



U. S. Department of Justice

Patrick J. Fitzgerald  
United States Attorney

United States Attorney  
Northern District of Illinois  
Federal Building

219 South Dearborn Street, Fifth Floor  
Chicago, Illinois 60604  
(312) 353-5300

FOR IMMEDIATE RELEASE  
FRIDAY, FEBRUARY 11, 2011  
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PRESS CONTACTS:  
AUSA Madeleine Murphy (312)353-3148  
Press Office (312)353-5318

**SUBURBAN MAN ALLEGEDLY SWINDLED \$105 MILLION  
FROM APPROXIMATELY 400 VICTIMS IN INVESTMENT FRAUD SCHEME**

CHICAGO A suburban Chicago man was charged with allegedly engaging in an investment fraud scheme, swindling more than \$105 million from approximately 400 victims who invested in funds he purported to operate. Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois; Tom Brady, Inspector-in-Charge of the United States Postal Inspection Service, Chicago; and Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation announced that **Daniel Spitzer** was charged with eight counts of mail fraud in a criminal indictment filed yesterday. Spitzer allegedly misused money he raised from investors for his own benefit, and to make Ponzi-type payments to investors.

Spitzer, 51, formerly of the U.S. Virgin Islands, currently resides in Barrington, Illinois, and will be arraigned at a later date in U.S. District Court. The indictment alleges that Spitzer was the principal officer and sole shareholder of Kenzie Financial Management, a U.S. Virgin Islands corporation; the sole manager and member of Kenzie Services, LLC ("Kenzie Services"), a corporation located in Charlestown, Nevis, West Indies; the president of Draseena Funds Group,

Corp., an Illinois corporation; the manager of DN Management Company, LLC ("DN"), a Nevada limited liability company, and the manager of Nerium Management Company, an Illinois corporation.

According to the charges, through these corporate entities, defendant Spitzer controlled twelve investment funds collectively known as "the Kenzie Funds". Spitzer offered and sold to the public investments in the various Kenzie Funds in the form of membership interests and limited partnership interests. Through sales agents and various marketing materials, he informed investors and potential investors in the Kenzie Funds that their investments would be used primarily in foreign currency trading, that the Kenzie Funds had never lost money, and had achieved profitable historical returns. The defendant had to continually raise funds through the solicitation of new investors in the Kenzie Funds to make payments on investments made by earlier investors, all of which the defendant concealed and intentionally failed to disclose to both new and earlier investors. Although Spitzer falsely represented to prospective investors and investors that different Kenzie Funds had different levels of risk and different investment strategies, the defendant commingled the money invested in all twelve of the Kenzie Funds, then misappropriated a significant portion, and only invested less than one third of the approximately \$105 million raised from investors.

The indictment further alleges that Spitzer represented to investors that the Kenzie Funds had rates of returns ranging from 4.52% to 13.54% over the prior five years, although the bank accounts for the Kenzie Funds reflected that the total net return over the five year period on the approximately \$105 million investors contributed to all of the Kenzie Funds was less than 1%. As of June 30, 2009, Spitzer represented that the Kenzie Funds were worth approximately \$250 million, at a time when the Funds collectively had only approximately \$4 million in its bank accounts. As

a part of the alleged Ponzi scheme, the defendant fraudulently obtained over \$105 million from approximately 400 investors. The information alleges that as a result of his Ponzi scheme, Spitzer fraudulently obtained over \$105 million.

The government is being represented by Assistant U.S. Attorney Madeleine Murphy. The United States Attorney's Office acknowledges the assistance of the Securities and Exchange Commission, Chicago Regional office. The investigation was conducted by the United States Postal Inspection Service and the FBI.

Each count of mail fraud carries a maximum penalty of 20 years in prison and a \$250,000 fine, and restitution is mandatory. In addition to the charges, the government is also seeking forfeiture in the amount of approximately \$34 million in funds, the approximate amount of loss to the victims. The Court may also impose a fine totaling twice the loss to any victim or twice the gain to the defendant, whichever is greater. If convicted, however, the Court must impose a reasonable sentence under the advisory United States Sentencing Guidelines.

An information contains only charges and is not evidence of guilt. The defendant is presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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