



*United States Attorney
Southern District of New York*

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**MANHATTAN INVESTMENT ADVISOR
ARRESTED FOR ALLEGED \$8 MILLION PONZI SCHEME**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that HAYIM REGENSBERG, president of Arbco Capital Management, LLP ("Arbco") and Mid West Trading LLC ("Mid West"), was arrested today on securities and wire fraud charges stemming from an alleged \$8 million "Ponzi" scheme involving purported international IPO and other investment products he marketed to several investors from New York City and elsewhere. According to a criminal complaint and affidavit filed in Manhattan federal court:

REGENSBERG engaged in a scheme to defraud multiple investors and steal their funds by promising to invest their money in one of two ways. In connection with the first (the "IPO Product"), REGENSBERG purported to be investing the victims' money in either international initial public offerings ("IPOs") or pre-IPO stock, and represented that he had contacts which enabled him to sell the Product earlier than other players in the market, and thereby receive a quick profit with little or no risk. In connection with the second (the "Lending Product"), REGENSBERG claimed that he would loan pooled investors' money to trading institutions as short-term loans, which would serve merely as collateral and would not be placed at risk in those trading companies' investments. REGENSBERG told investors that their principal investments were therefore "safe," and each investor was promised a rate of return, often in writing, which varied from investor to investor and ranged between 10 and 18 percent.

According to the Complaint, REGENSBERG stole the investors' funds rather than investing them in the manners promised; among other things, REGENSBERG gave significant amounts of the funds to his relatives. REGENSBERG also invested and lost

large portions of the money in highly speculative options trading. REGENSBERG paid out some of the money he took in from new investors to earlier investors in amounts he claimed to be "profits" from investments, thereby perpetrating a "Ponzi" scheme.

When some 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 an Arbco bank account, when in fact that account contained only approximately \$9,000 at that time.

According to the Complaint, REGENSBERG stole, and/or lost in speculative trading, in excess of \$8 million in investor funds.

The Complaint charges REGENSBERG with one count of securities fraud and one count of wire fraud. REGENSBERG faces a maximum sentence of 20 years in prison on each count. He also faces on the securities fraud count a fine of the greater of \$5,000,000 or twice the gross gain or gross loss from the offense, and on the wire fraud count a fine of the greater of \$250,000 or twice the gross gain or gross loss from the offense.

REGENSBERG, 43, lives in Manhattan.

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

Assistant United States Attorney DAVID SIEGAL is in charge of the prosecution.

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

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