

# So, You Want To Join A Ponzi Scheme?

Two Good Reasons To Say 'No' When A Friendly Upline Sponsor Approaches You In Person Or Via Email And Asks You To Join A Paid-To-Click 'Advertising' Program Online Or A 'High-Yield Income Program' (HYIP).

**This free handout was compiled by PatrickPretty.com, a journalism Blog that reports on Ponzi schemes and other crime. PatrickPretty.com is not affiliated with law-enforcement agencies. This handout is based on public information. It is for educational purposes, and is not endorsed by the U.S. Government.**

The screenshot shows the White House website's press release page. At the top, there is a navigation bar with links for 'BLOG', 'PHOTOS & VIDEO', 'BRIEFING ROOM', 'ISSUES', 'the ADMINISTRATION', 'the WHITE HOUSE', and 'our GOVERNMENT'. A search bar is located on the right. The main content area features the White House logo and the text 'The White House Office of the Press Secretary'. The announcement is dated 'November 17, 2009' and is titled 'Executive Order - Establishment of the Financial Fraud Enforcement Task Force'. The text of the order is as follows:

By the authority vested in me as President by the Constitution and the laws of the United States of America, and in order to strengthen the efforts of the Department of Justice, in conjunction with Federal, State, tribal, territorial, and local agencies, to investigate and prosecute significant financial crimes and other violations relating to the current financial crisis and economic recovery efforts, recover the proceeds of such crimes and violations, and ensure just and effective punishment of those who perpetrate financial crimes and violations, it is hereby ordered as follows:

Section 1. Establishment. There is hereby established an interagency Financial Fraud Enforcement Task Force (Task Force) led by the Department of Justice.

Sec. 2. Membership and Operation. The Task Force shall be chaired by the Attorney General and consist of senior-level officials from the following departments, agencies, and offices, selected by the heads of the respective departments, agencies, and offices in consultation with the Attorney General:

- (a) the Department of Justice;
- (b) the Department of the Treasury;
- (c) the Department of Commerce;
- (d) the Department of Labor;
- (e) the Department of Housing and Urban Development;
- (f) the Department of Education;

On the right side of the page, there are two 'STAY CONNECTED' sections. The top one lists social media links for Facebook, YouTube, Twitter, Vimeo, Flickr, iTunes, MySpace, and LinkedIn. The bottom one promotes the 'WHITE HOUSE BLOG' with a 'Read the Blog' button and a 'STAY CONNECTED with EMAIL ALERTS' section with a 'Sign Up' button.

**(The screen shot above is from the official media announcement by the White House of the formation of an Interagency Financial Fraud Enforcement Task Force to combat securities fraud, mortgage fraud and other financial crimes. President Barack Obama signed an Executive Order forming the Task Force on Nov. 17, 2009.)**

## **Executive Order By President Barack Obama Nov. 17, 2009**

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- (f) the Department of Education;
- (g) the Department of Homeland Security;
- (h) the Securities and Exchange Commission;
- (i) the Commodity Futures Trading Commission;
- (j) the Federal Trade Commission;
- (k) the Federal Deposit Insurance Corporation;
- (l) the Board of Governors of the Federal Reserve System;
- (m) the Federal Housing Finance Agency;
- (n) the Office of Thrift Supervision;
- (o) the Office of the Comptroller of the Currency;
- (p) the Small Business Administration;
- (q) the Federal Bureau of Investigation;
- (r) the Social Security Administration;
- (s) the Internal Revenue Service, Criminal Investigations;
- (t) the Financial Crimes Enforcement Network;
- (u) the United States Postal Inspection Service;
- (v) the United States Secret Service;
- (w) the United States Immigration and Customs Enforcement;
- (x) relevant Offices of Inspectors General and related Federal entities, including without limitation the Office of the Inspector General for the Department of Housing and Urban Development, the Recovery Accountability and Transparency Board, and the Office of the Special Inspector General for the Troubled Asset Relief Program; and
- (y) such other executive branch departments, agencies, or offices as the President may, from time to time, designate or that the Attorney General may invite.

The Attorney General shall convene and, through the Deputy Attorney General, direct the work of the Task Force in fulfilling all its functions under this order. The Attorney General shall convene the first meeting of the Task Force within 30 days of the date of this order and shall thereafter convene the Task Force at such times as he deems appropriate. At the direction of the Attorney General, the Task Force may establish subgroups consisting exclusively of Task Force members or their designees under this section, including but not limited to a Steering Committee chaired by the Deputy Attorney General, and subcommittees addressing enforcement efforts, training and information sharing, and victims' rights, as the Attorney General deems appropriate.

