



*United States Attorney
Southern District of New York*

**FOR IMMEDIATE RELEASE
DECEMBER 16, 2010**

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**MANHATTAN U.S. ATTORNEY CHARGES ATTORNEY JONATHAN
BRISTOL WITH LAUNDERING OVER \$20 MILLION IN CONNECTION
WITH FINANCIAL ADVISER KENNETH STARR'S FRAUD**

PREET BHARARA, the United States Attorney for the Southern District of New York, and CHARLES R. PINE, the Special Agent-in-Charge of the New York Field Office of the Internal Revenue Service, Criminal Investigation Division ("IRS-CID"), announced the unsealing of an indictment charging attorney JONATHAN BRISTOL with money laundering in connection with the fraud committed by financial adviser KENNETH STARR. BRISTOL surrendered to law enforcement this morning, and is expected to appear in Manhattan federal court later today. The case has been assigned to U.S. District Judge DEBORAH A. BATTS.

Manhattan U.S. ATTORNEY PREET BHARARA stated:
"Jonathan Bristol, a lawyer and an officer of the court, allegedly helped his client Kenneth Starr hide the proceeds of his massive Ponzi scheme. Along with our law enforcement partners, we will continue to pursue corrupt professionals in both the public and private sectors who betray their duties of trust."

IRS Special Agent-in-Charge CHARLES R. PINE said:
"Generally, when someone thinks about money laundering, there is a strong association to narcotics investigations, and it has been an effective tool to investigate and prosecute those crimes. What the public may be surprised to know is that our nation's money laundering laws have expanded greatly, covering a range of financial crimes, including the misuse of escrow accounts with illegally obtained funds. A professional, such as an attorney, cannot knowingly use an escrow account funded with illegally

obtained monies, or look the other way without questioning where the monies came from. Today's indictment should serve as a reminder to attorneys and others that you should always know the source, nature, and ownership of funds transferred through our financial systems. IRS Criminal Investigation is at the forefront of this type of investigations and will continue to hold professionals accountable in any field where they are entrusted with other people's money and engage in money laundering transactions."

According to the Indictment unsealed today in Manhattan federal court:

STARR was the owner and president of Starr & Company, LLC, which purported to be in the business of managing the assets of, and providing financial planning advice to, high net-worth and celebrity clients. Starr & Company, LLC, also owned and controlled a related entity, Starr Investment Advisers, LLC, a registered investment adviser (collectively, the "Starr Entities"). On or about September 10, 2010, STARR pled guilty in Manhattan federal court to wire fraud, money laundering, and investment adviser fraud.

BRISTOL is an attorney admitted to practice in New York and New Jersey. From November 2008 through May 2010, BRISTOL was a partner at a prominent United States law firm. As detailed in the Indictment, BRISTOL helped STARR defraud his clients and concealed STARR's criminal conduct by using two separate attorney trust accounts that were under his control to launder STARR's defrauded funds. When STARR's clients confronted BRISTOL about why their money, entrusted to STARR, had been transferred to BRISTOL's escrow accounts without their knowledge, BRISTOL lied to them about the purpose of the transactions.

The money laundering transactions BRISTOL is accused of conducting include:

- Starr & CO: In 2009 and 2010, BRISTOL regularly used his escrow accounts to receive funds belonging to STARR clients and then transferred the monies directly to Starr & Co. to pay the company's operating expenses;
- Client Settlements: In or about January 2010, BRISTOL used the escrow accounts to receive STARR client funds and then transferred those funds to pay a settlement with another former, disgruntled STARR client. When one of the defrauded clients

asked BRISTOL why he had received \$1 million of the client's money, BRISTOL falsely told him that the money was being "bundled" with other clients to make a \$5 million investment;

- Payment to BRISTOL's Law Firm: In January and February 2010, BRISTOL faced increasing pressure because of STARR's failure to pay BRISTOL's law firm for legal fees that STARR incurred. In March 2010, BRISTOL reported to senior management that STARR would be paying \$100,000 of the at least \$750,000 that Starr owed. BRISTOL's law firm did receive a \$100,000 payment that month, but it did not come from STARR - it came from STARR's clients, laundered by BRISTOL through BRISTOL's escrow accounts; and
- Purchase of a Luxury Apartment: In or about April 2010, BRISTOL used his escrow accounts to help STARR steal over \$7 million in client funds and purchase a 5-bedroom, 6.5 bathroom luxury condominium.

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If convicted, BRISTOL faces a maximum sentence of 20 years in prison.

Mr. BHARARA praised the investigative work of the IRS and the U.S. Securities and Exchange Commission. Mr. BHARARA also thanked the New York County District Attorney's Office for its support for and participation in the investigation.

Assistant U.S. Attorneys WILLIAM J. HARRINGTON, MICHAEL S. BOSWORTH, and MICHAEL LOCKARD, of the U.S. Attorney's Office for the Southern District of New York are in charge of the prosecution. Assistant District Attorneys MICHAEL KITSIS and HOPE KORENSTEIN, of the New York County District Attorney's Office, also provided invaluable support and assistance to the investigation.

The charges and allegations contained in the Indictment are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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