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Former Executive Pleads Guilty To Wire Fraud In Yacht-Investment Scam

FOR IMMEDIATE RELEASE

January 10, 2012

Alton Milton, 46, of Hendersonville, Tennessee pleaded guilty on January 6, 2012 to wire fraud, announced Jerry E. Martin, United States Attorney for the Middle District of Tennessee . If the plea is later accepted by U.S. District Court Judge Aleta Trauger, Minton will face between 27 to 33 months in prison and three years of supervised release, and will have to pay over \$886,000 in restitution to victims.

"Investment fraud is a serious crime that not only affects individual investor-victims but also undermines the confidence of the investing public at large," said U.S. Attorney Jerry E. Martin. "This case is a victory for the U.S. Postal Inspection Service who painstakingly assembled a difficult case, as well as for victims who will get some measure of justice for their loss. This case also serves fair warning to other would-be fraudsters in Middle Tennessee who know that they will be held accountable for their crimes and face stiff penalties."

At the plea hearing before Judge Trauger, Minton admitted the details of his crime. In approximately May 2004, Minton entered into a business venture with two other individuals, identified only as Person A and Person B, to start YachtOne Holdings, LLC, a company that offered clients the ability to purchase fractional-ownership shares in one or more yachts. (With fractional ownership, a purchaser gets the right to certain limited use of the fractionally owned asset – in this case, a yacht – similar to the way a traditional time share works. Unlike in a time share, however, a fractional-ownership purchaser actually buys part of the asset itself, not just the right to use the asset.) A yacht was later purchased, and Minton began working for the company, principally as a marketer seeking clients to purchase fractional-ownership shares in the yacht. Ultimately, the company was not successful and failed to sell any legitimate fractional-ownership shares in the yacht or to make any profit.

Despite the legitimate failure of YachtOne Holdings, LLC, and unbeknownst to his business partners, Minton during the same time was soliciting investors to "invest" in a similarly named, but fraudulent, company referred to as "YachtOne, Inc." As part of that fraud, Minton represented to investors that "YachtOne, Inc." (sometimes referred to simply as "YachtOne") was seeking investors to provide funds for the company's operating and capital expenses, including purchasing yachts. He also told some investors that their investment was a loan that was guaranteed to be repaid in currency or stock by a date certain. As the fraud developed, Minton later told some investors that YachtOne, Inc. was going to be acquired by one or more successor companies, including Innovate, Inc., Lakeside Financial, Inc., or Federated Purchaser, and that investors would still be repaid in currency, stock, or both. To receive investor funds without his other business partners knowing, Minton set up separate "YachtOne, Inc." bank accounts that only he controlled.

As Minton admitted at the hearing, no legitimate, legally formed entity named "YachtOne, Inc." ever existed, and neither of Minton's business partners in the legitimate YachtOne Holdings, LLC was aware of the so-called "YachtOne, Inc." or its separate bank accounts. Moreover, the legitimate entity, YachtOne Holdings, was a limited liability company and, as such, was not incorporated, was not set up to issue stock, and was not designed for any type of investor participation. Further, contrary to his claims, Minton did not use investor funds for the purposes stated but instead used the majority of those funds for his personal benefit and to pay his own personal past debts.

Minton's sentencing hearing is currently scheduled for April 20, 2011 at 2:30 pm.

The case was investigated by the United States Postal Inspection Service, and the United States was represented by Assistant U.S. Attorney Ty Howard.

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