



U. S. Department of Justice



United States Attorney  
Northern District of Illinois

Patrick J. Fitzgerald  
United States Attorney

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

FOR IMMEDIATE RELEASE  
WEDNESDAY JULY 20, 2011  
[www.justice.gov/usao/iln](http://www.justice.gov/usao/iln)

PRESS CONTACTS:  
AUSA Benjamin Langner (312) 353-2817  
Randall Samborn (312) 353-5318

**NORTHWEST SUBURBAN MAN SENTENCED TO SIX YEARS IN PRISON FOR SWINDLING \$5 MILLION FROM 150 VICTIMS IN INVESTMENT FRAUD SCHEME**

CHICAGO — A northwest suburban man was sentenced to six years in federal prison for engaging in an investment fraud scheme that swindled more than \$5 million from approximately 150 victims who invested in funds he purported to operate. The defendant, **Scott M. Ross**, who pleaded guilty to mail fraud in March, was sentenced yesterday, Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation, announced today. Ross misused money he raised from investors for his own benefit, including salary and a stadium sky box, and to make Ponzi-type payments to certain customers who complained.

Ross, 42, of Woodstock, was also ordered to pay outstanding restitution totaling \$3,699,834 by U.S. District Judge William Hibbler in Federal Court in Chicago. Ross was ordered to begin serving his sentence on Oct. 18, 2011.

Ross owned and operated Harbor Wealth Management, LLP, and two subsidiaries that together purportedly engaged in the insurance investment business, primarily from an office in Schaumburg. Between 2006 and 2009, Ross' businesses offered and sold investments to the public

in three investment funds: the Elucido Fund, LP, the Moondoggie Fund, LP, and the Maize Fund LP.

Ross raised approximately \$1.9 million from about 25 investors in the Elucido Fund, which claimed to invest in life settlement contracts, described as the purchase of the right to receive death benefits upon the death of the insured on a life insurance policy. He raised approximately \$3.1 million from approximately 134 investors in the Moondoggie Fund, which purported to invest in the stock of Moondoggie Technologies, Inc., and its reported development of a dual-sided computer monitor.

Ross caused more than 150 of these investors to lose more than \$5 million they invested in the two funds by commingling the money he raised and misappropriating funds for his own use and benefit. He made fraudulent statements to investors about his business and investment background, the risks involved in the investments, the return on investment, the use of investors' funds, and the status of investments.

As part of the fraud scheme, Ross falsely represented to certain investors that he was board certified in estate planning; was a certified fund specialist, and "had passed a comprehensive seven-year background review with all regulatory bodies, including the NASD, SEC and all state insurance and securities boards."

As an example of the misappropriation of funds, Ross used all of the funds invested in the Elucido Fund for such improper purposes as paying expenses of the Maize Fund, making Ponzi-type payments to repay investors in the Moondoggie Fund, purchasing a \$75,000-per-year sky box at the Indianapolis Colts' football stadium, and paying himself a \$319,000 salary.

Ross falsely represented to investors in the Elucido Fund that they could expect returns of as much as 34 percent from the fund's investing in a combination of traditional life settlement and viatical instruments, when he neither intended nor did purchase any such instruments. In offering and selling interests in the Moondoggie Fund, Ross falsely represented that Moondoggie Technologies had agreed to buy back its shares purchased by the fund for \$3.75 per share in 30 months and later for \$5 per share in 36 months; however, Moondoggie Technologies never agreed to repurchase any of its shares at any price.

The government was represented by Assistant U.S. Attorneys Benjamin Langner and Terra Reynolds. The Securities and Exchange Commission assisted the investigation conducted by the FBI.

The prosecution falls under the umbrella of the Financial Fraud Enforcement Task Force, which 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. For more information on the task force, visit: [www.StopFraud.gov](http://www.StopFraud.gov).

###