

NEWS RELEASE:

Guy A. Lewis, United States Attorney for the Southern District of Florida, Hector M. Pesquera, Special Agent in Charge, Federal Bureau of Investigation, Miami Field Division, and Jose Marrero, Special Agent in Charge, Criminal Investigation Division, Internal Revenue Service, Southeast Area, Plantation Field Office, announced today that a federal jury sitting in West Palm Beach has returned guilty verdicts on every count against six defendants in connection with their role in an international investment fraud involving more than \$117 million. Trial began on April 2, 2001, and ended with the criminal verdicts today.

GARLAND HOGAN, 45, of Ft. Lauderdale, **WANDA TIRADO**, 42, of Pompano Beach, Florida, **ALAN RICHARD LEWIS**, 53, of Coconut Creek, Florida, **ZANE JOEL BALSAM**, 46, of Boca Raton, Florida, **GARY J. PIERCE**, 48, of Studio City, California, and **JUAN ARROYO**, 35, [brother of Wanda Tirado], of Pompano Beach, Florida, were all convicted on multiple counts after a three-month fraud and money laundering trial. **CSI Ag, Ltd.**, a Bahamian corporation, was also convicted of conspiracy to commit mail fraud and conspiracy to commit money laundering.

HOGAN, a licensed Florida attorney, was convicted on every charge against him: conspiracy to commit mail fraud, nine acts of mail fraud, conspiracy to commit money laundering, and one act of money laundering. He faces a maximum sentence of eighty years in prison. PIERCE was convicted on all four counts against him: conspiracy to commit mail fraud, conspiracy to commit money laundering, and two acts of money laundering. He faces a maximum sentence of sixty-five years in prison. TIRADO was convicted on all five counts against her: conspiracy to commit money laundering and four acts of money laundering. She faces a maximum sentence of one hundred years in prison. LEWIS was convicted of all seven counts against him: conspiracy to commit mail fraud, one count of mail fraud, conspiracy to commit money laundering, and four acts of money laundering. He faces a maximum sentence of one hundred ten years (110) years in prison. BALSAM was convicted of all eleven counts against him: conspiracy to commit money laundering, and ten acts of money laundering. He faces a maximum sentence of two hundred ten (210) years years in prison. ARROYO was convicted of all four counts against him. He faces a maximum sentence of eighty years in prison.

During the trial federal prosecutors established each of the defendants' roles in a long-running scheme to defraud, and/or the spending of more than \$117 million gained during the course of the fraud. Prosecutors demonstrated that on various dates between February, 1996 continuing through August, 1999, GARLAND HOGAN and AL LEWIS participated in the mail fraud conspiracy that gathered more than \$117 million from investors located throughout the United States. Prosecutors demonstrated that GARY PIERCE participated in a deliberate effort to conceal the fraud, and stall investors seeking their money back by blaming the government for the on-going fraud. More than \$117 million in investor monies were forwarded to **FINANCIAL FEDERATED** for the purpose of purchasing viaticated insurance policies. Viatical settlements are the purchase of life insurance policies or their benefits at a discounted rate from a terminally ill person.

The beneficial interest in the insurance policies purchased is sold or re-assigned to an investor. A viatical investor is supposed to receive the full benefits when the terminally ill person dies. These investment opportunities were frequently directed at senior citizens as safe and secure investments having a guaranteed rate of return. The government demonstrated that only seven million dollars was used to actually purchase viaticated insurance benefits, the remaining monies were spent lavishly on houses, luxury cars, jewelry, airplanes, boats, and investments unrelated to insurance benefits. Defendants HOGAN, PIERCE, CSI AG LTD., LEWIS, TIRADO, BALSAM and ARROYO were convicted in connection with their roles in hiding the criminal profits gained from the fraud. Through detailed financial analysis the government demonstrated that the money trail of investor funds ran from Florida across the United States and Puerto Rico, to the Bahamas, to Canada, to Sweden and to offshore accounts in Antigua.

The guilty verdicts reached today bring to twelve the total number of persons convicted in connection with the \$117 million fraud, and the subsequent hiding and spending of the criminal profits. On August 30, 2000, FREDERICK C. BRANDAU was convicted on charges of mail fraud and money laundering arising from the same case. BRANDAU was subsequently sentenced to life imprisonment in the form of a 55 year sentence to prison and ordered to pay restitution in the amount of \$117 million. RAPHAEL RAY LEVY, JEFFREY PAINE, and HARVEY BRANDAU have pled guilty to various charges arising from the scheme to defraud and money laundering. These three men are scheduled to appear for the imposition of sentence during August 2001. CHERYL POINDEXTER pled guilty to one count of money laundering and has been sentenced to one year and one day imprisonment together with restitution. Federal and state agencies combined forces to prosecute the individuals responsible for one of the most massive frauds ever committed in the Southern District of Florida. Prosecutors estimate that more than 3,000 victims exist nationwide.

Mr. Lewis commended the efforts of Federal Bureau of Investigation Special Agents Gary Van Eerde, Anthony L. Yanketis, Gary Hellmer, Stephen Lucchesi, and Internal Revenue Service Special Agents Klaus Hurme and Suzanne Kalwara for their detailed efforts in uncovering the massive scheme, and for their efforts in tracing millions of dollars in investor funds. Mr. Lewis also recognized the contributions of the State of Florida, Department of Banking & Finance, to the prosecution effort. Mr. Lewis commended the efforts of Korinne Harper, financial analyst with the Department of Banking & Finance, for her analytical work in tracing funds related to the underlying fraud.

District Court Judge Daniel Hurley remanded each of the convicted defendants to the custody of the United States Marshal as soon as the guilty verdicts were read. The defendants will be sentenced within approximately seventy days. The jury also returned criminal forfeiture verdicts against numerous pieces of real property, vehicles, and bank accounts traced to the fraud and money laundering valued at more than \$8.5 million and concluded that \$117 million was involved in the fraud and money judgements should issue as to the defendants. The criminal forfeiture verdicts will result in some monies being transferred to a court appointed restitution receiver for ultimate distribution back to

the investors. The property seized to date has resulted in \$1,428,039.74 being made available for distribution to the victims of the fraud. The government anticipates an additional \$7 million obtained from the sale of seized property will be made available for restitution after all of the defendants have been sentenced.