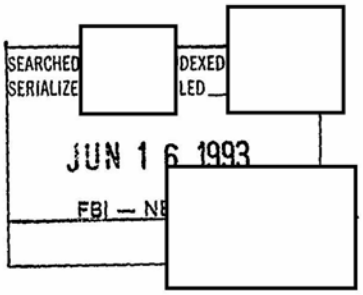
(telephonically)

Investigation on 3/10/93 at [redacted] File # 196B-NY-235483 b6 b7C b7D

by SA [redacted] Date dictated 3/15/93

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196B-NY-235483 10X1



b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/24/93

[redacted] b6 b7C b7D

[redacted] date of birth (DOB) [redacted] Social Security Account Number (SSAN) [redacted] was contacted at the United States Attorney's Office, Southern District of New York. [redacted] was interviewed by Special Agent (SA) [redacted] and Assistant United States Attorneys (AUSA) [redacted] and [redacted] and in the presence of [redacted] After being advised of the identity of the interviewers and the nature of the interview, [redacted] provided the following information:

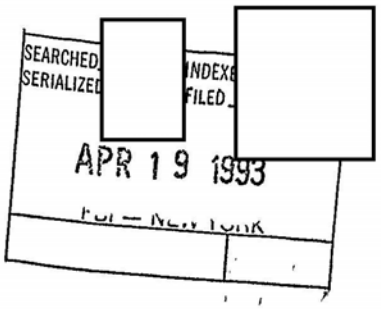
[redacted] b5 b6 b7C b7D

Investigation on 3/18/93 at [redacted] File # 196B-NY-235483

by SA [redacted] Date dictated 3/23/93 b6 b7C b7D

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

b6
b7C



FD-302 (Rev. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/23/93

b6
b7C
b7D

[redacted] telephone number [redacted] date of birth [redacted] was contacted at the United States Attorney's Office, Southern District of New York. [redacted] was interviewed by SA [redacted] and Assistant United States Attorney (AUSA) [redacted] After being advised of the identity of the interviewers and the nature of the interview [redacted] furnished the following information:

[redacted]

b5
b6
b7C
b7D

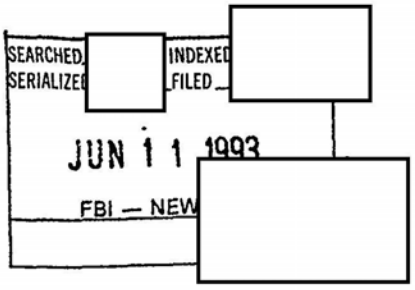
Investigation on 3/23/93 at [redacted] File # 196B-NY-235483

by SA [redacted] Date dictated 3/23/93

b6
b7C
b7D

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196B-NY-235483 -1X1



b6
b7C

See serial 1A8

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/28/93

Date of Birth (DOB) Social Security Account Number (SSAN) was contacted at the United States Attorney's Office, Southern District of New York (SDNY). was interviewed by Special Agent (SA) Assistant United States Attorney (AUSA) and and of the Security and Exchange Commission (SEC) in the presence of attorney, After being advised of the identities of the interviewing Agents and the nature of the interview, furnished the following information:

b6
b7C
b7D

b5
b6
b7C
b7D

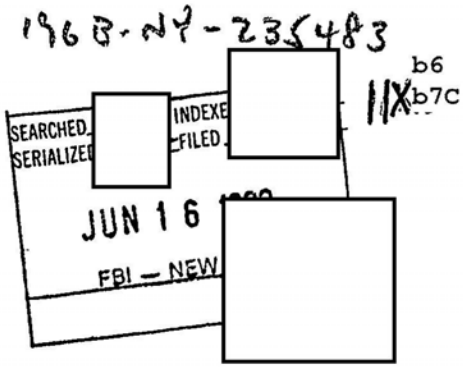
Investigation on 3/24/93 at File # 196B-NY-235483

by SA Date dictated 3/30/93

b6
b7C
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per Mitel 1/27



1968-NY-235483

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/13/93

[redacted], Date of Birth, [redacted] Social Security Account Number [redacted] was contacted at the United States Attorney's Office, Southern District of New York. [redacted] was interviewed by Special Agent (SA) [redacted], Assistant United States Attorney (AUSA) [redacted] and [redacted] of the Securities and Exchange Commission (SEC), in the presence of [redacted] attorney, [redacted] After being advised of the identity of the interviewers and the nature of the interview, [redacted] furnished the following information:

b6
b7C
b7D

[redacted]

b5
b6
b7C
b7D

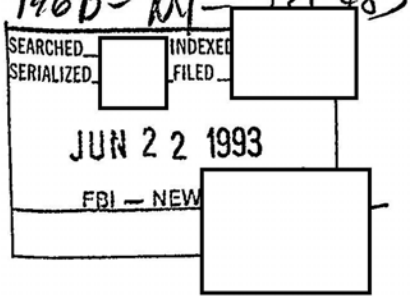
Investigation on 3/30/93 at [redacted] File # 196B-NY-235483

by SA [redacted] Date dictated 4/6/93

b6
b7C
b7D

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196B-NY-227483-



11X3

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6/9/93

[redacted] a Cooperating Witness (CW), was contacted at his attorney's office. The CW was interviewed by Special Agent (SA) [redacted] and Assistant United States Attorneys (AUSA) [redacted] and [redacted] and in the presence of his attorney. After being advised of the identities of the interviewers and the nature of the interview, the CW furnished the following information:

b6
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[redacted]

