



Department of Justice

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GRAND JURY EXPANDS CHARGES AGAINST INVESTMENT MANAGER KIRK WRIGHT

Atlanta, GA - A federal grand jury today returned a superseding indictment charging KIRK SEAN WRIGHT, 35, of Marietta, Georgia, adding 24 counts of mail fraud and securities fraud. The superseding indictment expands the scope of the fraud scheme allegedly employed by WRIGHT, relating to the collapse of his investment companies, International Management Associates ("IMA") and International Management Associates Advisory Group ("IMAAG"). WRIGHT was initially indicted on May 25, 2006, on one count of mail fraud.

United States Attorney David E. Nahmias said, "Today's indictment adds more details about the nature and extent of WRIGHT's fraud, which allegedly deprived victims across the country of millions of dollars. We are continuing to investigate all issues relating to the collapse of IMA and IMAAG, including contacting as many victims as we can locate. Victims of this alleged fraud are encouraged to contact the FBI or IRS Criminal Investigation in Atlanta."

FBI Special Agent In Charge Greg Jones said of the case, "This case, due to the extent of the victimization involved, was considered a priority investigation and remains such to date. This is another example of the far reaching impact that these types of 'white collar' crimes can have our community."

IRS Criminal Investigation Special Agent In Charge Rebecca Sparkman said, "If it sounds too good to be true, it probably is. People should diligently check out claims of high rates of return before investing. They should not blindly follow the advice of any one person. Always 'get a second opinion.' "

According to Nahmias and the indictments and other documents filed in this case: WRIGHT was a principal owner of IMA and IMAAG, in Atlanta, Georgia. IMA/ IMAAG operated a series of pooled investment funds, or "hedge funds," for more than 300 investors. WRIGHT retained principal if not sole authority for trading and investing. According to the indictment, WRIGHT lied to his clients about how much money their accounts were worth and how well their investments were performing. In its most recent

filings with the United States Securities and Exchange Commission (SEC) in 2006, IMA/IMAAG purported to have over \$180 million in client funds under management. In late 2004 and 2005, IMA/IMAAG sent quarterly statements to its over 300 investors purporting to show substantial balances and positive investment returns in their accounts.

WRIGHT also allegedly displayed to certain investors copies of what appeared to be Ameritrade statements, dated in or about August 2005. These documents purported to show that IMA/IMAAG had over \$150 million invested.

Today's indictment alleges that WRIGHT's claims were lies. Contrary to WRIGHT's representations, his investments had lost substantial value, and the balances in all of IMA/IMAAG's accounts had fallen to less than \$500,000 by late 2005. The supposed Ameritrade statements WRIGHT displayed were false, reflecting accounts that did not exist and balances more than 1,000 times the actual value of IMA/IMAAG's accounts.

The indictment also alleges that WRIGHT lied to investors about how their funds would be used. Specifically, IMA/IMAAG represented that investor funds would be invested in marketable securities and cash, according to strategies designed to maximum total returns. However, WRIGHT in fact used substantial investor funds simply to pay off earlier investors who had demanded withdrawals. WRIGHT allegedly did this to maintain the appearance that IMA/IMAAG had sufficient assets. In addition, WRIGHT allegedly diverted millions of dollars of investor funds to himself and his family. Only portions of client funds were actually invested, and those investments generally performed far more poorly than WRIGHT claimed.

Today's indictment charges 21 counts of mail fraud, alleging the mailing of false asset statements to IMA investors on 21 separate occasions from late 2004 through January 2006. The indictment also charges three counts of securities fraud, alleging that WRIGHT fraudulently induced three specific clients to invest. The charges carry a maximum sentence, per count, of 20 years in prison, and a fine of up to \$5 million for each securities fraud count and \$250,000 for each mail fraud count.

WRIGHT was arrested on May 17, 2006 in Miami, Florida, and is currently detained in the custody of the United States Marshal's Service. On May 23, 2006, a U.S. Magistrate Judge in Miami ordered that WRIGHT was eligible for release from detention provided that he post a \$1 million corporate surety bond. Through the U.S. Attorney's Office in Atlanta, the United States immediately appealed that ruling and is seeking an order that would detain WRIGHT until trial. On May 24, 2006, U.S. District Judge Beverly Martin in Atlanta issued an order staying WRIGHT's release on bond pending resolution of the appeal. A hearing on the appeal has not yet been scheduled. On June 26, 2006, the case was assigned for trial to U.S. District Judge Charles Pannell.

The case is being investigated by Special Agents of the FBI and Internal Revenue Service-Criminal Investigation.

Assistant United States Attorneys Justin S. Anand and Paul N. Monnin and Trial Attorney Rina C. Tucker Harris from the U.S. Department of Justice are prosecuting the case.

Members of the public are reminded that the indictment contains only allegations. A defendant is presumed innocent of the charges. It will be the government's burden to establish to prove his guilt beyond a reasonable doubt at trial.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney or F. Gentry Shelnett, Chief, Criminal Division, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.