



# Department of Justice

United States Attorney David E. Nahmias  
Northern District of Georgia

FOR IMMEDIATE RELEASE

06/23/09

<http://www.usdoj.gov/usao/gan/>

CONTACT: Patrick Crosby

(404)581-6016

FAX (404)581-6160

## **FORMER INVESTMENT BROKER SENTENCED TO OVER SIX YEARS IN PRISON FOR DEFRAUDING CLIENTS**

### ***Clients Included Elderly Alzheimer's Patient Who Was Cheated of Over \$900,000***

Atlanta, GA - FREDERICK BARTON, 48, of Atlanta, Georgia, was sentenced today by United States District Judge Thomas W. Thrash to serve over six years in federal prison on a charge of wire fraud, for having fraudulently diverted approximately \$2 million from several clients and investors.

United States Attorney David E. Nahmias said, "Among other frauds, this so-called securities professional stole nearly the entire life savings of an elderly client with Alzheimer's. His purposeful targeting of such a vulnerable victim appropriately resulted in a longer sentence. The prison sentence imposed today provides a measure of justice to all of the defendant's victims, and sends a message to other financial predators that these crimes do not pay."

BARTON was sentenced to 6 years, 6 months in prison to be followed by 3 years of supervised release, and was ordered to pay \$878,100 in restitution. BARTON was convicted of these charges upon his plea of guilty on March 25, 2009. He was previously sued by the U.S. Securities and Exchange Commission, which obtained a judgment against BARTON and his former investment firms for over \$4 million in penalties and disgorgement of profits, as well as various injunctive and other relief.

According to United States Attorney Nahmias and the information presented in court: BARTON, a registered broker and investment manager, defrauded several clients and investors of approximately \$2 million dollars, including almost the entire life savings of a single, retired elderly woman in her 90's who was suffering from Alzheimer's disease. From at least 1995 through 2002, Barton was a manager at an Atlanta branch of a national brokerage firm. After he was terminated in 2002, he began his own investment advisory firms, "Barton Asset Management, LLC" and "Twinspan Capital, LLC," both based in Atlanta. On numerous occasions from at least 2001 through 2007, BARTON fraudulently diverted to himself client funds that he was entrusted with investing.

In his victimization of the Alzheimer's patient, identified in Court by her initials, "RF," BARTON first learned of her diagnosis in 2001. He had begun his fraud two years earlier in 1999, and it continued unabated through 2003. In all, BARTON fraudulently diverted nearly \$1 million of RF's assets to his own checking account, which he spent on personal lifestyle expenses and to fund the development of Twinspan Capital. Mainly as a result of these frauds, the balance in RF's investment and bank accounts fell from approximately \$1.3 million in 1999 to less than \$100 in 2004. Prior to the criminal prosecution, RF's estate sued BARTON and his former employer, which repaid all but \$200,000 of the improperly diverted funds.

In addition to diverting client money from RF and at least one other client, BARTON committed securities fraud by selling shares in his new company, Twinspan, based on false pretenses. Specifically, he raised over \$1 million in investments in Twinspan by claiming that he would use the proceeds to operate and grow the business. However, he instead diverted at least half of these supposed investments to himself, which he used to satisfy personal debts and pay personal lifestyle expenses.

This case was investigated by Special Agents of the Federal Bureau of Investigation. United States Attorney Nahmias also expressed appreciation to the U.S. Securities and Exchange Commission and the Securities Division of the Georgia Secretary of State's Office, both of which provided substantial information in the investigation of this case.

Assistant United States Attorney Justin S. Anand prosecuted the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, 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](http://www.usdoj.gov/usao/gan).