

HAVE I GOT A HIGH YIELD INVESTMENT PROGRAM FOR YOU

JULY 2006

It was a busy month for investment scams. But when isn't it? After plowing through several similar high yield investment scams from different areas around the country I got curious so I typed "**high yield investment program**" into Google and up popped 21.6 million results. Think about it... 21.6 million opportunities to lose your shirt. They all promise that the road to riches is quick and easy. All it takes is a couple of mouse clicks and your hard-earned dollars. Investment cons are everywhere. If you think they only come from downtown New York and Boca Raton you are wrong. The following is just a small sample of what I uncovered this past month.

Jury deliberations began in an affinity fraud ponzi-scheme that defrauded over 11,000 senior citizens in the state of Arizona. Two former officers of the Arizona Baptist Foundation told investors that their money would be used to build churches and retirement homes. The usual pitch of high rates of return and safety duped people out of over a half a billion dollars.

The Rockford Register reported that Terry Spirk drove a Mercedes and owned an upscale home in Naperville, IL. He obtained them by setting up an investment company that promised solid, safe returns of 12-18 percent. In reality Spirk took investors for about \$9 million according to federal indictments.

Three Florida men bilked 700 investors throughout the United States of over \$23 million in fake promissory notes in 21st Century Satellite Communications. The con-artists told investors that their investment was guaranteed by the value of equipment that was being purchased. In reality the notes were worthless.

In a classic example of affinity fraud, a Van Nuys, CA man ran a high yield investment scheme that targeted Armenian-Americans. His investment firm promised high yield safe investments and took the Armenian community in Van Nuys of millions.

Two Queens, NY brokers structured their firm Zampetti Investments as a pyramid scheme ripping off local investors. The company offered high rates of returns to clients that included friends and relatives. According to the District Attorney's office, the brokers initially made legitimate investments. However, by December 2000 their investment strategy failed, and they began to pay off their initial investors with money from new investors.

The Kansas City Star reported U.S. District Judge entered a default judgment against an ex-con commodities broker and his brokerage firm the Wall Street Underground. This case is a great example of how under-regulated the commodities markets are. The broker Nicholas Guarino was convicted in 1992 on mail fraud and wire fraud charges. He also ran a firm in 1987 that was expelled from the National Futures Association for commingling client's assets and using deceptive marketing material. "*How do they allow a guy like this back in the business?*" Guarino operated his latest endeavor in Merriam, KS but funneled investor funds to an account in the Cayman Islands. Once again the Commodity Futures Trading Commission said Wall Street Underground's marketing materials contained deceptive and misleading claims. "*They overstated claims of profitability, failed to disclose, the risks associated with trading futures and options contracts.*" That's an understatement! The marketing pieces promised investors a 100 percent and at times a 200 percent return with a money back guarantee of satisfaction. "**You'll turn every \$2500 invested into at least \$100,000 in 6 months - or everything I send you is ABSOLUTELY FREE, including your subscription.**"

Timothy Ray Sacora is another con-artist who lived the high-life on the backs of his investors. Mr. Sacora stole over \$6.6 million from people in Lee County, FL. His scam was to get residents to invest in medical receivables and certificates of deposit. His company, Florida Secured Funding Corp., guaranteed clients a 12 percent return on their investments. But like many of the other cons I uncover, instead of investing the money the con-artist creates phony account statements on their computers and spend the money on themselves.

The SEC has filed a complaint against a Georgia broker Dennis Martin charging three counts of securities fraud. Martin is said to have stole millions through fleecing his clients. His business, First Financial Group, a fictitious, unincorporated entity was the conduit for his theft. Martin had his victims sell their variable annuity contracts and purchase new ones with higher principal. Like most annuity con-artists he told his clients that the new annuities would increase the death benefit. Once Martin set the hook, the victim granted Martin authorization to sell securities in their accounts. Martin then directed the funds to himself by forging signatures. He kept the scam going through lies and falsifying statements. Another scam Martin pulled was the sale of bogus Certificates of Deposit. He told his victims that the redemption penalty on their annuity would be waived when sold and the proceeds invested in a high yield CD. Those funds as well were redirected to himself.

I could go on seemingly forever. For July alone I uncovered over 200 scams similar in nature to the few noted above. Understand for the few that we uncover there are thousands that we miss. I hope everyone is getting our point here. If you believe in supply and demand forces, than you know that there is a great demand for the impossible (no risk high return) in the marketplace. Think about it, over 21 million hits on Google. Where there is a tremendous prospect to build and create great wealth here in the United States through proper planning, there is also the opportunity to flush your finances down the toilet. The choice is yours.