

# ***NEWS RELEASE***



***OFFICE OF THE UNITED STATES ATTORNEY  
SOUTHERN DISTRICT OF CALIFORNIA  
San Diego, California***

***United States Attorney  
Laura E. Duffy***

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***For Immediate Release***

**TWO CHARGED IN PONZI SCHEME THAT NETTED MORE  
THAN \$2.8 MILLION FROM SAN DIEGO VICTIMS**

***DEFENDANTS FALSELY PROMISED FUNDS WOULD BE SAFE,  
THAT PROFITS WOULD GO TO HUMANITARIAN CAUSES***

**NEWS RELEASE SUMMARY - November 9, 2012**

United States Attorney Laura E. Duffy announced the arraignment today of William Ison and Douglas Ellingson on a 14-count indictment charging them with operating a fraudulent investment scheme that deceived San Diego victims out of more than \$2.8 million. On October 17, 2012, Ison was arrested in Denver, Colorado and Ellingson was arrested in Milwaukee, Wisconsin. They both appeared today in San Diego before Magistrate Judge Bernard G. Skomal and entered pleas of not guilty to the indictment. Both are scheduled to appear again before Magistrate Judge Skomal on November 15, 2012 for a detention hearing.

The indictment charges Ison and Ellingson with one count of conspiracy to commit wire fraud and money laundering and 13 counts of wire fraud. The charges arise out of an alleged investment fraud scheme (operated by the defendants between April 2008 and September 2012) involving an array of companies, including Destiny's Partners Ventures, Capital Advancement Services, Olathe Mining Company, and Blue Diamond Excavations, Inc. According to the indictment, the defendants induced investors to wire-transfer funds to bank accounts they controlled based upon the misrepresentation that the funds would be safely maintained in a "reserve" or escrow account and not be placed at risk. No such "reserve" account was established and the investors' funds were almost immediately siphoned away to third-parties or used to pay for the defendants' personal expenses. The defendants also falsely claimed that their clients' previous investments had proven so successful that the two had donated over \$1 trillion in profits to humanitarian causes – including an alleged cure for AIDS.

As revealed in charging documents, the defendants allegedly paid prior investors with funds received from newer investors in order to induce the prior investors to turn over additional funds – thereby turning their investment vehicles into "Ponzi" schemes. Both defendants have entered pleas of not guilty, and the case is pending before District Judge Irma E. Gonzalez.

The indictment also alleges that the defendants were affiliated with Destiny's Partners between approximately March 2008 and August 2010. Destiny's Partners was an entity controlled by James Pantazelos, who pleaded guilty on September 6, 2012 in the Northern District of Illinois, to one count of mail fraud related to the scheme in which the defendants initially participated. Pantazelos is scheduled to be sentenced in Rockford, Illinois on December 13, 2012.

United States Attorney Duffy praised the investigative efforts of the Federal Bureau of Investigation and Internal Revenue Service - Criminal Investigation, who jointly investigated this investor fraud case with the assistance of their respective field offices in San Diego, California, Milwaukee, Wisconsin, and Denver, Colorado. United States Attorney Duffy reminded the public to be wary of investment fraud scams that make promises that seem "too good to be true." More information on how to protect yourself from being

the victim of an investment fraud scheme can be located at [www.stopfraud.gov/protect-securities.html](http://www.stopfraud.gov/protect-securities.html).

The public is reminded that an indictment itself is not evidence that the defendants committed the crimes charged. The defendants are presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.

**DEFENDANTS**

**Case Number: 12CR4030-IEG**

William Ison

Douglas Ellingson

**SUMMARY OF CHARGES**

Count 1: Title 18, United States Code, Section 371 (Conspiracy)  
Maximum penalties: 5 years of custody; \$250,000 Fine

Count 2-14: Title 18, United States Code, Section 1341 (Mail Fraud)  
Maximum penalties: 20 years of custody; \$250,000 Fine

**AGENCIES**

Federal Bureau of Investigation  
Internal Revenue Service - Criminal Investigation