



*United States Attorney
Southern District of New York*

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TWO ARRESTED ON SECURITIES AND WIRE FRAUD CHARGES

LEV L. DASSIN, Acting United States Attorney for the Southern District of New York, JOSEPH M. DEMAREST, JR., Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), and RAYMOND W. KELLY, Police Commissioner of the City of New York ("NYPD"), announced that DANIEL LEDVEN, 37, of Cresskill, New Jersey, and ALAN FISHMAN, 49, of Brooklyn, New York, were arrested last night on securities fraud and wire fraud charges. A third person, GARY GELMAN, 39, of Brooklyn, New York has also been charged with the same securities fraud and wire fraud, but remains at large. According to Complaints unsealed today in Manhattan federal court:

From 2003 through at least February 2006, LEDVEN, FISHMAN and GELMAN fraudulently solicited investors to invest in a purported hedge fund which was managed by a company they controlled called A.R. Capital Group, Inc. An offering memorandum and brochure -- approved by LEDVEN and FISHMAN and sent to investors by GELMAN and others -- falsely stated that the fund invested in international real estate companies and engaged in active, leveraged trading. The written materials also misrepresented, among other things, that the fund would be audited, and biographical profiles of LEDVEN and FISHMAN. In addition, LEDVEN sent false and misleading monthly account statements to investors that showed large positive returns on their investments.

Between 2003 and September 2006, A.R. Capital raised approximately \$20 million from individual investors. During that same time period, approximately \$18 million of those investor funds were wired to various bank accounts in Ukraine. In summer 2006, the Securities and Exchange Commission informed A.R.

Capital that it was conducting an investigation of its operations and management of the fund, and issued a subpoena for documents pertaining to the business. A.R. Capital and the fund then ceased operations abruptly. The investors lost their investments in the fund.

LEDVEN, FISHMAN and GELMAN are each charged with one count of securities fraud and one count of wire fraud. The securities fraud count carries a maximum sentence of 20 years in prison and a \$5 million fine. The wire fraud count carries a maximum sentence of 20 years in prison and the greater of a \$250,000 fine or twice the gross gain or loss resulting from the crime.

LEDVEN and FISHMAN were presented today before United States Magistrate Judge THEODORE H. KATZ in Manhattan federal court.

Mr. DASSIN praised the investigative work of the joint FBI and NYPD task force in this case, and thanked the Securities and Exchange Commission for its assistance.

Assistant United States Attorney JONATHAN B. NEW is in charge of the prosecution.

The charges contained in the Complaints are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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