



*United States Attorney
Southern District of New York*

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**MANHATTAN U.S. ATTORNEY CHARGES TWO ADDITIONAL
DEFENDANTS IN \$20 MILLION HEDGE FUND FRAUD SCHEME**

PREET BHARARA, the United States Attorney for the Southern District of New York, JANICE K. FEDARCYK, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), and RAYMOND W. KELLY, the Police Commissioner of the City of New York ("NYPD"), announced the arrest yesterday of WILLIAM SHTERNFELD and BENJAMIN KOIFMAN on securities fraud and wire fraud charges. SHTERNFELD and KOIFMAN are charged in an Indictment unsealed yesterday in Manhattan federal court for their alleged participation in a \$20 million hedge fund fraud scheme. SHTERNFELD and KOIFMAN appeared in Manhattan federal court yesterday afternoon.

According to the Indictment and other documents previously filed in this case:

From 2004 through September 2006, SHTERNFELD and KOIFMAN were among the individuals who solicited investments from clients through false representations and pretenses to A.R. Capital Global Fund, L.P. (the "ARC Global Fund"), a purported hedge fund that received nearly \$20 million in investments before being shut down in September 2006. These false and fraudulent representations included, among other things, claims that the ARC Global Fund was a hedge fund that invested primarily in the equity of international real estate companies and that the ARC Global Fund invested in real estate, oil, gas, and other commodities. In reality, there were no such investments and nearly \$18 million of investor funds were wired to various bank accounts in the Ukraine. In addition, SHTERNFELD and KOIFMAN

concealed their true identities using names other than their own and distributed inflated annual returns to investors in order to coerce investors to place more money into the ARC Global Fund. SHTERNFELD and KOIFMAN received proceeds from the fraudulently-obtained investments.

SHTERNFELD, 38, of Marlboro, New Jersey, and KOIFMAN, 35, also of Marlboro, New Jersey, are each charged with securities fraud, wire fraud, and conspiracy to commit securities fraud and wire fraud, as well as conspiracy to commit mail fraud. In total, each defendant faces a maximum sentence of 65 years in prison.

Mr. BHARARA praised the investigative work of the joint Federal Bureau of Investigation and New York City Police Department task force in this case. He also thanked the Securities and Exchange Commission for its assistance.

The prosecution is being handled by the Office's Organized Crime Unit. Assistant U.S. Attorney DANIEL S. GOLDMAN is in charge of the prosecution.

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