Sec. 3. Mission and Functions. Consistent with the authorities assigned to the Attorney General by law, and other applicable law, the Task Force shall:

(a) provide advice to the Attorney General for the investigation and prosecution of cases of bank, mortgage, loan, and lending fraud; securities and commodities fraud; retirement plan fraud; mail and wire fraud; tax crimes; money laundering; False Claims Act violations; unfair competition; discrimination; and other financial crimes and violations (hereinafter financial crimes and violations), when such cases are determined by the Attorney General, for purposes of this order, to be significant;

(b) make recommendations to the Attorney General, from time to time, for action to enhance cooperation among Federal, State, local, tribal, and territorial authorities responsible for the investigation and prosecution of significant financial crimes and violations; and

(c) coordinate law enforcement operations with representatives of State, local, tribal, and territorial law enforcement.

#### Sec. 4. Coordination with State, Local, Tribal, and Territorial Law Enforcement.

Consistent with the objectives set out in this order, and to the extent permitted by law, the Attorney General is encouraged to invite the following representatives of State, local, tribal, and territorial law enforcement to participate in the Task Force's subcommittee addressing enforcement efforts in the subcommittee's performance of the functions set forth in section 3(c) of this order relating to the coordination of Federal, State, local, tribal, and territorial law enforcement operations involving financial crimes and violations:

(a) the National Association of Attorneys General;

(b) the National District Attorneys Association; and

(c) such other representatives of State, local, tribal, and territorial law enforcement as the Attorney General deems appropriate.

Sec. 5. Outreach. Consistent with the law enforcement objectives set out in this order, the Task Force, in accordance with applicable law, in addition to regular meetings, shall conduct outreach with representatives of financial institutions, corporate entities, nonprofit organizations, State, local, tribal, and territorial governments and agencies, and other interested persons to foster greater coordination and participation in the detection and prosecution of financial fraud and financial crimes, and in the enforcement of antitrust and antidiscrimination laws.

Sec. 6. Administration. The Department of Justice, to the extent permitted by law and subject to the availability of appropriations, shall provide administrative support and funding for the Task Force.

Sec. 7. General Provisions.

(a) Nothing in this order shall be construed to impair or otherwise affect:

(i) authority granted by law to an executive department, agency, or the head thereof, or the status of that department or agency within the Federal Government; or

(ii) functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This Task Force shall replace, and continue the work of, the Corporate Fraud Task Force created by Executive Order 13271 of July 9, 2002. Executive Order 13271 is hereby terminated pursuant to section 6 of that order.

(c) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(d) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

Sec. 8. Termination. The Task Force shall terminate when directed by the President or, with the approval of the President, by the Attorney General.

BARACK OBAMA

THE WHITE HOUSE,

November 17, 2009.

THE COMMON LAW IS THE WILL OF *ManKind* ISSUING FROM THE *Life* OF THE *People*

THE UNITED STATES DEPARTMENT OF JUSTICE

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**JUSTICE NEWS**

**Attorney General Eric Holder at the Forum Club of the Palm Beaches**

West Palm Beach, Fla. ~ Friday, January 8, 2010

Thank you, Bob. I appreciate your kind words. And thanks to you and Gayle [Pallesen] for inviting me here today.

It's a pleasure to join you. And it's an honor to be included among the Forum Club's roster of distinguished speakers.

This Club's leadership, membership and its network of friends and partners have created a model for meaningful, thoughtful civic discussion. You've done so by encouraging a diversity of perspectives, and by refusing to shy away from our most pressing, and often most provocative, issues of national concern.

Already, this new year has brought new concerns. Already, as we enter a new decade, we have been reminded of why our government's most important duty is - and must be - ensuring the safety of the American people.

Just yesterday, President Obama addressed the nation and reiterated his tireless commitment and focus on this work. The President also made clear that we must acknowledge recent failures. As we move forward, we must identify vulnerabilities. And we must transform our individual anger and anxieties into a collective, unwavering resolve - a shared striving toward a

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(The screen shot above is from the official media announcement by the U.S. Department of Justice of Attorney General Eric Holder's remarks on the Interagency Financial Fraud Enforcement Task Force in a speech at the Forum Club of the Palm Beaches, Jan. 8, 2010.)

## Remarks By Eric Holder, U.S. Attorney General, At The Forum Club Of The Palm Beaches, West Palm Beach, Fla., Jan. 8, 2010



Thank you, Bob. I appreciate your kind words. And thanks to you and Gayle [Pallesen] for inviting me here today.

