



*United States Attorney  
Southern District of New York*

**FOR IMMEDIATE RELEASE**  
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**BROOKLYN MAN SENTENCED TO 51 MONTHS IN PRISON FOR**  
**PERPETRATING FOREIGN CURRENCY FRAUD SCHEME**  
**INVOLVING 47 VICTIMS AND OVER**  
**\$1.8 MILLION IN LOSSES**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that UDO ROTMISTRENKO was sentenced today to 51 months' imprisonment on charges of wire fraud and mail fraud. United States District Judge DEBORAH A. BATTIS, who imposed the sentence, also ordered ROTMISTRENKO to pay \$1,800,410 in restitution to compensate victims for losses suffered as a result of ROTMISTRENKO's misconduct.

ROTMISTRENKO was arrested on June 2, 2004, and indicted on September 30, 2004. On March 31, 2005, ROTMISTRENKO pleaded guilty to twelve counts of wire fraud and twelve counts of mail fraud. During his guilty plea, ROTMISTRENKO admitted that, from 1999 to 2003, as then-CEO and president of Rittmeister Capital Management in New York City, he fraudulently induced investors to wire and mail him funds by giving the investors inaccurate information regarding his company's profit history. ROTMISTRENKO did so by giving the investors account statements that falsely inflated the profits the investors were earning and by using investor funds to pay his personal expenses without disclosing those expenditures to the investors. According to the Indictment to which ROTMISTRENKO pleaded guilty:

Rittmeister held itself out to the investing public as a brokerage firm that managed investments for retail customers in the foreign currency exchange ("forex") market. ROTMISTRENKO solicited retail investors for investments purportedly for the purpose of trading in the forex market. The forex market is an international market through which financial institutions trade various currencies among themselves for the purpose of, among

other things, realizing a profit based upon the fluctuations in the values of those currencies. Retail investors participate in the forex market by investing with forex brokerage and/or trading firms. These firms typically pool retail customer investments in order to have sufficient capital to invest in the forex market, and typically exercise discretionary authority over their clients' funds.

In order to induce potential customers to invest funds through Rittmeister, ROTMISTRENKO and Rittmeister sales representatives made false and fraudulent representations regarding Rittmeister's trading history in the forex market. Specifically, they falsely represented to retail customers that Rittmeister historically generated large profits, as high as in excess of 43 percent per year, for its customers through forex trading. In fact, Rittmeister generated little or no profits for Rittmeister's customers through trading in the forex market.

Furthermore, ROTMISTRENKO and Rittmeister sales representatives told retail customers that Rittmeister's customer investment funds were used to invest in the forex market, when, in fact, the company failed to transfer a large majority of investor funds to any forex trading firm for the purpose of executing forex trades. Rather, ROTMISTRENKO diverted a substantial amount of investor funds to pay his personal expenses, and to pay Rittmeister's operating expenses. To hide the fact that a large portion of the customer funds Rittmeister received was being diverted to pay Rittmeister's operating expenses and for ROTMISTRENKO's personal benefit, ROTMISTRENKO created and sent clients false and fraudulent account statements that represented trading activity and profits and/or losses incurred on trades in client accounts. In truth, Rittmeister failed to generate any trading profits for the customer accounts.

ROTMISTRENKO diverted customer funds from Rittmeister's bank accounts in various ways, including the following: (i) approximately \$319,000 was withdrawn in cash; (ii) approximately \$146,900 was paid to an associate of ROTMISTRENKO; (iii) approximately \$24,900 in checks was made payable to ROTMISTRENKO; (iv) in excess of \$30,000 was used for car payments and other car expenses; (v) approximately \$38,000 was used to pay college tuition for ROTMISTRENKO's wife; and (vi) funds were used to pay for numerous hotel, motel and restaurant bills, wedding expenses, and gym memberships.

Finally, ROTMISTRENKO made false and fraudulent statements to investors regarding the status of the investors' funds and account holdings. For example, in response to

investors' requests for the return of their investment funds or inquiries regarding their investment accounts, ROTMISTRENKO falsely represented to investors the following: (i) the investors' funds were maintained in banks throughout the world; (ii) the transfer of investor funds back into the United States was delayed due to restrictions placed by the United States government on such international transfers in the wake of the terrorist attacks on September 11, 2001; and (iii) ROTMISTRENKO would return all or part of the investors' principal in the near future.

ROTMISTRENKO, 40, is a resident of Brooklyn, New York.

Mr. GARCIA praised the efforts of the United States Postal Inspection Service in the investigation and prosecution of this case.

Assistant United States Attorney ANTHONY S. BARKOW is in charge of the prosecution.

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