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CEO OF DEBT COLLECTION AGENCY SENTENCED TO FOUR YEARS IN FEDERAL PRISON FOR \$10 MILLION FRAUD SCHEME

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and Deirdre M. Daly, United States Attorney for the District of Connecticut, today announced that Peter Pinto, 38, of East Quogue, N.Y., was sentenced on Thursday by U.S. District Judge Stefan R. Underhill in Bridgeport, Conn., to four years of imprisonment, followed by five years of supervised release, for his role in a more than \$10 million dollar fraud scheme at Oxford Collection Agency, where Pinto served as president and chief executive officer.

According to court documents and statements made in court, Oxford Collection Agency ("Oxford") was a private financial services company that engaged in accounts receivables management, primarily debt collecting, with offices in New York, Pennsylvania, and Florida. Businesses and other entities contracted with Oxford to collect debts on their behalf. Oxford's clients included, among others, an educational institution, a laboratory, a computer company, and various banks. Oxford collected debts from consumers under the pretense that it would report all such collections to its clients and remit the appropriate amount to each client. However, Pinto and other Oxford executives routinely caused Oxford to collect debts that were never remitted to its clients. The co-conspirators referred to these unremitted collections as a client's "backlog." To hide the backlog, co-conspirators would make periodic fraudulent collection reports to certain clients that under-reported the amount of funds collected. Pinto and others diverted various funds from their client remittances and used them for their own ends.

Certain co-conspirators also transferred money from one client trust account to another client account, from Oxford's operating account to a client account, or from a client account to Oxford's operating account to cover various shortfalls and backlogs or to improperly use collections to directly fund Oxford's operations.

"Peter Pinto, president and CEO of Oxford Collection Agency, orchestrated the \$10 million fraud scheme—using intimidation and bribery to make it happen—that skimmed money from Oxford clients and investors," said Christy Romero, Special Inspector General for TARP (SIGTARP). "Pinto was the ringleader behind the bribe payments made to a former manager at TARP recipient U.S. Bank in exchange for the bank's collections business. The bribes began with expensive cigars and escalated to cash payments of as much as \$5,000 per month disguised in cigar boxes. For his fraud, Pinto will spend the next four years in federal prison. SIGTARP and our law enforcement partners will ensure that those guilty of fraud related to TARP are held accountable for their crimes."

Starting in April 2007, Oxford secured a line from credit from Connecticut-based Webster Bank, a bank that received funds through the U.S. Department of the Treasury Troubled Asset Relief Program (TARP),

without informing Webster Bank about its significant client backlogs or outstanding payroll taxes. Pinto and others sent falsified financial statements to Webster Bank, eventually increasing the credit line to \$6 million, and laundered funds from the credit line to promote the ongoing fraud scheme against their clients. During that same period, Pinto and others also solicited millions of dollars in investments from various investors, without ever disclosing to their investors the existence of their backlogs. Some of the investor funds into Pinto's personal bank account without investor knowledge.

Oxford's victims lost more than \$10 million as a result of this scheme.

The investigation also has revealed that Oxford sometimes obtained and retained business with its banking clients by paying bribes and kickbacks to bank officials.

On May 11, 2012, Pinto pleaded guilty to one count of conspiracy to commit wire fraud, bank fraud, and money laundering, and to one count of wire fraud.

Five other Oxford executives have pleaded guilty, including Pinto's father and chairman of the board Richard Pinto, Pinto's brother and Oxford vice president Patrick Pinto, vice president of finance and chief financial officer Randall Silver, executive vice president Charles Harris, and chief operations officer Carlos Novelli. Former assistant vice president at U.S. Bank, Wilbur Tate III, also pleaded guilty in relation to a conspiracy to accept bribes from executives at Oxford.

Richard Pinto was sentenced to five years of imprisonment. The other defendants await sentencing.

This matter is being investigated by SIGTARP, the Internal Revenue Service–Criminal Investigation, the Federal Bureau of Investigation, and the Connecticut Securities, Commodities and Investor Fraud Task Force. The case is being prosecuted by Assistant U.S. Attorney Liam Brennan and Special U.S. Attorney John McReynolds.

This prosecution was brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force, which was established to wage an aggressive and coordinated effort to investigate and prosecute financial crimes. SIGTARP is a member of the task force. To learn more about the President's Financial Fraud Enforcement Task Force, please visit www.StopFraud.gov.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program investigates fraud, waste, and abuse in connection with TARP.

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