



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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CHAIRMAN OF DEBT COLLECTION AGENCY SENTENCED TO FIVE YEARS IN PRISON FOR ROLE IN \$12 MILLION FRAUD SCHEME AND TARP BANK FRAUD

WASHINGTON, DC - The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) and David B. Fein, United States Attorney for the District of Connecticut, announced today that Richard Pinto, 68, of Wellington, Fla., was sentenced Wednesday by United States District Judge Stefan R. Underhill in Bridgeport, Connecticut, to 60 months of imprisonment, followed by five years of supervised release, for his role in a multimillion dollar fraud scheme at Oxford Collection Agency, where Pinto served as Chairman of the Board. Judge Underhill also ordered Pinto to serve the first three years of his supervised release in home confinement and to pay restitution of approximately \$12.3 million.

“To keep the money flowing in the \$12 million fraud scheme at Oxford, Richard Pinto defrauded TARP recipient Webster Bank in order to obtain a \$6 million line of credit,” said Christy Romero, Special Inspector General for TARP (SIGTARP). “In this case, the consequence for lying, cheating, and stealing from clients, investors, and a TARP bank is serving five years in federal prison, and it should serve as a warning to anyone exploiting TARP at taxpayers’ expense. SIGTARP, the U.S. Attorney for the District of Connecticut, and our other law enforcement partners will ensure that justice is served for fraud committed against TARP.”

“Over several years, this defendant orchestrated a substantial fraud through which his company stole millions of dollars from clients, lenders, and investors,” stated U.S. Attorney Fein. “We are committed to working with IRS-Criminal Investigation, the FBI, SIGTARP, and the other members of the Connecticut Securities, Commodities and Investor Fraud Task Force to root out financial fraud and prosecute responsible individuals.”

According to court documents and statements made in court, Oxford Collection Agency (“Oxford”) was a private financial services company that engaged in accounts receivables management, primarily debt collecting, with offices in New York, Pennsylvania, and Florida. Businesses and other entities contracted with Oxford to collect debts on their behalf. Oxford’s clients included, among others, an educational institution, a laboratory, a computer company, and various banks. Oxford collected debts from consumers under the pretense that it would report all such collections to its clients and remit the appropriate amount to the client. However, Pinto and other Oxford executives routinely caused Oxford to collect debts that were never remitted to its clients. The co-conspirators referred to these unremitted collections as a client’s “backlog.” To hide the backlog, co-conspirators would make periodic fraudulent collection reports to certain clients that under-reported the amount of funds collected. Pinto and others diverted various funds from their client remittances and used them for their own ends.

Certain co-conspirators also transferred money from one client trust account to another client account, from Oxford's operating account to a client account, or from a client account to Oxford's operating account to cover various shortfalls and backlogs or to improperly use collections to directly fund Oxford's operations.

Starting in April 2007, Oxford secured a line from credit from Connecticut-based Webster Bank, a bank that received funds through the Troubled Asset Relief Program (TARP), without informing Webster Bank about its significant client backlogs or outstanding payroll taxes. Pinto and others sent falsified financial statements to Webster Bank, eventually increasing the credit line to \$6 million, and laundered funds from the credit line to promote the ongoing fraud scheme against their clients. During that same period, Pinto and others also solicited millions of dollars in investments from various investors, without ever disclosing to their investors the existence of their backlogs. Some of the investor funds were deposited into Pinto's personal bank account without investor knowledge.

Oxford's victims lost more than \$12 million as a result of this scheme.

The investigation also has revealed that Oxford sometimes obtained and retained business with its banking clients by paying bribes and kickbacks to bank officials.

On May 11, 2012, Pinto pleaded guilty to one count of conspiracy to commit wire fraud, bank fraud, and money laundering, and to one count of wire fraud.

Four other Oxford executives including Pinto's son, Chief Executive Officer Peter Pinto, Vice-President of Finance and Chief Financial Officer Randall Silver, Executive Vice President Charles Harris, and Chief Operations Officer Carlos Novelli, have pleaded guilty to charges stemming from this scheme. They await sentencing.

This matter is being investigated by SIGTARP, the Internal Revenue Service - Criminal Investigation, the Federal Bureau of Investigation, and the Connecticut Securities, Commodities and Investor Fraud Task Force. The case is being prosecuted by Assistant U.S. Attorney Liam Brennan, Special U.S. Attorney John McReynolds, and Deputy U.S. Attorney Deirdre 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.

To report suspected illicit activity involving TARP, dial the **SIGTARP Hotline**: 1-877-SIG-2009 (1-877-744-2009).

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