

Stock Fraud Cheats Elderly out of \$100 Million

Indictments announced on July 8, 1999, in Manhattan, New York allege that a stock broker from Naples, Florida and other defendants bilked investors by lying to them, performing unauthorized trades, ignoring sell orders, engaging in forgery, and committing outright theft. Some investors, mostly elderly, were persuaded to get as much cash as possible from their credit cards, or withdraw money from retirement accounts, to invest with the stock broker. Virtually all of that money was lost.

The brokerage firm, which was started in 1994, was created to steal money from investors. At its peak, it had more than 300 brokers and 50,000 customer accounts at offices in Iselin, New Jersey and Naples, Florida. The defendants, all from New York, New Jersey, Connecticut, and Florida, were charged variously with enterprise corruption, grand larceny, scheme to defraud, falsification of business records, money laundering, and related crimes.

The District Attorney's Office of New York County, Manhattan Office, conducted a review of the Currency and Banking Retrieval System (CBRS) database for BSA reports relating to the stock broker and members of his brokerage firm they identified in their investigation. The review was accomplished through the use of FinCEN's Gateway System. The reports included two Suspicious Activity Reports, 97 CTRs, and nine Currency Transaction Reports by Casino (CTRCs). Investigators reported that BSA data obtained provided information about the individuals and the entities and their inter-relationship. It helped identify and/or confirm identities of those under investigation and provided some specific information regarding bank transactions and account information. Investigators noted that BSA data identified over 12 bank accounts for the subjects that were not previously known. Of those account holders, about five were eventually charged in felony indictments. The BSA data also identified important financial transactions in Atlantic City, New Jersey. Overall, Gateway saved the investigators time and effort, and helped focus investigative resources more efficiently.

The Manhattan District Attorney's Office has begun a civil court proceeding to recover \$99,269,688 as the proceeds of the defendants' criminal acts.

(Source: Investigators, District Attorney's Office of New York County, Manhattan Office)

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