



Department of Justice

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HAMILTON MAN SENTENCED TO TEN YEARS IMPRISONMENT FOR ROLE IN \$9 MILLION INVESTMENT FRAUD, MORTGAGE FRAUD

CINCINNATI – James D. Powell, 53, of Hamilton, was sentenced in United States District Court today to 121 months in prison followed by three years of supervised release for operating a Ponzi-style fraud scheme which defrauded more than 90 victims in three states of more than \$9 million over five years and defrauded at least two mortgage companies and a private seller out of nearly \$1 million.

Carter M. Stewart, United States Attorney for the Southern District of Ohio, Dugan T. Wong, Assistant Inspector in Charge, U.S. Postal Inspection Service, and Keith L. Bennett, Special Agent in Charge, Federal Bureau of Investigation (FBI), announced the sentence handed down today by Senior United States District Judge Herman J. Weber.

Powell pleaded guilty on June 28, 2010 to one count of conspiracy to commit mail fraud and one count of wire fraud.

Judge Weber also sentenced Powell to pay restitution of \$7,061,624.68 to the victims of the conspiracy. He ordered Powell to pay restitution of \$157,710 to two victims of the wire fraud, and \$357,723.26 to a mortgage servicing company that was a victim of the wire fraud. Judge Weber scheduled a hearing for December 7, 2010 to determine if additional restitution is necessary.

According to court documents, Powell created several companies in Hamilton under the names of Capital Investments, Great Miami Debentures, or Great Miami Real Estate and served as the president of the companies. Beginning sometime in 2002, Capital Investments held itself out as an investment company offering attractive rates of return to numerous investors in Ohio, Kentucky, and Indiana on their investment, evidenced by promissory notes and purportedly backed by a real estate portfolio of properties owned and managed by Capital Investments and Great Miami Real Estate.

Powell and a co-conspirator, now deceased, sold investments in the portfolio to numerous victims, many of whom were elderly, unsophisticated, or inexperienced investors. In addition, some of the victims attended the Princeton Pike Church of God in Fairfield, Ohio with one of the conspirators, and some of the investors were also insurance clients of the conspirators.

Powell took money from new investors to pay off old investors, a type of fraud known as a Ponzi scheme. In addition to the individual investors, Powell admitted defrauding a mortgage company out of \$944,848 by using false documents to get mortgage loans on the properties.

Powell told investors that the number of properties increased from 13 properties to 40 properties and the value of the properties increased from \$4 million to over \$14 million with an overall property equity of about \$10.5 million when, in fact, such purported property values and equity were falsely inflated, most of the properties listed on the portfolios were not purchased with investor monies but instead were owned by others, and by November 2007 most of such properties were in a state of disrepair, were in default, or were in some stage of foreclosure.

Stewart commended the cooperative investigation by Postal Inspectors and FBI agents, and Senior Litigation Counsel Anne Porter, who prosecuted the case. Stewart also commended Butler County Prosecutor Robin Piper's office and the Ohio Department of Commerce Division of Securities for their role in the investigation.

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