It's a pleasure to join you. And it's an honor to be included among the Forum Club's roster of distinguished speakers.

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Already, this new year has brought new concerns. Already, as we enter a new decade, we

have been reminded of why our government's most important duty is – and must be – ensuring the safety of the American people.

Just yesterday, President Obama addressed the nation and reiterated his tireless commitment and focus on this work. The President also made clear that we must acknowledge recent failures. As we move forward, we must identify vulnerabilities. And we must transform our individual anger and anxieties into a collective, unwavering resolve – a shared striving toward a stronger and more effective security infrastructure. This is not a place for political gamesmanship- the safety of the American people is, I believe and hope, beyond the partisan, reflexive negativism that passes for legitimate criticism in Washington.

So let me say to you today, as clearly as the President has said it: In this time of war the protection of our national security is and will remain our top priority. And we will use every component of our power to keep the American people safe – from our military to our courts.

Yet even as we work to protect our cities and skies, our borders and our people, we must not neglect our responsibility to safeguard and strengthen the American economy. We cannot ignore the fact that protecting our economy is an essential component of our larger security goals.

Our prosperity, our prospects for growth and opportunity, and our position in the global marketplace must all be vigilantly defended. That's why threats to our economic system must be addressed with the same seriousness and sense of purpose that guide our efforts to protect the American people.

One of the greatest and most glaring threats facing our economy is the presence of financial fraud, particularly in our securities and financial markets.

Across numerous administrations, Democratic and Republican alike, the Department of Justice has worked hard to combat financial fraud and to recover ill-gotten gains for the benefit of those victimized by fraud. Despite these efforts, however, we know that financial fraud persists. Just this week, *The Wall Street Journal* reported that “crisis and fraud in the securities and investment banking industries are at their highest levels since records began.”

The simple truth is that financial crimes have become all too common. And the consequences of these schemes and scams are real, as this community knows all too well. Palm Beach is, in many respects, ground zero for the \$65-billion Ponzi scheme perpetrated by Bernard Madoff – the largest investor fraud case in our nation's history.

Before the house of cards Madoff built collapsed in 2008, before he was sentenced to 150 years in prison last June, before he became a notorious criminal on the cover of newspapers around the world, he was one of your neighbors.

His former home sits just north of us. An 8,700 square-foot mansion that's worth .... Well, we'll know what its worth once the U.S. Marshals Service auctions it off and the proceeds are distributed to Madoff's victims.

We all look forward to that day. But we also know that we are unlikely ever to recover all of the money that Madoff stole. And as a result of his crimes, too many people who once dreamed of retirement now fear that they will become burdens upon their families. Too many who once looked forward to the future now fear it. Too many promises can no longer be kept – promises made to charities and schools, to churches and synagogues, to children and grandchildren.

The ripple effect of Mr. Madoff's greed and deception is as breathtaking as it is heartbreaking. Unfortunately, his crimes, as significant as they were, merely represent a much larger problem, a problem that was brought into stark focus over the last year. In times of recession, when every dollar counts and each dollar is counted, financial wrongdoing comes to light. Unbalanced books are revealed. Pyramid schemes collapse.

Last year, Allen Stanford, Tom Petters and, most recently, Fort Lauderdale attorney Scott Rothstein – who is alleged to have run a \$1 billion investment scam – joined Bernie Madoff in becoming headline news and household names. I'm proud that these men, along with more than 450 others convicted of corporate and securities fraud in 2009, have been taken out of the game. And I'm heartened that the Department of Justice, at last count, is moving forward on more than 5,000 pending Financial Institution Fraud cases.

But I also realize that this is just a snapshot of what we're up against.

So how do we address a problem of such seriousness, size, and scope? We need a bold strategy equal to the challenge – a comprehensive, coordinated plan of action that strikes at the core of financial fraud schemes wherever they may be found.

This is precisely what our new, national effort will accomplish. The Department of Justice, working in concert with the White House and a network of government agencies, will use every tool at our disposal – including new resources, advanced technologies and communications capabilities, and the very best talent we have – to prevent, prosecute and punish financial fraud.

The cornerstone of this work is a new, interagency Financial Fraud Enforcement Task



Force. This task force was established by Executive Order of the President. It was launched recently and is led by the Department of Justice.

In establishing the new entity, President Obama recognized that mortgage, securities and corporate fraud schemes have eroded public confidence – both at home and abroad – in the strength and integrity of America’s markets. These crimes have only added to the challenges we face in overcoming the financial crisis that has gripped our economy for the past two years. And they have led to a growing sentiment that Wall Street does not play by the same rules as Main Street.

