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**FOR IMMEDIATE RELEASE
MAY 7, 2010**

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**FORMER REFCO BOARD MEMBERS FORFEIT \$39 MILLION TO
SETTLE FRAUD PROCEEDS CLAIMS**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced today that EDWIN L. COX, JR., WILLIAM L. GRAHAM, and two trusts related to these individuals have agreed to forfeit a total of \$39 million to resolve civil forfeiture claims alleged in a civil Complaint filed yesterday. The Complaint alleges that COX, GRAHAM, and the two trusts directly or indirectly own, control, or have an interest in property traceable to \$39 million in proceeds of securities fraud, wire fraud, bank fraud, and money laundering at the defunct financial services company Refco.

As alleged in the Complaint filed yesterday:

PHILLIP R. BENNETT, TONE N. GRANT, SANTO C. MAGGIO, ROBERT C. TROSTEN, and others were involved in hiding customer trading losses, concealing the firm's proprietary trading activities, fraudulently shifting expenses off the books of Refco, and artificially padding Refco's revenues in order to achieve through fraud, the 2004 leveraged buyout ("LBO") of Refco and the 2005 initial public offering ("IPO") of the Company's stock.

From as early as the mid-1990s, Refco sustained hundreds of millions of dollars of losses through, among other things, its customers' trading. In order to hide the existence of the losses, BENNETT and others transferred many of the losses to appear as a debt owed to Refco by Refco Group Holdings, Inc. ("RGHI") - the holding company that controlled Refco and was, in turn, controlled by BENNETT, GRANT, and, at certain times, THOMAS DITTMER.

COX, 63, of Athens, Texas, served on Refco's Board of Directors and Executive Committee from September 28, 1998, through June 1, 1999. GRAHAM, 61, of Dallas, Texas, served on Refco's Board of Directors from April 26, 1999, through August 23, 1999.

From 1999 through 2005, BENNETT and others directed a series of transactions every year to hide the RGHI receivable from, among others, Refco's auditors, by temporarily paying down the receivable from RGHI over Refco's fiscal year-end (and, after February 2004, Refco's quarter-ends) and replacing it with a receivable from one or more other entities not related to RGHI. Thus, at every fiscal year-end and, later, at every fiscal quarter-end, BENNETT and others directed transactions that turned the debt owed to Refco from RGHI into a debt owed to Refco by a Refco customer. Shortly after each fiscal year- or quarter-end, these transactions were unwound, returning the debt to RGHI.

In early August 2004, Thomas H. Lee Partners, L.P., purchased a majority interest in Refco for approximately \$1.9 billion through an LBO. In connection with that transaction, Refco sold approximately \$600 million of bonds to the public and borrowed approximately \$800 million from a syndicate of banks. Proceeds of Refco's fraudulent LBO were distributed to BENNETT, GRANT, MAGGIO, and TROSTEN, as well as certain other former Refco insiders.

Later in August 2004, DITTMER agreed to pay COX, or his appointed agent, \$39 million to resolve, among other things, a dispute over the rights that COX had to proceeds of Refco's LBO. \$39 million in LBO proceeds was paid under this agreement (the "LBO Settlement Agreement") in September 2004 and June 2005.

In August 2005, Refco conducted an IPO of its stock, raising approximately \$583 million from the public. Refco's stock was then listed on the New York Stock Exchange.

On October 10, 2005, Refco issued a press release announcing, in substance, that it had discovered that it was owed a debt of approximately \$430 million by an entity controlled by BENNETT. Following release of this information, the market price of Refco stock plummeted, and Refco's stock was subsequently delisted by the New York Stock Exchange. Refco, Inc., and many of its subsidiaries filed petitions in bankruptcy on October 17, 2005.

The \$39 million in LBO proceeds transferred under the LBO Settlement Agreement are directly traceable to various properties (the "Directly Forfeitable Properties") owned or controlled, directly or indirectly, by COX, GRAHAM, and two related trusts and/or entities that they control or in which they have an ownership or beneficial interest. The two trusts are EKC Grantor Trusts 2000 and WUG Grantor Trusts 2000, both of which

have United States Virgin Island and United States situs. GRAHAM is the grantor for both trusts, and COX is a beneficiary of EKC Grantor Trusts 2000.

COX, GRAHAM, and the two trusts have agreed to forfeit \$39 million to settle the Government's civil forfeiture claims against the Directly Forfeitable Properties. This represents 100 percent of the LBO fraud proceeds distributed under the LBO Settlement Agreement. They have not admitted to any liability in settling the lawsuit, and they agreed to forfeit the \$39 million on the understanding that the United States Attorney's Office for the Southern District of New York will request that the forfeited \$39 million be made available to innocent victims of the Refco fraud to compensate their losses.

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The case was investigated by the Criminal Investigators of the Securities and Commodities Fraud Task Force of the United States Attorney's Office, along with the United States Postal Inspection Service. Mr. BHARARA praised the work of those investigators and thanked the United States Securities and Exchange Commission and the Commodity Futures Trading Commission for their assistance in the case.

Assistant United States Attorney JEFFREY ALBERTS is in charge of this case.

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.