



Department of Justice

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**FINANCIAL FRAUD ENFORCEMENT TASK FORCE ANNOUNCES
REGIONAL RESULTS OF "OPERATION BROKEN TRUST" TARGETING
INVESTMENT FRAUD**

ATLANTA, GA - Following an announcement today by Attorney General Eric Holder in Washington, D.C., representatives of the Financial Fraud Enforcement Task Force in Atlanta, Georgia, including United States Attorney Sally Quillian Yates, announced the regional results of "Operation Broken Trust," a nationwide operation which targeted investment fraud in the Northern District of Georgia and throughout the country. Operation Broken Trust is the first nationwide operation of its kind to target a broad array of investment fraud schemes that directly prey upon the investing public.

The interagency Financial Fraud Enforcement Task Force was established by the President to lead an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. Starting on Aug. 16, 2010, to date Operation Broken Trust has involved enforcement actions against 310 criminal defendants and 189 civil defendants for fraud schemes involving more than 120,000 victims throughout the country. The operation's criminal cases involved approximately \$8.3 billion in estimated losses and the civil cases involved estimated losses of more than \$2.1 billion.* In the Northern District of Georgia, the operation has involved 10 defendants and over \$30 million in losses or attempted losses.

"With this operation, the Financial Fraud Enforcement Task Force is sending a strong message," said Attorney General Holder. "To the public: be alert for these frauds, take appropriate measures to protect yourself, and report such schemes to proper authorities when they occur. And to anyone operating or attempting to operate an investment scam: cheating investors out of their earnings and savings is no longer a safe business plan - we will use every tool at our disposal to find you, to stop you, and to bring you to justice."

Sally Quillian Yates, United States Attorney for the Northern District of Georgia, said of Operation Broken Trust, "We are proud to be part of an operation focused on

protecting members of the public and their hard-earned savings from financial predators. Atlanta is an epicenter of business, capital and population growth. But along with this expansion, we have seen an increase in stock fraud schemes, “Ponzi”-style investment schemes, insider trading, embezzlements, and other frauds by supposed investment professionals. Our participation in this Operation should remind those who would prey on the finances of hard working citizens of this District and elsewhere that these crimes remain one of the top priorities of our office, the Department of Justice, and the FBI.”

The President's Financial Fraud Enforcement Task Force 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.

United States Attorney Yates identified several significant cases brought as part of Operation Broken Trust, between August 16, 2010 and December 1, 2010, which demonstrate law enforcement’s commitment to investigate and prosecute this type of fraud:

- In August 2010, a federal grand jury indicted GEOFFREY A. GISH, 56, of Marietta, Georgia, and MYRA J. ETTENBOROUGH, 55, of Roswell, Georgia, for fraud and conspiracy arising out of GISH’s Marietta-based investment business, “Weston Rutledge Financial Services, Inc.” The Indictment alleges that the defendants lied to investment clients as to how their money would be invested and as to the supposed earnings that their investments were generating. Contrary to representations to the investors, the Indictment alleges that Weston Rutledge raised nearly \$30 million from numerous victims but only had approximately \$1 million left in its accounts at the time the firm was shut down by securities regulators.
- In September 2010, ROBERT L. DUNCAN, the manager of an Atlanta-based hedge fund known as “Seaside Partners Fund,” pleaded guilty to perpetrating a \$3.5 million investment fraud scheme against several victims. DUNCAN lured investments by falsely representing that any principal invested would be held for the benefit of the investor in individual capital accounts and only invested by licensed securities brokers. DUNCAN periodically furnished his investors with fraudulently altered account statements, which falsely showed that their investments were doing well,

when in fact, DUNCAN was using their investment principal for his own business and personal expenses.

- In October 2010, a federal grand jury indicted JON EDWARD HANKINS, 38, of Knoxville, Tennessee, for operating an investment fraud scheme relating to entities he created known as “Banker’s Trust and Annuity Strategic Arbitrage Fund” and the “Christian Financial Brotherhood.” The Indictment alleges that HANKINS, while serving a sentence of home detention relating to a prior securities fraud conviction, attempted to and did solicit investments from several victims, including for a supposed \$100 million hedge fund that he claimed to be managing. The Indictment alleges that HANKINS attempted to solicit investments not just from individuals directly but also through registered securities brokers who control large amounts of client money, including at least one based in Atlanta. The Indictment alleges that HANKINS’ representations were false, because his hedge funds had little or no assets under management, and they were not being audited by national accounting firms (as HANKINS had claimed). The Indictment alleges HANKINS misrepresented his own background and qualifications in that he failed to disclose to prospective investment clients that he was still serving a sentence for a prior securities fraud conviction.

These cases are being investigated by the Federal Bureau of Investigation, in some cases based on a referral from the U.S. Securities and Exchange Commission.

Members of the public are reminded that the facts alleged in indictments are only allegations. A defendant is presumed innocent and the Government will bear the burden of proving the defendant’s guilt beyond a reasonable doubt at trial.

As a part of Operation Broken Trust, the Task Force is 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, which includes links to a wide array of task force member resources.

For further information please contact Sally Quillian Yates, 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/ga.

* Numbers updated as of Dec. 14, 2010.