



**United States Department of Justice  
United States Attorney's Office  
District of Minnesota**



# **News Release**

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## **Three more individuals indicted in connection to Trevor Cook Ponzi scheme**

MINNEAPOLIS—An indictment unsealed earlier today in federal court charges three additional individuals in connection to the multi-million dollar Ponzi scheme orchestrated by Trevor Cook. Jason Bo-Alan Beckman, age 41, of Plymouth; Gerald Joseph Durand, age 60, of Faribault; and Patrick Kiley, age 73, of Burnsville, were charged with eight counts of wire fraud, three counts of mail fraud, one count of conspiracy to commit mail and wire fraud, and separate counts of money laundering. The indictment, which was filed on July 19, 2011, was unsealed following the initial appearance of Beckman and Kiley in federal court in St. Paul this afternoon.

The indictment alleges that between 2005 and November of 2009, the defendants, along with Cook and Christopher Pettengill, defrauded victim investors by soliciting them to invest money in a foreign currency trading program, which they and others offered through entities named Universal Brokerage Services or bearing the acronym "UBS." The UBS Entities had no legitimate affiliation to the global provider of financial services, UBS, AG. Cook operated the currency program through various foreign currency trading firms, including and not limited to one located in Chicago and another in Switzerland. To induce victim investors to invest, the defendants, Cook, and Pettengill, directly and through others acting at their direction, purportedly made false representations regarding the performance, safety, and liquidity of the currency program.

They allegedly told victim investors the currency program would earn a double-digit rate of return, typically between 10.5 and 12 percent annually, with little to no risk to investors' investment assets. The men also allegedly claimed that investor assets could be withdrawn at any time and would be held in segregated accounts. These representations were material and

false. When soliciting victim investors, the men also allegedly made material misrepresentations and omitted material information concerning their backgrounds and qualifications as well as the backgrounds and qualifications of those working at their direction.

Once investments were made, victim investors generally received purported statements from the UBS Entities, and some received purported investment return checks, also from the UBS Entities. The defendants, Cook, and Pettengill allegedly caused the production and transmission of these statements and checks. The statements gave the false appearance that the currency program was performing as promised, and that victim investors' assets were held in individual, segregated accounts. Most investors, however, failed to receive statements or checks from the custodians in actual possession of their funds.

In 2007, when UBS, AG, filed a trademark infringement lawsuit against Cook, Durand, Kiley, and others, the defendants began operating their scheme under other names, including and not limited to those identified by the terms "Oxford" and "Universal Brokerage FX." They then, according to the indictment, continued to solicit investors for the currency program, utilizing telemarketing, media spots, and seminars in which they repeated the false representations noted above.

While some investors' assets were invested in foreign currency trading, the trading actually conducted was high risk and often resulted in significant losses. The defendants, Cook, and others allegedly concealed this from the victim investors. Moreover, the defendants, Cook, and others concealed that the currency trading firm in Switzerland was in dire financial condition, and the men, nonetheless, purportedly continued to solicit investor assets to be sent to that trading firm. The defendants also purportedly concealed from investors concerns they had about Cook's operation of the currency program as well as information about alleged illegalities relative to the currency program.

Between 2005 and July 2009, the defendants, Cook, and others secured approximately \$194 million in investor assets for purported investment in the currency program. Of that amount, only about \$109 million was actually sent to currency trading firms; approximately \$68 million was lost in higher-risk trading; and \$52 million was paid to victim investors in the form of lulling payments (payments that purported to be returns on investments or withdrawals of investments). Moreover, approximately \$30 million in investors' assets were diverted to fund the business and personal expenses as well as other investments of the defendants, Cook, and others. This included compensation received by the defendants, Cook, and Pettengill.

If convicted, the defendants face a potential maximum penalty of 20 years in prison on each wire fraud and mail fraud count, ten years on each money laundering count, and five years on the conspiracy count. All sentences will be determined by a federal district court judge.

In August of 2010, Cook was sentenced to 300 months in federal prison for orchestrating this scam. On June 21, 2011, Pettengill pleaded guilty to one count of securities fraud, one count of conspiracy to commit wire fraud, and one count of money laundering for his involvement in the scam. He awaits sentencing. On July 18, 2011, Jon Jason Greco pleaded

guilty to two counts of making false statements to federal agents, specifically lying about assets he had concealed in relation to this case. Greco also awaits sentencing.

This case is the result of an investigation by the Federal Bureau of Investigation and the Internal Revenue Service-Criminal Investigation Division with assistance of the Securities and Exchange Commission and the Commodities Futures Trading Commission. It is being prosecuted by Assistant United States Attorney Tracy L. Perzel.

Proceeds from the Cook fraud scheme are the subject of an ongoing investigation and recovery effort led by R.J. Zayed of law firm Carlson, Caspers, Vandenburg, and Lindquist. Zayed was appointed as Receiver by Chief U.S. District Court Judge Michael J. Davis.

This law enforcement action is in part sponsored by the interagency Financial Fraud Enforcement Task Force. The task force was established to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. It 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, 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.

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*An indictment is a determination by a grand jury that there is probable cause to believe that offenses have been committed by a defendant. A defendant, of course, is presumed innocent until he or she pleads guilty or is proven guilty at trial.*