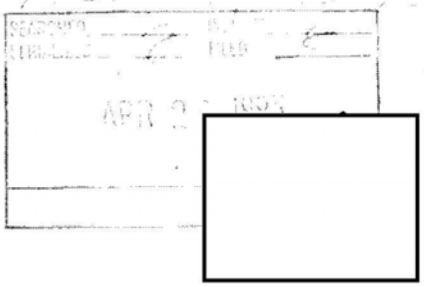
b5
b6
b7C
b7D
b7E

Investigation on 4/5/93 at [redacted] File # 196B-NY-235483

by SA [redacted] Date dictated 4/8/93

b6
b7C
b7D

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12

b6
b7C

Best Copy Available

SHAWMUT BANK CONNECTICUT, NATIONAL ASSOCIATION
INSERTS TO OCC CRIMINAL REFERRAL FORM

2 Persons Suspected of Criminal Activity

The following corporations and individuals are suspected of criminal activity in violation of one or more section of the United States Code. Tower Financial Corporation ("Tower Financial") is the parent of the subsidiaries and affiliates listed below. Steven M. Rothstein, [redacted] b6 b7C

[redacted] The above listed persons are referred to collectively herein as the "Suspected Persons." To the best information and belief the address and [illegible] of the suspected persons is:

Towers Financial Corporation
717 Fifth Avenue
New York, NY 10022
Telephone: (212) 69[illegible]

2.b Relationship of Financial Institution to [redacted] b6 b7C

[redacted] connection with [illegible] Accounts [illegible] persons [illegible] Shawmut Connecticut [illegible] approximately $200 million of funds (the "Funds") [illegible] by five funding corporations (the "Funding Corporations") that are wholly owned by Tower Financial. In addition, [illegible] and sale investments (the "Investments") [illegible] Shawmut and each of the Funding Corporations [illegible]

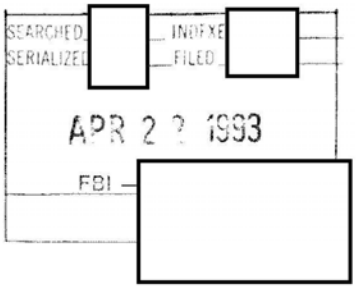
[redacted] b6 b7C

[redacted] b6 b7C

[redacted] b6 b7C

1-1993 09:50 FROM FBI

13



b6
b7C

Best Copy Available

FBI FACSIMILE
COVERSHEET

CLASSIFICATION

- discussed with [redacted] @ Hartford RA
203 522-1201 - He is not going to open
case since NYO is investigating
will forward any available
info to the NYO.

b6
b7C

[redacted]

b6
b7C

4/21/93

95 7/A

FD-36 (Rev. 11-17-88)

FBI

TRANSMIT VIA:
☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:
☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:
☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 4/23/93

TO : ADIC, NEW YORK (196B-NY-235483) (P) (C-1)

FROM : SAC, NEW HAVEN (196B-NY-235483)

SUBJECT : STEVEN HOFFENBERG, dba
TOWER FINANCIAL CORP.
ET AL;
FBW;
OO:NY

Re Hartford telcal on 4/20/93 to NYO and Hartford fax to NYO on 4/21/93.

The referenced fax to NYO transmitted a copy of a criminal referral form received by the Hartford RA, from Shawmut Bank re captioned.

In discussion with NYO case agent [redacted] it was determined that referenced criminal referral is an integral part of the captioned matter.

b6
b7C

Since there are no leads outstanding in the New Haven Division this matter is being RUC'D.

196B-NY-235483 -

C1

[redacted]

2-New York
2-New Haven (196B-NY-235483)
[redacted]
(4)

[redacted]

b6
b7C

A

Approved: [redacted] Transmitted _____ (Number) _____ (Time) Per _____

0071 MRI 01082

PP FBINY

DE FBICG #0006 1331748

ZNR UUUUU

P 131746Z MAY 93

FM FBI CHICAGO (196B-CG-82088) (P)

TO FBI NEW YORK/PRIORITY/

BT

UNCLAS

CITE: //3150:SQ.7C//

PASS: SSA [redacted] b6 b7C

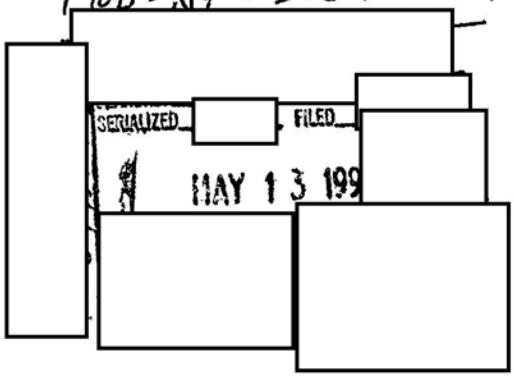
SUBJECT: STEPHEN HOFFENBERG; ET AL; FBW; MF; ITSP; OO: CHICAGO.

