

Department of Justice

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MAN SENTENCED TO 13 YEARS ON WATERMARK PONZI SCHEME

BUFFALO, N.Y.-- U.S. Attorney William J. Hochul, Jr. announced today that Guy W. Gane, JR., 57, of Williamsville, N.Y., who was convicted of mail fraud and money laundering in connection with the \$6,000,000 Watermark Ponzi scheme, was sentenced to 13 years in prison by Chief U.S. District Judge William M. Skretny.

Assistant U.S. Attorney Gretchen L. Wylegala, who handled the case, stated that the defendant was President of Watermark M-One Financial Services, which was shut down in May 2008 as a result of action by the United States Postal Inspection Service and the Securities and Exchange Commission. The scheme began in early 2006 when Gane and his employees began selling "debentures" to trusting clients, claiming to be using the money to invest in waterfront real estate. The defendant promised a 10% return after a year to his investors. However, no investments were ever made. Gane used new investor funds to pay off the earlier investors. A total of 94 victims lost over \$6,000,000.

During the sentencing, the Court heard from 11 victims, who spoke about the need for restitution and the grave abuse of trust. In sentencing Gane to 13 years on the mail fraud charge and 10 years on the money laundering charge, to run concurrently, Judge Skretny said Gane had acted without a conscience, that he was a "wolf in sheep's clothing", and he noted that the sentence was fair and reasonable under the circumstances. The Court also ordered restitution of over \$6,000,000 to be paid to the victims. In submissions to the Court and in a statement he made to the victims in the courtroom, Gane expressed his intention to repay them. The government noted that Gane had made no effort to repay the victims since the business was shut down in May 2008. The Court agreed that Gane's actions in that regard spoke louder than his words.

In April 2010, Lorenzo Altadonna pleaded guilty to related charges. In February 2011, two members of Gane's management team, Ian Campbell Gent and James Lagona, were convicted following a two week jury trial.

“This is the second substantial fraud case in as many days,” said U.S. Attorney Hochul. This case and others should serve as a warning to the public of just how necessary it is to be cautious and vigilant when turning over your hard earned money to any investor. It is important to know exactly who you are dealing with and always keep in mind that if something sounds too good to be true, it probably is.”

The sentencing is the culmination of an investigation on the part of Special Agents of the United States Postal Inspection Service, under the direction of Robert Bethel, Inspector in Charge, U.S. Postal Inspection Service, Boston Division, and Special Agents of the Internal Revenue Service, Criminal Investigation Division, under the direction of Charles R. Pine, Special Agent in Charge of the New York Field Office.

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