

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA**

UNITED STATES OF AMERICA

*** CRIMINAL NUMBER: 2:09-CR-378**

v.

*** SECTION: I(5)**

MATTHEW B. PIZZOLATO

*** VIOLATIONS: 15 U.S.C. § 78j and 78ff
17 C.F.R. 240.10(b)-5
* 18 U.S.C. § 2
18 U.S.C. § 1341
* 18 U.S.C. § 1343
18 U.S.C. § 1512
* 18 U.S.C. § 1957**

*** * ***

FACTUAL BASIS

In the pending indictment in the above-captioned case, the Defendant, **MATTHEW B. PIZZOLATO** (“**PIZZOLATO**”), has agreed to plead guilty to Counts 1-21 (charging him with mail fraud), Count 53 (charging him with wire fraud), Counts 55-57 (charging him with money laundering), Count 62 (charging him with securities fraud), and Count 63 (charging him with witness tampering). Should this matter have gone to trial, the government would have proven, through the introduction of competent testimony and admissible, tangible exhibits, the following facts, beyond a reasonable doubt, to support the allegations in the indictment now pending against **PIZZOLATO**:

Introduction & Background

Testimonial and documentary evidence would be admitted to prove that, from approximately 2005 through November 20, 2009, **PIZZOLATO** claimed to be affiliated with and/or owned and/or operated and/or was President of, a number of different companies, including Acadian Guaranty Group, LLC; Allegiance Financial, LLC; Annuity Presets, LLC; Annuity Recovery Services, LLC; Anova Marketing Systems, LLC; Anytime Fitness of Sulphur, LLC; Cornerstone Wealth Management, LLC; Global Assured Financial, Inc.; Green Pelican Group, Inc.; Gulf States Guaranty, LLC; GRG Holdings, LLC; GRG I, LLC; GRG II, LLC; Matt P, LLC; National Insurance Advisors, LLC; Pelican Guaranty Group, Inc. (Pelican Guaranty); and Spectrum Lending Group, LLC (the “Pizzolato-related investment companies”).

Documentary and testimonial evidence would be introduced to prove that the Pizzolato-related investment companies employed several individuals and representatives who were acting under the direction, instruction, and supervision of **PIZZOLATO**. Evidence would further be admitted to show that the Pizzolato-related investment companies maintained offices throughout Louisiana, including Baton Rouge, Covington, Hammond, and Lake Charles, and advertised their services on the internet and in Louisiana newspapers, including the New Orleans Times-Picayune, the Hammond Daily Star, and the Baton Rouge Advocate. As set forth below, evidence would be introduced to prove that, at all times, in the Eastern District of Louisiana and elsewhere, **PIZZOLATO** utilized these businesses and his representatives to start, perpetuate, and carry on a fraudulent investment or Ponzi scheme from approximately 2005 through November 20, 2009.

The (Ponzi) Scheme to Defraud

Evidence would be admitted to show that in its print and internet advertisements, the Pizzolato-related investment companies touted its purported experience in financial markets and the investment industry to potential investors. Additionally, in these print and internet advertisements, the Pizzolato-related investment companies advertised extraordinary rates of return – rates much higher than market rates – for so-called “guaranteed” investments to potential investors. Additional materials, such as marketing materials for the Pizzolato-related investment companies, would be introduced into evidence to reflect that these companies targeted, among others, elderly investors or retirees as investors, who expressed interest in these so-called “guaranteed” investments.

After enticing potential investors with the print and internet advertisements, evidence would be admitted to prove that these investors would meet with **PIZZOLATO** or one of his representatives acting under his direction, at one of his office locations, located in the Eastern District of Louisiana or elsewhere. At these in-person meetings, evidence, including audio recordings, would be admitted to prove that **PIZZOLATO** and others would fraudulently represent the nature of the potential investments, claiming them to be “safe,” “insured,” “guaranteed,” “conservative,” and “no-risk,” falsely leading the investors to believe their principal investments were immune from market volatility and were secure from any losses. Indeed, in many cases, **PIZZOLATO** and others would falsely represent to potential investors that their investments were invested in United States Treasury Bills, which were “backed” by the Federal Government and accompanied with a “fixed” interest rate. **PIZZOLATO** also used the terms “private offering” and “securities” to attract investors into investing with the Pizzolato-

related investments companies. In some cases, **PIZZOLATO** would characterize the investments offered as “securities” or investment contracts with legitimate financial institutions, such as Sun Life Financial or ING Group, or legitimate stock indices, such as the S&P 500 index. As noted above, in all cases, **PIZZOLATO** or one of his representatives would advertise these investments as “guaranteed.” In addition to the documentary evidence which reflects the fraudulent representations regarding these investments, testimony from the investors themselves would prove the false characterizations of these investments by **PIZZOLATO** or one his representatives.

