

Buffalo businessman targeted Catholics in \$17 million Ponzi scheme

WASHINGTON - Catholics were targeted by an 82-year-old Buffalo, N.Y., businessman accused of running a Ponzi scheme involving at least \$17 million generated from investors who responded to ads in diocesan newspapers, federal prosecutors allege.

Richard S. Piccoli of suburban Williamsville, N.Y., was charged with mail fraud in connection with an investment plan offered through his company, Gen-See Capital Corp. An arraignment was scheduled in federal court Jan. 13.

In a related action Jan. 8, the U.S. Securities and Exchange Commission moved to freeze the assets of Mr. Piccoli and his 33-year-old company. A federal judge did not immediately rule on the request.

Mr. Piccoli faces up to 20 years in prison and a \$250,000 fine if convicted. He could not be reached for comment.

A complaint filed by investigators shows that Mr. Piccoli primarily targeted the elderly and Catholics, including priests and religious communities, by advertising in Catholic publications. He guaranteed annual returns of 7.1 to 8.3 percent by investing in what he said were high-quality residential mortgages, records said.

However, rather than investing funds from new clients, Mr. Piccoli used the money to pay earlier investors while directing \$600,000 to himself and his children, court documents allege.

Records show Mr. Piccoli took in more than \$17 million from more than 250 investors since 2004. In November 2008 alone he took in \$500,000, according to the records.

A Justice Department official declined to comment on Mr. Piccoli's business

activities prior to 2004.

Federal officials allege that Mr. Piccoli gained the trust of new investors by providing lists of clients that included priests and by distributing fliers and ads stating that his company has been “serving seniors and retirees since 1975.”

The charges stem from an investigation undertaken by U.S. Postal Service Inspector Shelley Carosella, who responded to an August 2008 ad for Gen-See and posed as a potential client seeking investment options for his mother.

During subsequent meetings with the undercover inspector, Mr. Piccoli said he had more than 50 priests as clients and that “we’re loaded with church funds right now because even the diocese is only payin’ 3 percent,” according to the affidavit.

In addition to the meetings, Mr. Piccoli sent several fliers advancing his investment plan to Mr. Carosella, the affidavit said. The inspector began monitoring Gen-See’s mail and bank accounts and found no correspondence with banks or any payments to banks, according to the affidavit.

Two of Mr. Piccoli’s clients were cited in the affidavit; one began investing with him about 10 years ago and the other, identified only as “Monsignor F.,” in the 1980s. Both said they received monthly checks and were pleased with Mr. Piccoli’s service, Mr. Carosella’s affidavit said.

Mr. Piccoli advertised his services in at least three upstate New York diocesan newspapers, in Buffalo, Rochester and Syracuse.

Kevin Keenan, editor of the Western New York Catholic, newspaper of the Buffalo Diocese, said Piccoli’s company had been an advertiser since 1988.

“We’ve never had any complaints from our readers and he always paid his bills on time,” Mr. Keenan said. “We were shocked when we learned about this. The reaction we’re hearing from his investors is the same.”