



SIGTARP

OFFICE OF THE SPECIAL INSPECTOR GENERAL
FOR THE TROUBLED ASSET RELIEF PROGRAM

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

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FORMER CONNECTICUT BISHOP PLEADS GUILTY TO WIRE FRAUD AND TO LAUNDERING PROCEEDS THROUGH A TARP BANK

WASHINGTON, DC - The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) and David B. Fein, United States Attorney for the District of Connecticut, announced today that Julius C. Blackwelder, 59, of North Dakota, formerly of Stratford, Conn., pleaded guilty today before Senior United States District Judge Ellen Bree Burns in New Haven to federal wire fraud and money laundering offenses stemming from an investor fraud scheme.

“As bishop of his church, Blackwelder used his status within the community to dupe victims, including members of his congregation, into funding his Ponzi scheme,” said Christy Romero, Special Inspector General for TARP (SIGTARP). “Blackwelder promised gains for investors, and rather than even invest their money, he laundered it through an account used under false pretenses at TARP recipient Bank of America to pay down personal loans, pay off earlier investors, and pay to build a new home. Taxpayers did not bailout banks so others could launder proceeds of crimes through them. SIGTARP and our law enforcement partners will shut down money laundering through TARP banks.”

“This defendant abused his position of trust as a leader in his church to defraud fellow church members and others out of hundreds of thousands of dollars, much of which he used to construct a waterfront home,” stated U.S. Attorney Fein. “I commend the U.S. Postal Inspection Service, SIGTARP, IRS-Criminal Investigation, Connecticut Department of Banking, and our other law enforcement partners who are working diligently to protect investors by identifying and rooting out fraudulent financial schemes.”

According to court documents and statements made in court, beginning in 2005, Blackwelder persuaded individuals to invest their money with him as part of an investment pool known as the “Friend’s Investment Group.” At the time, Blackwelder was the Bishop of the Bridgeport Ward of the Church of Jesus Christ of Latter-day Saints located in Trumbull, Conn., and he solicited investments from, among others, members of his congregation.

Blackwelder misrepresented to investors that he would invest their money in safe, long-term commodities futures contracts, and that he was an experienced and successful commodities investor. In some instances, Blackwelder guaranteed investors’ principal and a specific return on their investment. He documented his misrepresentations to investors in promissory notes, offering memoranda, and account updates that he prepared.

In fact, Blackwelder used investors’ money to pay his own expenses, which included repaying earlier investors in the scheme, building a waterfront home in Stratford, and repaying personal bank loans, including a line of credit from a Troubled Asset Relief Program (TARP) recipient bank.

Through this scheme, Blackwelder defrauded investors of more than \$400,000.

Blackwelder pleaded guilty to one count of wire fraud, which carries a maximum term of imprisonment of 20 years, and one count of money laundering, which carries a maximum term of imprisonment of 10 years. Judge Burns has scheduled sentencing for May 15, 2013.

This matter is being investigated by SIGTARP, the United States Postal Inspection Service, the Internal Revenue Service - Criminal Investigation, and the State of Connecticut Department of Banking. The case is being prosecuted by Assistant United States Attorney Jonathan N. Francis and Deputy United States Attorney Deirdre M. Daly.

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.

To report suspected illicit activity involving TARP, dial the **SIGTARP Hotline**: 1-877-SIG-2009 (1-877-744-2009).

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