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# Fla. jury: bank owes \$67M to Ponzi scheme victims

Fla. jury: Toronto-based TD Bank owes \$67M to victims of ex-attorney's enormous Ponzi scheme

**AP** By Curt Anderson, AP Legal Affairs Writer | Associated Press – Wed, Jan 18, 2012 4:21 PM EST

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MIAMI (AP) -- A federal jury decided Wednesday that Toronto-based TD Bank owes an investment group \$67 million for its role in a \$1.2 billion Ponzi scheme that was operated by a now disbarred attorney, Scott Rothstein.

The verdict came in a lawsuit filed by Coquina Investments, based in Corpus Christi, Texas. It was the first to go to trial of several pending lawsuits filed by wronged investors against the bank and others. Coquina attorney David S. Mandel said the jury "sent exactly the right message to TD Bank."

Once a prominent South Florida attorney, Rothstein is serving a 50-year prison sentence after pleading guilty to running a massive scam involving investments in phony legal settlements that imploded in 2009. The 49-year-old lawyer has been cooperating extensively with federal prosecutors, and more people are expected to face criminal charges; seven besides Rothstein have already been charged.

The scheme was one of the largest frauds in South Florida history and triggered the failure of the once high-flying Fort Lauderdale law firm Rothstein Rosenfeldt Adler. Rothstein has boasted about paying bribes to unnamed politicians, judges and law enforcement officials, and he raised thousands of dollars for the campaigns of many state and national politicians.

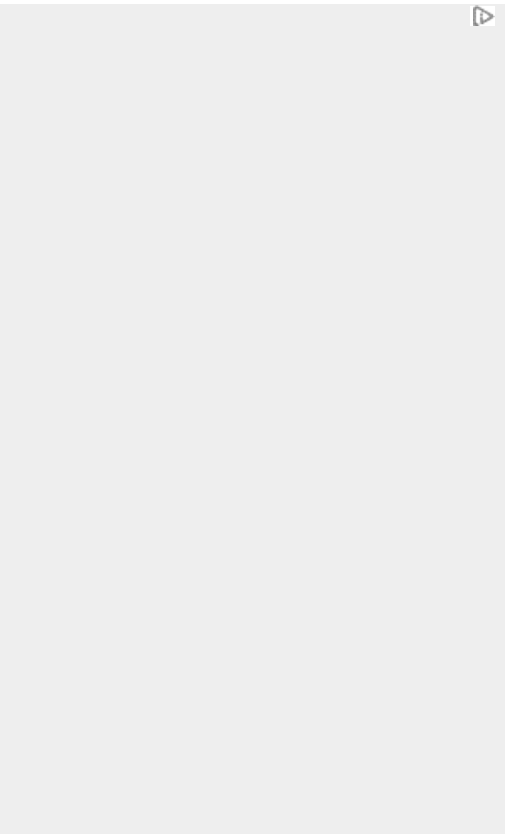
Testimony and court documents show that Rothstein used an account at a TD Bank branch as an integral part of the scheme. Conspirators in his scheme allegedly posed as TD Bank employees, and one of Rothstein's associates devised a fake TD Bank website on which fake account balances were posted for investors.

"This bank was integral to the fraud, and the fact is that it could not have succeeded without their active participation in the Ponzi scheme," Mandel said. "TD Bank was Rothstein's partner in crime."

Spokeswoman Rebecca Acevedo said TD Bank would explore its legal options and insisted the massive fraud should be blamed squarely on Rothstein.

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"We will continue to defend the bank against claims of wrongdoing," Acevedo said.

TD Bank, a subsidiary of Toronto-Dominion Bank of Canada, operates 1,280 branches in 15 states and Washington, D.C., according to the bank's website. It had \$160 billion in total deposits and \$202 billion in assets as of Oct. 31.

Mandel said key TD Bank employees knew of the fraud and assisted Rothstein in assuring investors their money was sound. In a lengthy sworn deposition in December, Rothstein claimed he gave former TD Bank vice president Frank Spinosa more than \$50,000 to ignore obvious signs of illegal activity.

Called to testify in the Coquina trial, Spinosa invoked his Fifth Amendment right against self-incrimination. His attorney has repeatedly denied Rothstein's accusations, contending that Rothstein is falsely implicating other people in hopes of winning a sentence reduction recommendation from federal prosecutors.


Rothstein, however, insisted during the 10-day deposition that his only hope of eventual freedom was to tell the full truth.

"I would be a fool to lie," he said, according to testimony transcripts.

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