



## U.S. Department of Justice

*United States Attorney  
Eastern District of Arkansas*

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### **UNLICENSED BROKER WHO LOST MULTI-MILLIONS IN FRAUDULENT INVESTMENT SCHEME PLEADS GUILTY IN FEDERAL COURT**

**Little Rock** - United States Attorney Jane Duke announced that James Blackman Roberts, age 70, of Heber Springs, pled guilty yesterday to a felony Information charging him with one count of wire fraud. During the plea, which was taken by United States District Judge Susan Webber Wright, Roberts admitted that he had devised and participated in a scheme to obtain money by false or fraudulent pretenses in connection with trading in foreign securities.

As part of his fraud scheme, Roberts held himself out as an investor of other people's money, operating at times as FOMAC International, Inc. and Consultores Las Tres Americas, S.A. He engaged in online international foreign currency trading, commonly referred to as forex, which is the buying and selling of currency via the Internet or other electronic means. Roberts would present promotional material to investors that stated the investment program would "give the small working class depositor the opportunity to take advantage of the attractive high yields possible through forex trading and realize a steady monthly income to supplement his or her regular income or retirement income." Roberts would include information about the speculative nature of the investment program and the fact that there was no guarantee of returns. However, Roberts would later provide investors with false historical data reflecting monthly returns to the investors ranging from 4% to 10% and annual returns of anywhere from 48% to 120%. Roberts instructed investors to wire money to a specific investment account in Costa Rica; however, he also utilized trading accounts in the United States, Switzerland and Belize. Losses to the investors are estimated at this time in excess of \$44,000,000.

During Wednesday's plea, Roberts admitted that he falsely represented to investors that he was generating profits on their investments, when in fact he was incurring substantial losses on the investment and had spent some of the investor's money for personal items. He also admitted that he would pay some investors a purported return on their investment by using money provided by the same investor or other investors. His admission further included that he provided investors with false daily statements reflecting account activity which reflected gains in the account, when in fact invested funds routinely sustained losses.

The Information states that during the course of executing this scheme, Roberts falsely represented to investors that as of December 31, 2005, there was \$32,271,399.04 in the trading account, when in fact the balance of investor funds was less than \$2,250,000.00. Such false representations had a twofold effect: to lull investors into believing their capital was secure and profitable; and to lure other investors into providing funds to him.

Duke stated, "This investment scheme resulted in enormous losses to so many individuals. While we are doing everything possible to recover money for the victims, we are dealing with a situation where there is no hope of making any investor anywhere near whole. Unfortunately, so much of the this money is just simply gone because of the huge trading losses that Mr. Roberts incurred. Additionally, this is not a case where the defendant purchased substantial assets with the criminal proceeds. So, we really have not found much that we are able to seize and forfeit." Duke added, however, that the Securities and Exchange Commission is working diligently to locate and accumulate funds that may be payable as restitution to the victims.

Roberts' sentencing will be set for a later date to be determined by Judge Wright. Pursuant to the statute of conviction, Roberts potentially faces up to 20 years imprisonment and a fine of up to \$250,000. Under the statute, restitution is mandatory and it is estimated to be approximately \$44,000,000.

The charges were investigated by special agents with the Federal Bureau of Investigation. Assistant United States Attorney George Vena prosecuted this case for the United States.

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