



New York Field Office

[Home](#) • [New York](#) • [Press Releases](#) • 2013 • [Victims of Bayou Hedge Funds Receive Another \\$31 Million in Forfeited Assets, Including Millions Repatriated from...](#)

Victims of Bayou Hedge Funds Receive Another \$31 Million in Forfeited Assets, Including Millions Repatriated from Singapore and the United Kingdom

U.S. Attorney's Office
July 16, 2013

Southern District of New York
(212) 637-2600

Preet Bharara, the United States Attorney for the Southern District of New York, announced that today the Clerk of the Court distributed \$31,788,917.44 in proceeds from forfeited assets to victims of the fraud committed at the Bayou hedge funds. The forfeited assets include approximately \$2 million seized from a bank account in Singapore and \$1 million seized from a bank account in the United Kingdom. This brings the total value of the forfeited assets distributed to Bayou fraud victims to over \$128 million.

U.S. Attorney Bharara stated, "We are dedicated to using forfeiture to compensate victims for their losses whenever possible. This return of money to Bayou fraud victims underscores the power and flexibility of forfeiture as a tool to help victims of major financial crimes. It also demonstrates our commitment to working with foreign governments to pursue and seize criminal proceeds that are transferred into offshore accounts."

According to documents filed in these cases:

Samuel Israel, III; Daniel E. Marino, and James G. Marquez were each convicted of defrauding investors by inducing them to invest in the various Bayou hedge funds and creating fake financial statements. These statements falsely represented that the Bayou hedge funds were profitable, when, in fact, they were sustaining substantial losses. As a result, the total loss to investors was approximately \$300 million. As part of the sentences imposed in 2008 by United States District Judge Colleen McMahon, Israel and Marino were each directed to pay restitution of \$300 million to victims of the Bayou fraud. Marquez was directed to pay restitution of \$6,259,650. In addition, Israel and Marino each were sentenced to 20 years in prison. Marquez was sentenced 51 months in prison.

Following entry of these restitution orders, the U.S. Attorney's Office in the Southern District of New York, with the assistance of the United States Marshals Service and a court-appointed receiver, pursued and forfeited assets that were traceable to the Bayou fraud. In 2008, the United States restored to victims over \$115 million in proceeds of the Bayou fraud, consisting primarily of funds seized from bank accounts in the United States and interest on the seized funds.

The Clerk of the Court distributed these seized funds in accordance with distribution orders that created a reserve fund consisting of 25.18 percent of the restored funds. Judge McMahon created the reserve fund to permit the payment of restitution to investors in the Bayou hedge funds who redeemed all or part of their investment and may be ordered to return a portion of their investment in connection with the ongoing Bayou bankruptcy action, *In re Bayou Group LLC, et al.*, 06-22306 (ASH). Since the creation of the reserve fund, dozens of redeeming investors have been included in amended restitution orders and have received distributions of reserve funds. Following resolution of claims brought against redeeming investors in the Bayou bankruptcy action, the government successfully moved for the distribution of these reserve funds to existing fraud victims. Today's distribution to victims includes the entire reserve fund, consisting of \$20,985,100.21.

The remaining funds distributed to Bayou fraud victims are derived from dozens of assets that were liquidated following the sentencing of Israel, Marino, and Marquez. These assets include a variety of securities for which Judge McMahon entered a final order of forfeiture in April 2013. The assets also include \$1 million in funds repatriated from a bank account in the United Kingdom and \$1,999,994.19 in funds repatriated from a bank account in Singapore, both of which were forfeited to the United States following a contested ancillary forfeiture proceeding.

* * *

Mr. Bharara praised the outstanding efforts of the Federal Bureau of Investigation and the U.S. Marshals Service in this case. He also thanked the U.S. Department of Justice's Office of International Affairs, the United Kingdom's Foreign and Commonwealth Office, the City of London Police Economic Crimes Directorate, the Attorney General's Chambers of the Singapore Government, and the Financial Investigation Division of the Singapore Government's Commercial Affairs Department for their significant assistance in the forfeiture proceedings.

New York Field Office Links

New York Home

Contact Us

- Overview
- Territory/Jurisdiction

News and Outreach

- Press Room | Stories
- In Your Community

About Us

- Our People & Capabilities
- What We Investigate
- Our Partnerships
- New York History

Wanted by the FBI - New York

FBI Jobs

6/14/2018 FBI — Victims of Bayou Hedge Funds Receive Another \$31 Million in Forfeited Assets, Including Millions Repatriated from Singapore and the United...
This case is being handled by the Office of Asset Forfeiture Unit and the White Collar Crime Division. Assistant
U.S. Attorneys Jeffrey Alberts, Perry Carbone, and Sharon Cohen Levin are in charge of the
prosecution.

This content has been reproduced from its original source.

[Accessibility](#) | [eRulemaking](#) | [Freedom of Information Act](#) | [Legal Notices](#) | [Legal Policies and Disclaimers](#) | [Links](#) | [Privacy Policy](#) | [USA.gov](#) | [White House](#)
FBI.gov is an official site of the U.S. government, U.S. Department of Justice

Close