



Department of Justice

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Northern District of Georgia

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HEAD OF ATLANTA-BASED FOREIGN EXCHANGE BROKERAGE FIRM PLEADS GUILTY TO DEFRAUDING INVESTMENTS CLIENTS

ATLANTA, GA - CARLIN SELWYN KING, 42, of Atlanta, pleaded guilty today in federal district court to committing a wire fraud scheme in operating his foreign exchange investment firm, "Hanover Stevens, LLC."

United States Attorney David E. Nahmias said, "Today's guilty plea reflects another scam perpetrated by a financial professional entrusted with investing money for others. Particularly in today's difficult times we can have no tolerance for those who would cheat investors and undermine our financial system in this way."

According to United States Attorney Nahmias and the information presented in court: KING, the founder and principal of Hanover Stevens, LLC, operated what amounted to a fraudulent "Ponzi" scheme from approximately February 2006 through December 2007, defrauding the firm's investments clients of almost \$2 million.

KING was a professional securities broker who traded equity stocks and commodities for clients at various financial firms, mostly in Atlanta, since the 1990's. In approximately 2002, KING founded and began operating Hanover Stevens, a retail foreign exchange brokerage firm. Beginning in approximately February 2006, however, KING stopped actually investing client money in foreign exchange transactions, began lying to clients about the returns their investments were supposedly making, and began operating a fraudulent "Ponzi" scheme. In other words, instead of investing client money in the foreign currency markets, as promised, KING would instead use those funds to pay Hanover Stevens's increasing operating expenses, pay investors who had requested distributions, and pay substantial personal expenses (including living expenses at luxury hotels). KING would then provide account statements to his investors containing fabricated numbers as to the balances in their accounts and supposed investment gains. Because there were no actual investment gains – and because the balances being reported to investors were fabricated – the only way that KING could pay requested distributions was to use newly-invested funds.

Investor losses by December 2007 – when the unsustainable scheme collapsed –

totaled close to \$2 million.

KING was charged in a Criminal Information with one count of wire fraud, relating to the entire two-year scheme. He pleaded guilty to the Criminal Information today. He could receive a maximum sentence of 20 years in prison and a fine of up to \$250,000. In determining the actual sentence, the Court will consider the United States Sentencing Guidelines, which are not binding but provide appropriate sentencing ranges for most offenders.

Sentencing is scheduled for May 14, 2009, at 2 p.m., before United States District Judge Marvin Shoob.

This case is being investigated by Special Agents of the Federal Bureau of Investigation.

Assistant United States Attorney Justin S. Anand is prosecuting the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.