

Two Oregon residents plead guilty in massive fraud case

by Bend_Weekly_News_Sources

Defendants operated and promoted the First International Bank of Grenada, which defrauded depositors out of nearly \$170 Million

Portland, Ore. — Karin J. Immergut, U.S. Attorney for the District of Oregon, announced yesterday that Laurent Barnabe, 68, a Canadian citizen and current resident of Lake Oswego, Oregon, pled guilty on Tuesday to two counts of money laundering in connection with his role in promoting a fraudulent investment scheme in the name of the First International Bank of Grenada (FIBG).

Last week, on March 19, Douglas Ferguson, 74, and currently a resident of Portland, Oregon, pled guilty to a money laundering conspiracy charge also arising out of his role in promoting FIBG. These pleas brought to a conclusion an eight-year investigation and prosecution into a massive fraud scheme operated out of the Caribbean nation of Grenada with ties to Oregon.

The terms of their plea agreements call for Barnabe to receive a sentence of 72 months incarceration, and Ferguson 52 months. Sentencing is set for June 11, before the Honorable Garr. M. King in Portland, Oregon.

Ferguson and Barnabe, along with three others, were charged in October 2003 in a 147 count indictment with conspiracy, fraud, and money laundering charges arising out of the creation and promotion of the First International Bank of Grenada. Two other defendants in that indictment pled guilty last summer, and the fifth died awaiting trial. Established in 1997, FIBG offered interest rates to depositors as high as 300%. It claimed to have earned more than \$12 billion in high yield trading, and to have acquired assets in excess of \$26 billion. In reality, it was just a Ponzi scheme, attracting deposits of approximately \$170 million dollars, and using that money to make phony "interest" payments to depositors, invest in phony high-yield investment schemes, and pay significant sums to the defendants. Much of the money was obtained by persuading victims to roll-over pension and IRA money into FIBG. When FIBG was taken over by the Grenadian government in August 2000, it had less than \$2 million in real assets. Several Oregon depositors lost significant sums of money. The prosecution was undertaken in Oregon because almost \$50 million dollars raised during the scheme was funneled through a bank account in Forest Grove, Oregon.

The investigation of this case involved the first successful use of the Mutual Legal Assistance Treaty between the United States and Grenada to obtain records of the bank's operations in Grenada. It also required contacting and coordinating with thousands of U.S. victims of the scheme. The indictment sought forfeiture of assets throughout the United States, Grenada, Austria, and Uganda, where two of the conspirators had relocated. Those two defendants — one of whom was Douglas Ferguson -- were arrested by Ugandan authorities and delivered to the custody of the FBI for rendition to the United States in 2004. In preparation for trial, witness depositions were taken in Grenada, Barbados, Canada, and Britain. In addition to the five defendants in the main indictment, four other individuals — including two attorneys — have been charged in related indictments or as part of obtaining their cooperation.

U.S. Attorney Immergut commented: “This prosecution proves our determination to track down and prosecute those who defraud Oregonians and others out of their savings and pension funds, no matter where they are operating from. I am particularly grateful for the persistence and dedication shown by our law enforcement partners, the Internal Revenue Service Criminal Investigation Division, and the FBI, during this long and demanding investigation.”

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