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**UMV: 176,705**

## **Investment Manager Charged With Aiding \$1B Rothstein Plot**

By Carolina Bolado

Miami -- Federal prosecutors on Monday filed a criminal information against an investment manager who worked for feeder funds that helped fuel the \$1.2 billion Ponzi scheme that Scott Rothstein ran out of his now-defunct law firm.

In an information filed in the Southern District of Florida, prosecutors said that Frank Preve, who worked as an independent contractor for feeder fund Banyon Capital LLC and other related Banyon entities, should have known that Rothstein's firm, Rothstein Rosenfeldt Adler PA, was sending the feeder funds documents for sham legal settlements.

Preve was aware that RRA "was not providing the Banyon Group with fully executed settlement packages" and that an independent third party was not verifying the settlements as required, according to the information.

**Preve's attorney Ramon Rasco of [Podhurst Orseck PA](#) said the information contains "a watered-down version of the allegations that have been made against him in the past in civil lawsuits." Rasco added that Preve has been cooperating with both the government and investors who are trying to get their money back.**

**Rasco pointed out that Preve had no direct knowledge of Rothstein's scheme, saying the government's allegations are ones of omission.**

The U.S. [Securities and Exchange Commission](#) also [has accused Preve of raising funds](#) from investors by selling unregistered securities based on Rothstein's sham legal settlements, which their investment literature purported to have verified.

Rothstein, who is serving a 50-year prison sentence, ran the \$1.2 billion fraudulent scheme by selling shares in sham legal settlements.

In July 2013, U.S. Bankruptcy Judge Raymond B. Ray [approved RRA trustee Herbert Stettin's](#) liquidation plan for the firm, which centered around a \$72 million deal between the estate and [TD Bank](#), which Rothstein testified played an integral role in the scheme by helping create false bank statements designed to fool his victims.

In April, [Stettin settled with Preve for \\$471,000](#), a far cry from the \$5 million in alleged fraudulent transfers that the trustee had initially sought to recover. Under the terms of the deal, Preve agreed to hand over the title to a \$350,000 house in Cape Coral, Florida, a \$56,000 time share in St. Thomas, and \$65,000 in cash to the RRA trust.

The government is represented by Assistant U.S. Attorneys Jeffrey N. Kaplan, Paul F. Schwartz and Lawrence D. LaVecchio.

**Preve is represented by Ramon A. Rasco of Podhurst Orseck PA.**

The case is U.S. v. Preve, case number 0:14-cr-60159, in the U.S. District Court for the Southern District of Florida.

--Editing by Edrienne Su.