

Article

Millennium Will Pay SEC \$76 MM To Settle Ponzi Scheme Suit

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Law 360

Millennium Bank agreed to pay \$75.5 MM to resolve claims brought by the U.S. Securities and Exchange Commission in connection with a \$130 MM Ponzi scheme that bilked investors out of more than \$75 MM, the parties told a Texas federal judge on Wednesday.

Millennium and its parent company United Trust of Switzerland SA and affiliates UT of S LLC and Millennium Financial Group agreed to pay the settlement, which constitutes the entire amount of the fraud, and will file a motion for final judgment by April 30, according to court documents.

U.S. District Judge Reed C. O'Connor also dismissed claims against a number of relief defendants who were not charged with violation of securities law but were named for collection purposes.

In February, Millennium owner William J. Wise was sentenced to more than 21 years in federal prison for orchestrating the scheme which prosecutors say netted more than \$129.5 MM in fraudulent certificates of deposit from more than 1,200 investors, causing losses in excess of \$75 MM.

Wise defrauded investors by selling bogus CDs he promised would deliver returns more than three times greater than other banks, according to prosecutors.

The SEC charged Wise and alleged co-conspirator Jacqueline Hoegel with conspiracy, mail fraud and wire fraud but later dropped the charges against Hoegel in late 2013. Co-defendants Kristi M. Hoegel, Jacqueline Hoegel's daughter, former Millennium managing director Brijesh Chopra and former executive director Philippe Angeloni previously settled claims with the SEC.

Millennium Bank was based in St. Vincent and the Grenadines and attracted investors through Internet and conventional advertising and lured investors by promising massive returns, according to the complaint. The bank said it was "not affected by the global financial crisis" and had "a 100 percent client satisfaction record going back close to 10 years when Millennium Bank was founded."

Much of the money collected by investors was deposited into local bank accounts in Raleigh, North Carolina, the prosecutors said, and about \$14 MM of it went straight into the pockets of the defendants, primarily Wise, who was said to have taken \$12 MM of that sum.

Representatives for the parties did not immediately respond to requests for comment late Wednesday.

The U.S. is represented by Jennifer D. Brandt of the SEC.

Angeloni is represented by Ross H. Parker of Munsch Hardt. Chopra is represented by Karen Lundskow Cook of Karen Cook PLLC. Lynn P. Wise is represented by William M. Ravkind of Ravkind & Associates LLC. Jacqueline

S. Hoegel and other defendants represent themselves.

The case is United States Securities and Exchange Commission v. Millennium Bank et al., case number 7:09-cv-00050, in the U.S. District Court for the Northern District of Texas.

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