



NEWS RELEASE

Office of the United States Attorney
Eastern District of Texas

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DALLAS STOCK BROKER SENTENCED TO FEDERAL PRISON MUST PAY \$4.4 MILLION IN RESTITUTION

(Sherman, Texas) A Dallas stockbroker and investment advisor has been sentenced to eighty-four months in federal prison for mail fraud violations. U.S. District Judge Richard Schell also ordered **CARL W. KING**, 61, to repay \$4.4 million in restitution to the victims of the securities fraud scheme.

According to information presented in court, King was the President and Chief Executive Officer of Carl W. King Investments. King, who operated an investment counseling firm in Dallas, accepted money from clients to invest in a proprietary trading program, based on buying and selling United States Treasury bills and Standard and Poor 500 common stocks for more than 10 years. During the course of the scheme, starting in 1992, King told investors that he had successfully invested their money and had achieved positive returns, some years in excess of 20%. In truth, King did not invest any of the investors' money, and instead, spent the money on personal and business expenses. King testified at the sentencing hearing that he had spent the investors' money on his salary, office rent, home mortgage, and health care expenses for relatives. Records introduced during court proceedings showed that King took in approximately \$9.5 million dollars from investors, and returned approximately \$5 million in the form of alleged interest payments and return of principal. Many investors, who thought King was investing their money and

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generating profits, instructed King to reinvest their interest payments, and lost all their investments.

King pleaded guilty earlier this year to one count of mail fraud. He was immediately taken into custody after sentencing.

"King was extremely brazen in his fraud. Every day over the course of ten years, he lied to his clients, assuring them that their money was invested and was growing," stated Assistant United States Attorney Arnold Spencer. "He created false documents, filed false tax forms, and created a false set of books showing his profitability. But in reality, King was pocketing the money and using it to support his lifestyle. He stole millions of dollars and left his clients with no money for their retirements, their children's college funds, their life's work."

United States Attorney Matthew D. Orwig emphasized the role of the Texas State Securities Board, "The Securities Board is the first line of defense in securities fraud in Texas. Because of their prompt response to the first investor complaints, the Securities Board stopped this complicated fraud and prevented King from defrauding additional investors." Orwig also praised the work of the Federal Bureau of Investigation, "This case required the FBI to review and understand the books and records for the entire company, literally hundreds of boxes of records and documents."

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The Federal Bureau of Investigation and the Texas State Securities Board investigated the case. Assistant U.S. Attorney Arnold Spencer and Special Assistant Suzanne Steinmetz prosecuted the case as part of the Northeast Texas Securities Fraud Task Force. Investors who suspect securities fraud can report violations to the Texas State Securities Board at 888-663-0009.

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