



U.S. Department of Justice

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Northern District of Texas

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MEDIA INQUIRIES: KATHY COLVIN

FEDERAL JURY CONVICTS FRAUDSTER

Defendant, Who Represented Himself at Trial, Deceived Investors About Investment Scheme That Involved More Than 200 Victims and More Than \$14 Million

DALLAS — Following a five-day trial before U.S. District Judge Barbara M. G. Lynn, a federal jury has convicted Bradley C. Stark, 37, on all counts of an indictment charging seven counts of wire fraud and one count of securities fraud related to his fraudulent securities offerings, announced U.S. Attorney Sarah R. Saldaña of the Northern District of Texas (NDTX). Each of the wire fraud counts carries a statutory maximum sentence of 20 years in prison and a \$250,000 fine; the securities fraud count carries a maximum statutory sentence of five years in prison and a \$250,000 fine. Restitution could be ordered. Stark, who remains in federal custody, is set to be sentenced by Judge Lynn on April 21, 2012.

The government presented evidence at trial that Stark incorporated Sardaukar Holdings as an international business corporation in the British Virgin Islands, to engage in the business of investing and managing clients' financial assets. From October 2004 through early July 2005, Stark operated Sardaukar from his residence in Riverside, California.

Stark used materially false and fraudulent representations to solicit individuals to invest in Sardaukar. For example, according to evidence presented at trial, he represented to investors, and encouraged and allowed others to represent to investors, that: 1) he had previous institutional trading experience; 2) that he was a registered securities broker or dealer; 3) he had hundreds of millions of dollars in investments from private and institutional clients; 4) he would invest the investor's funds in sophisticated financial transactions, including tri-party repurchase agreements, commodities futures and currency trading; 5) historically, investments in Sardaukar had yielded high rates of return, often more than 20 to 30 percent per month; and 6) for \$50,000 investors could purchase an insurance contract through him that would insure invested principal against any loss.

Stark also knowingly and intentionally failed to advise investors that he had been convicted in April 2003 of a federal felony offense, uttering a false and counterfeit security, and in May 2003 in the State of Colorado, of fraud by check.

In addition, the government presented evidence at trial that Stark squandered the majority of investor funds on luxury cars, travel/entertainment and jewelry. He also transferred more than \$1 million to his wife.

Based on Stark's representations, several individuals in the NDTX entered into agreements to provide funds to him for investment. These individuals in turn, using many of the false representations Stark had made to them, raised money from investors in the NDTX and elsewhere, which was sent to Stark for investment. The largest investor in Sardaukar Holdings was a company in the Dallas area, Megafund Corporation, which was run by Stanley Leitner. Leitner, who testified for the government at trial, was previously convicted in the NDTX of wire fraud, securities fraud and money laundering, in connection with his operation of Megafund, and is currently serving a 210-month federal prison sentence.

Securities fraud is a major focus of President Barack Obama's Financial Fraud Enforcement Task Force. 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.

The investigation was led by the Internal Revenue Service - Criminal Investigation and the FBI with assistance from the Securities and Exchange Commission, the Commodity Futures Trading Commission and the Santa Barbara, California, Sheriff's Office.

Assistant U.S. Attorneys Paul Yanowitch and Christopher Stokes prosecuted.

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