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Pennsylvania man admits to role in $18M Ponzi scheme

Promised returns of 10-16% from real estate hedge funds; money paid for cars, vacations

August 15, 2011 2:54 pm ET

A Pennsylvania man admitted to his role in a $17.6 million Ponzi scheme that defrauded more than 260 investors.

Robert Stinson Jr., 56, of Berwyn, pleaded guilty in federal court in Philadelphia today to 26 charges, including wire fraud, mail fraud, money laundering and bank fraud, the Justice Department said in a statement. There was no plea agreement, according to the plea memorandum.

Stinson was charged in November, accused of lying about his education and promising returns of 10 percent to 16 percent from real estate hedge funds. He allegedly told investors that the funds made short-term commercial mortgage loans, while he used the money to pay himself and relatives and to buy expensive cars and vacations, according to an indictment.

He falsely claimed to have degrees from the Massachusetts Institute of Technology and Pennsylvania State University and concocted a long history of employment in currency trading and investment management, prosecutors said. In reality, he had been convicted of fraud multiple times, they said.

The charges carry a maximum penalty of 329 years in prison and a $6.8 million fine. His sentencing is scheduled for Dec. 13 before U.S. District Judge Michael M. Baylson in Philadelphia. Non-binding federal guidelines call for a term of 324 to 405 months in prison, prosecutors said

Brooklyn money manager gets 20 years for Ponzi scheme

$45 million fraud could be the longest-ever grift

June 17, 2011 2:20 pm ET

Philip Barry, a money manager from Brooklyn, New York, was sentenced to 20 years in prison for running a $45 million Ponzi scheme that defrauded hundreds of investors over three decades.

Barry, 53, was sentenced today by U.S. District Judge Raymond J. Dearie in Brooklyn. After a one-week trial in November, a jury convicted him on all the counts he faced -- one of securities fraud and 33 of mail fraud.

“I hurt a lot of people,” Barry told Dearie before being sentenced. “I do not wish to hide how bad it was.”

Barry, a resident of the Bay Ridge section of Brooklyn, began accepting money in 1978 from investors, guaranteeing fictional annual profits, according to prosecutors in the office of U.S. Attorney Loretta Lynch.

Instead, he used new investors' money to pay earlier ones, prosecutors said. His fraud is believed to be the longest-lasting Ponzi scheme in U.S. history, they said.

In a separate action, the U.S. Securities and Exchange Commission said Barry diverted some of the investor money to a mail-order pornography business. In April, the SEC asked the court to dismiss a libel suit Barry brought over the accusation.

SEC says suicide broker bilked big-time college coaches

Claims Salinas defrauded Lute Olsen, others out of $50M; killed self in July

August 2, 2011 2:38 pm ET

The U.S. Securities and Exchange Commission sued the estate of J. David Salinas, an investment manager who committed suicide last month, claiming his companies ran a Ponzi scheme, selling investors bonds that didn't exist.

Salinas, through his companies Select Asset Management and J. David Group, defrauded investors of more than $50 million from 2004 to the present, the SEC said in a complaint filed yesterday in federal court in Houston. The agency also sued Brian A. Bjork, chief investment officer of Select Asset.

“Bjork and Salinas promised investors safe, fixed-income by investing in highly rated corporate and other bonds with annual yields up to 9 percent,” the SEC said. “In reality, the J. David Group corporate bond offering was bogus.”

The investors included numerous college basketball coaches including Lute Olson, former coach at the University of Arizona, and Scott Drew, coach at Baylor University. Salinas was a founder of an elite high school summer basketball program in Houston and a donor to college sports programs.

The SEC asked the court to freeze assets of the estate, the companies and Bjork “to ensure the eventual return of the assets to their rightful claimants.” U.S. District Judge Keith P. Ellison granted that request and set a hearing for Aug. 10.

Ellison also ordered the defendants and anyone working with them not to destroy records related to the transactions or assets.

“Our enforcement action seeks to put an end to an alleged scam that took millions of dollars from more than 100 investors,” said Robert Khuzami, director of the SEC's enforcement division.

“Brian has been supplying information and documents to the SEC but has not himself been interviewed,” Matt Hennessy, Bjork's attorney, said in a phone interview. “At this point, Brian plans to continue to cooperate with the investigation,” he said.

Salinas, 60, was found dead of a gunshot wound on July 17 at his home in the Houston suburb of Friendswood, Texas. Kathleen Galloway, an SEC attorney, said in yesterday's filing that a Galveston County prosecutor told her July 17 that the death was “apparently a suicide.”

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