Additionally, testimonial evidence, including audio recordings, would be introduced to prove that, at these in-person meetings in the Eastern District of Louisiana and elsewhere, **PIZZOLATO** would fraudulently represent his qualifications and the credentials of the Pizzolato-related investment companies to entice potential investors into investing. For example, **PIZZOLATO** falsely represented to potential investors that he was one of the top ten financial planners in the country and claimed that his companies specialized in “safe money.” **PIZZOLATO** fraudulently told investors that he had received specialized training and education in handling investments and finances at various business schools and that it was this specialized training that enabled **PIZZOLATO** to obtain the extraordinary rates of return on the fraudulent investments he offered potential investors. **PIZZOLATO** also fraudulently held himself out to be a Certified Estate Planner and an expert in foreign exchanges. Additionally, **PIZZOLATO** falsely represented to investors that he graduated from law school.

In addition to these fraudulent representations, evidence would be introduced to reflect that potential investors were persuaded to invest, and continued to retain their investments with

the Pizzolato-related investment companies, because, among other things, **PIZZOLATO** would offer a “bonus” to the investors to cover surrender penalties incurred from the early withdrawal of legitimate investments made by the investors in order to cash out and invest with the Pizzolato-related investment companies. Evidence would further be introduced to prove that **PIZZOLATO** and his representatives offered other inducements to entice the investors, such as a free gym membership or a book.

Additionally, evidence would be introduced to prove that particular documents were generated by **PIZZOLATO** and his representatives and given to the investors in order to conceal the true nature of the Ponzi scheme, including worthless “Certificates of Investment” and various fictitious financial or account statements, purporting to reflect the investments of the investors. Evidence would be admitted to prove that these financial or account statements did not accurately represent the investments of the investors and were designed to give a false sense of security to the investors to deceive them into believing their funds were invested legitimately. Furthermore, documentary and testimonial evidence would be admitted to reflect that, in an effort to further his fraudulent scheme, **PIZZOLATO** would forge signatures of investors and, in some cases, his representatives, in order to obtain investor funds being held at legitimate financial institutions or create new investment companies to perpetuate the fraud.

Using the fraudulent representations about himself and the nature of the investments, coupled with the other illegal acts committed by **PIZZOLATO** noted above, evidence would be introduced to prove that **PIZZOLATO** took in approximately \$19,500,000.00 in investor funds from, in many cases, elderly investors or retirees. Evidence, including testimonial evidence from the approximately 180 investors, as well as documentary evidence, would be introduced to prove

the fraudulent representations made by **PIZZOLATO** and his representatives to the investors. Furthermore, bank records, investment checks, and other financial records would be introduced to prove the total figure of investment funds (\$19,500,000.00) taken in by **PIZZOLATO** through the Pizzolato-related investment companies. Evidence would be admitted to prove that, in reality, **PIZZOLATO** did not invest these funds in the investment vehicles or securities he represented to the potential investors; rather, as set forth below, **PIZZOLATO** used investor funds in one of several unauthorized ways, including but not limited to: (1) to invest in high-risk futures trading, commodities trading, real estate investments and/or other high-risk business ventures; (2) to make payments to himself, his friends, and his family; (3) to make retail purchases for himself, his friends, and his family, for luxury items; and (4) to send interest checks, or “lulling” payments, to other investors in an effort to conceal the true nature of the Ponzi scheme.

First, evidence would be introduced to prove that, after fraudulently representing the nature of the investments, his credentials, and the credentials of the Pizzolato-related investment companies, **PIZZOLATO** and others took approximately \$9,948,160.16 of the total investor funds and used these funds for high-risk futures trading, commodities trading, real estate ventures and/or other high-risk business ventures. Testimonial evidence from witnesses who received these funds, as well as documentary evidence in the form of investment records, checks, and other financial records, would be introduced to prove the unauthorized use of these funds. Evidence would be admitted to prove that, of the approximately \$9.9 million in investor funds used for unauthorized business ventures, some of these funds went into **PIZZOLATO**’s personal trading account for futures trading; some of the funds went into several affiliated companies that

heavily invested in real estate properties; and some of the funds were invested in gyms and nutritional stores. As noted above, evidence would be admitted to prove that most of these business ventures were never authorized by the original investors.