RE MAY 12, 1993 TELEPHONE CONVERSATION BETWEEN RELIEF SUPERVISOR [redacted] CHICAGO DIVISION, AND SSA [redacted] b6 b7C [redacted] NEW YORK DIVISION.

FOR INFORMATION OF NEW YORK DIVISION, SA [redacted] CHICAGO DIVISION, WILL BE TRAVELLING TO NEW YORK, NEW YORK TO INTERVIEW A SOURCE REGARDING CAPTIONED MATTER. SA [redacted] WILL b6 b7C ARRIVE NEW YORK ON MAY 18, 1993 AT 8:58 A.M. (UNITED FLIGHT



196B-NY-235483-15



b6 b7C

5/13/93 [redacted]

PAGE TWO DE FBICG 0006 UNCLAS

60) AND LEAVE NEW YORK OTRAVELLING WITH ASSISTANT UNITED

STATES ATTORNEY (AUSA) [redacted] CHICAGO, ILLINOIS, AND b6 b7C

POSTAL INSPECTOR [redacted] CHICAGO, ILLINOIS. ASSISTANCE OF

NEW YORK DIVISION IS NOT ANTICIPATED.

SAC, CHICAGO AND SAC, NEW YORK CONCUR WITH TRAVEL OF SA

[redacted]AS OUTLINED ABOVE. b6 b7C

BT

#0006

NNNN

Memorandum

To : SAC, DIVISION II (196B-NY-236820) (P) Date 5/19/93
(ATTN: SSA [redacted] C-12)

From : SSA [redacted] (C-1)

Subject: [redacted] DBA
TOWERS FINANCIAL CORP.
417 FIFTH AVE
NEW YORK, N.Y. 10016;
FBW; WF;
OO:NY

Re memo from SSA [redacted] dated 3-24-93 and telcal from SSA [redacted] to SSA [redacted] on 5-5-93.

Captioned investigation involves [redacted], an employee of Towers Financial Corp. (TFC). [redacted] embezzled funds from TFC while working as a collection agent.

SA [redacted] is currently involved in an investigation of TFC and several of it's Officers. It was originally requested that investigation into the [redacted] matter be delayed so as not to bring attention into the investigation of TFC. Upon further consideration and discussions with the AUSA assigned to the case it was decided that these two investigations are not closely related and any investigation of [redacted] would not bring attention to the Subjects of the other case.

It is requested that C-12 case agent keep SA [redacted] advised of any developments in captioned case.

1-196B-NY-236820
1-196B-NY-235483
1-SUPV. C-12
(3) [redacted]

196B-NY-235483-16
SEARCHED [redacted] INDEXED [redacted]
SERIALIZED FILED
MAY 20 1993
FBI — NE [redacted]

File - Serial Charge Out
FD-5 (Rev. 10-13-89)

Date 7/6/93

File 196B NY 235483
Class. Office of Origin Case No. Last Serial

☑ Pending ☐ Closed

Serial No.	Description of Serial	Date Charged
17	FD 160	7/6/93
	DATE - 5/27/93	
	Transfer to 196B-NY-235483 Sub B	
	as requested by case agent	
	21	

b6
b7C

Employee

RECHARGE Date

To From

Initials of Clerk

Date

Date charged

Employee

Location

U.S. GOVERNMENT PRINTING OFFICE 1990 - 262-209

FD-302 (Rev. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6/4/93

[redacted] was interviewed in the Little Rock Office of the Federal Bureau of Investigation (FBI). [redacted] advised that he was born [redacted] He provided the following information during the interview:

b6
b7C
b7D

[redacted]

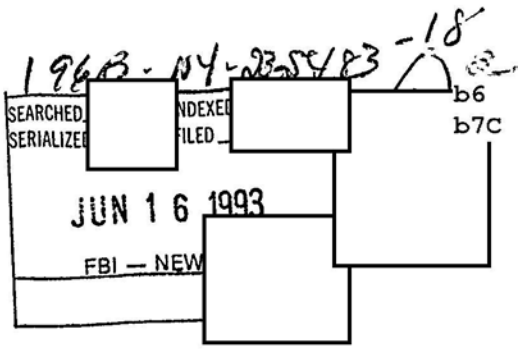
b6
b7C
b7D

Investigation on 5/21/93 at [redacted] File # ~~LR-196-0~~ 196B-NY-235483 - 18

b6
b7C
b7D

by SA [redacted] Date dictated 5/25/93

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1963-NY-28548-18
SEARCHED
SERIALIZED
INDEXED
FILED
JUN 16 1993
FBI — NEW
b6
b7C

