

Press Release

Five Charged in \$20 Million Fraudulent Investment Scheme

September 5, 2012

FOR IMMEDIATE RELEASE

Wifredo A. Ferrer, United States Attorney for the Southern District of Florida, and Michael B. Steinbach, Acting Special Agent in Charge, Federal Bureau of Investigation (FBI), Miami Field Office, announced today the unsealing of a twenty-two count Indictment charging **James C. Howard, III**, 53, of Parkland, FL, **Patricia S. Saa**, 57, of Naples, FL, **Louis N. Gallo, III**, 43, of Parkland, FL, **Michael R. Casey**, 65, of Oakland Park, FL, and **Rita E. Balbirer** 69, of Pompano Beach, FL. The charges include conspiracy to commit mail and wire fraud, in violation of Title 18, United States Code, Section 1349, mail and wire fraud in violation of Title 18, United States Code, Sections 1341 and 1343, conspiracy to commit money laundering, in violation of Title 18, United States Code, Section 1956(h), and money laundering, in violation of Title 18, United States Code, Section 1957.

Howard, Saa, and Gallo are charged with both fraud and money laundering offenses. Casey is charged with fraud offenses. Balbirer is charged with money laundering offenses. Each fraud count carries a maximum sentence of 20 years' imprisonment. Each money laundering count carries a maximum sentence of ten years' imprisonment.

Howard, Casey and Balbirer were arrested today. They will make their initial appearances today before U.S. Magistrate Judge Goodman in federal court in Miami, Florida. Gallo is currently serving time in federal prison for violating an unrelated term of supervised release. Saa has not yet been arrested.

According to the Indictment, Howard, Saa, Gallo, Casey and others conspired to defraud individuals who invested in Commodities Online, LLC ("COL"). From approximately January 2010 through April 2011, these defendants used material false and fraudulent representations and material omissions to obtain over \$20 million from over 700 investors.

According to the Indictment, Howard, Saa, Gallo, Casey and other co-conspirators used COL to offer potential investors the supposed opportunity to share in the profits of pre-arranged contracts to buy and sell commodities such as fish, iron ore and sugar. Among other things, COL had a website and marketing materials, which boasted of a track record of paying investors returns on investment ranging from approximately 3% within 15 days to 33% within 105 days.

The indictment alleges that these representations were false. COL did not have profitable contracts. Also, Howard, Saa, Gallo and others misappropriated the investors' funds for other purposes.

The indictment also alleges that Howard, Saa, Gallo and others solicited funds for ownership units in COL, falsely representing that the funds would be used for COL's working capital. Instead, Howard, Saa and others misappropriated over \$1.3 million of the funds invested in ownership units.

The indictment further alleges that Howard, Gallo, Casey and other co-conspirators falsely represented that after May of 2010, Howard was no longer involved in the management of COL, and that Casey, who is an attorney, was the top person in charge of COL. Also, the indictment alleges that these defendants made material omissions in that they failed to disclose the criminal background of Howard, which included federal cocaine and firearm convictions, as well as the criminal background of Gallo, which included federal convictions for bank fraud, cocaine, and transmitting a threat to injure. The indictment further alleges that these defendants omitted that Gallo was serving a term of supervised release during the same time that he shared authority with Howard over COL.

In addition to the fraud charges, the indictment alleges that Howard, Saa, Gallo, Balbirer and others conspired to engage in monetary transactions over \$10,000 involving criminally derived funds. The indictment alleges that multiple other companies were used to move investor funds for the benefit of these defendants. The companies included American Financial Solutions, LLC controlled by Gallo and Balbirer, Sutton Capital, LLC controlled by Howard, and Minjo Corp. controlled by Balbirer.

The indictment also includes a forfeiture allegation. The property listed in the indictment includes approximately \$21,631,466 in proceeds from the charged offenses, and a Mercedes-Benz S63.

Mr. Ferrer commended the investigative efforts of the FBI and the cooperative efforts of the Miami Regional Office of the Securities and Exchange Commission. This case is being prosecuted by Assistant U.S. Attorney Ana Maria Martinez.

Also today, the Securities and Exchange Commission announced it filed a separate civil case against Howard, Gallo, and Casey for securities fraud, seeking injunctive relief, disgorgement, and monetary penalties.

An indictment is only an accusation, the defendants are presumed innocent until proven guilty.

A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Florida at <http://www.usdoj.gov/usao/fls>. Related court documents and information may be found on the website of the District Court for the Southern District of Florida at <http://www.flsd.uscourts.gov> or on <http://pacer.flsd.uscourts.gov>.

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