

Information for Victims

Updated on November 1, 2009

SENTENCING

On October 21, 2009, Richard Piccoli was sentenced by US District Court Judge William Skretny to the maximum terms on both charges. Piccoli was sentenced to 20 years on the mail fraud charge, and 5 years on the tax charge. The sentences are to run concurrently, which means Piccoli will serve 20 years in jail. Both Piccoli and the corporation will be ordered to pay restitution as part of the sentence. Piccoli began serving his sentence that day and is currently in jail.

RESTITUTION

In many simpler cases, restitution is determined by the date of sentencing. In this case, because the government indicated that the analysis as to the restitution amounts is going, the judge set a deadline of January 11, 2010, for the final determination of the loss. There are several things you must keep in mind on this topic.

First, each investor's restitution figure will be calculated based only upon the money directly invested with Piccoli. Any "roll over interest" or "reinvestment of interest" is not going to be considered. This is because there was no interest. That was the fraud.

Second, once the total of your direct investment is calculated, then any monies you received back from Piccoli, either in cash or by way of monthly payments or otherwise, will be subtracted from the investment total. Even if you were told those payments were interest, they are going to be treated as a reduction of principal. The resulting number will be your total loss.

These calculations are being made by accountants at the Securities and Exchange Commission who are working with the documents from Piccoli's office. They will check their results against the figures you provided in response to a questionnaire or on the victim impact statement to see if there are any large discrepancies.

For instance:

Example 1:

You gave Piccoli a check in March 2005 for \$100,000. You got statements from him saying your investment grew to \$153,457.89. You “reinvested” that after a few years. Your investment is \$100,000 (not \$153,457.89). You got no payments from Piccoli. Your loss will be \$100,000.

Example 2:

You gave Piccoli a check in April 2004 for \$100,000 and another check in April 2007 for \$50,000. Between April 2004 and April 2007 (36 months), you got checks monthly from Piccoli for \$1780.00. (\$64,080 total). Your total investment was \$150,000. Subtract the money received back (\$64,080) and your loss will be \$85,920.

Example 3:

You gave Piccoli a check in March 2006 for \$25,000. You got monthly checks of \$730.00 for 36 months. (\$26,280) Your loss will be 0. You actually received \$1,280 more than you gave to Piccoli.

The restitution order will be the sum total of all of the individual losses. Full restitution will be ordered by the Court. However, it is unlikely that full restitution will be made from the available assets. While restitution will be ordered no later than January 11, 2010, payment to you of the share of the assets will likely take place later, and may take place over several payments. It is important therefore that you keep us up to date if you change your address.

Distribution of Expected Assets

The SEC and the US Attorneys Office have been working together to liquidate all known assets. The funds will be deposited into an account with the Court as they are received. It is expected that there will be at least \$6,000,000 available in the near future for distribution against the restitution. These assets include bank accounts, investment accounts, cash, and properties, some of which have been sold. The procedure for distribution of the money is still under discussion, and will ultimately be up to the Court. It is expected that the total money distributed will only be a fraction of the total loss. You will be receiving more information about this procedure from the SEC when all the calculations are completed. Again, it is very important that you advise us of any address changes.

TAX QUESTIONS

We can NOT advise you regarding the filing of tax returns, claiming of losses or income, etc. However, the IRS has developed new guidelines for handling losses that you may have experienced as a result of a Ponzi scheme such as this. You will need to contact your tax advisor for this information or you may visit the IRS web site (www.irs.gov) for further information.

Should you have any questions not addressed here, you may email us at usanyw-victimwitness@usdoj.gov. Due to the number of victims in this case, it may take us a week or more to respond. Thank you for your patience and understanding.