FD-36 (Rev. 11-17-88)

FBI

TRANSMIT VIA:
- ☐ Teletype
- ☐ Facsimile
- ☒ AIRTEL

PRECEDENCE:
- ☐ Immediate
- ☐ Priority
- ☐ Routine

CLASSIFICATION:
- ☐ TOP SECRET
- ☐ SECRET
- ☐ CONFIDENTIAL
- ☐ UNCLAS E F T O
- ☐ UNCLAS

Date 6/4/93

TO [redacted] C, NEW YORK

FROM [redacted], LITTLE ROCK (196-0) (SQ 3)

SUBJECT: STEVEN HOFFENBERG, dba
TOWER FINANCIAL;
FBW;
BANKRUPTCY FRAUD

b6
b7C

Enclosed for New York are the original and two copies of an FD-302 which reflect the interview in Little Rock, Arkansas, of [redacted]

b6
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New York may already be aware of the captioned matter inasmuch as [redacted] Any potential investigation is left to the discretion of New York.

b6
b7C

[redacted] York (End [redacted]
2 - Little Rock
[redacted]

[redacted]

196B-NY-235483
-19

b6
b7C

[redacted]

No Record Last Name
No Middle Name

[redacted]

Approved: _____ Transmitted _____ (Number) _____ (Time) Per _____

D-302 (Rev. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6-10-93

The Cooperating Witness (CW), was interviewed at his attorney's office by SA [redacted] Assistant United States Attorney, (AUSA) [redacted] and [redacted] and [redacted] from The Securities and Exchange Commission (SEC). The CW's attorney [redacted] was present at the interview. After being advised of the identity of the interviewers and the nature of the interview, The CW furnished the following information:

b5
b6
b7C
b7D

[redacted]

b5
b6
b7C
b7D

Investigation on 6-8-93 at [redacted] File # 196B-NY-235483

by SA [redacted] Date dictated 6-10-93

b6
b7C
b7D

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2

FD-302 (Rev. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6-21-93

A Cooperating witness (CW), was interviewed at his attorney's office by SA [redacted] Assistant United States Attorney (AUSA) [redacted] and [redacted] and [redacted] from the Securities and Exchange Commission (SEC). The Cooperating Witness' attorney [redacted] was present at the interview. After being advised of the identity of the interviewers and the nature of the interview, The CW furnished the following information: b6 b7C b7D

[redacted] b5 b6 b7C b7D

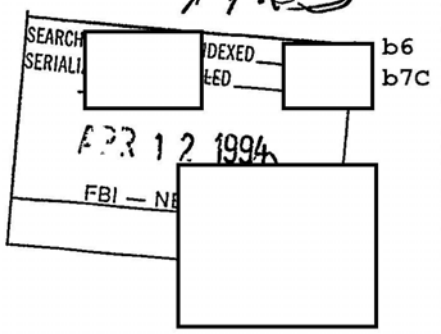
Investigation on 6-18-93 at [redacted] File # 196B-NY-235483

by SA [redacted] Date dictated 6-21-93 b6 b7C b7D

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2

196B-NY-235483 -1943



Memorandum

To : SAC, DIVISION II (196B-NY-235483) (P) Date 10/4/93

From : SA [redacted] (C-1)

b6
b7C

Subject: STEVEN HOFFENBERG, dba
TOWERS FINANCIAL CORPORATION
417 PARK AVENUE, N.Y. N.Y.;
FBW (SECURITIES FRAUD);
OO:NY

Please open the following sub-file:

sub-file D: TELEPHONE C.M.

[redacted]

b6
b7C

Please open sub for

1 - 196B-NY-235483 (MAIN)
1 - 196B-NY-235483 (SUB - D)

[redacted]

196B-NY-235483 - 20

SEARCHED [redacted] INDEXED [redacted]
SERIALIZED [redacted] FILED [redacted]
OCT - 4 1993
FBI — NEW [redacted]

b6
b7C

Memorandum

To : SAC, DIVISION II (196B-NY-235483) (P) Date 10/4/93

From : SA [redacted] (C-1) b6 b7C

Subject: STEVEN HOFFENBERG, dba
TOWERS FINANCIAL CORPORATION
417 PARK AVENUE, N.Y. N.Y.;
FBW (SECURITIES FRAUD);
OO:NY

Please open the following sub-file:

sub-file E: NON-TELEPHONE C.M.

