



Department of Justice



**United States Attorney Melinda Haag
Northern District of California**

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TWO INDICTED IN \$129 MILLION PONZI SCHEME CASE

SAN FRANCISCO - A federal grand jury in San Francisco returned a 23-count indictment charging William Wise, formerly of Raleigh, North Carolina, and Jacqueline Hoegel, of American Canyon, California, with conspiracy, mail fraud, and wire fraud on February 21, 2012, United States Attorney MELINDA HAAG announced. In addition to those charges, Wise was also charged with money laundering, and Hoegel was charged with four counts of making and subscribing a false tax return, one count of obstruction, and one count of false statements. These charges stem from Wise's and Hoegel's operation of a massive Ponzi scheme by which they marketed and sold fraudulent certificates of deposit (CDs) to more than 1,200 individuals who invested over \$129.5 million to purchase the CDs. As of March 2009, when the Securities and Exchange Commission shut down the scheme, CD purchasers had lost more than \$75 million.

According to the indictment, William Wise, 62, and Jacqueline Hoegel, 55, are alleged to have operated a long-running scheme to sell CDs issued by three entities – Millennium Bank, United Trust of Switzerland, and Sterling Bank and Trust. Millennium Bank was a bank licensed in St. Vincent and the Grenadines, and was represented to be a wholly-owned subsidiary of United Trust of Switzerland, which was purportedly a private financial services company in Switzerland. CD purchasers were told that Sterling Bank and Trust was an international private bank managed and administered in Switzerland. Millennium Bank, United Trust of Switzerland, and Sterling Bank and Trust were all controlled by Wise, with Hoegel as his second-in-command. Hoegel ran the Napa, California, office where most CD purchasers sent their funds, and from which the CDs were administered.

The CDs issued by Millennium Bank, United Trust of Switzerland, and Sterling Bank and Trust all promised CD purchasers guaranteed rates of return – sometimes over 16% – that were allegedly based on overseas investments. In fact, CD purchasers' funds were not used for overseas investments that generated the promised returns; the funds were instead used to enrich Wise and Hoegel and to make interest payments to earlier CD purchasers.

The indictment was unsealed today, after the arrest and initial appearance of Jacqueline Hoegel before Magistrate Judge Carolyn Delaney in Sacramento, California. She was released on bond. Ms. Hoegel's next appearance will be on March 6, 2012, before the Honorable Elizabeth D. Laporte. William Wise, a Canadian citizen, is believed to be in Canada, and a warrant for his arrest has been issued.

These criminal charges follow a civil suit filed by the Securities and Exchange Commission in U.S. District Court in Texas.

The maximum statutory penalty for each count of conspiracy, mail fraud, and wire fraud, in violation of 18 U.S.C. §§ 1341, 1343, and 1349, is 30 years, a fine of \$1 million, and restitution. The maximum statutory penalty for money laundering, in violation of 18 U.S.C. § 1957, is 10 years, a fine of \$250,000, and restitution. The maximum statutory penalty for each count of obstruction and making a false statement, in violation of 18 U.S.C. §§ 1505 and 1001, is 5 years and a fine of \$250,000. The maximum statutory penalty for each count of making and subscribing a false tax return is 3 years, a fine of \$100,000, and restitution. However, any sentence following conviction would be imposed by the court after consideration of the U.S. Sentencing Guidelines and the federal statute governing the imposition of a sentence, 18 U.S.C. § 3553.

The prosecution is the result of a lengthy investigation by the IRS-Criminal Investigations Division and FBI, and is the result of a joint investigation by the United States Attorney's Office for the Northern District of California and the United States Attorney's Office for the Eastern District of North Carolina. In San Francisco, Tracie L. Brown is the Assistant U.S. Attorney who is prosecuting the case with the assistance of Rayneisha Booth and Beth Margen. In Raleigh, North Carolina, Evan Rikhye is the Assistant U.S. Attorney who is prosecuting the case.

This prosecution is also part 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. For more information on the task force, visit www.StopFraud.gov.

Please note, an indictment contains only allegations against an individual and, as with all defendants, Mr. Wise and Ms. Hoegel must be presumed innocent unless and until proven guilty.

Further Information:

Case #: 12-0111 EMC

A copy of this press release may be found on the U.S. Attorney's Office's website at www.usdoj.gov/usao/can.

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at www.cand.uscourts.gov.

All press inquiries to the U.S. Attorney's Office should be directed to Jack Gillund at (415) 436-6599 or by e-mail at Jack.Gillund@usdoj.gov.