



*United States Attorney
Southern District of New York*

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CONTACT: U.S. ATTORNEY'S OFFICE
ELLEN DAVIS,
EDELI RIVERA,
JESSIE ERWIN
PUBLIC INFORMATION OFFICE
(212) 637-2600

FORMER HEDGE FUND MANAGER ARTHUR G. NADEL
SENTENCED IN MANHATTAN FEDERAL COURT TO 14 YEARS
IN PRISON FOR OPERATING MASSIVE PONZI SCHEME

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that ARTHUR G. NADEL, a former hedge fund manager from Sarasota, Florida, was sentenced today to 14 years in prison for operating a Ponzi scheme that raised more than \$330 million from approximately 390 investors in six different funds. NADEL pled guilty in February 2010 to fifteen counts of securities fraud, mail fraud, and wire fraud, before U.S. District Judge JOHN G. KOELTL, who also imposed the sentence.

Manhattan U.S. Attorney PREET BHARARA said: "Through his massive Ponzi scheme, Arthur Nadel greased his own pockets and financed his lavish lifestyle, using money his clients relied on him to invest. He cheated his elderly and unwitting victims out of their retirement savings and consigned others to poverty. The message of today's sentence should be loud and clear - we will continue to work with our partners at the FBI to find the perpetrators of financial fraud and use every resource we have to bring them to justice."

According to the Complaint and Indictment previously filed in this case, and statements made during NADEL's guilty plea and sentencing proceedings:

From 1999 through January 2009, NADEL perpetrated a Ponzi scheme to defraud investors in six different investment funds (collectively, the "Funds"). During the scheme, NADEL persuaded people to invest their retirement money and savings in the Funds by lying to them about his success in trading and inflating the value of the Funds. For example, NADEL claimed that his trading prowess resulted in consistent, double-digit yearly returns. In reality, NADEL repeatedly lost money and stole investor money to fund his lavish lifestyle and several

businesses, including a real estate project in North Carolina, his wife's flower shop, and his purchase of several private planes.

To further the scheme, NADEL created and caused others to create false and fraudulent client account statements and other documents showing fictitious positive returns consistent with the double-digit returns NADEL falsely claimed he achieved. Based in part on NADEL's false statements to investors and others, from 1999 through January 2009, nearly 330 people invested more than \$390 million with the Funds. NADEL received tens of millions of dollars in management fees and performance incentive fees and, moreover, transferred and caused to be transferred millions of dollars in investor money in the Funds to accounts and entities that he owned and/or controlled. The investors in the Funds did not authorize NADEL to make these transfers, and NADEL failed to disclose them. As a result of NADEL's fraud, investors suffered losses of approximately \$168 million.

In addition to the prison term, Judge KOELTL sentenced NADEL, 77, to 3 years of supervised release, and ordered NADEL to forfeit \$162 million, and real estate in Florida, North Carolina, and Georgia, five airplanes, and one helicopter.

Mr. BHARARA praised the investigative work of the FBI and thanked the U.S. Securities and Exchange Commission for its assistance in the investigation of this case.

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force 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.

Assistant U.S. Attorney REED M. BRODSKY, of the Office's Securities and Commodities Fraud Task Force, is in charge of the prosecution.

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