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LEGAL REVIEW

STATE ATTORNEY WON'T RUN AGAIN

Palm Beach State Attorney Michael McAuliffe, an active prosecutor of corrupt public officials, announced he will not seek a second term. **A3**

BOARD OF CONTRIBUTORS



Stepan

James A. Stepan, a partner with the law firm Feldman Gale, says it's integral at any stage of employment to have procedures in place that not only defend your intellectual property but also defend you from the intellectual property of your competitors. **A4**

BUSINESS REVIEW

EARLY EXIT FOR BANKUNITED BUYERS?

Just under three years since taking over the failed BankUnited, the private equity groups that purchased it in a lucrative deal from the Federal Deposit Insurance Corp. appear ready to implement their exit strategy. **A7**

SPIRIT INVESTORS PLAN STOCK SALE

ROTHSTEIN FALLOUT Deliberations begin

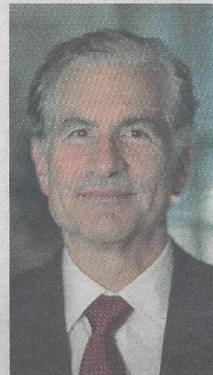
INVESTORS SEEK \$172 MILLION IN FIRST PONZI-SCAM TRIAL

John Pacenti, DBR. A Texas investment group is asking for \$172 million in damages against TD Bank in the first trial flowing from Scott Rothstein's Ponzi scheme.

An attorney for Coquina Investments told the jury that the bank ignored red flags while it was allegedly eager to accept deposits generated by the law firm chairman.

The bank's attorney argued TD Bank was not in a position to realize Rothstein was running a fraud, but it should have been obvious to Coquina because what he was offering made no sense.

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J. ALBERT DIAZ



MELANIE BELL

Investor attorney David Mandel argued his client is entitled to \$172 million in damages. TD Bank attorney Holly Skolnick countered the bank wasn't positioned to detect fraud.

ROTHSTEIN FALLOUT Civil trial wraps up

Investors seek \$172 million in first Ponzi-spawned trial

by **John Pacenti**
jpacenti@alm.com

A Texas-based investment group, claiming it was scammed by imprisoned ex-lawyer Scott Rothstein, asked Tuesday for \$172 million in damages from TD Bank for helping prolong the state's largest Ponzi scheme.

The civil suit filed by Corpus Christi-based Coquina Investments is the first Rothstein-related trial and is being watched as a blueprint for future litigation. The bank is accused of fraud and aiding and abetting Rothstein in his \$1.2 billion settlement financing fraud.

Coquina attorney David Mandel, in closing arguments used computer graphics, cute props and biting commentary to make his case, asking for \$32 million in compensatory damages, which covers settlement money handed over to the bankruptcy trustee for Rothstein's defunct law firm in a clawback suit.

TD Bank was expected later to point the finger at Coquina, saying it should have known the high-return investment was a criminal enterprise because of the outsized returns of 600 percent.

Bank attorney Holly Skolnick, a Greenberg Traurig shareholder in Miami, told jurors that investments in legal settlements are legitimate, and all signs pointed to Rothstein being a respected attorney.

TD Bank was aware that Rothstein held high-profile fundraisers for the likes of former Gov. Charlie Crist and former U.S. Sen. Mel Martinez.

Skolnick said the bank was not in a position to know Rothstein was engineering a fraud, but she said Coquina was in a position to detect the scheme.

"It was obvious to Coquina that these deals made no sense," she said.

Mandel said \$140 million in punitive damages would represent just one-half of 1 percent of TD Bank's net worth but would send a message to the Cherry Hill, New Jersey-based bank. He said only one player in the Rothstein affair at the bank has been fired: Frank Spinosa, a former regional vice president who testified but reportedly invoked his Fifth Amendment



ABOUT TD BANK

Business: U.S. personal and commercial banking unit of TD Bank Group based in Toronto

Headquarters: Cherry Hill, New Jersey

Founded: 1852 in Portland, Maine

Size: One of the 10 largest banks in the United States with 7.4 million customers, 26,000 employees, 1,275 branches and ATMs in 15 states and the District of Columbia

President and CEO: Bharat B. Masrani

right against self-incrimination.

Mandel said the "next Rothstein" would be running, not walking to TD Bank.

"America's most convenient bank? Convenient for crooks is what their commercials should say," he said.

Mandel would not let TD Bank distance itself from Spinosa, who didn't answer questions about his relationship with Rothstein.

Rothstein, who is serving a 50-year prison sentence, testified at a deposition last month he paid Spinosa \$50,000 for his help in the scam.

"Corporations are responsible for the things their employees do, and they must be held accountable," Mandel said. "For all intents and purposes, Frank is the bank."

Mandel went through some of the questions Spinosa balked at answering.

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Mandel



Skolnick

FROM PAGE A2

COQUINA: Federal judge fast-tracked trial

U.S. District Judge Marcia Cooke has instructed jurors they could infer liability against the bank from Spinosa's lack of candor and other evidence.

But Mandel said other bank officials were wise to Rothstein long before Coquina invested a dime and even voiced their concerns to Spinosa.

The partner with Mandel & Mandel in Miami produced three small monkeys to represent how bank officials adhered to the adage "see no evil, hear no evil, speak no evil." He then produced a bell and rang it repeatedly for every time a money-laundering alert was produced for RRA at the bank.

Bank attorney Holly Skolnick, a Greenberg Traurig shareholder in Miami, objected but was nearly drowned out by the bell. Mandel said TD Bank officials' bonuses were tied to deposit amounts, which increased dramatically at the Weston branch

because of Rothstein.

Mandel also noted a so-called "lock letter" Spinosa produced to persuade Coquina to invest more money. Coquina thought \$22 million was in its trust account when only \$100 remained — the minimum that could not be moved without Coquina's consent. Spinosa wired \$16 million to Rothstein in Morocco, where he briefly fled when the scheme collapsed in October 2009.

"Many of the bank employees testified in this court in a shameful and dishonest way," Mandel told the jury.

Skolnick said the lock letter prohibited only third parties from accessing Coquina money, not Rothstein.

Cooke fast-tracked the case, starting the trial even before civil attorneys had a chance to depose Rothstein last month.

TD Bank has pointed to others already charged or in prison as people who assisted Rothstein with his

crime. In trial, the bank denied its officials knew of Rothstein's crimes.

Skolnick has pointed to Curtis Renie and William Corte, who worked at Rothstein Rosenfeldt Adler as computer specialists and were brought into court in shackles by the defense to testify about creating a fake TD Bank website to fool would-be investors. Both men are serving 37-month sentences.

If the bank were complicit in Rothstein's scam, Skolnick asked why Rothstein would need a fake bank website.

Bank attorneys maintained Coquina Investments was run by sophisticated business people who must have had an inkling that Rothstein's promises shouldn't be believed.

Mandel said Tuesday that hundreds of people were fooled, not just his clients.

John Pacenti can be reached at (305) 347-6638.