



# Department of Justice

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## **DEFENDANT CONVICTED ON FRAUD, MONEY LAUNDERING AND CONSPIRACY CHARGES IN INTERNATIONAL PONZI SCHEME**

WASHINGTON, D.C. – Michael Chertoff, Assistant Attorney General for the Criminal Division, United States Department of Justice, Washington, D.C.; Jim Letten, United States Attorney, Eastern District of Louisiana; Kenneth W. Kaiser, Special Agent in Charge, Federal Bureau of Investigation, New Orleans Field Office, and Katherine Schulte, Special Agent in Charge, United States Customs Service, New Orleans Field Office, announced the conviction Monday of Motilall L. Sudeen (a/k/a “Moti” Sudeen), 59, of Chalmette, Louisiana, by a jury on all 38 counts of an indictment which charged one count of conspiracy, 15 counts of wire fraud, one count of causing interstate travel in furtherance of a scheme to defraud, and 21 counts of money laundering.

From about 1997 until February 2002, Sudeen defrauded investors in the United States and Europe of more than \$17 million by falsely representing himself as a “trader” of medium-term notes (MTNs) who had exclusive access to a secret overseas market where the MTNs could be traded at enormous profits with little or no risk. Sudeen represented to investors that he could earn between 15-50% per month if they allowed him to invest their funds into his “high-yield trading programs.” To convince investors that the investments were safe and legitimate, Sudeen falsely represented that the programs involved “prime banks,” or “top 25 banks” and that the “high-yield trading programs” were engineered, monitored and controlled by the United States Treasury or the Federal Reserve Bank. He also provided investors with phony corporate guarantees and promissory notes.

The evidence showed that Sudeen never invested the investors' funds, but was actually running a massive international Ponzi, or pyramid, scheme. Sudeen used fraudulently obtained funds for his personal benefit, including the purchase of a 1,500-acre farm in Poplarville, Mississippi; improvements to his personal residence; the purchase of luxury automobiles; and payment of expenses of Sudeen's company, MS Carbamate. Sudeen also used investors' funds to make purported "profit" payments back to investors to give the appearance that their money had actually been invested and was earning the promised returns. The evidence also showed that Sudeen filed false documents with the IRS to conceal foreign bank accounts he used to further the scheme.

Sudeen faces a maximum penalty of 288 years in prison and a fine of as much as \$42 million. The United States will seek forfeiture of \$17 million in proceeds derived from the fraud in a proceeding to be held later. Sudeen's co-defendant, Jerry W. Freeman, of Purvis, Mississippi, is scheduled to stand trial on identical charges in March 2003.

The case was prosecuted by Senior Trial Attorney Richard N. Wiedis and Trial Attorney Michael S. McGarry of the Fraud Section, Criminal Division of the United States Department of Justice in conjunction with the United States Attorney's Office for the Eastern District of Louisiana. The investigation was conducted by the Federal Bureau of Investigation and the United States Customs Service.

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