



Department of Justice

United States Attorney Richard S. Hartunian
Northern District of New York

FOR IMMEDIATE RELEASE
TUESDAY September 13, 2011
<http://www.usdoj.gov/usao/nyn>

CONTACT: William C. Pericak
Thomas A. Capezza
(518)431-0247

PRESS RELEASE

United States Attorney Richard S. Hartunian, Robert Bethel, U.S. Postal Inspector-in-Charge, Boston Division, and Special Agent-in-Charge Charles R. Pine, Internal Revenue Service, Criminal Investigation, New York Field Office, announced that ARTHUR STRASNICK, age 63, of Ormond Beach, Florida, pled guilty on Monday, September 12, 2011, to two counts of mail fraud, in violation of Title 18, United States Code, Section 1341, and one count of possession of means of identification of another with the intent to commit another crime, in violation of Title 18, United States Code, Section 1028(a)(7). The guilty pleas were entered in United States District Court in Albany, New York before District Judge Thomas J. McAvoy, before whom sentencing was set for January 19, 2012, at 3:00 p.m. in Albany, New York. STRASNICK faces a maximum term of up to 20 years in prison for mail fraud, and 15 years for possession of means of identification of another with the intent to commit another crime. STRASNICK is also subject to up to 3 years supervised release to follow any period of incarceration, a \$250,000 fine, and an order of restitution to pay defrauded victims.

As part of his guilty plea, ARTHUR STRASNICK admitted that, from 2003 through 2006, as charged in the Indictment, he was the President and CEO of Backstreet Associates, Inc., functioning as an investment advisor. He admitted that he obtained money from investors based, in part, on false representations relating to guaranteed rates of return that ranged from 12.00% to 20.00%, annually. STRASNICK made periodic lulling payments to, or for the benefit of, investors. He claimed that these payments represented the interest earned on their investments. In fact, the

defendant paid the purported interest payments based, not on accrued interest, but instead, with monies obtained from the same investor or other investors in a Ponzi-scheme fashion. Lastly, he sent investors fabricated monthly account statements relating to the investors' investment portfolios. Each account statement falsely reflected the investor's purported account number, purported guaranteed interest rate, and purported account value, and the amount of interest claimed to have been credited to the account.

As part of his guilty plea, ARTHUR STRASNICK further admitted that, from April 2004 through 2006, he defrauded homeowners by obtaining money representing equity in their homes through mortgages obtained by false pretenses, representations and promises. The defendant did so by (i) forging home owners' signatures on mortgage applications and mortgages; (ii) notarizing the forged signatures of said homeowners on said mortgages; (iii) obtaining mortgages and mortgage monies without the knowledge of said homeowners; (iv) obtaining mortgages and mortgage monies based on the false representation to the homeowners that he would assume responsibility for the homeowners' mortgages; and (v) forging the signatures of homeowners on checks representing the proceeds of mortgages obtained in the names of homeowners.

As part of his guilty plea, ARTHUR STRASNICK further admitted that, from April 2004 through 2006, he used the personal identification information of another, including that person's name, date of birth and social security number, to open an American Express credit account in the name of ARTHUR STRASNICK, without the consent of that person. Defendant then used that unauthorized American Express account to purchase items without the knowledge or consent of the true account holder.

In connection with the guilty plea, the United States advised that it would argue at sentencing that the scheme to defraud encompassed losses exceeding \$2.1 million.

The case was investigated by the U.S. Postal Inspection Service, Boston Division, and the Internal Revenue Service, Criminal Investigation, New York Field Office, and is being prosecuted by the United States Attorney's Office for the Northern District of New York.

LOCAL CONTACTS:

Thomas A. Capezza
Assistant U.S. Attorney

William C. Pericak
Deputy Criminal Chief
518-431-0247