



Department of Justice

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FLORIDA MAN PLEADS GUILTY TO CHOCTAW COUNTY INVESTMENT SCAM

Kenyen Brown, U.S. Attorney for the Southern District of Alabama, and Joseph P. Borg, Director of the Alabama Securities Commission are pleased to announce that Patrick Daleiden has pled guilty to conspiracy and wire fraud charges related to his involvement in a Choctaw County investment scam.

The investment scam began in the summer of 2006 when Patrick Daleiden, his co-defendant Bruce Mabey, and others solicited four Alabama investors by offering an opportunity to invest in a new industrial park they were planning to develop on a 3,200 acre tract of land in Choctaw County, Alabama. Daleiden, Mabey, others, told investors that Daleiden was in discussion with Bermuda-based Butterfield Bank about a \$10 million credit facility for his company and that a closing of that facility was expected in fall of 2006. The investors were told that the loan proceeds from the credit facility were to be used for the purchase of the land in Choctaw County and to develop the industrial park. The collateral for the loan was to be a \$10 million bank guarantee issued by the Union Bank of Switzerland (UBS), which was purportedly issued to Starboard Capital, Inc. In addition, investors were told of a lending commitment for the project by a New York based real estate lending fund for the purchase of the land. Neither loan was ever closed and the bank guarantee from UBS to Starboard Capital was fake.

Based on the false and fraudulent promises, pretenses, and representations made by Daleiden, Mabey, and others, the four Alabama investors invested nearly \$1.5 million in the Choctaw County industrial park project. Within days of the money being wired into the Starboard Capital bank account, the investors' money was withdrawn or transferred to other accounts.

From 2006 through 2009, Mabey, and agents of Starboard Capital sent e-mails to the Alabama investors in an effort to lull them into believing that the deal would eventually go through and the industrial park would be developed. However, the land was never purchased, the park was never developed, and none of the investors received any of their money back.

Patrick Daleiden's co-defendant Bruce Mabey is still set for trial in federal court. Related state securities fraud charges are pending in Choctaw and Madison Counties against both Daleiden and Mabey.

United States Attorney Kenyen Brown is very pleased with the joint effort between the U.S. Attorney's Office and the Alabama Securities Commission displayed in this case. "Being able to work well with our state partners is critical to achieving our shared goal of prosecuting criminals and seeking justice for victims in Alabama," said Brown. "Patrick Daleiden came to Alabama and preyed on victims after gaining their trust. His actions were motivated by greed and are reprehensible. Defrauding investors will never be tolerated, and this office will continue to tirelessly prosecute white-collar criminals. The U.S. Attorney's Office looks forward to continuing the successful partnership with the Alabama Securities Commission in the future."

Alabama Securities Commission Director Borg joined in these sentiments: "Fraud involving investment securities is a scourge that causes incalculable damage to individual financial security and to public confidence in the integrity of our financial markets. The ability of Federal and State authorities to work together is a vital tool in bringing scam artists to justice. We are proud of the hard work of the federal and state law enforcement authorities in this case."

The multi-year investigation into this case was led by the Alabama Securities Commission in Montgomery. FBI-Mobile also assisted in the investigation beginning in the spring of 2012.

A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Alabama at www.justice.gov/usao/als.