

## Ponzi Scheme in Fort Lauderdale

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One of two Ponzi scheme suspects has been freed from jail on bond after he and his alleged accomplice were arrested on charges they defrauded more than a dozen investors out of more than \$6 million, records show. Victor Brown, 54, of Hollywood, posted \$150,000 bond for his release from Broward's Main Jail on Thursday evening. On Friday morning, his business partner, Roger Green, 78, of Stuart, remained jailed on the same bond amount. Both men were taken into custody Wednesday on charges of racketeering and conspiracy to commit first-degree racketeering, authorities said.

The Florida Department of Law Enforcement began investigating the men and their Fort Lauderdale company, Military Air Parts International, after people claiming to have been victimized stepped forward with complaints, a probable cause affidavit said.

From 2004 to 2007, Brown and Green raised millions of dollars by promising 18 percent returns on the resale of parts for military transport aircraft. But the pair, in control of company bank accounts, made out checks to themselves to withdraw a total of \$1.7 million, and used debit cards to make other "extensive cash withdrawals," the FDLE said.

In what investigators described as a Ponzi scheme, Brown and Green kept the deception going by paying off some investors with funds raised from other investors.

As part of their inquiry, FDLE agents obtained sworn statements from 17 of 24 identified investors who were defrauded, the affidavit said. One investor told authorities that he kept investing because he received his money back from an initial transaction and "thought everything was legitimate," the affidavit said.

Brown's attorney, Thomas Sclafani, said the bulk of the alleged acts occurred more than five years ago, and questioned whether the alleged crimes were beyond the statute of limitations. The statute prevents charges from being filed when a certain amount of time elapses after the alleged crime's occurrence.

"I have a serious question about whether this case can even go forward," Sclafani said. "Even if it does, my client's innocence will be established in court."

A Ponzi scheme is a specific type of fraudulent investment. It is the act of using money received from investors to pay off other investors and personal expenses. Ponzi schemes are tactically organized to avoid using real profit for payments.

Usually when a Ponzi scheme makes the news, it involves short-term returns that are abnormally high – making the perpetrator more noticeable. Ponzi schemes only work if there is an increasing flow of money from investors. Without an increasing amount, the plan will eventually collapse in on itself if the money flowing in is not enough for return payments to the investors involved.

#### **Ponzi Schemes in South Florida**

A South Florida real estate talk show host was arrested last week and accused of creating a Ponzi scheme. Anthony F. Cutaia was accused of recruiting investors for commercial real estate projects organized by his own company in Boca Raton, CMG Property Investment Group, according to WPTV News.

The U.S. Attorney's Office filed a complaint Friday discussing the scheme. Cutaia allegedly invested little of the investors' money and instead used it to pay off other investors and pay personal and business expenses, according to the complaint.

This is a classic example of a Ponzi scheme where the money just ran out.

Cutaia, host of "Talk About Mortgages and Real Estate," could be facing a maximum of 20 years in prison, and a \$250,000 fine.

#### **Fraud Criminal Defense**

[Fraud charges](#) in the state of Florida are taken very seriously. Depending on the amount of money you are accused of, the minimum years in prison can vary between five and 30 years. The fine can vary from \$5,000 to \$300,000. If you have been accused of fraud, or worse, creating a Ponzi scheme, you need a criminal defense lawyer in your arsenal immediately. Only a [criminal defense lawyer](#) will be able to understand your circumstances and help avoid maximum sentences.

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