

## Investor under federal eye

State agency: Money not invested

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The U.S. Attorney's Office in New Orleans and the FBI are investigating whether Gulf Region Guaranty Inc. and its related companies defrauded south Louisiana investors.

The state Office of Financial Institutions confirmed a probe it launched in January has been handed over to other law enforcement agencies it would not name, but an attorney for some of the investors and the attorney for one of the parties named in the OFI probe said the U.S. Attorney's Office and FBI are now involved.

"My clients have been contacted by the FBI and the Louisiana Office of Financial Institutions," said Joseph C. Peiffer, a New Orleans attorney representing some of the investors.

"We are cooperating with the U.S. Attorney's Office in New Orleans," said Donald Beckner, the attorney for Matthew Pizzolato, who was named in the OFI probe.

"I've been down there two or three times talking to the U.S. attorney, talking to the FBI," Beckner said, "and so has my client."

The OFI issued a cease-and-desist order alleging Pizzolato, his father, Sherel J. "Sonny" Pizzolato Jr., Jeff Fricke, Gulf Region Guaranty, Gulf States Guaranty LLC, Allegiance Financial LLC and Cornerstone Wealth Management LLC had broken state securities fraud laws.

The Pizzolatos and Fricke persuaded at least 70 people to invest at least \$4 million, according to the order.

The investments were supposed to be certificates of deposit, U.S. Treasury bills or other "guaranteed" or "insured" investments.

The investors received monthly interest payments, which supposedly represented their investment income, though the OFI said payments were simply small portions of the invested money being given back to them.

"Evidence has been obtained that shows the Respondents (the Pizzolatos and Fricke) used the investors' funds for personal expenses and their own business ventures," the order says.

OFI set an April 29 hearing before an administrative law judge, but the hearing never took place.

The evidence was turned over to other law enforcement agencies, said Rhonda Reeves, OFI deputy commissioner of securities, last week.

She declined to name the agencies, saying the ongoing investigations require all information be kept confidential.

Beckner, the attorney for Pizzolato, said the OFI misinterpreted some of the evidence, which led the agency to refer the matter to the U.S. Attorney's Office.

"OFI thought the money had been put in somebody's pocket, and no investments were made," Beckner said.

Matthew Pizzolato forwarded the money to his partners, and they invested in the properties, Beckner said.

Those seven or eight real estate projects are throughout the state, and the properties have realized substantial gains.

"There's more than enough money to pay off all the investors," Beckner said.

Beckner said he could not release a list of the properties without getting permission from the law enforcement agencies.

Meanwhile, investors have to wait on their money until the attorneys for partners Brett Oubre and William Guidry, who purchased the properties, get the law enforcement agencies' permission to disburse the funds to investors, Beckner said.

"We're anxious for the funds to be disbursed. I've made repeated requests upon them to disburse the funds to the investors," Beckner said.