[redacted] b6 b7C

1 - 196B-NY-235483 (MAIN)
1 - 196B-NY-235483 (SUB - E)

[redacted] b6 b7C

196B-NY-235483 - 21

SEARCHED [redacted] INDEXED [redacted]
SERIALIZED [redacted] FILED [redacted]
OCT - [redacted]
FBI — NE [redacted]

Memorandum

To : SAC II, (196B-NY-235483) (P) Date 10-27-93

From : SA [redacted] (C-1)

b6
b7C

Subject: STEVEN HOFFENBERG, dba
TOWERS FINANCIAL CORPORATION,
417 PARK AVENUE, N.Y., N.Y;
FBW (SECURITIES FRAUD);
OO: NY

IT IS REQUESTED THAT THE FOLLOWING SUB-FILE BE OPENED:

SUB-FILE H: ELSUR CONTROL FILE [redacted]

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196B-NY-235483 - 22

SEARCHED [redacted] INDEXED [redacted]
SERIALIZED FILED
OCT 28 1993
FBI — NY [redacted]

b6
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(1) 196B-NY-235483 (MAIN)
1- 196B-NY-235483 (SUB H)

[redacted]

(2)

196-NY-235483 -23
SEARCHED INDEXED
SERIALIZED FILED
OCT 28 1993
FBI — N

b6
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1966-NY-235483 - 29

SEARCHED [ ] INDEXED [ ]
SERIALIZED [ ] FILED [ ]

OCT 28 1993

FBI - NEW YORK

[redacted]

b6
b7C

FD-302 (Rev. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10-11-93

On 10-11-93 SA [redacted] met a Cooperating Witness (CW) at the [redacted] and gave him a redwell folder with a mini-nagra in it. SA [redacted] turned the mini-nagra on and put a preamble on the tape and then turned the tape off again.

b6
b7C
b7D

[redacted]

[redacted]

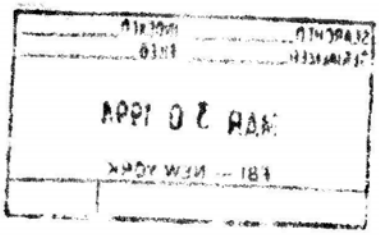
Investigation on 10-11-93 at [redacted] File # 196B-NY-235483

