Department of Justice

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MASTERMIND OF MASSIVE PONZI SCHEME PLEADS GUILTY TO 18 FELONIES

More Than 1200 Investors Spent Nearly $130 Million on Fraudulent Certificates of Deposit

SAN FRANCISCO - William J. Wise pleaded guilty in federal court in San Francisco yesterday to one count of conspiracy to commit mail and wire fraud, twelve counts of mail fraud, three counts of wire fraud, one count of money laundering and one count of tax evasion, Melinda Haag, United States Attorney for the Northern District of California, and Thomas G. Walker, United States Attorney for the Eastern District of North Carolina, announced.

In pleading guilty to the conspiracy and fraud charges, Wise admitted to running a scheme to defraud more than 1200 investors by selling fraudulent certificates of deposit (CDs). The CDs were issued by three different entities – Millennium Bank, United Trust of Switzerland and Sterling Bank and Trust – all of which Wise controlled with a co-defendant allegedly acting as his co-conspirator and right-hand person in running the scheme. The fraudulent CDs promised guaranteed rates of return that Wise admitted he and his co-defendant (and others working at their direction) falsely claimed were generated by profitable overseas investments. Wise admitted that he and his co-defendant knew that they were operating a Ponzi scheme, through which earlier investors' guaranteed interest payments consisted of later investors' funds. Wise also admitted that for the year 2008, he owed more than $1 million in taxes to the United States based on his earnings from the Ponzi scheme, and that he evaded that tax by various means – including by making interest payments on a private jet and paying for construction and furnishings on a large personal property in St. Vincent and the Grenadines.

The Ponzi scheme ran from 1999 to late March 2009. Wise admitted that, from January 2004 to March 2009 alone, he and his co-defendant sold more than $129.5 million worth of bogus CDs to investors, causing those investors to suffer actual losses of more than $75 million.

"The United States Attorneys around the country have identified an unprecedented rise in investment fraud schemes, involving thousands of victims and staggering losses," said U.S. Attorney Melinda Haag. "The fraudsters prey upon vulnerable victims, do not respect local or even state boundaries, and often loot the victims' life savings. This case is an example of U.S. Attorneys working together – from the Northern District of California to the Eastern District of North Carolina – to identify the schemes, find the perpetrators and bring them to justice."

"This case demonstrates the commitment of each and every United States Attorney to prosecute the individuals who attempt to use economic crimes for their personal gain," stated Thomas G. Walker, U.S. Attorney for the Eastern District of North Carolina. "The individuals who commit these crimes have no regard for the well-being of their victims – only the desire to make a quick buck. United States Attorney's offices, along with federal, state and local law enforcement officials, work diligently each and every day to see that those who commit these crimes are the ones who pay."

The criminal charges against Wise and his co-defendant followed a civil suit filed by the Securities and Exchange Commission in U.S. District Court in Texas. As part of his guilty plea, Wise agreed to work with the government and the Receiver appointed by the Texas District Court to obtain control over any remaining investor funds in bank accounts in the United States or in foreign countries.

The Sterling Bank and Trust referred to in the indictment and plea agreement is not affiliated with the Sterling Bank & Trust headquartered in Southfield, Michigan, with thirteen branches in the San Francisco Bay Area.

Wise, 62, formerly of Raleigh, N.C., and his co-defendant were indicted by a federal Grand Jury on February 21, 2012. Wise was charged with one count of conspiracy to commit mail and wire fraud, in violation of 18 U.S.C. § 1349; twelve counts of mail fraud, in violation of 18 U.S.C. § 1341; three counts of wire fraud, in violation of 18 U.S.C. § 1343; one count of money laundering, in violation of 18 U.S.C. § 1957; and one count of tax evasion, in violation of 26 U.S.C. § 7201. Under the plea agreement, Wise pled guilty to all counts. His co-defendant was charged with the sixteen conspiracy and fraud counts, as well as four counts of filing false tax returns, one count of obstruction, and one count of making false statements.

Wise has been in custody since April 16, 2012, when he voluntarily came to San Francisco from his native Canada to face the charges. The sentencing of Wise is scheduled for March 13, 2013, before Judge Edward M. Chen in San Francisco. The maximum statutory penalty for each conspiracy and fraud count, in violation of 18 U.S.C. §§ 1341, 1343, and 1349, is 20 years' imprisonment and a fine of $250,000 or twice the gross gain or loss (whichever is greater). The maximum statutory penalty for money laundering, in violation of 18 U.S.C. § 1957, is 10 years' imprisonment and a fine of $250,000 or twice the amount involved in the transaction (whichever is greater). The maximum statutory penalty for tax evasion, in violation of 26 U.S.C. § 7201, is 5 years' imprisonment and a fine of $250,000. 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.

This prosecution 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. The prosecution is the result of a lengthy investigation by the IRS-Criminal Investigations Division.

The United States Attorneys are launching an Investor Fraud Initiative and hosting regional Investor Fraud Summits during the first two weeks of October in Walnut Creek, Calif.; Denver, Colo.; Nashville, Tenn.; Miami, Fla.; Cleveland, Ohio; and Stamford, Conn.. The Walnut Creek summit will take place on Oct. 9, 2012. The primary goal of the Investor Fraud Initiative is to raise public awareness about investor fraud by identifying the types of schemes and schemers prosecuted by the Justice Department, to educate investors on ways to protect themselves from becoming victims of fraud, and to encourage individuals to report suspicious activity.

Further Information:

Case #: CR 12-111 EMC/CR 12-642 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.

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