

Department of Justice Press Release

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United States Attorney's Office

Northern District of Texas

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Amerifirst Executive Sentenced to 25 Years in Securities Fraud Scheme that Preyed on Senior Citizens Fraud Involved Roughly 600 Victims and More Than \$50 Million

DALLAS—Jeffrey Charles Bruteyn, 40, of Dallas, was sentenced today by U.S. District Judge Barbara M. G. Lynn to 25 years in prison, following his conviction in April 2010 on nine counts of securities fraud, announced U.S. Attorney James T. Jacks of the Northern District of Texas. Bruteyn is the former managing director of the now-defunct Dallas-based AmeriFirst Funding Corp. and AmeriFirst Acceptance Corp. (together "AmeriFirst"). Both companies have been under the control of a court-appointed receiver since the Securities and Exchange Commission brought an emergency action to halt the fraud in July 2007.

According to evidence presented at trial, Bruteyn orchestrated offerings of promissory notes called Secured Debt Obligations ("SDOs") that raised more than \$50 million from approximately 600 investors living in Texas and Florida, many of whom were retired and all of whom were looking for safe and secure investments. Bruteyn personally met with investors, and he also arranged for brokers to sell the securities. 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. Among other things, Bruteyn falsely represented to investors that their investment was insured by Lloyd's of London or Allianz, and that it was guaranteed by a commercial bank. Neither was true. Bruteyn also deceived investors about his own qualifications and trustworthiness, by claiming to hold an MBA from the prestigious Wharton School at the University of Pennsylvania, and claiming to hold securities licenses when in fact he had been barred from the brokerage business by the NASD.

One of those brokers who sold the SDOs, Vincent John Bazemore, Jr., 36, of Denton, Texas, 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 other related cases 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 (ticker: 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.

Eric Hall, of Fort Myers, Florida, pleaded guilty in June 2008 to one count of securities fraud, based on his role in a scheme to defraud investors in an entity called Secured Capital Trust.

John Porter Priest, of Ocala, Florida, pleaded guilty in September 2010 to one count of securities fraud based on his role in the Secured Capital Trust scheme.

Dennis Woods Bowden, of Dallas, the former Chief Operations Officer of AmeriFirst Funding Corp. and AmeriFirst Acceptance Corp. was indicted in May 2010 by a federal grand jury in Dallas on nine counts of securities fraud and six counts of mail fraud.

Sentencing dates have not yet been set for Kingston and Hall. Priest's sentencing is set for April 4, 2011. Bowden's trial date is set for June 6, 2011.

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.

U.S. Attorney Jacks praised the investigative work of the FBI, the Federal Deposit Insurance Corporation - Office of Inspector General, the Texas State Securities Board, and the SEC.

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