



PRESS RELEASE

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CALIFORNIA MAN PLEADS GUILTY IN MILLION DOLLAR FRAUD SCHEME

United States Attorney Paul I. Perez for the Middle District of Florida and Special Agent in Charge James F. Jarboe, Federal Bureau of Investigation (FBI), announced the arrest and the guilty plea of California native Jeffrey L. Pipher for his involvement in a \$3.1 million investment scam.

Pipher, 48 years of age, surrendered in Fort Myers, Florida, on Thursday, January 23, 2003. Pipher pled guilty to a federal Information charging Conspiracy to Commit Mail Fraud, Wire Fraud, and Securities Fraud. Pipher faces a maximum penalty of 5 years' imprisonment and a \$250,000 fine.

According to court documents, FBI Agents initiated an investigation into the Collateral Equities Corporation (CEC) business, the Chief Executive Officer (CEO) Jeffrey L. Pipher and the Trust Manager during January 2001. The FBI identified numerous Southwest Florida investors, and investors nationwide, who lost substantial amounts of money as a result of their investment with CEC. The investigation revealed a large scale

Ponzi Scheme which generated approximately \$3.1 million in investments and over 100 victims from various locations throughout the United States.

Court documents state the investment scam solicited investors for a very lucrative business opportunity offering the chance to invest in the independent used car dealerships located in the San Diego, California area. CEC advertised the investment in the Investor's Business Daily and USA Today newspapers. CEC also used a boiler room business named "One Trade."

Court documents also state CEC claimed to be providing "floor plan loans" to independent used car dealerships and securing the dealerships' inventory titles as collateral. The securities were issued in the form of Promissory Notes with maturity dates ranging from six to twenty-four months. The notes also guaranteed returns as high as forty-two percent. The investigation revealed that out of the millions raised by Pipher and CEC, only \$90 thousand was invested with used car dealerships. The remainder of the funds were used for personal gains and to continue the ponzi scheme.

The case is being prosecuted by Chief Assistant United States Attorney Douglas Molloy.

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