



UNITED STATES ATTORNEY'S OFFICE

Southern District of New York

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FOR IMMEDIATE RELEASE
Friday, November 18, 2011
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TWO DEFENDANTS SENTENCED IN MANHATTAN FEDERAL COURT TO 63 MONTHS IN PRISON FOR THEIR ROLE IN AN \$18 MILLION FRAUDULENT HEDGE FUND SCHEME

Preet Bharara, the United States Attorney for the Southern District of New York, announced that WILLIAM SHTERNFELD was sentenced today to 63 months in prison for participating in a conspiracy to defraud investors of more than \$18 million through a fraudulent hedge fund. BENJAMIN KOIFMAN, a co-conspirator in the scheme, was also sentenced to 63 months in prison on August 12, 2011. SHTERNFELD and KOIFMAN both pled guilty to one count of conspiring to commit mail and wire fraud. Both defendants were sentenced by U.S. District Judge Sidney H. Stein.

Manhattan U.S. Attorney Preet Bharara said: "William Shternfeld and Benjamin Koifman preyed on the elderly to entice them into investing in their so-called fund. In some cases, the defendants wiped out the victims' entire retirement savings. Like their partners in crime before them, William Shternfeld and Benjamin Koifman will now be punished for their brazen fraud."

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

From 2004 through September 2006, SHTERNFELD, KOIFMAN and their co-conspirators made false representations in order to solicit investments in A.R. Capital Global Fund, L.P. ("ARC Global Fund"), a purported hedge fund. These false and fraudulent representations included claims that the ARC Global Fund invested primarily in the equity of international real estate companies and in real estate, oil, gas, and other commodities. In addition, SHTERNFELD, KOIFMAN and their co-conspirators distributed inflated annual returns in order to induce investor-victims to place more money into the fund. In reality, there were no such investments and the investor funds were wired to various bank accounts in Eastern Europe. SHTERNFELD and KOIFMAN were expert cold-callers who solicited the vast majority of the funds from the ARC Global Fund's victims, many of whom were elderly and lost most, if not all, of their retirement savings. The ARC Global Fund received more than \$18 million in investments before being shut down in September 2006, and SHTERNFELD and KOIFMAN received a share of the proceeds.

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In addition to their prison terms, Judge Stein sentenced SHTERNFELD, 39, and KOIFMAN, 40, both of Marlboro, New Jersey, to three years of supervised release each. He also ordered each to forfeit \$7 million, which constitutes proceeds from their crime.

Five defendants were previously convicted and sentenced for their involvement in the ARC Global Fund fraud. Yevgeny Shvartsshteyn and Igor Levin were each sentenced to 87 months in prison. Daniel Ledven, Edward Veisman, and Alan Fishman were sentenced to 57, 46, and 37 months in prison, respectively. Two other co-conspirators remain fugitives.

Mr. Bharara praised the investigative work of the joint Federal Bureau of Investigation and New York City Police Department task force in this case, and thanked the SEC for its assistance.

The prosecution is being handled by the Office's Organized Crime Unit. Assistant U.S. Attorneys Daniel S. Goldman and Jason Cowley are in charge of the prosecution.

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