

EXECUTIVES AT DEBT COLLECTION AGENCY ADMIT ROLES IN \$10 MILLION CLIENT, LENDER AND INVESTOR FRAUD SCHEME
FOR IMMEDIATE RELEASE

May 14, 2012

David B. Fein, United States Attorney for the District of Connecticut, today announced that **RICHARD PINTO**, 68, of Wellington, Fla., and **PETER PINTO**, 37, of East Quogue, N.Y., each pleaded guilty late Friday, May 11, before United States District Judge Stefan Underhill in Bridgeport to one count of conspiracy to commit wire fraud, bank fraud and money laundering and one count of wire fraud stemming from a \$10 million fraud scheme they executed while executives at Oxford Collection Agency.

“These defendants carried out a significant fraud scheme through which they stole millions of dollars from their company’s clients, lenders and investors,” stated U.S. Attorney Fein. “We are committed to working with IRS-Criminal Investigation, the FBI, and SIGTARP, and the other members of the Connecticut Securities, Commodities and Investor Fraud Task Force, to root out these schemes and prosecute responsible individuals.”

According to court documents and statements made in court, Oxford Collection Agency was a private financial services company that engaged in accounts receivables management, primarily debt collecting, with offices in New York, Pennsylvania and Florida. Businesses and other entities contracted with Oxford Collection Agency to collect debts on their behalf. Between approximately January 2007 and March 2011, Richard Pinto served as the Chairman of the Board and was the *de facto* head of Oxford Collection Agency, and his son, Peter Pinto, served as the President and Chief Executive Officer overseeing Oxford Collection Agency’s daily activities. During that time, the Pintos collected debts on behalf of various clients, including Washington Mutual Bank, Dell Financial Services, Cogent Communications, Labcorp and others under the pretense that they would report all such collections to their clients. Instead, the Pintos and others caused Oxford Collection Agency to routinely withhold collected debts from certain clients, running up what was referred to internally as a client’s “backlog.” The Pintos and others then diverted various funds from their client remittances and used them for their own ends.

Starting in April 2007, the Pintos secured a line from credit from Connecticut-based Webster Bank, a bank that received funds through the Troubled Asset Relief Program (TARP), without informing Webster Bank about its significant client backlogs or outstanding payroll taxes. The Pintos and others sent falsified financial statements to Webster Bank, eventually increasing the credit line to \$6 million, and laundered funds from the credit line to promote the ongoing fraud scheme against their clients. During that same period, the Pintos also solicited millions of dollars in investments from various investors, without ever disclosing to their investors the existence of their backlogs. The Pintos also transferred some of the investor funds into Richard Pinto’s personal bank account without investor knowledge.

Victims lost more than \$10 million as a result of this scheme.

Judge Underhill has scheduled sentencing for September 13, 2012, at which time Richard and Peter Pinto face a maximum term of imprisonment of 35 years and a fine of up to approximately \$20 million.

This matter is being investigated by the Internal Revenue Service – Criminal Investigation, the Federal Bureau of Investigation, the Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and the Connecticut Securities, Commodities and Investor Fraud Task Force. The case is being prosecuted by Assistant U.S. Attorney Liam Brennan, Deputy U.S. Attorney Deirdre Daly, and Special U.S. Attorney Jonathan Francis.

In December 2010, the U.S. Attorney's Office and several law enforcement and regulatory partners announced the formation of the Connecticut Securities, Commodities and Investor Fraud Task Force, which is investigating matters relating to insider trading, market manipulation, Ponzi schemes, investor fraud, financial statement fraud, violations of the Foreign Corrupt Practices Act, and embezzlement. The Task Force includes representatives from the U.S. Attorney's Office; Federal Bureau of Investigation; Internal Revenue Service – Criminal Investigation; U.S. Secret Service; U.S. Postal Inspection Service; U.S. Department of Justice's Criminal Division, Fraud Section and Antitrust Division; U.S. Securities and Exchange Commission (SEC); U.S. Commodity Futures Trading Commission (CFTC); Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP); Office of the Chief State's Attorney; State of Connecticut Department of Banking; Greenwich Police Department and Stamford Police Department.

Citizens are encouraged to report any financial fraud schemes by calling, toll free, 855-236-9740, or by sending an email to ctsecuritiesfraud@ic.fbi.gov.

This case was brought in coordination with the President's Financial Fraud Enforcement Task Force, which was established to wage an aggressive and coordinated effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.