



# Department of Justice

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## **HEAD OF ATLANTA-BASED FOREIGN EXCHANGE BROKERAGE FIRM SENTENCED TO PRISON FOR DEFRAUDING INVESTORS**

*Carlin King, Former Head of Hanover Stevens Investments,  
Perpetrated \$2 Million Ponzi Scheme*

Atlanta, GA - CARLIN KING, 43, of Decatur, Georgia, was sentenced today by United States District Judge Marvin Shoob to serve 3 years in federal prison on a charge of wire fraud, in connection with his operation of the foreign exchange investment house "Hanover Stevens" based in Atlanta.

United States Attorney David E. Nahmias said of the case, "This case involves yet another scheme by an investment professional who earned the trust of many individuals and then defrauded them out of their savings. Whether there are \$2 million or \$200 million in losses, these are devastating crimes to the victims. This fraudster now will join many others in federal prison."

KING was sentenced to 3 years in prison to be followed by 3 years of supervised release, and ordered to pay restitution in the amount of \$2.5 million. KING pleaded guilty to the charge on February 23, 2009.

According to United States Attorney Nahmias and the information presented in court: KING was a professional securities broker, who traded equity stocks and commodities for clients at various financial firms, mostly in Atlanta, since the 1990s. In approximately 2002, KING founded and began operating "Hanover Stevens," a retail foreign exchange brokerage firm. Beginning in approximately February 2006, however, KING stopped actually investing client money in foreign exchange transactions. The evidence shows he began lying to clients about the returns their investments were supposedly making, and he began operating a fraudulent "Ponzi" scheme. Instead of investing client money in the foreign currency markets as he promised, KING began using those funds to pay Hanover Stevens's increasing operating expenses, investors who had requested distributions, and substantial personal expenses (including living expenses at luxury hotels). To create the impression that their investments were profitable, KING provided account statements to his investors containing fabricated numbers as to the

balances in their accounts and supposed investment gains. Because there were no actual investment gains – and because the balances being reported to investors were fabricated – the only way that KING could pay any requested distributions was to use newly-invested funds from new investors.

By December 2007 – when the unsustainable scheme collapsed – the losses to the investors exceeded \$2.5 million.

This case was investigated by Special Agents of the Federal Bureau of Investigation.

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).