Evidence would also be introduced to prove that **PIZZOLATO** utilized the Pizzolato-related investment companies and the fraudulent representations noted above to pay himself, his friends, and family, approximately \$1,328,487.02 in investor funds. Specifically, financial records, including checks and bank statements, would be introduced to prove that of the total figure of investor funds, among other things, approximately \$200,685.06 was extracted for cash payments, approximately \$909,106.73 was extracted and/or transferred to relatives of **PIZZOLATO**, and approximately \$118,104.86 was extracted for payments to **PIZZOLATO** himself. Testimonial evidence from friends and family who received these funds would corroborate these payments, none of which were authorized by the investors.

Additionally, evidence would be introduced to prove that of the approximately \$19,500,000.00 taken in from investors, **PIZZOLATO** and others at his direction, utilized approximately \$3,267,647.53 for miscellaneous retail purchases of luxury items. Some of these luxury purchases with investor funds – none of which were authorized by the original investors – included the following:

- (i) \$600,000 toward improvements and/or the construction of **PIZZOLATO**'s home in Pontchatoula, Louisiana;
- (ii) \$75,000 for the purchase of a home theater and security system for his home in Pontchatoula, Louisiana;
- (iii) \$11,967.00 as a down payment on a 2006 Mercedes Benz S430V costing \$69,782.14;
- (iv) \$93,410.16 for a 2006 BMW 750LI;

- (v) \$19,400.00 as a down payment for a 2007 Range Rover Sport costing \$70,727.36;
- (vi) \$30,600.00 toward the purchase of a 2007 Ford F-250 Crew Cab costing \$52,559.80;
- (vii) \$48,457.95 toward the purchase of a 2006 Chevrolet Corvette;
- (viii) \$5,756.10 in a down payment on a 2007 Yamaha all-terrain vehicle costing \$10,492.66;
- (ix) \$30,000.00 toward the purchase of household furniture;
- (x) \$3,000.00 for LSU sporting event tickets;
- (xi) \$1,671.00 toward the purchase of tickets for the New Orleans Hornets;
- (xii) \$17,600.00 for the purchase of cruise tickets on Carnival Cruise Lines;
- (xiii) \$150,000.00 toward the purchase of jewelry, including \$35,242.00 to purchase a 3.31 karat diamond ring;
- (xiv) \$9,000.00 toward the purchase of travel and lodging costs at the Four Seasons Hotel in Guanacaste, Costa Rica; and
- (xv) \$8,600.00 for the purchase of New Orleans Saints tickets.

Documentary evidence, including the bills of sale, invoices, receipts, and vendor contracts, from these purchases, as well as testimonial evidence from representatives from the various retailers, would be introduced to prove the above-noted purchases.

Mail Fraud

Evidence would be introduced to prove that, after fraudulently representing the nature of the investments, his credentials, and the credentials of the Pizzolato-related investment companies, **PIZZOLATO** and others used the United States Mail or a similar commercial interstate mail carrier to further the scheme noted above. In particular, documentary and testimonial evidence would be introduced to prove that **PIZZOLATO** and others utilized the

mails for, among other things, sending fictitious financial statements to investors, mailing advertisements and correspondence to investors and potential investors, and mailing lulling payments to investors.

Evidence would be admitted to reflect that **PIZZOLATO** and others took approximately \$2,804,802.65 of the total investor funds and sent these monies back to the investors in the form of lulling payments (also fraudulently characterized as “loans”). Through the Pizzolato-related investment companies, **PIZZOLATO** and his representatives utilized the United States Mail and Federal Express (a commercial interstate carrier as defined in federal law) to mail these lulling payments to the investors, in the Eastern District of Louisiana and elsewhere. Evidence would be admitted to prove that the purpose of these lulling payments – which were a fraction of the total amount invested by the investors – was to deceive the investors into believing their money was invested legitimately and that their principal investment was secure. For example, in an effort to conceal the true nature of the Ponzi scheme, evidence would be introduced to prove that, from approximately June 12, 2007, through March 7, 2008, **PIZZOLATO** or others at his direction, utilized the United States Mail or Federal Express to send these lulling payments out to W.L. and S.L., two investors who invested approximately \$385,000 with **PIZZOLATO**, as noted below with reference to the counts in the pending indictment:

Count No.	Investor Payee	Payor	Date	Check No.	Check Amount
1	W. L. (L. L.)	Gulf Region Guaranty, Inc.	06/12/07	2781	\$708.33
2	W. L. (L. L.)	Gulf Region Guaranty, Inc.	07/03/07	2817	\$708.33
3	W. L. (L. L.)	Gulf Region Guaranty, Inc.	07/19/07	2830	\$708.33
4	W. L. (L. L.)	Gulf Region Guaranty, Inc.	07/19/07	2846	\$25,000.00

Count No.	Investor Payee	Payor	Date	Check No.	Check Amount
5	W. L. (L. L.)	Gulf Region Guaranty, Inc.	08/17/07	2986	\$708.33
6	W. L. (L. L.)	Gulf Region Guaranty, Inc.	08/20/07	2987	\$2,351.80
7	W. L. (L. L.)	Gulf Region Guaranty, Inc.	08/20/07	2988	\$2,438.00
8	W. L. (L. L.)	GRG Holdings, LLC	09/10/07	600002	\$708.33
9	W. L. (L. L.)	GRG Holdings, LLC	09/10/07	600003	\$2,351.80
10	W. L. (L. L.)	GRG Holdings, LLC	10/09/07	600035	\$833.33
11	W. L. (L. L.)	GRG Holdings, LLC	10/09/07	600036	\$2,500.00
12	W. L. (L. L.)	GRG Holdings, LLC	11/08/07	600076	\$833.33
13	W. L. (L. L.)	GRG Holdings, LLC	11/08/07	600077	\$2,500.00
14	W. L. (L. L.)	GRG Holdings, LLC	12/07/07	600123	\$833.33
15	W. L. (L. L.)	GRG Holdings, LLC	12/07/07	600124	\$2,500.00
16	W. L. (L. L.)	GRG Holdings, LLC	01/08/08	600163	\$833.33
17	W. L. (L. L.)	GRG Holdings, LLC	01/08/08	600164	\$2,500.00
18	W. L. (L. L.)	GRG Holdings, LLC	02/08/08	600211	\$833.33
19	W. L. or S. L.	GRG Holdings, LLC	02/08/08	600212	\$2,500.00
20	W. L. or S. L.	GRG Holdings, LLC	03/07/08	995037	\$833.33
21	W. L. or S. L.	GRG Holdings, LLC	03/07/08	995045	\$2,500.00

The actual checks constituting the lulling payments, as well as documents generated by the interstate mail carrier for each payment, reflecting the transmittal of these checks via the mails, would be introduced into evidence to further prove the payments.

Wire Fraud

Documentary and testimonial evidence would additionally be introduced to prove that **PIZZOLATO** and others under his direction utilized the wire communications to further the

Ponzi scheme noted above. Specifically, documentary evidence, including bank records, financial records, and wire transfer documentation, would be introduced to prove that, for the purpose of executing the fraudulent investment scheme noted above, in the Eastern District of Louisiana and elsewhere, **PIZZOLATO** and others caused the following bank transfer to be transmitted in interstate commerce, by means of a wire communication, with reference to the count contained in the pending indictment:

Count No.	Originating Bank	Recipient Bank	Wire Amount	Date of Wire Transfer
53	Matthew & Rachael Pizzolato personal checking account with Regions Bank (formerly AmSouth Bank) Account *****5831	Harris Bank FBO Matthew Pizzolato Man Financial Account *** ***** 79204	\$200,000.00	05/01/06

Money Laundering

As part of his Ponzi scheme, evidence would be introduced to prove that **PIZZOLATO**, from approximately 2006 through January 30, 2008, knowingly engaged in several monetary transactions, involving criminally-derived property (funds fraudulently obtained from investors via the Ponzi scheme set forth above), of over \$10,000 from specified unlawful activity (mail and wire fraud), as that term is defined in federal law. Specifically, documentary evidence, including financial records, bank records, checks, and transfer documentation, would be introduced to prove that **PIZZOLATO** knowingly deposited and/or transferred investor funds, derived as a result of the Ponzi scheme, as set forth above, into the following bank accounts, owned or

controlled by **PIZZOLATO**, as noted below with reference to the money laundering counts contained in the pending indictment:

Count No.	Type of Monetary Transaction	Transaction Amount	Recipient of Funds	Date of Transaction
55	Interbank transfer	\$40,000.00	GRG Holdings, LLC Iberia Account **6961	07/20/07
56	Interbank transfer	\$40,000.00	Matt P., LLC Iberia Account *****2008	07/20/07
57	Interbank transfer	\$225,000.00	Rachael D. & Matthew Pizzolato Regions (formerly AmSouth Bank) Account ***5831	05/01/06

Securities Fraud

Evidence would further be introduced to prove that, as a part of his Ponzi scheme, **PIZZOLATO**, from approximately 2005 through in or about October 2009, committed the crime of securities fraud. More specifically, documentary evidence, including the various investment documents created by the Pizzolato-related investment companies and given to the investors, as well as testimonial evidence from the investors, would reflect that **PIZZOLATO** and/or his representatives under his direction, knowingly and willfully employed a scheme and artifice to defraud, made untrue statements of material fact (and omitted to state material facts necessary in order to make the statements made not misleading), and engaged in a course of business which operated as a fraud and deceit upon the investors by, among other things, repeatedly (a) employing materially false and fraudulent representations regarding the investments to investors to entice them to invest in his scheme, (b) misrepresenting where investors' funds were being invested, and (c) omitting to inform investors that their investment

funds were being utilized for unauthorized purchases and investments, as set forth above. In so doing, **PIZZOLATO** and others utilized the mails and the wire communications, in connection with the purchase and sale of securities, as described above.

Witness Tampering

Evidence, including documentary evidence and testimonial evidence, would be introduced to prove that, in between January 30, 2008, and on or about March 15, 2008, **PIZZOLATO** knowingly offered a \$20,000 bribe to several of his employees, with intent to corruptly persuade them to alter, destroy, mutilate, or conceal, certain documents issued by the Pizzolato-related investment companies to investors, including investment certificates. At the time of the offered bribe, evidence would be admitted to reflect that **PIZZOLATO** knew he was under federal investigation and his intent in offering the bribe to alter these documents was to impair the integrity and existence of these investment certificates in, among other things, the Federal Grand Jury investigation into his fraudulent investment scheme being conducted in the Eastern District of Louisiana.

Corroborative Evidence

Testimonial evidence from the investor-victims, reflecting the various misrepresentations made by **PIZZOLATO** and his representatives under his control, would be introduced to further corroborate the facts and evidence as stated above. Documentary evidence from these investor-victims, including documents generated by the Pizzolato-related investment companies, financial records, bank records, checks, and other documents, would be introduced to further corroborate the facts and evidence as stated above.

Evidence from a summary witness would be introduced to prove and further corroborate the financial transactions as noted above. The summary witness would summarize the contents of voluminous financial and investment records pursuant to Rule 1006 of the Federal Rules of Evidence. Specifically, this summary witness would testify regarding admissible evidence, including financial records and investment records, to reflect that, utilizing a standard and generally-accepted accounting method, **PIZZOLATO** took in approximately \$19,500,000.00 in investor funds, employing the false and fraudulent representations noted above, and spent these funds in various unauthorized ways, including but not limited to the four ways noted above. The testimonial evidence introduced through this summary witness would corroborate the documentary evidence noted above reflecting the unauthorized expenditures of investor funds in the total amount of \$19,500,000.00.

Additionally, agents and representatives of the Federal Bureau of Investigation, Internal Revenue Service - Criminal Investigations Division, and Louisiana Office of Financial Institutions would testify that, on numerous occasions, they interviewed **PIZZOLATO**, who confessed to soliciting investor funds and knowingly using them for unauthorized uses, including personal expenditures. For example, an agent from the Federal Bureau of Investigation would testify that on or about April 7, 2008, **PIZZOLATO** was interviewed and conceded to making “mistakes” in connection with his investment companies. In this interview, **PIZZOLATO** admitted, among other things, to investing millions of dollars he solicited from investors into several business ventures which were not authorized by the investors.

Additionally, **PIZZOLATO** admitted in this interview to wrongfully spending investor funds for personal uses. Additionally, an agent from the Internal Revenue Service - Criminal Investigations Division would testify that, on or about November 20, 2009, **PIZZOLATO** voluntarily confessed to committing fraud by knowingly soliciting investor funds for particular investments, but then utilizing these investor funds for entirely different investments.

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MATTHEW B. PIZZOLATO
Defendant

Date