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**FINANCIAL ADVISER KENNETH STARR PLEADS GUILTY
IN MANHATTAN FEDERAL COURT TO MULTIMILLION-DOLLAR FRAUD**

PREET BHARARA, the United States Attorney for the Southern District of New York, CYRUS R. VANCE, JR., the District Attorney for New York County, and CHARLES R. PINE, the Special-Agent-in-Charge of the New York Field Office of the Internal Revenue Service ("IRS"), Criminal Investigation Division, announced today that financial adviser KENNETH STARR pled guilty in Manhattan federal court to one count each of wire fraud, money laundering, and investment adviser fraud.

According to the previously filed Indictment and Complaint, and statements made at today's court proceedings before U.S. Magistrate Judge THEODORE H. KATZ:

STARR, through his firm Starr & Co., was in the business of managing the assets of, and providing financial planning and investment advice to, high net-worth and celebrity clients. Among other things, STARR paid bills for his clients, assisted them with tax filings, and recommended investments to them. In some cases, STARR assumed total control over his clients' financial lives by collecting their earnings, investing their savings, and paying their bills.

At today's plea hearing, STARR admitted, among other things, that between 2009 and 2010, he, on a number of occasions, stole his clients' money to use for his own purposes. For

example, STARR used misappropriated funds to pay a multimillion-dollar legal settlement with a former client, to cover his business's operating expenses, and to buy himself a multimillion-dollar luxury condominium on Manhattan's Upper East Side. STARR further admitted that he laundered the stolen money by routing it through an attorney trust account to disguise the true source of the funds. STARR also admitted that he told one client to invest in a company when he knew the investment was simply a loan to a personal friend.

The total loss associated with STARR's fraud was between \$20 million and \$50 million.

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STARR, 66, faces a statutory maximum sentence of 45 years, and a recommended Guidelines sentence of 121 to 151 months' imprisonment. STARR agreed to forfeit the multimillion-dollar Upper East Side condominium he purchased using clients' money. The Government also reserved the right to seek to forfeit up to \$50 million in assets owned or controlled by STARR, and reserved the right to seek up to \$50 million in restitution for victims.

STARR's sentencing is scheduled for December 15, 2010, at 4:30 P.M. before U.S. District Judge SHIRA A. SCHEINDLIN.

Mr. BHARARA praised the investigative work of the New York County District Attorney's Office and the IRS. He also thanked the U.S. Securities and Exchange Commission ("SEC") for its assistance.

Manhattan U.S. Attorney PREET BHARARA stated: "Kenneth Starr's is a tale of fiction and fraud, in which he played the role of legitimate investment adviser to a cast of unsuspecting victims. It is also a cautionary tale for everyone who must rely on financial professionals. Today's guilty plea replaces Starr's trickery with an admission of guilt. We will continue to work steadfastly with our partners at the Manhattan District Attorney's Office, IRS, and SEC to hold accountable financial fraudsters of every stripe."

"This type of serial fraud is a serious crime that threatens the financial well-being of its victims and undermines perceptions of integrity in the financial markets," said New York County District Attorney CYRUS R. VANCE, JR. "Kenneth Starr systematically defrauded his friends, family, and business associates out of tens of millions of dollars through phony

deals, repeatedly abusing the trust of those who believed he was an upstanding businessman. I thank our partners in the U.S. Attorney's Office for delivering swift justice for Starr's many victims."

IRS Special-Agent-in-Charge CHARLES R. PINE said: "The guilty plea today reinforces how IRS Criminal Investigation will devote its resources to investigate professionals in financial service areas who violate their positions of trust when they steal clients' monies and go on spending sprees. We will continue to work with our law enforcement partners and continue to investigate allegations of financial fraud."

Assistant U.S. Attorneys WILLIAM J. HARRINGTON and MICHAEL BOSWORTH, of the Public Corruption Unit 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.

If you believe you were a victim of these crimes, including a victim entitled to restitution, and you wish to provide information to law enforcement and/or receive notice of future developments in the case or additional information, please contact WENDY OLSEN-CLANCY, the Victim Witness Coordinator at the United States Attorney's Office for the Southern District of New York, at (866) 874-8900, or Wendy.Olsen@usdoj.gov. For additional information, go to: <http://www.usdoj.gov/usao/nys/victimwitness.html> on the Internet.

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