

**PRESS RELEASE**

Former Start-Up CEO Charged In \$175 Million Fraud

Tuesday, April 4, 2023

For Immediate Release

U.S. Attorney's Office, Southern District of New York

Former CEO of Frank Charged with Making False Claims and Submitting False Data to J.P. Morgan Chase in \$175 Million Acquisition Fraud Scheme

Damian Williams, the United States Attorney for the Southern District of New York, and Patricia Tarasca, the Special Agent in Charge of the New York Regional Office of the Federal Deposit Insurance Corporation's Office of the Inspector General ("FDIC-OIG"), announced the unsealing of a criminal Complaint charging CHARLIE JAVICE with falsely and dramatically inflating the number of customers of her company, Frank, in order to fraudulently induce J.P. Morgan Chase ("JPMC") to acquire Frank for \$175 million. JAVICE, who appeared on the Forbes 2019 "30 Under 30" list, stood to gain over \$45 million from the fraud.

JAVICE was arrested last night in New Jersey and will be presented later today before U.S. Magistrate Judge Barbara Moses.

U.S. Attorney Damian Williams said: "As alleged, Javice engaged in a brazen scheme to defraud JPMC in the course of a \$175 million acquisition deal. She lied directly to JPMC and fabricated data to support those lies — all in order to make over \$45 million from the sale of her company. This arrest should warn entrepreneurs who lie to advance their businesses that their lies will catch up to them, and this Office will hold them accountable for putting their greed above the law."

FDIC-OIG Special Agent in Charge Patricia Tarasca said: "The allegations described in today's criminal Complaint exemplify the many ways banks can be defrauded. The FDIC-OIG remains committed to holding individuals accountable who threaten the

integrity of financial institutions, and we thank our law enforcement partners for their diligence and dedication to investigating such crimes.”

According to the Complaint unsealed today in Manhattan federal court:[\[1\]](#)

In or about 2017, JAVICE founded TAPD, Inc., d/b/a Frank (“Frank”), a for-profit company that offered an online platform designed to simplify the process of filling out the Free Application for Federal Student Aid (“FAFSA”). FAFSA is a federal government form, available free of charge, that students use to apply for financial aid for college or graduate school. JAVICE was Frank’s CEO.

In or about 2021, JAVICE began to pursue the sale of Frank to a larger financial institution. Two major banks, one of which was JPMC, expressed interest and began acquisition processes with Frank. JAVICE represented repeatedly to those banks that Frank had 4.25 million customers or “users.” JAVICE explicitly defined “users” — to both banks — as individuals who had signed up for an account with Frank and for whom Frank therefore had at least four identified categories of data (*i.e.*, first name, last name, email address, and phone number). In fact, Frank had less than 300,000 users.

When JPMC sought to verify the number of Frank’s users and the amount of data collected about them — information that was critical to JPMC’s decision to move forward with the acquisition process — JAVICE fabricated a data set. To do this, JAVICE and a co-conspirator (“CC-1”) first asked Frank’s director of engineering to create an artificially generated data set (a so-called synthetic data set). The director of engineering raised concerns about the legality of the request, to which JAVICE responded, in substance and in part, “We don’t want to end up in orange jumpsuits.” The director of engineering declined the request.

JAVICE then approached an outside data scientist and hired him to create the synthetic data set. After the data set was created, JAVICE provided that synthetic data set to an agreed-upon third-party vendor in an effort to confirm to JPMC that the data set had over 4.25 million rows. JAVICE then caused the third-party vendor to convey to JPMC that the data set had over 4.25 million rows, consistent with JAVICE’s misrepresentations that Frank had 4.25 million users.

In reliance on JAVICE’s fraudulent representations about Frank’s users, JPMC agreed to purchase Frank for \$175 million. As part of the deal, JPMC hired JAVICE and other Frank employees. JAVICE received over \$21 million for selling her equity stake in Frank and, per the terms of the deal, was to be paid another \$20 million as a retention bonus.

Unbeknownst to JPMC, at or about the same time that JAVICE was creating the fabricated data set, JAVICE and CC-1 sought to purchase, on the open market, *real* data for over 4.25 million college students to cover up their misrepresentations. JAVICE and CC-1 succeeded in purchasing a data set of 4.5 million students for \$105,000, but it did not contain all the data fields that JAVICE had represented to JPMC were maintained by Frank. JAVICE then purchased an additional set of data on the open market in order to augment the data set of 4.5 million users. After JPMC acquired Frank, JPMC employees asked JAVICE and CC-1 to provide data relating to Frank’s users so that JPMC could begin a marketing campaign to those users. In response, JAVICE provided what was supposedly Frank’s user data. In fact, JAVICE fraudulently provided the data she and CC-1 had purchased on the open market at a small fraction of the price that JPMC paid to acquire Frank and its purported users.

* * *

JAVICE, 31, of Miami Beach, Florida, is charged with one count of conspiracy to commit bank and wire fraud, one count of wire fraud affecting a financial institution, and one count of bank fraud, each of which carry a maximum sentence of 30 years in prison, and one count of securities fraud, which carries a maximum sentence of 20 years in prison.

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. Williams praised the outstanding investigative work of the Special Agents from the U.S. Attorney's Office for the Southern District of New York and from FDIC-OIG.

The case is being handled by the Office's Complex Frauds and Cybercrime Unit, and Assistant U.S. Attorneys Micah F. Fergenson and Dina McLeod are in charge of the prosecution.

The charges contained in the Complaint are merely accusations and the defendant is presumed innocent unless and until proven guilty.

[1] As the introductory phrase signifies, the entirety of the text of the Complaint and the description of the Complaint set forth herein constitute only allegations, and every fact described should be treated as an allegation.

Contact

Nicholas Biase
(212) 637-2600

Updated April 4, 2023

Topic

FINANCIAL FRAUD

Component

[USAO - New York, Southern](#)

Press Release Number: 23-121

Related Content

PRESS RELEASE

Former CEO Of Public Telecommunications Company Sentenced To 12 Years In Prison For Accounting Fraud

United States Attorney for the Southern District of New York, Jay Clayton, announced that MICHAEL PALLESCHI, the former chairman and Chief Executive Officer of FTE Networks, Inc. ("FTE"), was sentenced...

September 25, 2025

PRESS RELEASE

Defendant Charged In Ponzi Scheme Targeting Harvard Business School Classmates

United States Attorney for the Southern District of New York, Jay Clayton, and Assistant Director in Charge of the New York Field Office of the Federal Bureau of Investigation ("FBI")...

September 18, 2025

PRESS RELEASE

Quant At Investment Management Firm Charged With Securities And Wire Fraud

United States Attorney for the Southern District of New York, Jay Clayton, and Assistant Director in Charge of the New York Field Office of the Federal Bureau of Investigation ("FBI")...

September 11, 2025



Southern District of New York

26 Federal Plaza, 37th Floor
New York, NY 10278



Main Office & Criminal Division: (212) 637-2200