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MATHON PRINCIPALS INDICTED IN \$160 MILLION PONZI SCHEME

PHOENIX - A 40-count indictment, returned by a federal grand jury, was unsealed today charging five defendants in a \$160 million Ponzi scheme. The indictment charges Duane Hamblin Slade, 38, of Austin, Texas; Guy Andrew Williams, 38, of Mesa, Ariz.; Brent F. Williams, 62, of Mesa; and Douglas Edward Towler, 46, of Scottsdale, Ariz., with conspiracy to commit mail and wire fraud, mail fraud, wire fraud, and transactional money laundering. The indictment also charges Russell Laurence Sewell, 43, of Mesa, with conspiracy to commit mail and wire fraud.

Guy and Brent Williams were arrested today in Mesa and Slade in Texas. The indictment was unsealed at their initial appearance at 3 p.m. this afternoon. Towler and Sewell will receive a summons to appear in federal court for their initial appearance at a later date. The indictment alleges that between February 2002 and April 2005, the defendants devised and participated in a scheme to defraud and obtain over \$160 million by means of fraudulent pretenses, representations, and promises.

Dennis K. Burke, U.S. Attorney for the District of Arizona, highlighted the significance of this indictment. "These defendants operated a classic Ponzi scheme to enrich themselves and others at the expense of investors. I congratulate the Securities Division of the Arizona Corporation Commission, the FBI, Internal Revenue Service - Criminal Investigations Unit, and the U.S. Postal Inspection Service for their persistence and thorough investigation that led to this significant indictment."

"This indictment is the culmination of a cooperative effort between the FBI, the Internal Revenue Service - Criminal Investigations Unit, and the U.S. Postal Inspection Service," stated Nathan Gray, Special Agent in Charge, FBI, Phoenix Division. "When individuals knowingly defraud the public for personal gain it negatively impacts on those investors and legitimate investment groups. The FBI and its law enforcement partners are committed to bring those to justice who choose to participate in Ponzi Schemes."

According to the indictment, the defendants and their agents made numerous false statements, false representations, and material omissions to induce victims to "invest" millions of dollars in Mathon Fund I, Mathon Fund, and various other entities controlled by the defendants. The investors were told that their funds would be used to make loans to third-party borrowers at a high interest rate. In fact, the defendants and their co-conspirators simply used other investors' money to pay back initial investors. Proceeds from the scheme also were used to pay off those who assisted in the scheme, to fund businesses and entities controlled by the defendants, and to finance the defendants' extravagant lifestyle.

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“These arrests serve as a reminder for would-be investors to research investment opportunities thoroughly before proceeding,” stated Pete Zegarac, Inspector in Charge of the Phoenix Division Postal Inspection Service. “Be wary of investments offering high rates of return and do not rely solely on word-of-mouth testimony as proof of validity.”

“For the victims of this scheme, which was devoid of economic substance, the collapse of the house of cards left a wake of financial misery,” stated Andrea Whelan Special Agent In Charge, Internal Revenue Service Criminal Investigative Division. “The public must be ever mindful of the presence of greed inspired criminals, who offer things that are too good to be true.”

If convicted, the defendants face a potential maximum sentence of 20 years in federal prison on each count of conspiracy, wire fraud, and mail fraud, and a potential maximum sentence of 10 years in federal prison on each count of transactional money laundering. Each count also carries a maximum fine of \$250,000. In determining an actual sentence, the assigned judge will consult the U.S. Sentencing Guidelines, which provide advisory sentencing ranges.

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The case is the result of an investigation conducted by the Federal Bureau of Investigation, the Internal Revenue Service, Criminal Investigations Division, the U.S. Postal Inspection Service, and the Securities Division of the Arizona Corporation Commission. It is being prosecuted by Assistant U.S. Attorneys Peter S. Sexton, Stephen W. Laramore, Dominic Lanza, and Kevin M. Rapp and Special Assistant U.S. Attorney Wendy Coy of the District of Arizona, Phoenix.

CASE NUMBER: CR-09-1492-PHX-EHC
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