



Department of Justice

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FORMER INVESTMENT ADVISOR **ARRAIGNED ON SECURITIES FRAUD CHARGES**

Atlanta, GA - FREDERICK J. BARTON, 48, of Atlanta, Georgia, was arraigned today before United States Magistrate Judge C. Christopher Hagy on federal charges of wire fraud, mail fraud, and securities fraud. BARTON was indicted by a federal grand jury on December 2, 2008.

“This indictment charges a former stockbroker and investment advisor with diverting client money to himself, including \$1 million from an elderly woman suffering from Alzheimer’s disease,” said United States Attorney David E. Nahmias. “Today’s arraignment marks the beginning of the process by which the defendant and his alleged frauds will be brought to the bar of justice.”

According to Nahmias and the documents and information presented in court: The 13-count indictment alleges that BARTON, a former investment manager, defrauded several clients and investors of approximately \$3 million, 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 the national brokerage firm A.G. Edwards & Sons, Inc., based in St. Louis, Missouri. After he was terminated from A.G. Edwards in 2002, he began his own investment advisory firms, Barton Asset Management, LLC and Twinspan Capital, LLC, both based in Atlanta. The indictment alleges that on numerous occasions from at least 2001 through 2007 – before and after leaving A.G. Edwards – BARTON fraudulently diverted to himself client funds that he was entrusted with investing.

In particular, the indictment alleges that BARTON defrauded a 90-year old Alzheimer’s patient, identified in the indictment by her initials, RF. After having learned of RF’s diagnosis in 2001, BARTON allegedly 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 others, the indictment alleges that 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, the indictment alleges that he instead diverted at least half of these supposed investments to himself, which he used to satisfy personal debts and pay personal lifestyle expenses.

On June 3, 2008, the United States Securities and Exchange Commission (SEC) filed a civil enforcement action against BARTON, alleging violations of the anti-fraud provisions of the securities laws, in U.S. District Court in Atlanta. That case is currently pending before U.S. District Judge Richard W. Story.

Members of the public are reminded that the indictment only contains charges. The defendant is presumed innocent of the charges and it will be the government's burden to prove the defendant's guilt beyond a reasonable doubt at trial.

This case is being investigated by Special Agents of the Federal Bureau of Investigation.

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.