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FORMER FOREX TRADER SENTENCED TO 14 YEARS IN PRISON FOR TRADING FRAUD SCHEME THAT CAUSED 343 INVESTORS TO LOSE $17.6 MILLION

CHICAGO — A U.S. citizen who operated a foreign currency trading fraud scheme while living in Panama was sentenced today to more than 14 years in federal prison. The defendant, **Jeffery Lowrance**, fraudulently obtained approximately $31 million from 452 investors. After deducting Ponzi-type payments that he made to some investors, the scheme resulted in losses totaling approximately $17.6 million to 343 investors nationwide, including Chicago, when it collapsed in 2009. Lowrance was arrested in February 2011 in Peru and extradited to Chicago.

Lowrance, 51, moved to Panama in approximately 2006 and he operated the fraud scheme from Panama City until approximately 2009, before fleeing to Peru. He pleaded guilty to one count each of wire fraud and money laundering this past July. He was sentenced to 170 months in prison and ordered to pay restitution totaling $17.64 million by U.S. District Judge Charles Norgle.

Lowrance "caused enormous pain and suffering to many of the victims. [He] took life savings, retirement funds, college tuition, and other money that victims had earned, inherited, or received through the sale of a business or an insurance settlement," the government argued at sentencing.

The sentence was announced by Gary S. Shapiro, Acting United States Attorney for the Northern District of Illinois; William C. Monroe, Acting Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; and Thomas Jankowski, Acting Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago.

Lowrance owned Mentor Investing Group, Inc., initially located in San Diego and later Panama City, Panama. He later owned and was chairman and chief executive officer of First Capital Savings & Loan, Ltd., which he incorporated in 2007 in New Zealand, and which took over Mentor's purported business and investor accounts. Both businesses claimed to buy and sell foreign currencies (Forex trading) and offered and sold investments through a network of salesmen and investor referrals.

According to the court documents, between August 2004 and June 2009, Lowrance and others at his direction fraudulently solicited investments by making material misrepresentations, about, among other things, the profitability of First Capital's Forex trading, the expected return on and risk involved with the investments, and the use of funds raised from investors. To conceal the fraud, he made Ponzi-type payments to investors and provided investors with fraudulent account statements. Among the specific misrepresentations was that investors would be paid as much as four to seven percent interest per month on their investments.

Lowrance used only a small portion of investors' funds to do Forex trading. In addition to making Ponzi-type payments to investors, he misused investors' funds to pay First Capital's expenses, expenses of unrelated business ventures including a newspaper, and to make payments for his own benefit as the benefit of his family and associates.

The government was represented by Assistant U.S. Attorney Jacqueline Stern.

The case falls under the umbrella of the Financial Fraud Enforcement Task Force, which includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information on the task force, visit: www.StopFraud.gov.

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