



SIGTARP

OFFICE OF THE SPECIAL INSPECTOR GENERAL
FOR THE TROUBLED ASSET RELIEF PROGRAM

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

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FORMER CONNECTICUT BISHOP CHARGED IN ALLEGED PONZI SCHEME AND FRAUD IMPACTING TARP BANK

WASHINGTON, DC – The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) and United States Attorney for the District of Connecticut David B. Fein today announced that a federal grand jury sitting in Bridgeport, Conn., has returned an indictment charging Julius C. Blackwelder, 59, of Utah, formerly of Stratford, Conn., with nine counts of money laundering and mail and wire fraud in connection with an alleged investor fraud scheme.

“Blackwelder orchestrated his alleged Ponzi scheme in part through an account and a line of credit used under false pretenses at Bank of America, which, at the time, held taxpayer funds under TARP,” said Christy Romero, Deputy Special Inspector General for SIGTARP. “SIGTARP takes allegations of fraud against any bank through which TARP funds are invested very seriously, and in partnership with our colleagues in law enforcement, we will hold those responsible for such offenses accountable for their behavior.”

Beginning in 2005, it is alleged that Blackwelder persuaded individuals to invest their money with him as part of an investment pool known as the "Friend's Investment Group." At the time, Blackwelder was the Bishop of the Bridgeport Ward of the Church of Jesus Christ of Latter-day Saints located in Trumbull, Conn., and he solicited investments from, among others, members of his congregation.

It is further alleged that Blackwelder misrepresented to investors that he would invest their money in safe, long-term commodities futures contracts, and that he was an experienced and successful commodities investor. In some instances, Blackwelder guaranteed investors' principal and a specific return on their investment. Blackwelder documented his misrepresentations to investors in promissory notes, offering memoranda, and account updates that he prepared. In fact, Blackwelder used investors' money to pay his own expenses, which included repaying earlier investors in the scheme, building a waterfront home in Stratford, and repaying personal bank loans, including a line of credit from Bank of America, which received funds under the federal Troubled Asset Relief Program (TARP). The indictment alleges that Blackwelder's fraudulent scheme led victims to lose more than \$400,000.

The indictment was returned March 26, and the case has been assigned to Senior United States District Judge Ellen Bree Burns in New Haven, Conn.

If convicted, Blackwelder faces a maximum term of imprisonment of 20 years on each count of mail and wire fraud and 10 years on each count of money laundering.

U.S. Attorney Fein stressed that an indictment is not evidence of guilt. Charges are only allegations, and each defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt.

This matter is being investigated by SIGTARP, the United States Postal Inspection Service, the Internal Revenue Service - Criminal Investigation, and the State of Connecticut Department of Banking. The case is being prosecuted by Special Assistant United States Attorney Jonathan N. Francis and Deputy United States Attorney Deirdre M. Daly.

This prosecution was brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force, which was established to wage an aggressive and coordinated effort to investigate and prosecute financial crimes. SIGTARP is a member of the task force. To learn more about the President's Financial Fraud Enforcement Task Force, please visit www.stopfraud.gov.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program investigates fraud, waste, and abuse in connection with TARP.

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