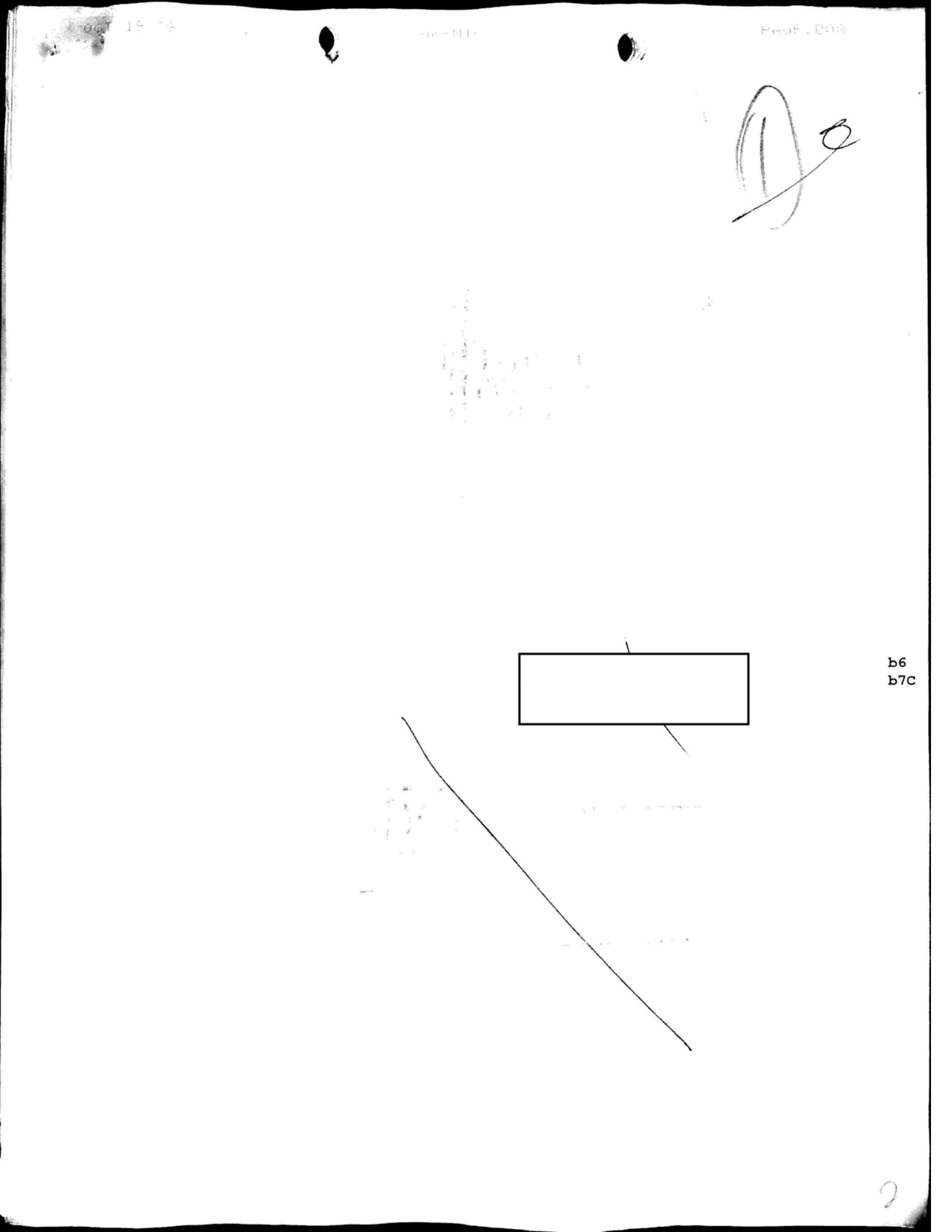
by [redacted] Date dictated 10-11-93

b6
b7C
b7D

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196B-NY-235483-2482
SEARCHED [redacted] INDEXED [redacted]
SERIALIZED [redacted] FILED [redacted]
MAR 30 1994
FBI — NEW YORK [redacted]
b6
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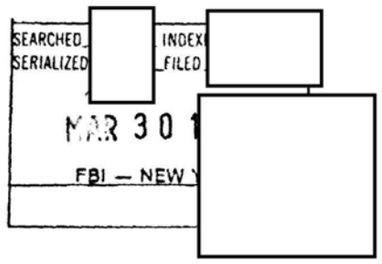



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1965-NY-25546-23 - 24X3

b6
b7C

Rec'd Roton 1/19/4



FD-449 (Rev 6/1/91)

FACSIMILE

b6
b7C

b6
b7C

Originator's Name: SA

Originator's Facsimile Number: 916-984-8300

Telephone: 916-481-9110

b6
b7C

Approved:

FBI/DOJ

Memorandum

To : SAC, DIVISION II (196B-NY-236820) (C) Date 10/21/93

From : SA [redacted] (C-12) b6 b7C

Subject: [redacted] dba
TOWERS FINANCIAL CORP.
417 FIFTH AVENUE
NEW YORK, NY 10016
FBW; MAIL FRAUD;
OO:NY

For information of SAC, on 9/14/93, SA [redacted] b6 b7C telephonically contacted [redacted] TOWER FINANCIAL CORP. (TFC). The purpose of this call was to determine the status of TOWERS complaint.

[redacted] advised that he was no longer handling the matter and that TFC had transferred this case to outside counsel [redacted] of FRIED, FRANK, HARRIS, SHRIVER and JACOBSON. b6 b7C

On 9/14/93, SA [redacted] telephonically contacted [redacted] at his place of business. [redacted] stated that originally TFC officials thought that [redacted] had embezzled money from both the TFC and the clients assigned to [redacted] as a contractor of TFC. [redacted] went on to explain that after an extensive review of the detailed facts of this case it was determined no clients funds were involved which in turn lowered TFC's dispute from $125,000 to $52,165. b6 b7C

In addition, [redacted] advised that [redacted] was either an employee of TFC or under contract to TFC, therefore this matter could not be anything but a civil dispute. b6 b7C

On 9/15/93, SA [redacted] attorney [redacted] and confirmed that the dispute concerned commission fees and had set up meeting with [redacted] to resolve this dispute.

1 - 196B-NY-236820
1 - Supv. C-12
[redacted] (C-1)
[redacted]
(2)

25
196B-NY-235483
SEARCHED INDEXED
SERIALIZED FILED
OCT 28 1993
[redacted] b6 b7C

10.27.93

FD-302 (Rev. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10-21-93

On 10-21-93, SA [redacted] retrieved a VCR tape from the VCR machine set up [redacted]

b6
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b7D
b7E

SA [redacted] took possession of the tape and later entered it into evidence storage.

b6
b7C

[redacted]

Investigation on 10-21-93 at [redacted] File # 196B-NY-235483

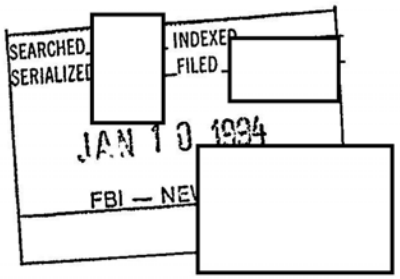
by [redacted] Date dictated 10-21-93

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November 4, 1993

HAND DELIVERY

The Honorable Prudence Beatty Abram
United States Bankruptcy Judge
United States Bankruptcy Court
Southern District of New York
One Bowling Green, 6th Floor
Chambers #631
New York, New York 10004

Re: In re Towers Financial Corporation, et al., Case No. 93-B-41558 (PBA) and [redacted] v. Professional Business Brokers, Inc., et al., Adv. Pro. No. 93-9451A

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Dear Judge Abram:

I am responding to [redacted] letter to Your Honor dated November 2, 1993. If the purpose of that letter is to facilitate the production of documents from Professional Business Brokers Inc. ("PBB"), its contents are academic because, as we have advised Trustee's counsel informally, we have been gathering documents and are in the possession of certain records which we will produce to the Trustee shortly.

