



**U.S. Department of Justice**

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**FOR IMMEDIATE RELEASE  
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**PRESS RELEASE**  
***SANDY MAN FACES DETENTION HEARING  
FOLLOWING INDICTMENT IN CONNECTION  
WITH ALLEGED PONZI SCHEME***

SALT LAKE CITY – A detention hearing is set for 11:15 a.m. Wednesday in federal court for John S. Dudley, age 56, of Sandy, charged last week in a 17-count indictment with money laundering and wire and bank fraud in connection with an alleged ponzi scheme. Wednesday's hearing will be before U.S. Magistrate Judge Paul Warner.

Dudley had an initial appearance Friday following his arrest on the indictment. He entered a plea of not guilty to the charges. A status conference has been set for Aug. 8, 2011 at 9:15 a.m. The case is being investigated by the special agents of the FBI and IRS Criminal Investigation. Anyone who believes they might be a victim of the scheme alleged in this indictment should call the FBI in Salt Lake City at 801-579-1400.

According to the indictment, Dudley devised a scheme to induce individuals to invest money with him for use in various investment programs, including a foreign exchange trading program, mining speculation, European and domestic stock options and commodity trading, and a human jetpack rocket suit. In January 2007, Dudley began to solicit

investors at investment club meetings, sometimes called “bounce nights” or “Tashi group meetings,” in Salt Lake County by representing himself as an experienced and successful investor and describing his investment programs to prospective investors.

The indictment alleges Dudley made a variety of false representations to potential investors, including telling them they could expect monthly returns of 5-10 percent; that he had not suffered a trading loss since 1978; that investors’ funds would be used exclusively for investment purposes; that he had personally done very well in his investments and had never made less than 5 percent per month over the last 30 years; that investors’ money was backed by a “senior life settlement policy” that reduced or eliminated investors’ risk of loss; and that investing with him was an exclusive opportunity with only a limited number of investors allowed to invest with him at one time.

According to the indictment, Dudley advised prospective investors on how to engage in a process he called “equity mining” to borrow money from banks to invest with him. Using this process, he told individuals they could purchase luxury items, such as homes or boats, which would pay for themselves. Using the scheme, individuals would obtain financing from a bank for more than the sale price of the item and then invest the remainder of the loan proceeds in an investment offering that guaranteed a 10 percent return each month.

The indictment alleges Dudley used new investors’ money to pay old investors’ returns in a scheme commonly referred to as a ponzi scheme. Virtually all of the investors’ money was used by Dudley to either pay “returns” to other investors or for his own personal use, including the purchase of two homes -- a \$1.5 million home in Sandy and a \$860,327.63 home in Riverton; a down payment of \$28,978.31 for a ski boat; and to pay for meals, airline tickets, and gifts for his family.

Around 75 to 100 investors gave Dudley more than \$12 million from about January 2007 to March 2010, the indictment alleges.

The potential penalty for each of the 10 counts of wire fraud in the indictment is 20 years in prison and a fine of \$250,000. Bank fraud, charged in two counts, carries a potential penalty of 30 years per count and a \$1

million fine. The maximum potential penalty for each of the five money laundering counts is 10 years and a fine of \$250,000.

Indictments are not findings of guilt. Individuals charged in indictments are presumed innocent unless or until proven guilty in court.

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