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Largest Recruiter Of Investors To Nevin Shapiro's \$930 Million Ponzi Scheme Sentenced To Prison For Lying To The IRS About Millions In Related Income

FOR IMMEDIATE RELEASE

January 10, 2012

Nevin Shapiro's \$930 million Ponzi scheme was sentenced today to a year and a day in prison for failing to report to the IRS millions of the more than \$12 million in related commissions he received, U.S. Attorney Paul J. Fishman announced.

Sydney Jack Williams, 63, of Naples, Fla., previously pleaded guilty before U.S. District Judge Susan D. Wigenton to an Information charging him with one count of subscribing to a false tax return. During that proceeding, Williams admitted he recruited more than 60 individuals to invest in Capitol Investments USA, Inc. ("Capitol"), which Shapiro, 42, of Miami Beach, Fla., has admitted was a fraud.

According to the Information to which Williams pleaded guilty and statements made in Newark federal court:

Williams was an investor in Capitol, which Shapiro used to solicit approximately \$930 million between January 2005 and November 2009 from individuals who believed they were investing in Shapiro's grocery distribution business. Shapiro has admitted that Capitol had virtually no income generating business during that time, and that he used new investor funds to make principal and interest payments to existing investors, as well as to fund his own lavish lifestyle – including by giving payments and gifts to student and professional athletes. Williams personally invested more than \$100 million. Though Williams received more than \$7 million in interest payments, he ultimately suffered an overall \$3 million loss on his personal investment when the scheme collapsed.

In return for bringing new investors to Capitol, Williams was paid commissions equal to as much as the interest payments for those investors. Williams received more than \$12 million for bringing more than 60 investors to Capitol – more money than any other individual received and for more investors than any other individual recruited. Individuals recruited by Williams invested more than \$307 million with Capitol, eventually losing more than \$38 million as a result of the scheme. The government does not allege that Williams was aware that Shapiro or Capitol was engaged in fraud.

In pleading guilty to subscribing to a false tax return that failed to report \$1.7 million income for 2005, Williams admitted that he also failed to report Capitol-related income for all tax years from 2004 through 2007. According to the Information, Williams failed to report more than \$6.4 million in income during that time and owed approximately \$2.2 million in taxes on that income.

Father and son Roberto Torres, 77, of New York and formerly of Lighthouse Point, Fla., and Alejandro Torres, 40, of Boca Raton, Fla. – the former chief financial officer and an accountant with Capitol, respectively – each pleaded guilty April 4, 2011, to one count of securities fraud, admitting that they assisted Shapiro in the operation of the Ponzi scheme. Roberto and Alejandro Torres were sentenced Oct. 5, 2011, to 48 and 46 months in prison, respectively.

In addition to the prison term, Judge Wigenton sentenced Williams to a year of supervised release and

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ordered him to pay a \$25,000 fine. The judge also ordered Williams to cooperate with the IRS in paying his outstanding tax obligations.

U.S. Attorney Fishman credited special agents of the FBI, under the direction of Special Agent in Charge Michael B. Ward; and IRS – Criminal Investigation, under the direction of Special Agent in Charge Victor W. Lessoff, for the investigation. He also thanked the Securities and Exchange Commission's Miami Regional Office, under the leadership of Regional Director Eric Bustillo.

The government is represented by Assistant U.S. Attorney Jacob T. Elberg, Deputy Chief of the U.S. Attorney's Office Health Care and Government Fraud Unit in Newark.

This case was brought in coordination with 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.

12-008

Defense counsel: Martin Raskin Esq., Coral Gables, Fla.; Yale Freeman Esq., Naples, Fla.

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