



Department of Justice



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FEDERAL JURY CONVICTS AMERIFIRST EXECUTIVE IN SECURITIES FRAUD SCHEME THAT TARGETED SENIOR CITIZENS

Jeffrey C. Bruteyn Faces Up to 180 Years in Federal Prison and Millions in Fines and Restitution

DALLAS — Following a week-long trial before U.S. District Judge Barbara M. G. Lynn, a federal jury has convicted Jeffrey Charles Bruteyn, formerly the managing director of the now-defunct Dallas-based AmeriFirst Funding Corp. and AmeriFirst Acceptance Corp., on charges stemming from his role in fraudulent securities offerings, announced U.S. Attorney James T. Jacks of the Northern District of Texas. Specifically, the jury convicted Bruteyn, 40, of Dallas, on all nine counts of securities fraud as charged in an indictment returned by a grand jury in May 2009. He faces a maximum statutory sentence of 20 years in prison and a \$5 million fine, *per count*, and could be ordered to pay restitution. Bruteyn, who is in federal custody, will be sentenced by Judge Lynn on July 23, 2010.

The government presented evidence at trial that Bruteyn's scheme raised more than \$50 million from more than 500 investors living in Texas and Florida, many of whom were retired and all of whom were looking for safe and secure investments. In connection with the sale of securities, Bruteyn misled, deceived and defrauded investors by misrepresenting, and by failing to disclose, material facts concerning the safety of the securities. Bruteyn personally met with investors and he also arranged for his salesmen to sell the securities.

One of those salespeople, Vincent John Bazemore, Jr., 35, of Denton, was prosecuted in the Northern District of Texas, pleaded guilty in October 2007 to his role in the scheme, and is currently serving a 60-month federal prison sentence. Bazemore was also ordered to pay nearly \$16 million in restitution.

In a related case in the Northern District of Texas, Gerald Kingston, of Dallas, pleaded guilty in December 2007 to one count of conspiracy to commit securities fraud, stemming from his role in helping Bruteyn to manipulate the stock price of Interfinancial Holdings Corporation (IFCH). Acting at the direction of Bruteyn, Kingston bought and sold hundreds of thousands of shares of IFCH and effected matched trades to create the false impression of widespread interest in the stock. Kingston admitted that he derived more than \$1.6 million in proceeds from his fraudulent sales of IFCH in the course of the conspiracy.

In another related case in the Northern District of Texas, Eric Hall, of Fort Myers, Florida, pleaded guilty in June 2008 to one count of securities fraud, based on his role in a scheme that also involved trading in IFCH.

Both Kingston and Hall are scheduled to be sentenced on June 11, 2010. They each face a maximum statutory sentence of five years in prison, a \$250,000 fine and restitution.

At Bruteyn's trial, the government presented evidence concerning the false and fraudulent representations that Bruteyn made, such as representing that: 1) investments were guaranteed by a commercial bank and reinsured by two AA-rated insurance companies; 2) that the "reinsurers" were "Allianz and Lloyd's of London, the two largest insurance companies in the world"; and 3) that investments were protected, up to \$100,000 per account, by "Fraud and Dishonesty" insurance. In addition, Bruteyn furnished investors a letter stating that the securities were "a perfect investment vehicle for someone in a conservative financial position."

Bruteyn also falsely represented that he held a Masters of Business Administration (MBA) degree from the Wharton School of Business, and he failed to advise investors that he had been expelled from the securities brokerage industry by the National Association of Securities Dealers (NASD), a private securities regulator, following a series of NASD rule violations. In 2002, he was fined \$15,000 and suspended from working as a securities broker for executing unauthorized transactions in a customer account. In a separate incident, Bruteyn was ordered to pay a former client \$287,000 because an NASD arbitration panel found that he had engaged in misconduct.

In 2007, in a related case, the United States Securities and Exchange Commission (SEC) filed civil fraud charges in federal court in Dallas against AmeriFirst and its principals, including Bruteyn, Bazemore and others. The SEC charged Bruteyn and others with raising as much as \$55 million through the fraudulent offer

and sale of AmeriFirst's secured debt obligations and collateral secured debt obligations. The SEC also charged that AmeriFirst and its sales agents targeted and lured many elderly investors to invest their retirement savings with AmeriFirst based on promises that the investments had little or no risk and were guaranteed through the protection of a commercial bank and numerous insurance companies.

Securities fraud is a major focus of President Barack Obama's Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

While praising the investigative work of the FBI, the Federal Deposit Insurance Corporation - Office of Inspector General, the Texas State Securities Board, and the SEC, U.S. Attorney Jacks emphasized that the investigation into AmeriFirst continues.

Assistant U.S. Attorneys Alan Buie and Christopher Stokes, and Special Assistant U.S. Attorney Stephanie Tourk are prosecuting.

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