

Federal officials see rise in suspected Ponzi cases in Florida

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Hundreds of gold bars. Luxury cars. And cold, hard cash.

These were the spoils, federal officials say, of what appeared to be successful ventures involving Pedro Benevides and Daniel Fernandez Rojo Filho.

Between them, the Central Florida associates ran or were part of a series of area businesses -- investment, real estate, aviation, car rental. What they really did, federal officials say, was participate in a Ponzi scheme that victimized thousands of people across the globe.

And, federal investigators say, the seized assets are part and parcel of a case that is just one example of an increased number of probes into suspected investment scams, taxing investigators and loading up cases for prosecutors of white-collar crimes.

"We are continuing to see a rise in Ponzi schemes, no doubt about it," said Dave Nanz, chief of the Economic Crimes Unit for the FBI in Washington.

In Florida, the Attorney General's Office has seen a nearly 175 percent increase in the number of investment-fraud-related complaints in the past five years.

And Friday, another case escalated. Grand-Am race-car driver Henri Zogaib of Longwood was arrested on one count of organized fraud.

Investigators said Zogaib, 36, stole about \$5.1 million from 19 people who invested in his company, Executive Investment Group, by promising large returns on their money. They said he never invested the money but took it for his own use.

He was booked into the Lake County Jail on Friday with bail set at \$100,000.

Ponzi schemes -- or similar scams -- have existed for decades. The name of the fraud itself is derived from Charles Ponzi, who in the 1920s tricked thousands of New England residents into investing in a postage-stamp-speculation scheme. He promised investors a 50 percent return in 90 days at a time when banks were giving 5 percent to account holders.

Ponzi used money from new investors to pay early investors their "profits."

Today's Ponzis are similar.

"The promoter is generally very charismatic and has some real-life experience with some type of legitimate investment product," said Internal Revenue Service Special Agent Norm Meadows.

When investors want to pull their money out, Ponzi schemes collapse. And a lingering downturn in the U.S. economy explains why federal investigators see their case files stacking up.

"Bad economic conditions basically make the Ponzi scheme impossible to maintain," said David P. Leibowitz, an attorney and board member of the National Association of Bankruptcy Trustees. "These Ponzi schemes have happened already. The Ponzi schemers have schemed. What we're seeing now is the backwash of what was happening in 2007 and 2008."

Benevides, 40, of Lake County and Filho, 42, of Orange County lived in style. And they appear to have been generous with their money: Filho bought his maid a Chevrolet Equinox, court documents say, which was also seized by the feds.

Court documents said Benevides and Filho participated in the operation of a company called Evolution Market Group.

From December 2007 to March 2009, Evolution Market Group -- doing business as Finanzas Forex -- operated several Web sites that boasted of short-term investments that yielded 77 percent to 300 percent returns, court documents show.

Evolution Market Group falsely represented on the Web that all funds would be invested in a European brokerage firm that specialized in buying and selling foreign currency, documents show.

Instead, prosecutors say, the company used most of the money to partially pay back early investors and to "reward" promoters of the company with money, luxury cars and housing allowances.

Benevides also tried to help Florida Gov. Charlie Crist. Benevides' company, Skyview Aviation, flew Crist to California for a climate summit with Gov. Arnold Schwarzenegger.

Benevides asked for the trip to be considered an in-kind gift to Crist, but the Republican Party of Florida rejected the donation and reimbursed Skyview \$39,000 for the flight.

When the feds started snatching up assets linked to the suspected Ponzi last year, they took a \$430,000 Lamborghini Murciélago and a \$207,000 Audi R8 registered to Skyview Aviation. They also took 294 gold bars converted from money linked to investors, records show, and about \$1 million in cash.

Neither Benevides nor Filho has been charged criminally.

Benevides is being held in federal custody in North Florida for immigration issues.

His attorney, Todd Foster, said Benevides will fight any allegation that he's involved in criminal conduct.

"There's a long way between an allegation and proof," Foster said. "He maintains that he's done nothing wrong here."

Attempts to reach Filho were unsuccessful. A South Florida attorney representing Filho in a civil case would not comment.

It seems their wealth may have driven Benevides and Filho apart.

A U.S. Drug Enforcement Administration agent testified during a bond hearing in Orlando last fall that Benevides asked someone to kidnap Filho's 10-year-old son until Filho paid off a \$30 million debt owed to him.

For investigators, such tales may be just the start for 2010 and beyond.

The FBI's load of Ponzi investigations and other high-yield investment-fraud cases increased by more than 100 percent nationwide last year, an agency official testified before Congress in December.

In Central Florida, IRS agents are also working other Ponzi investigations, Meadows said.

In October, an Orlando federal judge granted a request to freeze the assets of Apopka resident David Merrick and his entities, accused of raising at least \$22 million from at least 2,500 people in a suspected Ponzi scheme.

One of the largest Ponzi cases in the state was orchestrated by disgraced music mogul Lou Pearlman. The founder of the Backstreet Boys and 'N Sync was sentenced to 25 years in prison in Orlando federal court in 2008.

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