

Former financial advisor charged in Rothstein Ponzi scheme

By: **Brian Bandell** - Senior Reporter-South Florida Business Journal

Former financial adviser [Frank Preve](#) joined the long list of people indicted for involvement in jailed attorney [Scott Rothstein's](#) Ponzi scheme.

Preve, a 70-year-old Coral Springs resident, was charged with conspiracy to commit wire fraud, which could lead to up to five years in prison. The charges were filed by information, which often means the defendant intends to plead guilty.

Preve's name previously came up in Rothstein's testimony as someone who helped convince investors to participate in the massive Ponzi scheme, which sold interest in legal settlements.

According to the charges, Preve was an independent contractor of the Banyon Capital funds that fed investor money into the Ponzi scheme. He solicited investors and lenders, coordinated the funding of deals and facilitated the payouts. He also created a private placement memorandum for Banyon investors, the complaint said.

Although Preve knew that Rothstein's settlement funds stopped paying Banyon, its trust accounts were frozen and its settlement agreements weren't being verified by third parties, he failed to disclose these facts to investors from July 2009 through October 2009, the complaint said. During that time, Banyon raised \$20 million for Rothstein's Ponzi scheme.

[Ramon A. Rasco](#), the attorney at Podhurst Orseck who represents Preve, said his client is working out a plea agreement and cooperating with the government. He has, and will continue, to participate in depositions regarding the case, Rasco said.

"We aren't happy Frank is being charged with anything," Rasco said. "He had no knowledge of the Ponzi scheme. It's a material omissions case...It's the red flags he failed to disclose."

Rasco said Preve didn't personally profit from Rothstein's Ponzi scheme as he only received his regular salary.