



Robbery of a Different Sort

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When asked why he robbed banks, Willie Sutton was reported to have said, “Because that’s where the money is.” But in his memoirs, he denied ever making the statement. He did say that he enjoyed robbing banks. He enjoyed it so much that several weeks after a robbery, he would be planning the next heist. During his life, he is credited with robbing over 50 banks collecting \$2 million. Ultimately, he served 33 years in prison for his crimes (not counting three prison escapes).

According to FBI statistics, there were 5,014 robberies in 2011 from banks, credit unions, and savings and loan associations. The total cash taken from these robberies totaled \$38.3 million. Using simple division results in a total take of \$7,638 per robbery.

However, these dollars are small change compared to some of the investment scams and accounting scandals of recent years. These include:

Bernie Madoff – He is credited with perpetrating the largest Ponzi scheme in history. Although it was initially believed that losses to investors would be over \$50 billion, a recent assessment shows losses of \$18 billion.

Enron – When this company went bankrupt in 2001, stockholders lost \$74 billion as well as employees losing their jobs and retirement accounts.

WorldComm – Based upon an audit, this telecommunication company’s assets were inflated by \$11 billion. This resulted in firm’s bankruptcy in 2002. When it emerged from bankruptcy in 2004, bondholders were paid 37 cents on the dollar and stockholders received nothing.

Stanford Financial Group – One of the biggest Ponzi schemes in U.S. history resulted in more than \$7 billion in losses to 18,000 investors as well as a prison term of 110 years for firm’s founder, Allen Stanford.

Bayou Hedge Fund – This firm filed for bankruptcy in 2006. Losses to investors exceeded \$300 million. Sam Israel, the founder of the company faked his own death. He was ultimately captured and sentenced to 20 years in prison.

Investment fraud costs American investors billions of dollars each year. The money taken in bank robberies pales in comparison to what is lost in investment scams. Below are some simple points to remember to protect oneself from investment fraud:

- Beware of investments that offer large returns.
- Be skeptical of claims that the investment has little or no risk.
- Do not invest immediately. Take time to understand the investment.
- Get more information about the investment in writing.
- Check out investment offers. Call DORA’s Division of Securities (303-894-2320) to determine if the investment is registered and the salesperson is licensed.
- If it sounds too good to be true, it is.

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