

NEWS

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FOR IMMEDIATE RELEASE
Dec. 13, 2006

Jersey City Man Pleads Guilty to Investment Scam;
Admitted Guilt During Third Day of Jury Trial

(More)

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NEWARK – A Jersey City man who purported to be an investment advisor pleaded guilty today to fraud charges in the middle of his federal trial, admitting that he engaged in an investment scheme which defrauded numerous investors of more than \$400,000, U.S. Attorney Christopher J. Christie announced.

Patrick Dacosta, 47, of Jersey City, pleaded guilty to four counts of wire fraud before U.S. District Judge John C. Lifland. Each count carries a maximum prison sentence of 20 years and a \$250,000 fine. In March 2006, a grand jury issued a Superseding Indictment against Dacosta, charging him with engaging in a scheme to defraud investors from November 1999 through February 2003.

In the third day of the trial, following testimony of several victims, Dacosta admitted in a plea hearing that he used his investment company, Ultimate Chasers of East Orange, to defraud more than 10 victims of hundreds of thousands of dollars in bogus real estate investments and a supposed high-yield “Reserve Bank” investment program. The victims, several who were elderly, were located in a number of states, including California, Florida, Michigan, and Virginia.

The testimony at trial showed that Dacosta, in writing and through verbal solicitations, guaranteed his investor victims profits ranging between 10 percent and 300 percent per-month in his various investment programs. Today, Dacosta acknowledged that the written documents were false and fraudulent. In order to create an appearance of legitimacy and conceal his wrongdoing, Dacosta sent his victims fraudulent account statements, purporting to indicate exorbitant returns. Dacosta similarly admitted the accounts statements were part of the ruse.

Dacosta, who represented himself to the investors as an accomplished and affluent businessman, acknowledged that instead of investing the victims money as promised, he siphoned cash out of a number of banks, and paid for dozens of personal expenditures totaling thousands of dollars. For example, Dacosta used investor money for purchases at stores such as Victoria’s Secret, Lord and Taylor, Johnston and Murphy, Champs, and dozens of others, according to Robert Kirsch and Adam Lurie, the Assistant U.S. Attorney’s who prosecuted the case for the government.

The investigation began in early 2001 by the Bureau of Securities in New Jersey’s Attorney General’s Office. The investigation was coordinated by that Office, as well as the FBI and U.S. Postal Inspection Service. Thereafter, as part of the investigation and while in the throes of perpetrating the scheme, Dacosta was recorded in a supposed sales meeting with investors who in fact were undercover FBI agents, touting his supposed success and ensured stratospheric returns, Kirsch and Lurie said. The defendant was initially arrested in August 2004.

Judge Lifland scheduled sentencing for March 2006. The defendant was released pending sentencing.

In determining the actual sentence, Judge Lifland will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, a defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence. Parole has been abolished in the federal system.

Christie credited the Office of the New Jersey Attorney General's Office Bureau of Securities, under the direction of Bureau Chief Franklin Widmann; Special Agents of the FBI, under the direction of Special Agent in Charge Leslie G. Wiser, Jr. in Newark; and U.S. Postal Inspectors, under the direction of Postal Inspector in Charge Thomas D. Van de Merlen in Newark, for the successful prosecution.

The government is represented by Assistant U.S. Attorney's Kirsch and Lurie, both of the Securities and Healthcare Fraud Unit, in Newark.

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Defense Counsel:
For Defendant Dacosta: Olubukola Adetula, East Orange