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U.S. Attorney's Report to the District

Earlier this month, we co-hosted the Northeast Region Investor Fraud Summit at UConn's Stamford campus. We brought together leaders of the enforcement and regulatory community, largely from the Northeast but also from the nation's capital, a leading academic from Yale's School of Management, private citizen fraud fighters from the AARP, the Better Business Bureau and FINRA, and, and perhaps most importantly, a victim of investor fraud.

The purpose of the Summit was to educate the public to this increasingly devastating crime, in which our nation's elderly are frequently targeted. By bringing together Justice Department prosecutors, FBI agents, representatives of the SEC and CFTC, consumer advocates and investor fraud victims themselves, we shared best practices relating to a diverse array of devastating – and increasingly common – investment fraud crimes.

In 2011 and 2012 to date, federal prosecutors have handled more than 500 cases involving more than 800 defendants who committed frauds resulting in the loss of more than \$20 billion to over 100,000 victims. For defendants sentenced in this period, 97% were incarcerated, with many defendants receiving sentences of ten years and longer. From 2008 to 2011, the FBI saw an overall increase of 136 % in investment fraud crimes alone. Currently, these offenses represent 60 % of all corporate and securities fraud investigations conducted by the FBI.

Behind the statistics are individual cases of betrayal that are tragic, cases of lost savings and dreams, of bankruptcies, forced moves and foreclosures, of seniors losing their hard-earned retirement savings having to search for jobs to survive, of medical care no longer affordable. We approach these cases in a victim-centric way. We react quickly – and direct our limited resources – to cases involving ongoing fraud. We look for every opportunity to recover assets for victims. And, perhaps most importantly, we give voice to victims, by making sure they are heard by the Court.

Because investor fraud occurs throughout the country, and not just in the nation's financial capitals, nearly every U.S. Attorney's Office and the Criminal Division are involved in the fight to bring these fraudsters to justice. These cases arise from the nation's largest population centers of New York, Los Angeles, Houston and Chicago, to its most sparsely populated states of Wyoming, Vermont and South Dakota, and everywhere in between. That is why the Northeast Regional Summits was just one of six summits held earlier this month as part of the Justice Department's Investor Fraud Initiative. The other summits took place in Cleveland, Denver, Miami, Nashville, and San Francisco.

Summit participants encouraged investors to protect themselves from fraud by carefully researching their potential investments as well as their investment advisors. Investors must be wary of promises of guaranteed returns or overly consistent returns, unregistered products, complex strategies, and missing documentation or account discrepancies. Other suggestions to avoid becoming a victim of investor fraud include:

- Ask questions and check out the answers. If it sounds too good to be true, it probably is.
- Research the company before you invest.
- Know the salesperson.
- Never judge a person's integrity by how he or she sounds. Don't judge the soundness of a business by its website – flashy websites can be set up quickly and easily.
- Watch out for salespeople who prey on your fears
- Take your time – don't be rushed or pressured into making investment decisions.
- Be wary of unsolicited offers including those made by door-to-door salespeople or over the Internet.
- Don't lose sight of your investments.
- Carefully read and understand all documents before you sign. Don't sign blank forms and keep good records.
- Question why you cannot retrieve your principal or cash out your profits.
- Never be afraid to complain.

For tips on how to spot investor scams and for more information on investor fraud in general, please visit: www.stopfraud.gov. And if you think you may be a victim of investor fraud, please call your local FBI office for assistance. (www.fbi.gov/contact-us/field.)

Two years ago, I created the Connecticut Securities, Commodities and Investor Fraud Task Force, which is comprised of local, state and federal agencies, including the FBI, IRS, U.S. Postal Service, Secret Service, SIGTARP, Connecticut State Department of Banking, SEC, CFTC, and the Stamford and Greenwich Police Departments. Our Task Force is part of President Obama's Financial Fraud Enforcement Task Force, which is focused on attacking fraud by increasing coordination among various agencies and by fully utilizing the government's law enforcement and regulatory system.

Thank you.

David B. Fein