



*United States Attorney
Southern District of New York*



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**MANHATTAN U.S. ATTORNEY CHARGES NEW JERSEY WOMAN WITH
\$45 MILLION REAL ESTATE INVESTMENT PONZI SCHEME**

PREET BHARARA, the United States Attorney for the Southern District of New York, and GEORGE VENIZELOS, the Acting Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced today the arrest this morning of ANTOINETTE HODGSON on charges that she orchestrated a \$45 million real estate Ponzi scheme that fraudulently solicited investments from over twenty New York and New Jersey investors. HODGSON is charged in a Complaint with one count of wire fraud conspiracy and one count of wire fraud, and surrendered to the FBI this morning. She is expected to appear in Manhattan federal court later today.

According to the Complaint unsealed today in Manhattan federal court:

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 truth and 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 \$45 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. Most of the \$45 million she received from investors was immediately used to repay other investors, in the pattern of a classic Ponzi scheme.

Some of the investor money was used to enrich HODGSON 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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HODGSON is charged with one count of conspiracy to commit wire fraud and one count of wire fraud. If convicted on the conspiracy count, HODGSON faces a maximum sentence of 20 years in a prison and a fine of \$250,000, or twice the gross gain or loss derived from the offense, and a maximum sentence of 20 years in prison and a fine of \$250,000, or twice the gross gain or loss derived from the offense, for the wire fraud count.

HODGSON, 58, of Montclair, New Jersey, surrendered this morning and will be presented before a United States Magistrate Judge in Manhattan federal court later today.

U.S. Attorney PREET BHARARA said: "What Antoinette Hodgson allegedly promised to investors seemed too good to be true and that's because it was. This case is a further reminder that whether the real estate market is up or down, innocent investors can be and will be targeted by unscrupulous fraudsters. This Office will continue to work with our partners at the FBI to pursue and prosecute fraud in every sector of our nation's economy."

FBI Acting Assistant Director-in-Charge GEORGE VENIZELOS said: "What we have here is a classic example of someone engaging in a get rich quick and get rich easy scheme, but the outcome is far from simple. Antoinette Hodgson allegedly has already proved she's a lousy gambler by losing the investor's money in the casinos. She has now gambled with her future and faces serious charges for a plot of her own making. The FBI will continue to seek out those who engage in all types of fraudulent real estate deals, bringing about certain justice for them and clearing a path for those who work hard to uphold the standards of our justice system."

Mr. BHARARA praised the investigative work of the FBI and added that the investigation is very much ongoing.

If you believe you were a victim of these crimes, including a victim entitled to restitution, and you wish to provide information to law enforcement and/or receive notice of future developments in the case or additional information, please contact Wendy Olsen-Clancy, the Victim Witness Coordinator at the United States Attorney's Office for the Southern District of New York, at (866) 874-8900, or Wendy.Olsen@usdoj.gov. For additional information, go to: <http://www.usdoj.gov/usao/nys/victimwitness.html>

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 United States Attorneys ANTONIA M. APPS and AMANDA KRAMER are in charge of the prosecution.

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

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