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**FORMER SECURITIES BROKER AND BROTHER PLEAD GUILTY
TO DEFRAUDING INVESTORS THROUGH "PONZI" STYLE INVESTMENT SCHEME**

Will Make Full Restitution To Victims

Queens District Attorney Richard A. Brown announced today that a former licensed securities broker and his brother have admitted to defrauding investors of more than \$150,000 over a 16-month period through a "Ponzi"-style scheme known as "Zampetti Investments!"

District Attorney Brown said, "The defendants have admitted to having preyed upon trusting and unsuspecting individuals, many of whom were friends and relatives who believed that they were investing in a fund that promised substantial monthly profits. The inducements to invest were based on, among others, representations made by the defendants that the principal investments were protected and that the defendants would repay any sums invested on demand pursuant to the terms of standard promissory notes which included the promise of substantial interest rates. As the losses continued to mount, however, the defendants required new investors to invest funds for longer time periods thus ensuring that the prospective victims would not require access to their money for that time. As a result, some investors lost their entire life savings."

The District Attorney added, "Today's resolution of this case has a twofold purpose. First, as convicted felons, neither defendant will be able to become a licensed broker and victimize other investors. Secondly, it ensures that all those who had invested in the defendants' scheme will be made financially whole once again. Under the terms of their guilty pleas, if the defendants fail to make full restitution they face serious prison time."

The District Attorney identified the defendants as Richard C. Zampetti, Jr., 37, of 2334 Oak Bend Place in The Villages, Florida (formerly of 71-49 Metropolitan Avenue in Middle Village, Queens), and Vincent Zampetti, 35, of 70 Fairfield Avenue in Mineola, New York. The defendants, who were arrested on June 21, 2006, each appeared yesterday afternoon before Acting Supreme Court Justice James P. Griffin and pleaded guilty to second-degree grand larceny and first-degree scheme to defraud and agreed to make full restitution of \$161,530 to their victims. Justice Griffin set sentencing for June 11, 2007, at which time he is expected to sentence the defendants to five years' probation.

District Attorney Brown said that the prosecution was the result of a three-year investigation conducted by the District Attorney's Office in conjunction with the New York Stock Exchange. The investigation determined that although initially the investment strategy explained by the defendants to prospective investors as the "covered calls" or "covered options" strategy appeared to succeed, in late 2000, the strategy eventually soured and the defendants began using new investors' monies to pay the monthly promised returns. In pleading guilty today, the defendants admitted that they utilized the tragedy of September 11th as an excuse, claiming that the fund had failed because of economic conditions. However, a lengthy and thorough forensic analysis of all the bank and brokerage records by the District Attorney's Investigations Division determined that the defendants had used investors' funds to pay personal bills – such as credit cards and other items – instead of investing the funds in accordance with their clients' directions. It is estimated that investors suffered losses of more than \$150,000 as a result of the defendant's scheme that ran from December 1, 2000 to March 1, 2002.

District Attorney Brown expressed his appreciation to the New York Stock Exchange for its cooperation and assistance during the investigation.

The investigation was conducted by the Queens County District Attorney Office's Detective Bureau – specifically, Sergeant John W. Kenna and Investigators Ketty D. Larco and Evelyn Alegre, under the supervision of Chief Investigator Lawrence J. Festa, Deputy Chief Investigator Albert D. Velardi and Lieutenant Robert J. Burke – and by Supervisory Forensic Accountant James J. Dever.

Executive Assistant District Attorney for Investigations Peter A. Crusco prosecuted the case.

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