

## U.S. Attorney's Report to the District

The crimes of Bernie Madoff, Raj Rajaratnam, and other titans of Wall Street have received national attention and appropriately so. Assistant U.S. Attorneys in New York City and other major money-center cities have been aggressively pursuing financial crimes within the highest levels of the financial industry. But there has also been a surge in prosecutions of Ponzi schemes and other investment frauds in smaller cities and towns around the country.

Combating financial fraud is one of the highest priorities of the U.S. Department of Justice, and new resources have been allocated for that purpose. Between fiscal year 2008 and fiscal year 2011, the numbers of defendants prosecuted nationally by the U.S. Attorneys' Offices for securities fraud and other financial fraud offenses have increased dramatically each year. That trend is also true here in the Eastern District of California.

In this district, we are more active than ever in prosecuting those who defraud investors. In August, Gary Bradford of Sacramento pleaded guilty to defrauding people who put \$2.2 million into his investment clubs, and in another case Luis Fernandez of Folsom was sentenced to nearly five years in prison for defrauding over 50 investors of \$2 million. In September, four Sacramento men were charged with defrauding 180 members of the investment clubs they managed, causing losses of approximately \$26 million. That same month, in three other cases, a Folsom man was charged with a securities fraud scheme that cost investors over \$6.5 million, a Visalia man was sentenced to nine and a half years in prison for selling fraudulent real estate investment trusts, with \$2 million in losses to victims, and a Fresno man was charged with defrauding investors of nearly \$3 million. Last month, Collins Christensen, a Sacramento businessman, was sentenced to five years in prison after pleading guilty to defrauding investors of nearly \$1 million. As of this writing, a jury trial was underway in the Sacramento courthouse involving another alleged Ponzi scheme.

While these cases are smaller in scope than Madoff's massive scheme, they are no less devastating to their victims. In many investment fraud cases, victim investors are seduced into turning over their life savings, their college tuition funds, their retirement accounts, and even refinancing their homes in order to turn the equity over to the fraudsters. The effects of these crimes are far reaching, often plunging victims into poverty, destroying marriages, and causing deep psychological wounds.

While bringing fraudsters to justice is critical, preventing them from ruining the lives of their victims before the crime is committed is far better. The Department of Justice is working with other agencies to help raise awareness about investment frauds. The SEC, FBI, Treasury Department, and other agencies have websites devoted to protecting potential victims. Links to those websites can be found on the Financial Fraud Enforcement Task Force's website at [www.Stopfraud.gov](http://www.Stopfraud.gov).