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However, despite the caption referencing the letter, its purpose appears to transcend discovery issues in the PBB adversary proceeding and could involve efforts to prejudice the Court against the position of parties who are defendants in multiple litigations initiated by the Trustee. Consequently, we welcome a conference before Your Honor and the opportunity to "set the record straight".

In order for the Court to determine the accuracy of the Trustee's allegations that "the actions of all parties associated with Steven Hoffenberg to delay and frustrate discovery have been consistent from the beginning of this case", and to determine whether these various parties have acted improperly, we would respectfully ask the Court to consider the following facts and

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documents in light of the specific allegations made by Mr. [redacted] in his letter. b6 b7C

1. Allegation - "The actions of all parties associated with Steven Hoffenberg to delay and frustrate discovery have been consistent from the beginning of this case".

In fact, "parties associated with Steven Hoffenberg" have responded to over 15 separate discovery requests, have produced thousands of pages of documents and not less than 6 separate witnesses have appeared on 6 separate days to give their depositions which commenced in the middle of June. In the face of these facts, the Trustee's allegation that these parties have consistently frustrated discovery from the beginning of the case should be rejected as inaccurate.

2. Allegation - "...specifically, in the adversary proceeding, none of the defendants have appeared for their depositions or produced documents although all of the pertinent due dates have passed".

It is true that the defendants in the captioned adversary proceeding have not appeared for depositions. However, in the face of the criminal investigations that, in certain pleadings filed in this Court, the Trustee has alleged are ongoing, Mr. Hoffenberg's right to assert the Fifth Amendment is unquestionable. I personally informed the Trustee's counsel on a number of occasions that Mr. Hoffenberg is the only representative known to me of the defendants, Hoffenberg Family Trust and PBB. I have also informed the Trustee that we would stipulate or file a pleading acknowledging that, based on the Fifth Amendment, Mr. Hoffenberg, if he appeared, would not answer any questions other than his name and address. Because a deposition is not conducted in front of a trier of fact, no purpose would be served by compelling Mr. Hoffenberg to sit in a conference room for an entire day invoking the Fifth Amendment. This procedure can be utilized, should the Trustee desire, at trial.

In another adversary proceeding initiated by the Trustee against [redacted] we produced [redacted] at the insistence of the Trustee, despite his announced intention to invoke the Fifth Amendment, which he did repeatedly during a deposition which continued until the early afternoon. That waste b6 b7C

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of time, in our judgment, served no purpose and should not be repeated.

Respecting documents, I have already indicated that we are about to produce documents for the corporate defendant, PBB. We have, however, refused to produce documents on behalf of Steven Hoffenberg in both his individual capacity and in his capacity as a trustee relying upon the Fifth Amendment privilege.

3. Allegation - [redacted], a non-party witness, has refused to appear or produce documents". b6 b7C

[redacted] has appeared for a deposition in another adversary proceeding initiated against him. I have described this deposition to the Court. We have declined to produce Mr. [redacted] a second time in the above-captioned lawsuit to repeat his consistent invoking of the Fifth Amendment. Respecting documents, not only has the privilege been asserted, but we have informed the Trustee and the Trustee I believe has acknowledged that Mr. [redacted] records were retained by the Trustee when his employment had been terminated. The records sought by the Trustee may be in his possession.[1] b6 b7C

4. Allegation - "Such privilege does not permit a person not to appear for his deposition or to refuse to produce documents".

While it is true that the privilege does not excuse an appearance, we believe this is applicable to trial in a civil action. However, requiring lawyers and parties and witnesses to appear at a deposition to listen to a witness again and again invoke the Fifth Amendment appears to be unreasonable, inefficient and a waste of money. We do not agree that the production of documents by an individual has no protection under the Fifth Amendment and this explains our failure to produce documents for individual defendants.

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1. The Trustee has informally advised me that these records may have been turned over to the United States Attorney. Despite my request, the Trustee has never confirmed that fact. Enclosed with this letter is a pleading served and filed in which we set forth the basis for [redacted] failure to appear in the above-captioned lawsuit. b6 b7C

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5. Allegation - [redacted] who is [redacted] has refused to appear on Fifth Amendment grounds". b6 b7C

This allegation is completely accurate. However, just as in the case of [redacted] and Hoffenberg, given the allegations surrounding the Towers case, invoking of a constitutional right by a person closely associated with Steven Hoffenberg does not constitute actions to frustrate discovery, but constitutes the proper assertion of a constitutional right.

