

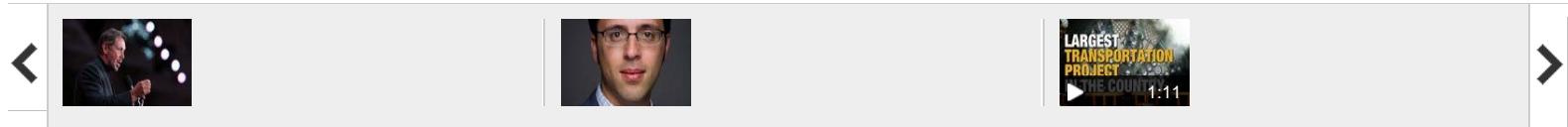
MARKET SNAPSHOT

U.S.	EUROPE	ASIA
↑ DJIA	14,734.80	+58.55 0.40%
↑ S&P 500	1,585.81	+7.02 0.44%
↑ NASDAQ	3,296.33	+26.68 0.82%



Our Company | Professional | Anywhere

HOME QUICK NEWS OPINION MARKET DATA **PERSONAL FINANCE** TECH POLITICS SUSTAINABILITY LUXURY TV VIDEO RADIO



TD Bank Aided Rothstein Fraud, Investors' Lawyer Tells Jury

By Susannah Nesmith - Jan 17, 2012 3:28 PM ET

0 COMMENTS + QUEUE

TD Bank (TD) helped Scott Rothstein, the convicted Florida attorney, keep his \$1.2 billion Ponzi scheme afloat by assuring victims their money was safe while Rothstein depleted the accounts, a lawyer for investors told a jury.

David Mandel, an attorney for Coquina Investments, in closing arguments today after a trial in Miami, pointed to letters in which bank Vice President Frank Spinosa said Rothstein's account was locked and the money in it could be disbursed only to Corpus Christi, Texas-based Coquina.

Coquina Investments' Rothstein lawsuit is the first such case against the bank to go to trial. Attorneys representing other investors have been watching it closely.

"This case is very significant," said William Scherer, an attorney representing a group that lost \$180 million. "This is the canary in the coal mine for our case."

Scherer is also suing TD Bank, a unit of Toronto-Dominion Bank, claiming it had a direct role in the fraud.

"The facts in this case and the facts in our case are the same, just with different plaintiffs," Scherer said. "The

evidence in this case will come in in our case. It's not the only evidence we have, but everything that came in will be part of our case."

Mandel asked for \$32 million in compensatory damages and \$140 million in punitive damages.

[Buy a link](#)

GET THE PERSONAL FINANCE NEWSLETTER: WEALTH WATCH. [SIGN UP >](#)
[Learn more](#)

HEADLINES MOST POPULAR RECOMMENDED

U.S. Stocks Rise Amid Jobless Claims, Earnings Reports +

Initial Jobless Claims in U.S. Fell Last Week to 339,000 +

Obama Seeks Deal on Controller Furloughs as Delays Ease +

Consumer Comfort in U.S. Held Last Week Close to Five-Year High +

Central Banks Buy Equities as Low Rates Kill Yields +

Blackstone Buys Atlanta Homes in Largest Bulk Rental Buy +

[More News >>](#)

Advertisement

Most Popular On **Businessweek.com**

Here Comes Amazon's Kindle TV Set-Top Box

Holly R. Skolnick, a lawyer for TD Bank, said Coquina must have realized that investments earning almost 50 percent in a few months were too good to be legitimate.

'Obvious' Fraud

"It was obvious to Coquina that these were fraudulent investments," Skolnick told jurors. "It had to be obvious. These deals make no sense."

Rothstein told victims of his fraud that they were buying stakes in sexual and employment discrimination settlements that his law firm, Rothstein Rosenfeldt Adler PA, was handling. The settlements were fictional.

Skolnick disputed the idea that Coquina relied on the letter Spinosa wrote, noting that it said Rothstein still controlled the account.

"This letter took on a new meaning, became the hook after Ponzi scheme exploded when they were looking for somebody with deep pockets to sue," she said.

Spinosa took the stand during the trial before U.S. District Judge Marcia Cooke and refused to testify, citing his Fifth Amendment right not to be forced to incriminate himself.

Spinosa's Role

"For all intents and purposes, Frank is the bank" where Rothstein is concerned, Mandel told the jury, referring to Spinosa, who is no longer with the bank.

Mandel said other bank officials failed to act when unusual activity in Rothstein's accounts triggered money-laundering alerts in the bank's internal system.

"A mountain of red flags?" Mandel said. "They didn't lift a finger. Once fraud was evident, it was their obligation to report it and stop it."

Rothstein pleaded guilty to five counts of wire fraud, conspiracy and racketeering and was sentenced to 50 years in prison in 2010.

The scheme collapsed in October 2009 and Rothstein briefly fled to Morocco before returning to the United States to turn himself in. He is cooperating with authorities and attorneys as they sue alleged enablers of the fraud.

Seven employees and associates of Rothstein have been criminal charged. Five pleaded guilty, and two are awaiting trial.

The case is Coquina Investments v. Rothstein, 0:10-cv- 60786, U.S. District Court, Southern District of Florida (Miami).

To contact the reporter on this story: Susannah Nesmith in Miami at susannahnesmith@yahoo.com.

To contact the editor responsible for this story: Michael Hytha at mhytha@bloomberg.net.

More News: Law · Canada · U.S. · Personal Finance · Financial Advisers



0 COMMENTS ± QUEUE



The Reese Witherspoon Lesson: Never Ask, 'Do You Know Who I Am?'

Millions Watch Netflix Without Paying

How Did the World's Rich Get That Way? Luck

Meet Vanilla Ice: Tattooed Handyman, Cable TV Star, Industry Bellwether

Visit Businessweek.com »

News From Around the Web

by Taboola

"Massive Retirement Crisis" Will Strike U.S. (Newsmax)

Lamborghini's Outrageous Aventador LP 700-4 Roadster Hits the Road (Robb Report)

Best Used Cars under \$15,000 & Best Used Cars to Buy (Consumer Car Reviews)

VIDEO: Conan O'Brien calls it "Hilarious!". Watch Burning Love Now. (Yahoo!)

6 remodeling tips to add value to your home (Angie's List)

The Pixie Cut (eHow)

Key Rates

MORTGAGE HOME EQUITY SAVINGS AUTO CREDIT CARDS

Today's national average mortgage rates. Rates may include points.

Type	Today	1 Mo
30 Year Fixed Jumbo	3.92%	4.18%
30 Year Fixed	3.47%	3.73%
15 Year Fixed	2.71%	2.89%
10 Year Fixed	3.00%	2.99%
30 Year Fixed Refi	3.46%	3.78%
15 Year Fixed Refi	2.69%	2.96%
5/1 ARM	2.61%	2.72%
5/1 ARM Refi	2.57%	2.89%

View rates in your area »

Source: Bankrate.com

Sponsored Links

Highest Dividend Stocks

Sovereign-Investor.com/Yield
Free Insider Advice: Our Must-Own Highest Dividend Stocks of 2013!



10 Stocks to Hold Forever

www.StreetAuthority.com
Buy them, forget about them, and never sell them.



Wills vs Trusts Florida?

BocaRatonEstatePlans.com
Download Simple, Easy-To-Read Guide "Florida Wills vs Trusts" — Free!



AdChoices