

NEWS

Judge dismisses \$17M fraud case against Putnam stockbroker

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A federal judge has dismissed an indictment against a Putnam Valley man had who had been accused of running a \$17 million stock scam.

The indictment against Guy Gentile, 40, was thrown out on Monday in New Jersey by U.S. District Judge Jose Linares, who said the statute of limitations had expired. Gentile had been indicted by a grand jury in March 2016 on charges of securities fraud and conspiracy to commit securities fraud.

"Our client is very pleased that this ordeal is now behind him, and looks forward to moving ahead with his life and restoring his good name," Gentile's lawyers, Adam Ford of Ford O'Brien LLP and Chad Seigel and Joe Tacopina of Tacopina & Seigel, said in a statement.

CHARGED: Putnam broker accused of \$17M scam

Gentile had cooperated with authorities in a broader investigation, resulting in dozens of arrests and indictments and several guilty pleas in the case, his lawyers argued in their motion to dismiss the indictment. Authorities assured Gentile that he would not be charged if he cooperated, his lawyers argued.

The U.S. Attorney's Office in New Jersey declined to comment on the case.

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Gentile had been accused of orchestrating a "pump-and-dump" scam in 2007 and 2008, when he was a Mahopac resident, according to the Securities and Exchange Commission, which filed a civil complaint against him last year for the alleged scheme.

That SEC case is still pending, having been stayed while the criminal proceedings played out, according to an order signed by Linares last May.

The SEC could not immediately be reached for comment Wednesday morning.

"The SEC complaint also suffers from limitations problems and we will be moving to dismiss that complaint, as well, unless we can convince the SEC to voluntarily withdraw it," Ford said on Wednesday morning.

According to the SEC complaint, Gentile, a registered broker-dealer in Carmel, has been the principal of multiple securities-related businesses, including an online brokerage firm based in the Bahamas.

The U.S. Attorney's Office in New Jersey had accused Gentile and two Canadian stock promoters of artificially inflating stock prices of two publicly traded companies, Kentucky USA Energy Inc. and Raven Gold Corp. After prices rose, prosecutors said, the trio sold many of the stocks to investors.

The operation netted Gentile and his partners about \$17.2 million, authorities said.

Linares wrote in his decision, though, that the statute of limitations expired five years after the alleged crimes last took place, in June 2008.

Prosecutors referenced the Dodd-Frank act, which was passed by Congress in 2010 and pushed the statute of limitations for securities charges to six years. That act, along with two extensions because of Gentile's cooperation, should have set a deadline of June 30, 2016, for an indictment, they argued.

Linares disagreed, ruling that the act does not stipulate that the new statute of limitations should be applied retroactively.

"We are pleased with Judge Linares' well-reasoned decision and believe it not only protects Mr. Gentile's constitutional rights in this case, but resolves significant ambiguities

regarding the reach of Dodd-Frank, so as to prohibit stale criminal prosecutions by the Government," Gentile's lawyers said.

"As this is the first decision in the country to rule Dodd-Frank is not retroactive in this regard, we expect the decision to have far-reaching positive effects," they added.

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