



Department of Justice

United States Attorney Richard S. Hartunian

Northern District of New York

FOR IMMEDIATE RELEASE
JULY 6, 2012
<http://www.usdoj.gov/usao/ny>

CONTACT: Richard S. Hartunian or
John G. Duncan
(315) 448-0672

THOMAS KELLY SENTENCED FOR PONZI INVESTMENT SCHEME¹

Richard S. Hartunian, United States Attorney for the Northern District of New York, and Clifford C. Holly, Special Agent in Charge, Albany Division - Federal Bureau of Investigation, make the following announcement:

Thomas E. Kelly, 64, of Johnson City, New York, was sentenced today in United States District Court to a term of imprisonment of four years and three months in connection with his previously entered plea of guilty to the felony crime of Mail Fraud. In addition, United States District Court Judge Norman Mordue imposed a term of five years supervised release which will follow completion of Kelly's prison sentence.

At the time of his plea in February, 2012, Kelly admitted that for a period of at least fifteen (15) years, ending in November, 2010, he perpetrated a scheme to defraud and obtain money by false and fraudulent pretenses, representations, and promises, and used the United States mail in furtherance of his scheme to defraud. During the years of the fraud, Kelly was employed as a financial consultant by a number of banks located in the Binghamton, New York area. In his position as financial consultant, Kelly recommended that clients sell off legitimate securities investments in order to invest in a fictitious entity Kelly called Seneca Group. Kelly

¹ The nature of Ponzi-type schemes such as this one is that some investors request the return of "interest", principal, or some similar request. Individuals who conduct Ponzi-type schemes often return some money to some investors in order to keep the scheme alive. For example, if some money is returned as requested, investors are likely to reinvest and recommend to others investment with, in this case, Kelly's Seneca Group.

promised investors with Seneca Group a stable, secure investment. Instead, Kelly used money invested with Seneca Group to, among other things, make risky investments in the stock market and pay some of Kelly's personal expenses. Over the years of the fraud, at least nineteen individuals invested in Seneca Group due to Kelly's recommendation. The amount of loss to investors as a result of Kelly's scheme was almost one million dollars.

The case was investigated by the Federal Bureau of Investigation, Binghamton Resident Agency, and was prosecuted by Assistant United States Attorney Thomas P. Walsh. Further inquiries may be directed to the telephone numbers listed above, or to the United States Attorney's Office, Binghamton branch office, at (607) 343-3711.