

SPINOSA SENTENCED

Last defendant gets prison in \$1.2B Florida Ponzi scam

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The Associated Press

Published: Friday, December 18, 2015 at 10:47 p.m.

MIAMI — A former bank executive who is the last remaining defendant in imprisoned ex-lawyer Scott Rothstein's \$1.2 billion Ponzi scheme was sentenced Friday to more than two years in federal prison for intentionally misleading investors.

Frank Spinosa, a former regional vice president at TD Bank, became the 29th person sent to prison since Rothstein's fraud scam imploded six years ago. Spinosa pleaded guilty to wire fraud conspiracy in October, avoiding a trial and a potentially much longer time behind bars.

U.S. District Judge Beth Bloom shaved about seven months off the sentence sought by prosecutors, even though she rejected contentions by Spinosa lawyer Sam Rabin that he was a minimal player in the scheme. Spinosa used his prestige as a senior banker to falsely assure jittery Rothstein investors their money was safe, the judge said.

"You knew you could use your authority to give these investors a false sense of security," Bloom said. "You didn't ask the right questions. You didn't step away. You didn't stop and you didn't say no."

Spinosa was ordered to report to prison Feb. 18 to serve his 2.5-year sentence.

Assistant U.S. Attorney Lawrence LaVecchio said Spinosa was key to Rothstein's attempt to rescue his then-failing Ponzi scam, which collapsed in October 2009. He said Spinosa wanted to do everything possible to keep Rothstein as a customer, including committing crimes.

"Scott Rothstein could not conduct this scheme alone. He needed help," LaVecchio said of Spinosa. "He was willing to do what he needed to do to keep Rothstein happy."

Spinosa, 54, could have gotten up to five years. Prosecutors have said Rothstein had 38 TD Bank accounts used in the fraud scheme, which lured investors with promises of big profits from supposedly confidential legal settlements. Investors were told the plaintiffs in those cases were willing to accept a lower lump sum in return for signing over the larger settlements that would be paid to them in installments.

But in fact, there were no plaintiffs or settlements.

Court documents show Spinosa's role was to sign so-called "lock letters" assuring investors that their money was safe in TD Bank accounts and that no one else had access to the cash. In fact, prosecutors said, Rothstein was using the money to pay previous investors in classic Ponzi scheme fashion or to finance his lavish lifestyle.

Spinosa told Bloom he acknowledges wrongdoing but at the time was not aware he was committing a crime. Dabbing at his eyes, Spinosa said he has since lost his career, family and home.

"I know that what I did was wrong. I wish I could take it back. I can't," he said.

The collapse of Rothstein's scam cut a swath through Fort Lauderdale's legal and business community — Spinosa lawyer Rabin called him "the scourge of Broward County" — and led to collapse of the once high-profile Rothstein Rosenfeldt Adler law firm.

"He ruined a lot of lives," Rabin said.

TD Bank previously paid out \$67 million in a civil lawsuit to a group of Texas investors who sued the bank. Authorities were able to seize enough assets from Rothstein and others to repay those investors.

Rabin said Spinosa was unaware Rothstein was running a Ponzi scheme but did know the lock letter that led to his guilty plea was false. Rothstein later forged Spinosa's signature on other letters without his knowledge, Rabin said, adding that Spinosa was taken in like many others by Rothstein's money, prestige and larger-than-life persona.

Rothstein, who briefly fled to Morocco when the scheme fell apart and then returned to Florida, is serving a 50-year prison sentence after pleading guilty to several charges.

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