



Department of Justice



United States Attorney Laura E. Duffy Southern District of California

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CONTACT: DEBRA HARTMAN
PHONE: (619) 557-5610
EMAIL: debra.hartman@usdoj.gov

OWNER OF CALIFORNIA INVESTMENT FIRM SENTENCED FOR FRAUD

Investors Defrauded of over \$6 Million

SAN DIEGO – Scott Bottolfson was sentenced today to serve 60 months in custody based upon his guilty plea to one count of wire fraud for defrauding approximately 30 investors of over \$6 million, announced U.S. Attorney for the Southern District of California Laura E. Duffy. United States District Court Judge Jeffrey T. Miller also ordered Bottolfson to pay \$6,813,462.51 in restitution to the victims of his scheme. Judge Miller also ordered Bottolfson to serve three years of supervised release following his release from prison. Bottolfson entered his guilty plea in November 2010.

According to court documents and Bottolfson's admissions at the time of his guilty plea, between September 2001 and July 2010, Bottolfson solicited and obtained money from investors by falsely offering guaranteed rates of return of 18-20% for investments and falsely claiming that his company, Increase Investments, Inc. ("Increase"), was regulated by the National Futures Association ("NFA"). In fact, Bottolfson used as much as 50% of investor funds for personal expenditures, including payments for his residence and personal vehicles, and Increase was not regulated or scrutinized by the NFA. Bottolfson also admitted that he used investor funds to execute a "Ponzi" scheme, whereby he gave new investor funds to previous investors and falsely represented these funds as investment returns.

This case was brought in coordination with the President's Financial Fraud Enforcement Task Force, which 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. The task force is also making the public aware of

resources available to protect against these types of fraud and how to report fraud when it occurs. To learn more about investment scams, how to take steps to protect yourself from scams, or how to report investment fraud if you believe you have been victimized, the task force recommends that you visit its website, StopFraud.gov.

This case was investigated by the Federal Bureau of Investigation, working cooperatively with the Commodities Futures Trading Commission and the National Futures Association and prosecuted in federal court in San Diego by Assistant United States Attorney Christopher Tenorio.

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