



*United States Attorney
Southern District of New York*



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CONTACT: U.S. ATTORNEY'S OFFICE
ELLEN DAVIS,
EDELI RIVERA,
JESSIE ERWIN,
PUBLIC INFORMATION OFFICE
(212) 637-2600

**PERPETRATOR OF \$50 MILLION-DOLLAR REAL ESTATE PONZI
SCHEME SENTENCED TO 6 YEARS IN PRISON**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that ANTOINETTE HODGSON was sentenced yesterday in Manhattan federal court to 6 years in prison for running a \$50 million real estate Ponzi scheme that fraudulently solicited investments from over twenty New York and New Jersey investors. HODGSON operated the scam between 2006 and her arrest in early 2010, tricking investors into providing money to her for purported investments in real estate when, in fact, HODGSON was simply using the money to pay off other investors in the scheme and to enrich herself and her family members. HODGSON previously pled guilty on September 14, 2010, to one count of conspiracy to commit wire fraud and one count of wire fraud. The sentence was imposed by U.S. District Judge ROBERT W. SWEET.

Manhattan U.S. Attorney PREET BHARARA said: "Through her massive Ponzi scheme built on the false promise of large returns, Antoinette Hodgson destroyed the financial security of dozens of people, all so that she could live a comfortable life and indulge a penchant for gambling, using other people's money. The substantial sentence imposed on her sends yet another message that such conduct will be punished severely."

As set forth in the Complaint, the Superseding Indictment, statements made at the plea proceeding, and documents filed in the case:

HODGSON solicited tens of millions of dollars from investors in New York and New Jersey on the false pretense that she would use the investors' money to purchase and/or renovate residential real estate properties, and then re-sell the properties to third party buyers or rent them for a period of time before re-selling them. HODGSON promised investors high rates of return on their investments, which she represented was based on the profits generated by her successful real estate business.

In fact, however, HODGSON, misappropriated tens of millions of dollars of investors' funds, and used those funds to repay other investors or for her own purposes. Between 2006 and 2009, HODGSON solicited approximately \$50 million from investors who understood, based on HODGSON's representations, that they were investing in her real estate business. During the same period, HODGSON only spent approximately \$6 million on residential real estate, and made less than approximately \$700,000 profit on sales of her properties. Most of the \$50 million she received from investors was immediately used to repay other investors, in the pattern of a classic Ponzi scheme.

HODGSON used some of the investor money to enrich herself and her family members. HODGSON spent hundreds of thousands of dollars at casinos in Atlantic City and Las Vegas, invested over \$700,000 in a Dunkin Donuts franchise in Arizona, and gave tens of thousands of dollars to friends and family members.

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In addition to the prison term, Judge SWEET imposed an order of forfeiture in the amount of \$45,000,000, and is expected to impose an order of restitution exceeding \$17 million once victim losses have been fully accounted for.

Mr. BHARARA praised the work of the FBI and thanked them for their assistance in this case.

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force 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, to 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.

This case is being prosecuted by the Office's Complex Frauds Unit. Assistant U.S. Attorneys ANTONIA APPS and DAVID MILLER are in charge of this case.