6. Allegation - "We were informed that some of the defendants would not be appearing because of their intention to take the Fifth Amendment".

This allegation is accurate and, as previously stated, certainly does not constitute any impropriety requiring a discovery conference.

7. Allegation - "Others failed to show up, [at a deposition] once with only 2 hours notice because of a unilateral moratorium placed on discovery in those proceedings by the defendants."

Persons and entities represented by this law firm have never defaulted in appearing at depositions. The allegation that persons "failed to show up" is inaccurate and insupportable. The allegation that a deposition was cancelled "with only 2 hours notice . . ." disturbs me even more. Making that allegation manifests an intentional effort to distort the facts and mislead the Court.

This statement refers to a scheduled deposition of [redacted] in the NHR and Bayview adversary proceedings (the "Nursing Home Litigations"). On September 29, 1993 I met with [redacted] and the Trustee to discuss settling the NHR and Bayview Litigations. We acknowledged that there were substantial discovery requests outstanding propounded by each side and while no agreement was made to adjourn the dates for discovery, we did discuss that both sides' discovery would be deferred if constructive progress was made respecting a settlement. On October 5, 1993 I delivered a letter to [redacted] containing a settlement proposal and a proposal for a temporary suspension of discovery during which the terms proposed would be implemented. That letter was preceded and followed by a series of telephone b6 b7C

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conferences I had with [redacted] respecting the proposal. b6 b7C
During those conversations, I told him that since I had agreed to a further continuance of the trial of the motion for a preliminary injunction, with the stay sought by the Trustee remaining in place pending the adjournment, there was no need to conduct discovery at this time and our efforts should be concentrated on settlement. The October 5 letter was followed by a series of telephone calls from me to [redacted] all of which remained unanswered until he finally telephoned to acknowledge that the Trustee was agreeable to a suspension of discovery (acknowledged in his November 2 letter to the Court).

The allegation that a witness gave only 2 hours notice to cancel a deposition refers to a deposition scheduled of [redacted] in the Nursing Home Litigations. The afternoon b6
prior to that deposition [redacted] spoke by b7C
telephone with [redacted] in which conversation they discussed certain discovery issues and [redacted] stated that she intended to go forward with the [redacted] deposition the next day. After a discussion with me, Ms. [redacted] responded that this was inconsistent with our understanding of the status of discovery in the Nursing Home Litigations. [redacted] spoke again with [redacted] b6
late in the afternoon or early evening on the day before the b7C
scheduled [redacted] deposition and advised her that, due to our understanding that a suspension of discovery was in place, Mr. [redacted] would not appear for a deposition the following day.

Despite all of the foregoing, a discovery conference is appropriate to protect defendants and witnesses from harassment and legal expense of dealing with the Trustee's abuse of the discovery process. For example:

(1) Despite Your Honor's decision denying Hoffenberg and PBB's motion for a 2004 examination, made on notice to the Trustee pursuant to Local Rule 46, on the basis that there was litigation pending between the parties, the Trustee, in violation of Local Rule 46, issued and served [redacted] with a b6
subpoena dated October 28, 1993 on Friday night at 10:00 p.m. at b7C
his home to take his deposition under Rule 2004. [redacted] is a defendant in an adversary proceeding initiated by the Trustee. The issuance of this subpoena is in derogation of the rule of this case established by Your Honor's decision, violates Local Rule 46, is without foundation in law and is purposeless given [redacted] invoking of the Fifth Amendment. Why are the estate's assets being utilized in such a waste of time and why is [redacted] being put to the task of responding?

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(2) The Trustee initiated an adversary proceeding against Steven Hoffenberg and [redacted] for the turnover of automobiles. These automobiles had already been returned as was demanded in the Complaint long before initiation of the lawsuit. We pointed all of this out to the Trustee and the complaint was withdrawn. b6 b7C

(3) [redacted] demanded, in writing, that Mr. [redacted] or Diversified Credit Corp. pay the cost of the stenographer's fee for attending a deposition which she was notified a day before would not take place. b6 b7C

(4) After my settlement proposal regarding the Nursing Home Litigations, and my communicating a willingness to continue the stay in place without the trial that was scheduled on October 26, 1993, the Trustee served notices to take depositions of 3 witnesses on October 8, 1993 to prepare for a trial that was not going forward. Indeed, from the Trustee's standpoint why should that trial go forward when I consented, at least until the next hearing, to the relief that he sought.

(5) Finally, the Trustee neglects to advise the Court that in the above-captioned lawsuit in which he seeks a discovery conference, the Trustee has refused to produce documents or appear for a duly scheduled deposition.

Very truly yours, b6 b7C

Martin F. Brecker

[redacted]

Enclosure
cc: [redacted] Esq. (via telecopier)
[redacted] (via telecopier)

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