

NEWS

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Colorado Securities Attorney Sentenced to 84 Months In Federal Prison for \$15 Million Stock Scheme

(More)

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CAMDEN – A Denver, Colo., securities attorney was sentenced to 84 months in federal prison today for his role in two intricate stock fraud and money laundering schemes, one of which cost public investors more than \$15 million in losses, U.S. Attorney Christopher J. Christie announced.

U.S. District Judge Jerome B. Simandle also ordered Peter G. Futro, 65, of Denver, to pay \$13,349,463 in restitution. Judge Simandle continued Futro's release on a \$250,000 unsecured bond pending his surrender to officials with the U.S. Bureau of Prisons on or before June 7.

Futro pleaded guilty before Judge Simandle on Feb. 2, 2007, to a four-count Information that charged him with two counts of conspiracy to commit securities and wire fraud, and two counts of conspiracy to commit money laundering. At the time of the criminal activity, Futro was a securities attorney who was a name partner in a Denver law firm and served as corporate counsel for TeleServices Internet Group, Inc. (TSIG).

At his plea hearing, Futro admitted his involvement in securities and wire fraud schemes involving the stocks of TSIG and U.S. Medical Systems Corp. ("UMSY"), both publicly traded companies.

Futro admitted that beginning in December 1996 and continuing through November 2001, he, Robert P. Gordon and others operated a scheme which used deceptive and manipulative practices in connection with the fraudulent issuance, purchase and re-sale of shares of stock of TSIG, which were publicly traded on the Over the Counter Electronic Bulletin Board System (OTC Bulletin Board).

Gordon, 57, of St. Petersburg, Fla., who was the major shareholder of TSIG and the company's CEO, CFO, chairman and director. Gordon was also the founder and chairman of Phoenix.

In pleading guilty, Futro admitted that he and his co-conspirators secretly gained control of nearly 100 million free-trading shares of TSIG stock and sold those shares in the public marketplace to unsuspecting investors. Futro further admitted that substantial profits were generated by the sale of the TSIG stock and those profits were repatriated into the United States using his attorney trust account as a conduit to send the profits to each of the co-conspirators.

Futro admitted that he, Gordon and others caused cash and free-trading TSIG stock to be given to co-conspirators who were licensed securities brokers as compensation for their participation in the stock manipulation, via off-shore nominee companies. For example, Futro admitted that, at Gordon's direction, brokers were compensated with free-trading shares of TSIG stock in exchange for investing their clients' money in TSIG – often without the client's prior authorization.

As part of his guilty plea, Futro agreed to forfeit at least \$6,828,142 in U.S. currency, which represents proceeds derived from the scheme.

Counts One and Two charged Futro in connection with the TSIG stock fraud scheme. Counts Three and Four charged Futro in connection with a stock fraud scheme involving the stock of UMSY, in which the scheme was operated similarly to the TSIG stock fraud scheme.

On April 9, 2007, after four hours of deliberations, a jury convicted Gordon of both counts contained in a two-count Superseding Indictment that was returned on Nov. 1, 2006. Gordon was convicted on one count each of conspiracy to commit securities and wire fraud and conspiracy to commit money laundering. On Sept. 24, 2007, Judge Simandle sentenced Gordon to 240 months in federal prison. At forfeiture and restitution hearings, Judge Simandle ordered Gordon to forfeit and to pay restitution in the amount of \$11,620,179.

All other co-conspirators have pleaded guilty to federal charges and many have been sentenced to prison terms.

In determining the actual sentence, Judge Simandle consulted the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence.

Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Christie credited Special Agents of the FBI's Atlantic City Resident Agency, under the direction of Special Agent in Charge Weysan Dun, the IRS Criminal Investigation Division, under the direction of Special Agent in Charge William Offord, the FBI's Denver Field Office, under the direction of Special Agent in Charge James H. Davis, and the National Association of Securities Dealers, Washington, D.C., with the investigation.

The government is represented by Assistant U.S. Attorney Deborah Prisinzano Mikkelsen of the Criminal Division in Camden.

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Defense Attorney: Robert E. Welsh, Jr., Esq. Philadelphia