



*United States Attorney
Southern District of New York*

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**FINANCIAL ADVISOR KENNETH STARR SENTENCED IN MANHATTAN
FEDERAL COURT TO 90 MONTHS IN PRISON**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that financial advisor KENNETH STARR was sentenced today to 90 months in prison in connection with a multi-million dollar scheme to defraud his clients. STARR pled guilty in September 2010 to one count of wire fraud, one count of money laundering, and one count of fraud by an investment adviser. The sentence was imposed in Manhattan federal court by U.S. District Judge SHIRA A. SCHEINDLIN.

Manhattan U.S. Attorney PREET BHARARA stated: "Kenneth Starr pretended he had the Midas touch, but he was in reality peddling fool's gold. Today's sentence is just and appropriate for the audacious fraud he perpetrated on many victims. It sends a strong message to financial professionals who exploit their positions of trust for their own personal gain that, in the end, it is they who will pay."

According to documents previously filed in Manhattan federal court and statements STARR made at his guilty plea proceeding:

For decades, STARR served as a financial planner and investment adviser to numerous clients including high net-worth businessmen and well-known celebrities. Through the two companies he controlled -- Starr & Company, LLC, and Starr Investment Advisers, LLC (collectively, "Starr & Co.") -- STARR managed his clients' finances, paid their bills, advised them about their taxes, and made investments on their behalf and for their benefit. In some cases, he assumed total control over his clients' finances by collecting their earnings, investing their savings, and paying their bills.

Between 2005 and 2010, STARR participated in fraudulent schemes that involved more than \$33 million in actual or intended losses. First, between March 2009 and April 2010, STARR stole millions of dollars from his clients. He did this by directing unauthorized transfers of funds from his clients' accounts to one

of two attorney escrow accounts, and by causing funds to be transferred from the attorney escrow account for his benefit. He used these escrow accounts in order to, among other things, conceal the true source of the funds as well as his unlawful activity. Among other things, Starr misappropriated funds from his clients in order to:

- buy a \$7.5 million luxury condominium on the Upper East Side of Manhattan ("Luxury Apartment");
- cover operating expenses of Starr & Co;
- repay clients who discovered Starr had stolen money from them; and
- pay a \$4 million legal settlement with a former client, a playwright and screenwriter who is in his 80s ("Playwright").

Second, between 2005 and 2010, while serving as an investment adviser in Manhattan, STARR made material misstatements and/or material omissions in an effort to fraudulently induce his clients to make certain investments.

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Under the terms of his plea agreement, STARR, 67, admitted that he was responsible for \$33,312,782.69 in actual or intended loss. He further agreed to pay restitution in the amount of \$29,112,782.69. To satisfy his restitution obligation, STARR has already forfeited his interest in the Luxury Apartment. Judge SCHEINDLIN will impose restitution some time after April 4, 2011, by which date any additional restitution claims must be submitted to the Court.

Mr. BHARARA praised the investigative work of the New York County District Attorney's Office, the IRS, and the U.S. Securities and Exchange Commission.

Assistant U.S. Attorneys WILLIAM J. HARRINGTON, MICHAEL BOSWORTH, and MICHAEL LOCKARD of the U.S. Attorney's Office for the Southern District of New York, and Assistant District Attorneys MICHAEL KITSIS and HOPE KORENSTEIN, of the New York County District Attorney's Office, are in charge of the prosecution.

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