



# Department of Justice

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## **ATLANTA HEDGE FUND MANAGER CONVICTED IN \$150 MILLION FRAUD SCHEME**

### ***Kirk Wright Lied To Investors & Diverted Millions For Personal Use***

Atlanta, GA - After a two-week trial, a federal jury has returned a guilty verdict against KIRK WRIGHT, 37, of Marietta, Georgia, on charges of mail fraud, securities fraud, and money laundering, relating to the 2006 collapse of WRIGHT's Atlanta-based hedge fund company, International Management Associates ("IMA"). The jury found WRIGHT guilty on all counts.

United States Attorney David E. Nahmias said of today's verdict, "A measure of justice was served today for the hundreds of investor-victims in the stunning collapse of International Management Associates. Those victims poured over \$150 million into Wright's hedge funds over the years, only to find in 2006 that the money was gone and that Wright had lied to them for years. We hope this verdict sends a message – both to the investing public about the need to carefully research any major investments, especially in unregistered ventures or funds, and to fraudsters, who should know that they remain a major focus of federal law enforcement. We commend the excellent and difficult work done by agents of the FBI and IRS to investigate this significant investment fraud case."

IRS-Criminal Investigation Special Agent in Charge Rebecca A. Sparkman said of the verdict, "This case speaks volumes of the detrimental effects of financial crimes. When the defendant in this case decided to commit this fraud and then laundered the millions of dollars of dirty money, he also added to the underground economy, eroded the integrity of our tax system and most importantly, threatened the financial health of those who entrusted him with investing their savings."

According to United States Attorney Nahmias and the information presented in court: WRIGHT was the founder, Chief Executive Officer, and portfolio manager of IMA, an Atlanta-based investment firm that offered seven separate hedge funds from approximately 1997 through early 2006. IMA also maintained offices in New York, Los

Angeles, and Las Vegas. By early 2006, IMA had thousands of client accounts, and had taken in more than \$150 million in investments.

The evidence showed that in fact WRIGHT had been lying to his many investors since at least 2001, as to the investment performance they were enjoying and as to the balances in their accounts. He reported substantial investment gains almost every month, when in fact, the evidence revealed that he lost almost every dollar invested in the market. He also reported balances in client accounts that were up to 200 times greater than what actually existed. During the period of the scheme, the evidence showed that WRIGHT diverted millions of dollars of investor's money for personal expenditures, including cash for himself and family members, jewelry, house renovations, a \$500,000 wedding, up to six luxury vehicles, and multiple pieces of real estate, mainly in Atlanta and California.

The evidence at trial also included dozens of fabricated records supposedly received from brokerage firms at which IMA maintained accounts, which records falsely reported investment gains and account balances that did not exist. Witnesses explained that WRIGHT used such records to validate the performance figures he was publishing to his internal staff, accountants, and to investors.

IMA collapsed in early 2006, after several investors requested distributions, received bad checks, and filed lawsuits. This investor group included several former National Football League (NFL) players, who along with other victims testified at the trial.

As IMA collapsed, WRIGHT withdrew \$500,000 in cash – almost all the remaining money in IMA's accounts – and abandoned the firm and his life in Atlanta. He spent the next several months in hiding, including from a federal arrest warrant he knew had issued in March 2006. After a nationwide manhunt organized by the FBI, WRIGHT was arrested on May 17, 2006, at the pool of the Ritz Carlton in Miami Beach, Florida, where he was staying under an alias. Evidence at trial showed that when he was arrested, WRIGHT was in possession of numerous pieces of false identification and ID-making equipment, a Mercedes that he purchased under one of his aliases, as well as a substantial amount of cash. WRIGHT remains in custody.

WRIGHT could receive a maximum sentence of 710 years in prison, a fine of up to \$16,000,000, and restitution for all victims losses. WRIGHT has already been assessed a judgment of \$20,000,000 as part of a civil enforcement action prosecuted by the Atlanta Division of the United States Securities and Exchange Commission (SEC). In determining the actual sentence, the Court will consider the United States Sentencing Guidelines, which are not binding but provide appropriate sentencing ranges for most offenders. Sentencing is scheduled for August 26, 2008, at 4 p.m. before United States District Judge Clarence Cooper.

The United States will seek forfeiture of any and all property WRIGHT obtained

as a result of his illegal activity, including jewelry appraised at over \$110,000.00, a 2004 Mercedes Benz E320, and \$139,301.50 in cash.

This case was investigated by Special Agents of the Federal Bureau of Investigation and the Internal Revenue Service, Criminal Investigation Division, with the assistance of the staff of the SEC.

Assistant United States Attorneys Justin S. Anand is prosecuting the case, along with Trial Attorney Jennifer R. Taylor from the Fraud Section of the Criminal Division, U.S. Department of Justice.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is [www.usdoj.gov/usao/gan](http://www.usdoj.gov/usao/gan).