



U.S. Department of Justice

**Stephen J. Murphy
United States Attorney
Eastern District of Michigan**

*Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277*

For Immediate Release:

Contact: Gina Balaya (313) 226-9758
Stephen Moore, IRS CI (313) 234-2410

April 9, 2008

EVENT: Sentenced

Defendant: Samuel J. Abraham

**BLOOMFIELD HILLS MAN SENTENCED ON CHARGES OF
TAX EVASION AND ADVANCE FEE SCHEMES ON NON-EXISTENT
HIGH DOLLAR LOANS**

Samuel J. Abraham, 51, of Bloomfield Hills was sentenced today to 54 months in prison as a result of pleading guilty to three counts of tax evasion, two counts of wire fraud, and two counts of engaging in monetary transactions in criminally derived property, before U.S. District Court Judge Denise Page Hood announced United States Attorney Stephen J. Murphy.

Mr. Murphy was joined in the announcement by Special Agent in Charge Andrew G. Arena, Federal Bureau of Investigation and Special Agent in Charge Maurice Auoate, Internal Revenue Service Criminal Investigation Division.

The Court also imposed restitution in the amount of \$4.81 million to be paid to victims of Abraham's fraud. A number of assets of personal property seized from Abraham will also be forfeited.

Information presented to the court at the time of the guilty plea on September 18, 2007, showed that during 2003 & 2004, Sam Abraham, doing business as the Walton Trust Ltd., was

introduced to representatives of European Sea's Ltd., an Irish company, and Hallonlodge Proprietary Ltd., an Australian company, who were seeking a large credit facility for their business projects. Abraham falsely represented to them that he could secure \$10 million and \$100 million for their respective projects, in exchange for fees of \$150,000 from European Sea's Ltd. and \$3 million from Hallonlodge. Abraham executed agreements indicating that Walton Trust would arrange for the loans from a major bank. European Sea's and Hallonlodge wired their funding fees to "escrow" accounts located at Comerica and JP Morgan Chase Bank in Michigan. These "escrow" accounts were set up to provide the investors with comfort. The representatives of both European Sea's and Hallonlodge understood that their funding fees would not be touched until the investment contract and original "funding bank letter" indicated that the pool of bank funds were available.

Abraham then provided the European Sea's and Hallonlodge representatives with counterfeit letters from officials in the Private Banking Division and Global Banking Department of Citibank, New York, confirming the availability of the \$10 million and \$100 million lines of credit. However, Abraham, without the knowledge or permission of European Sea's or Hallonlodge's representatives, instructed his attorney to commence disbursing the \$150,000 and \$3 million fees to himself and others for his own personal use, knowing that there were no monies available at Citibank for either European Sea's or Hallonlodge. Abraham attempted to lull the investors into believing that the monies would eventually come but the bank loan, line of credit, or investment returns never materialized.

The joint federal agencies' investigation also disclosed that since 1998 Abraham has obtained several million more dollars through his advance fee and investment schemes. For the 2000 through 2002 tax years, Abraham failed to file tax returns in spite of his substantial income from his investment fees. Abraham also acknowledged making false statements to the Internal Revenue Service in evading payment of his income tax liabilities.

Additional information obtained during the course of the investigation showed that between November 1996 and January 2007, Abraham received at least \$14.3 million from deals most of which he accomplished by sitting at his computer or conducting business in the

restaurant at the Townsend Hotel in Birmingham, Michigan. A number of his victims were sophisticated businessmen including the former president of the Tampa Bay Lightning whose company Seastar Consolidated, S.A. provided him with \$1 million; a businessman from Bethesda, Maryland who provided \$2.5 million to Abraham; \$1 million from a businessman of International Data, a large coupon redemption company based in Bloomington, Indiana; and \$3 million from an Australian based entity called Hallonlodge Proprietary, Ltd. Some of these monies, however, were made up of money from individual investors who had made much smaller investments and didn't know of Sam Abraham's role in their investment and could scarcely afford such a loss of their investment.

United States Attorney Stephen J. Murphy stated, "Advance fee loan schemes such as this are all too common because persuasive con artists can deceive even sophisticated business people. Although federal law enforcement is well equipped to pursue such cases, investors need to be on their guard against these schemes as the first line of defense."

Assistant U.S. Attorney MacKenzie added that, "Mr. Abraham's sophisticated frauds over the years are once again a lesson to all that exercising extreme due diligence in learning about the person with whom you are dealing is very important. Had potential investors requested Mr. Abraham to produce a list of satisfied clients whom they could contact, he would have been very hard pressed to provide any since he left a long line of unsatisfied investors with broken promises and litigation over the years. Appearances of success and persuasive talk are not good enough. We hope the victims will take some satisfaction from the sentence imposed by the Court."

"Today's swindlers still target the unsuspecting with offers that are too good to be true, but, in today's competitive business world, these scam artists are using sophisticated marketing methods and false documentation to seal the deal," said Aouate. "IRS Criminal Investigation will continue to diligently follow the money in order to bring these greedy people to justice."

The investigation leading up to the indictment was conducted by the Federal Bureau of Investigation, the Internal Revenue Service, Criminal Investigations Division and the United States Postal Inspection Service. The case has been prosecuted by Assistant U.S. Attorneys Ross I. MacKenzie and Julie Beck.