

Were you a victim in the largest Ponzi scheme in OC History? 55 Orange County victims lost \$21 million

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A Minnesota man was arraigned last week for a \$150 million investment fraud Ponzi scheme, in which at least 55 Orange County victims lost over \$21 million. This is the largest Ponzi scheme to be prosecuted in Orange County history and the defendant is accused of committing the crime without ever entering the State of California.

Gerard Frank Cellette, 48, formerly of Anoka County, MN, is charged with 116 felony counts including 46 counts of selling unregistered securities, 43 counts of money laundering, and 27 counts of using an untrue statement in the purchase and sale of a security, with sentencing enhancements and allegations for property damage over \$3.2 million, money laundering transactions in excess of \$2.5 million, aggravated white collar crime over \$500,000, and causing over \$100,000 loss. If convicted, he faces a maximum sentence of 104 years in state prison.

Cellette is being held on \$21 million bail and must prove the money is from a legal and legitimate source before posting bond. He was extradited from Minnesota to Orange County on Feb. 4.

DA investigators believe there is a strong possibility that more OC victims could be involved. Anyone with additional information or who believes that they may have been victimized in the scheme is encouraged to contact Supervising District Attorney Investigator Ron Frazier at (714) 347-8691.

The Ponzi Scheme

At the time of the crime, Cellette lived in Minnesota and owned Minnesota Print Services, Inc, which he operated out of a room in his home. The defendant is accused of falsely claiming to have large printing contracts with major corporations and seeking investors for fake printing projects with the promise of 10 to 15 percent returns on investments. Cellette is accused of presenting investors with fraudulent copies of contracts, known as "deal sheets," which contained details including the name of the fictitious corporation/customer, the total contract price, and the time period within which the investment would be returned with interest (generally 60 to 90 days).

Cellette is accused of operating a massive Ponzi scheme by using funds from new investors to pay back previous investors their initial investment plus interest with the intention of misleading them into believing that the investments were legitimate and lucrative and to encourage them to continue investing with him. He is accused of committing this crime across the country in States including California, Minnesota, Georgia, Arizona, Colorado, Hawaii, and Illinois.

In 2005, Cellette is accused of meeting an Orange County man, Steven Q., who was visiting a relative in Minnesota, and offering him an investment opportunity with Minnesota Print Services. After Steven Q.

invested with Cellette, the defendant is accused of paying back the initial investment plus returns and offering Steven Q. future investment opportunities. Steven Q. returned to Orange County and, along with friends Robert A. and Adam B., continued investing and receiving returns from the defendant.

The three men began unofficially acting as brokers for Cellette in OC and throughout California. Cellette is accused of providing the three men with lists of fictitious printing contracts, for which funding would be needed. The men would then obtain investors for the defendant for these projects, not knowing they were fake, including family members, friends, and personal and professional associates.

Over time, Cellette is accused of slowing in his repayment of investments and returns to the Orange County victims.

In 2009, Steven Q., Robert A., and Adam B. became suspicious and asked the defendant for copies of his financial records. Cellette is accused of providing falsified records and contracts to show that he was receiving payment from corporation and printing clients.

In September 2009, the three men then flew to Minnesota to confront the defendant, where they determined based on legitimate bank records that Cellette was running a Ponzi scheme.

Loss Amount

Between 2005 and 2009, Cellette is accused of receiving over \$150 million from over 55 investors in California, the large majority being from Orange County. The net loss to all Orange County victims is over \$21 million.

Nationwide, the defendant is accused of receiving over \$200 million, including the \$150 million from Orange County, and the net loss is over \$53 million, including the \$21 million from Orange County. Cellette is accused of spending the stolen money on luxury personal items including cars, time on private jets, and multiple homes with features including a Go-Kart track, bowling alley, and 50s-style malt shop.