



***United States Attorney
Southern District of New York***

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**MANHATTAN INVESTMENT ADVISER INDICTED
IN \$11 MILLION PONZI SCHEME**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced today the indictment of HAYIM REGENSBERG on securities and wire fraud charges stemming from an alleged \$11 million "Ponzi" scheme involving purported international initial public offering ("IPO") and other investment products he marketed to investors from New York City and elsewhere. REGENSBERG was previously arrested on November 14, 2007 on a federal criminal Complaint. According to the Indictment and Complaint filed in Manhattan federal court:

REGENSBERG engaged in a scheme to defraud multiple investors by falsely promising to invest their money in one of two ways. One method involved his claim that he had access to IPO issuances on foreign stock exchanges before the general public, and that he would invest money in international IPO stock that would be sold in the public market at the earliest possible moment thereafter, thereby obtaining for his investors quick returns of between approximately 5 percent and 15 percent within weeks of the IPO, with little or no risk to the invested capital. REGENSBERG told investors that he had used the same international IPO investment strategy successfully in the past, and had a consistent and highly positive investment track record in such investments. In fact, REGENSBERG did not invest the investor funds as represented.

REGENSBERG also claimed to employ a second investment strategy in which invested funds would be "loaned" to trading firms, which would use those funds merely as collateral relating to leveraged investments made by those trading firms (the "Lending Product"). REGENSBERG also represented that these funds would not be further invested by the trading firms, but rather would remain in the trading firms' accounts. REGENSBERG promised each Lending Product investor a high, fixed annual rate of return of up to 18 percent per year, and told investors that funds invested in the Lending Product would be subject only to the low

risk that a trading firm might collapse. In fact, REGENSBERG made no such investments.

Once victims had invested money with him, REGENSBERG falsely represented to investors that their funds had been successfully invested, and that those investments had generated profits. To further the fraud, REGENSBERG also sent investors money he claimed represented the proceeds of their investments.

In fact, REGENSBERG invested and lost large portions of the money in highly speculative and risky trading, including domestic options trading, unrelated to the investment strategies he had promised to employ. Furthermore, REGENSBERG paid out to earlier investors money he took in from new investors, thereby perpetrating a "Ponzi" scheme. REGENSBERG also diverted significant amounts of investor funds to himself and his relatives.

When certain investors confronted REGENSBERG about the fact that they had stopped receiving regular payment of promised investment returns, and asked him whether their invested proceeds were safe, REGENSBERG provided the investors with a forged bank document purporting to show he still maintained approximately \$9 million in a bank account he controlled, when in fact that account contained only approximately \$9,000 at that time.

Between 2004 and September 2007, REGENSBERG's scheme caused investor losses totaling more than \$11 million.

REGENSBERG is charged with one count of securities fraud and three counts of wire fraud. REGENSBERG faces a maximum sentence of 20 years in prison on each count. On the securities fraud count, REGENSBERG faces a fine of the greatest of \$5,000,000 or twice the gross gain or loss from the offense, and on each of the wire fraud counts he faces a fine of the greatest of \$250,000 or twice the gross gain or loss from the offense.

REGENSBERG, 43, lives in Manhattan.

Mr. GARCIA thanked the Federal Bureau of Investigation for its assistance in the investigation, and said that the investigation is continuing. The case was investigated by the Criminal Investigators of the United States Attorney's Office for the Southern District of New York.

Assistant United States Attorneys DAVID M. SIEGAL and MARC P. BERGER are in charge of the prosecution.

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