



Department of Justice

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FORMER INVESTMENT BROKER PLEADS GUILTY TO DEFRAUDING CLIENTS, INCLUDING ELDERLY ALZHEIMER'S PATIENT

Atlanta, GA - FREDERICK BARTON, 48, of Atlanta, Georgia, pleaded guilty today in federal district court to committing wire fraud.

“Among other frauds, this securities professional defrauded a 90-year old client suffering from Alzheimer's disease of nearly her entire life savings,” said United States Attorney David E. Nahmias. “We hope that today's guilty plea provides a measure of justice to his victims and sends a message to other financial predators that these crimes do not pay.”

According to United States Attorney Nahmias and the information presented in court: BARTON, a registered broker and investment manager, defrauded several clients and investors of at least \$2 million dollars, including almost the entire life savings of an elderly woman suffering from Alzheimer's disease. From at least 1995 through 2002, BARTON was a manager at an Atlanta branch of a national brokerage firm. After he was terminated in 2002, he began his own investment advisory firms, “Barton Asset Management, LLC” and “Twinspan Capital, LLC,” both based in Atlanta. On numerous occasions from at least 2001 through 2007, BARTON fraudulently diverted to himself client funds that he was entrusted with investing.

In particular, BARTON defrauded a 90-year old Alzheimer's patient, identified in Court by her initials, “RF.” After learning of RF's diagnosis in 2001, BARTON fraudulently diverted over \$1 million of RF's assets to his own checking account, which he spent on personal lifestyle expenses and to fund the development of Twinspan Capital. As a result, the balance in RF's investment and bank accounts fell from approximately \$1.3 million in 1999 to less than \$100 in 2004.

In addition to diverting client money from RF and at least one other client, BARTON committed securities fraud by selling shares in his new company, Twinspan, based on false pretenses. Specifically, he raised over \$1 million in investments in Twinspan by claiming that he would use the proceeds to operate and grow the business. However, he instead diverted at least half of these supposed investments to himself,

which he used to satisfy personal debts and pay personal lifestyle expenses.

BARTON was indicted in December 2008. He pleaded guilty to one count of mail fraud. He could receive a maximum sentence of 20 years in prison and a fine of up to \$250,000. 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 June 23, 2009, at 10 a.m., before United States District Judge Thomas W. Thrash.

This case is being investigated by Special Agents of the Federal Bureau of Investigation, with assistance from the U.S. Securities and Exchange Commission, which filed a civil lawsuit against BARTON in July 2008.

Assistant United States Attorney Justin S. Anand is prosecuting the case.

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.