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Release # 145-2006
www.queensda.org

FOR IMMEDIATE RELEASE
WEDNESDAY, JUNE 21, 2006

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**FORMER LICENSED SECURITIES BROKER AND BROTHER CHARGED WITH
DEFRAUDING INVESTORS THROUGH "PONZI" STYLE INVESTMENT SCHEME**

Face Up To Fifteen Years In Prison

Queens District Attorney Richard A. Brown announced today that a former licensed securities broker and his brother have been indicted on charges of defrauding investors of more than \$150,000 over a 16-month period through a "Ponzi"-styled scheme known as "Zampetti Investments!"

District Attorney Brown said, "The defendants are alleged to have preyed upon trusting and unsuspecting individuals, many of whom were friends and relatives who believed that they were investing in a fund which promised substantial monthly profits. The inducements to invest were allegedly based on, among others, representations made by the defendants that the principal investments were protected and that the defendants would repay any sums invested on demand pursuant to the terms of standard promissory notes which included the promise of substantial interest rates. As the losses continued to mount, however, the defendants required new investors to invest funds for longer time periods thus ensuring that the prospective victims would not require access to their money for that time. As a result, some investors lost their entire life savings."

The District Attorney identified the defendants as Richard C. Zampetti, Jr., 37, of 2334 Oak Bend Place in The Villages, Florida (formerly of 71-49 Metropolitan Avenue in Middle Village, Queens), and Vincent Zampetti, 35, of 70 Fairfield Avenue in Mineola, New York. The two defendants are charged in a six-count indictment with two counts of Grand Larceny in the Second Degree, two counts of Grand Larceny in the Third Degree, one count of Scheme to Defraud in the First Degree and one count of Money Laundering in the Fourth Degree. If convicted, they each face up to fifteen years in prison.

Vincent Zampetti will be arraigned later today in Queens Supreme Court in Kew Gardens. His brother Richard is expected to surrender later this week.

District Attorney Brown said that today's charges are the result of a three-year investigation conducted by the District Attorney's Office in conjunction with the New York Stock Exchange. The investigation determined that although initially the investment strategy explained by the defendants to prospective investors as the "covered calls" or "covered options" strategy appeared to succeed, in late 2000, the strategy eventually soured and defendants then began using new investors' monies to pay the monthly promised returns. The defendants thereafter utilized the tragedy of September 11th as an excuse claiming that the fund had failed because of economic conditions. However, a lengthy and thorough forensic analysis of all the bank and brokerage records by the District Attorney's Investigations Division determined that the defendants had used investors' funds to pay personal bills – such as credit cards – and other items instead of investing the funds per their clients' directions. It is estimated that investors suffered losses of more than \$150,000 as a result of the defendant's scheme that ran from December 1, 2000 to March 1, 2002.

The District Attorney noted that the investigation was continuing and that charges involving additional alleged victims are pending.

District Attorney Brown expressed his appreciation to the New York Stock Exchange for its cooperation and assistance during the investigation.

(more)

The investigation was conducted by the Queens County District Attorney Office's Detective Bureau – specifically, Sergeant John W. Kenna and Investigators Ketty D. Larco and Evelyn Alegre, under the supervision of Chief Investigator Lawrence J. Festa, Deputy Chief Investigator Albert D. Velardi and Lieutenant Robert J. Burke – and by Supervisory Forensic Accountant James J. Dever.

Executive Assistant District Attorney for Investigations Peter A. Crusco is prosecuting the case.

It should be noted that an indictment is merely an accusation and that defendants are presumed innocent until proven guilty.

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Note to Editors: An e-version of this press release is posted on the QDA website at www.queensda.org.