

## **ALABAMA SECURITIES COMMISSION**

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### **FOR IMMEDIATE RELEASE**

## **Seized assets returned to investors-- 9,500 checks being mailed to victims**

MONTGOMERY, ALABAMA (August 20, 2002) - Honorable Joseph P. Borg, Director of the Alabama Securities Commission, announced today the Alabama Securities Commission is in the process of issuing and mailing checks to those entitled to receive a pro rata distribution from their investments in the International Benevolent Foundation- an illegal Ponzi Scheme shut down by regulators.

Borg said, "The International Benevolence Foundation and its Trust fund IBFT was permanently closed for committing fraud in April 1999. IBFT's founder, Frank R. Johnson, has since served prison time for wire fraud involving unregistered securities and the operation of an illegal Ponzi scheme. The U.S. Federal Court, Middle District of Alabama, appointed the Alabama Securities Commission ("ASC") as the receiver in the matter of Frank Ray Johnson and the investment funds regarding the International Benevolent Foundation ("IBF")."

The ASC concluded its records examination and sale of assets pertaining to IBF after contacting all investors and verifying the investment claims. Approximately \$14 million was taken in by IBF from over 9,500 investors nationwide and from 14 foreign countries. Some individuals made more than one investment.

Frank Ray Johnson was found guilty of "wire fraud" in Federal Court after an investigation by the Commission and the FBI. Johnson was sentenced to 33 months in prison. In connection with the investigation, authorities seized Johnson's personally owned bank accounts, vehicles and real estate located in Alabama. Funds were also seized from several offshore accounts. After disposing of the assets, the amount of funds available for disbursement totaled approximately \$1.8 million. The ASC will complete the task of mailing out about 9,500 checks by the end of this week.

Mr. Johnson began the IBFT scheme in Montgomery, Alabama in 1996 and it was closed in 1999 through enforcement actions taken in a cooperative effort by the Alabama Securities Commission (ASC), the Alabama Attorney General's Office, the Federal Bureau of Investigation and the Internal Revenue Service.

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Investors in the IBFT were promised a “tax free” return of \$10,000 for each \$100 investment. Investors were told the funds would be placed in offshore accounts to keep profits tax-free.

Each \$100 investment was placed into one of five separate "Projects". The investment contract was called a "Private Party Loan Agreement". The investor was asked to wait between 275 and 365 days to receive the promised return. As time passed, new investor monies were required to pay the original investors--unless the original investor agreed to "roll over" their profit for another 275 to 365 days for the opportunity to make an astronomical profit.

In this Ponzi scheme none of the funds sent to IBFT were ever invested as represented. As the number of investors grew there would never be enough money to pay the promised return and most investors would lose their money. The IBFT program spread through Alabama, the United States and across international boundaries soliciting over 9,500 investors throughout the United States and in over 18 foreign countries.

The Director of the Alabama Securities Commission (ASC) cautions potential investors to thoroughly check out any investment opportunity. Contact ASC for inquiries regarding securities broker-dealers, agents, investment advisors, and investment advisor representatives, the registration status of securities, to report suspected fraud, or obtain consumer information:

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