



# Department of Justice

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## **FORMER CINCINNATI INVESTMENT ADVISOR PLEADS GUILTY TO MAIL FRAUD, TAX EVASION**

DAYTON – William Appleton, age 41, formerly of Cincinnati and now living in Seattle, pleaded guilty in United States District Court here today to one count of mail fraud and one count of income tax evasion in connection with investment firms he ran that defrauded at least ten victims out of approximately \$5 million between 2003 and 2007.

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio; Keith L. Bennett, Special Agent in Charge, Federal Bureau of Investigation (FBI), Cincinnati; Jose A. Gonzalez, Special Agent in Charge, Internal Revenue Service Criminal Investigation; Gerald A. O'Farrell, Assistant Inspector in Charge, U.S. Postal Inspection Service; and Director Mary Jo Hudson, Ohio Department of Insurance, announced the plea entered today before United States District Judge Thomas M. Rose.

According to a statement of facts filed with Appleton's plea, he operated two businesses, Appleton Advisors and Appleton Capital Management, in Cincinnati. As a marketing tool, Appleton provided investors with a book he claimed to have written on investment strategies but now admits that he did not write. Appleton promised potential clients that he would invest 98 percent of their funds in financial markets.

Appleton instead used most of the investors' funds for his personal living expenses, operation of his companies, and payment to earlier investors who were seeking to withdraw funds from their accounts with him. Appleton lost the funds he actually invested and concealed the losses from investors. In addition, Appleton generated significant income from the theft of his client's funds. Appleton used fraudulent account statements and transferred funds through multiple bank accounts in an effort to conceal the income he earned from the IRS.

Mail fraud is punishable by up to 20 years imprisonment, and a fine of \$250,000 or twice the gross gain or gross loss resulting from the offense, whichever is greatest. Income tax evasion is punishable by a maximum sentence of five years imprisonment plus costs of prosecution and a fine of \$250,000. A date for sentencing will be set.

Lockhart commended the cooperative investigation by FBI agents, Postal Inspectors, IRS agents, and investigators from the Ohio Department of Insurance.

Appleton will remain free on bond pending sentencing.

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