These crimes have devastated and driven away many who were once willing to invest in our economy. They’ve robbed people of their homes and their economic security. They’ve depleted bank accounts and pension funds. In some places, they’ve dried up philanthropic giving and shuttered charities. They’ve placed unfair challenges before cash-strapped governments, local police departments, small businesses, and American workers and consumers.

But we are fighting back, and our newly-established task force is at the forefront of this effort. At the core of the task force’s mission is a more robust and strategic law enforcement effort. Through this effort, critical information will be shared in real time across the federal government – and with our state and local law enforcement partners – so that we can stop fraud schemes in their tracks.

We will focus on four key types of financial crime:

- Mortgage fraud – from the simplest of “flip” schemes to systematic lending fraud in our nationwide housing market;
- Securities fraud – from traditional insider trading, to Ponzi schemes, to accounting fraud, to misrepresentations to investors;
- Recovery Act and rescue fraud – including the theft of federal stimulus funds and the illegal use of taxpayer dollars intended to shore up our financial institutions; and
- Financial discrimination – including predatory lending practices in minority communities and the sale of financial products that exploit the elderly and disadvantaged.

In combating these crimes, we will aggressively leverage the criminal and civil enforcement resources of the federal government. We will tackle every fraud case with the aim of recovering stolen funds for victims. We will protect the taxpayers’ investment in America’s economic recovery, and ensure that every American – regardless of age, race or national origin – has a chance to participate in that recovery. And we will

enhance coordination and cooperation among the federal, state, local, tribal and territorial authorities, so that the perpetrators of these crimes are brought to justice.

The good news is that our new task force has a running head start. Even before the launch of the task force, the Department of Justice had responded to the financial crisis by redoubling our fraud-fighting efforts. In addition to prosecuting the Ponzi scheme fraudsters I mentioned earlier, last year we arrested the ringleaders of what has been described as the largest hedge fund insider trading case in history. And we secured 30-year and 25-year sentences for two executives of National Century Financial Enterprises following their convictions on conspiracy, fraud and money-laundering charges.

We've also devoted substantial attention to preventing and prosecuting mortgage fraud. No one in South Florida needs a lesson on the destructive consequences of widespread mortgage fraud. But you should know that, right now, the FBI is investigating more than 2,800 such cases, up almost 400 percent from five years ago.

The recently-enacted federal budget for 2010 will enhance these efforts. This budget represents the largest-ever, single-year enhancement to support and expand the Justice Department's financial fraud programs. This will allow for additional FBI agents, prosecutors and support staff to aggressively pursue mortgage fraud, corporate fraud and other economic crimes.

Congress has also stepped up by providing the federal prosecutors with new tools to help investigate and prosecute financial fraud. Our task force will take full advantage of the legislative authorities Congress gave us last year in the Fraud Enforcement and Recovery Act of 2009.

I'm confident that with new authorities, new resources and a bold new plan of action, we can and will make measurable, meaningful progress. And we will succeed in restoring the integrity of our markets, preserving taxpayers' resources and protecting the vast majority of workers, consumers, investors and corporate executives who play by the rules and adhere to the law.

To those who see the victimization of others as an avenue to wealth, take notice: If you fabricate a financial statement, if you propagate an investment scheme, if you are complicit in an act of financial fraud, you are writing your ticket to jail.

And to those who have lost their financial security and their confidence in our financial system: Know that we will work tirelessly to restore what you've lost, and to rebuild the trust that's so essential to America's economic recovery.

There is little doubt that our economy is now emerging from the financial crisis that has

gripped the country over these past months. To sustain this recovery, we must marshal the best that our government and the private sector have to offer. We have our mission, and we are committed to fulfilling it. Working together I am confident that we can restore confidence, punish wrong doing and help get our economy back on track.

Thank you, and I look forward to taking your questions.

## **Verify The Information Above**

Visit [WhiteHouse.gov](http://WhiteHouse.gov) to authenticate the existence of the President Barack Obama's Executive Order forming the Interagency Financial Fraud Task Force. (This link was active as of Jan. 9, 2010. If the link no longer works when you're reading this handout, verify the existence of the Task Force by performing an online search.)

Visit the [U.S. Department of Justice website](http://U.S. Department of Justice website) to authenticate Attorney General Eric Holder's remarks on the Interagency Financial Fraud Task Force in a speech at the Forum Club of the Palm Beaches. (This link was active as of Jan. 9, 2010. If the link no longer works when you're reading this handout, verify the speech by performing an online search.)

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