



**United States Department of Justice  
United States Attorney's Office  
District of Minnesota**

**B. Todd Jones,  
United States Attorney**

**Jeanne F. Cooney  
Director of Community Relations  
(612) 664-5611  
email: [jeanne.cooney@usdoj.gov](mailto:jeanne.cooney@usdoj.gov)**

# **News Release**

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## **Larry Reynolds sentenced for his role in Petters' \$3.7 billion Ponzi scheme**

The 68-year-old Las Vegas, Nevada, man who laundered money for Wayzata businessman Tom Petters was sentenced today in federal court in St. Paul. United States District Court Judge Richard H. Kyle sentenced Larry Reynolds to 130 months in federal prison on one count of conspiracy to commit money laundering. Reynolds was charged on October 16, 2008, and pleaded guilty on October 23, 2008. Petters, age 53, was sentenced in April of this year to 50 years in prison for operating a \$3.7 billion Ponzi scheme over a ten-year period. Petters is presently incarcerated in the federal penitentiary in Leavenworth, Kansas. Reynolds testified against Petters at his trial. In imposing the 130-month sentence, Judge Kyle gave Reynolds credit for his assistance.

In his plea agreement, Reynolds admitted that from 2002 through September of 2008, he conspired with others to launder the proceeds of Petters' fraud scheme. Reynolds owned Nationwide International Resources, Inc ("NIR"), which was nothing more than a shell corporation. He deposited funds into the NIR bank account on behalf of Petters Company, Inc. ("PCI"), a company formed by Tom Petters to further his fraudulent activities. The funds deposited into the NIR account were provided by PCI investors, who were falsely advised that the money would be used for the purchase of consumer electronics, which, in turn, would be sold by PCI to big-box retail stores for a profit. In reality, however, Reynolds wired almost all of the funds back to PCI, where they were used to further the fraud scheme and support the lavish lifestyle of Tom Petters.

From 2002 until September of 2008, approximately \$12 billion was routed through the NIR account and back to PCI again. Multiple times per month wire transfers were made to the NIR account in amounts ranging from approximately \$2 million to \$25 million. Based on an agreement with PCI, Reynolds kept a percentage of the funds as his "commission." That commission totaled more than \$9.9 million.

Reynolds admitted he knew the wired funds came from investors, and that PCI had made false representations to those investors as to why they needed to send money to NIR. Furthermore, Reynolds admitted he knew the real reason for depositing the funds into the NIR account was to conceal and disguise the true nation, source, ownership, and control of that money. Following today's sentencing, IRS Criminal Investigations Acting Special Agent in Charge Jose M. Martinez said, "By laundering proceeds and making false representations, Mr. Reynolds helped keep alive a Ponzi scheme of devastating proportions. This type of criminal behavior needs to be punished, and the day of reckoning has now come."

On September 24, 2008, agents from the Internal Revenue Service-Criminal Investigation Division, the Federal Bureau of Investigation, and the U.S. Postal Inspection Service executed search warrants at Petters' headquarters, Petters' home, and other locations. They recovered numerous documents and evidence that created the basis for the prosecution of Tom Petters and his co-conspirators, including Reynolds. After sentencing, FBI Special Agent in Charge Ralph Boelter reminded the public that the FBI remains steadfast in its commitment to pursue those criminals who use deceit to prey on citizens to satisfy their own financial greed.

This case was the result of an investigation by the Federal Bureau of Investigation, the IRS-Criminal Investigation Division, and the U.S. Postal Inspection Service. It was prosecuted by Assistant U.S. Attorneys Joseph T. Dixon, John R. Marti, Timothy C. Rank, and John F. Docherty.

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