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**United States Attorney Andrew Murray
Western District of North Carolina**

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CONTACT: Lia Bantavani
704-338-3140
lia.bantavani@usdoj.gov

**FOUNDER AND CEO OF CHARLOTTE AREA START-UP COMPANY SENTENCED
TO 10 YEARS FOR DEFRAUDING VICTIMS OF MORE THAN \$25 MILLION**

Co-Founder and CMO also Sentenced to Prison

CHARLOTTE, N.C. – Andrew Murray, U.S. Attorney for the Western District of North Carolina announced that U.S. District Judge Robert J. Conrad, Jr. sentenced Robert M. Boston, 54, of Hickory, N.C., to 120 months in prison and 2 years of supervised release for his role in defrauding victims of more than \$25 million. A federal jury convicted Boston on all counts of conspiracy, wire fraud, securities fraud and money laundering following a five-day trial in December 2017. Judge Conrad also sentenced Boston’s co-defendant, Robert S. LaBarge, to 2 years in prison and 2 years of supervised release. Judge Conrad further ordered that Boston is liable for more than \$27,366,733.59 million in restitution to victims, and ordered him to forfeit his interest in several properties.

John A. Strong, Special Agent in Charge of the Federal Bureau of Investigation (FBI), Charlotte Division, joins U.S. Attorney Murray in making today’s announcement.

According to filed court documents and evidence presented at trial, Boston and LaBarge defrauded franchisees, investors, and lenders of their start-up company, Zloop. Through their fraud, the defendants obtained millions of dollars, much of which was spent on expensive personal real estate, a private plane, and the racing career of Boston’s son. Evidence at trial indicated that Boston caused Zloop to spend more money on his son’s racing career than the entire operational revenue of the company before it went bankrupt. According to evidence presented at trial, while inquiring about the potential purchase of a private island, Boston wrote, “My son is a NASCAR driver. I spend 5 Million a year so he can play race car driver.”

According to previously filed court documents, trial evidence and witness testimony, Boston and LaBarge founded Zloop, an electronic waste recycling firm, in 2012 and began marketing Zloop franchises the same year. Court records show that Boston concealed crucial information from franchisees, including that Boston’s former company had filed bankruptcy, that Boston had filed personal bankruptcy, that Boston had a judgment against him for fraud, and that Boston had been held liable in an action alleging that he had knowingly submitted false financial documentation to a bank to obtain a \$2.9 million line of credit. When Boston was warned that, according to the company’s attorney, concealing this information from the franchisees of Zloop would be fraud, he wrote, “it is my decision how I want to move forward.”

Beginning on or about December 2012, Boston and LaBarge caused Zloop to raise money through the sale of equity. To sell equity in the company, Boston and LaBarge caused a misleading private placement memo (“PPM”) to be sent to investors who invested millions in Zloop. Evidence at trial demonstrated that the PPM contained material half-truths and omissions, including the omission of the litigation and bankruptcy history of Boston, that Zloop was planning to use the investors’ money to pay off a \$4 million debt that it owed to a prior lender, and that Boston and LaBarge had already caused Zloop to spend more than \$1.5 million on their personal real estate. Evidence at trial also indicated that the books and records of Zloop had been falsified to conceal the personal real estate expenses.

Evidence at trial also demonstrated that Boston promised investors that their money would be held until the offering closed, but he instead spent their money on the same day that much of it came in. When Zloop investors sought the return of their money in or about the middle of 2013, Zloop sought a loan from an individual identified as Victim 1. To do so, Boston repeatedly falsified emails to make the company look more attractive to Victim 1.

According to trial evidence, Boston induced Victim 1 to secure a \$14 million line of credit from a bank. After Boston and LaBarge caused Zloop to draw approximately \$3.5 million from that line of credit, they spent hundreds of thousands of dollars on, among other things, a private plane, a new Corvette, and a new Grand Cherokee. Zloop subsequently drew an additional \$1.3 million from the credit card line, of which more than \$500,000 was spent on racing-related expenditures and approximately \$79,808 on a suite at a professional football stadium.

LaBarge pleaded guilty to conspiracy to commit wire fraud on November 2, 2017.

During the sentencings, Judge Conrad commented that Boston engaged in a “pattern and practice of deception over a long period of time involving a variety of financial instruments to take other peoples’ money and to use it for himself,” and that he was “motivated by greed and to promote a lavish lifestyle on the backs of others, all of whom deserved honest representations.” Boston’s “substantial” sentence, according to the Court, was necessary to deter others who may be tempted by greed. Judge Conrad also noted that although LaBarge “raised concerns” about Boston’s conduct, he squelched them, and said that LaBarge’s actions constituted a “velleity:” a desire not amounting to action.

The FBI led the investigation. Assistant U.S. Attorneys Taylor J. Phillips and Daniel Ryan, of the U.S. Attorney’s Office in Charlotte, are in charge of the prosecution.

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