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Scherer Files Suit Against Rothstein Et Al

By Bob Norman

Fri., Nov. 20 2009 @ 1:29PM

Just got back from a Bill Scherer press shindig outside the courthouse and will have vids later, but first I'm just going to ring off some highlights from the suit he just filed against Scott Rothstein. Here's a link to the entire 147-page lawsuit. <<http://blogs.browardpalmbeach.com/pulp/scherersuit.pdf>>

<<http://blogs.browardpalmbeach.com/pulp/rothstein18.jpg>>

Sun-Sentinel

Rothstein's High School Yearbook Photo There's some good information on Rothstein's methods, including his playing on billionaire Jeffrey Epstein's sex scandal, and some newsflashes, like the fact that the chief operating officer of Banyon Income Fund, a major feeder to the Rothstein Ponzi scheme, is a convicted felon who kept an office at the Rothstein Rosenfledt Adler firm. Also included is a very telling email that Rothstein wrote to A.J. Discala, the Hollywood player and former husband of The Sopranos' Jamie-Lynn Sigler whose hedge fund dumped a reported \$30 million into Rothstein's scheme. Rothstein ended the email, "Money never sleeps motherfucker :-)".

By the way, that's Rothstein's Boyd Anderson High yearbook picture at left, courtesy of the Sun-Sentinel. He graduated in 1980 and sang in the chorus.

So here's some info from the suit:

The Plaintiffs

Scherer's plaintiffs are almost all linked to Fort Lauderdale businessman Doug Von Allmen. Between his companies, his wife, and stepson, Dean Kretschmar, Von Allmen's total tally runs to \$105.5 million, all of it through the Banyon Income Fund.

The Von Allmen Dynastry Trust, overseen by wife Linda Von Allmen put in \$7 million. Doug Von Allmen's company in Missouri, D&L Partners, put in \$45 million. Kretschmar sank \$8 million in the scheme. Two Delaware companies Razorback Funding LLC and D3 Capital Club LLC -- which were funded by the Von Allmens -- put in \$32 million and \$13.5 million respectively.

Also listed as a plaintiff in the case is BFMC Investment LLC, which is owned by businessman Barry Florescue (I listed Dana Scheer, who is listed as a manager in the firm, but I'm told he's just the registered agent). BFMC put \$2.4 million into the scheme.

The Defendants

Scherer is suing Rothstein as the "principal conspirator" in the Ponzi scheme. "RRA's trust accounts were allegedly used to receive the putative defendants' settlement funds and used to receive investor payments," according to the lawsuit.

Then we get the co-conspirators who are also being sued. Scherer names former RRA general counsel David Boden as Rothstein's "right-hand

man" and "essential participant" in the scheme. He writes that Boden recruited investors and drafted documents "to induce investors" while he had "actual and/or constructive knowledge that the investments were part of a Ponzi scheme."

Also named as a co-defendant is former RRA COO Debra Villegas, "Rothstein's number two at RRA." Scherer writes that Villegas "furnished false bank account statements and wire transfers to investors."

Then there is Andrew Barnett, RRA's director of corporate development. Scherer writes that Barnett recruited investors when he knew or should have known that it was a Ponzi scheme.

Also named in the suit is Frank J. Preve, the chief operating officer of Banyon Income Fund, the Las Vegas company tied to Fort Lauderdale businessman George Levin that raised large amounts of money for Rothstein's scheme, including the \$105 million that came from the Von Allmen clan. Preve kept an office inside RRA, according to the lawsuit, and is a convicted bank fraud and embezzlement felon. He pleaded guilty to bank embezzlement charges in 1985 and received ten years probation and a \$10,000 fine for falsifying loan documents in another fraudulent scheme.

Then you have TD Bank, which is actually listed first. Scherer describes the bank as the "financial epicenter of the Ponzi scheme."

"TD Bank conspired, induced, and facilitated the Principal Conspirators' deceptive practices, allowing Principal Conspirators to divert hundreds of millions of investor dollars through TD Bank accounts," Scherer wrote in the lawsuit.

Named individually at the bank is Frank Spinosa, who worked closely with Rothstein on the accounts, TD Bank assistant manager Jennifer Kerstetter, and TD branch manager Roseanne Caretsky. Scherer writes that all three "participated in the scheme by ... meeting with investors, verifying account statements and providing investors with purported irrevocable 'lock letters' securing investor funds."

The Discala Email

Discala With Sigler Among the documents attached to the lawsuit is an October 6, 2009 email that Rothstein sent to Discala, who was running a hedge fund called Clockwork Capital. Clockwork purportedly dumped \$30 million into Rothstein's scheme. Here's the email, which was cc'd to Banyon's Frank Preve.

Hey AJ ... if you want to do something nice for one of your big funders (and for you and frank [Preve] and dean [Kretschmar] and doug [Von Allmen]), I have a single deal on a sex harassment case I just settled.

It involved a horrific sexual assault against a girls that just turned 18. she was a minor when the attack occurred. She is giving up huge money as she wants the attacker out of her life. She and her mom are moving the minute she gets her money.

Deal is as follows:

Fund 18m

Roi 12m

6 months

Let me know.

Ciao ciao,

Money never sleeps motherfucker :-)

Scott W. Rothstein

Get that? Rothstein was offering a \$12 million return in six months on an \$18 million investment. The reason: The sex assault victim was willing to accept only \$18 million on a \$30 million settlement ("giving up huge money") because she wanted the attacker out of her life.

Preposterous.

Also, why would it be "something nice" for Kretschmar and Von Allmen?

Enough for this post. I'll have another out soon -- there's a wealth of information in the Scherer suit and its attachments.

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