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CHICAGO BUSINESSMAN CHARGED WITH DEFRAUDING TWO DOZEN INVESTORS OF \$4.7 MILLION IN ALLEGED “PONZI” SCHEME

CHICAGO – A Chicago businessman is facing federal fraud charges for allegedly luring more than two dozen victims to invest a total of approximately \$4.7 million in commodity trading pools and using the money instead to fund two nightclubs, pay gambling debts and other living expenses, and to make “Ponzi-type” payments to earlier investors. The defendant, **Anthony A. Demasi**, was charged in a five-count indictment returned by a federal grand jury late yesterday, Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation, announced today.

Demasi, 34, of Chicago, held himself out as “managing member” of Tsunami Capital, LLC and purported to operate several commodity trading pools using the Tsunami name. Between 2002 and April 2007, he allegedly fraudulently obtained approximately \$4.7 million from 27 investors, selling interests usually for at least \$20,000. He paid approximately \$1.9 million back to investors during that time, resulting in investors losing approximately \$2.8 million in principal alone, according to the indictment.

Demasi was charged with three counts of wire fraud and two counts of commodities fraud. He will be arraigned in U.S. District Court on a date yet to be determined.

The indictment alleges that Demasi used less than \$1 million raised from investors to trade commodity futures contracts. During the course of the scheme, he allegedly used the remaining funds to make payments to earlier investors and to benefit himself. Demasi misrepresented and caused others to misrepresent to investors the profitability of his trading pools, when, in fact, at no time was the aggregate trading profitable, the charges allege. For example, Demasi claimed one pool had a 172 percent profit between January 2004 and May 2006 but the pool was not at all profitable during that period, according to the charges.

At various times, Demasi also allegedly made such misrepresentations as: there was no risk; there had been no losing months; investors could lose no more than three percent of principal; and the worst quarterly return was one percent. In fact, Demasi allegedly knew that Tsunami's trading pools continually lost money and that he was misappropriating investors' funds.

The government is being represented by Assistant U.S. Attorney April Perry.

If convicted, each count of mail fraud carries a maximum penalty of 20 years in prison and a maximum fine of \$250,000, while each count of commodities fraud carries a maximum of 10 years in prison and a \$1 million fine, or the Court may impose a fine totaling twice the loss to any victim or twice the gain to the defendant, whichever is greater. The Court, however, would determine the appropriate sentence to be imposed under the advisory United States Sentencing Guidelines.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendant is presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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