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LAFAYETTE — A group of Lafayette residents are seeking damages after a financial adviser allegedly guaranteed them huge returns on their savings, but instead lost millions of dollars in “extraordinarily risky” investments.

The Financial Industry Regulatory Authority, a non-governmental regulator for securities firms, is handling the group’s claim.

The arbitration names Richard Buswell, Steve Fouke, Bowman Investment Group, Antony Lee Turbeville, David William Locy, Denise Julius Zumbrun and Brookstone Securities Inc. of Florida.

The arbitration process is similar to civil court, but differs in that a group of arbitrators oversee the case and award damages if applicable, said Joseph Peiffer, the group’s attorney.

Peiffer estimates his clients lost about \$10 million. They are seeking an unspecified amount in damages.

Both Buswell and Fouke worked at Bowman Investment Group, in Lafayette, and served as representatives of Brookstone Securities.

The claim essentially states Buswell misadvised and defrauded investors while representing Brookstone.

The clients lost money intended for their retirement.

The claim states in the spring and fall 2008, Fouke used his contacts in the construction industry to attract potential clients who were then directed to private meetings and/or seminars with Buswell. There, Buswell allegedly actively solicited their investments.

Buswell allegedly grossly overstated the clients’ potential earnings, received higher than expected commissions and convinced clients to invest in companies from which he received commissions.

He also allegedly told clients he could guarantee 8 percent returns if they switched from their other financial advisers where they received only 4 percent.

The claim further alleges Buswell promised them losses of no more than 5 percent while assuring clients they could expect significant incomes from their investments, as high as \$125,000 per year.

Joseph Peiffer, an attorney representing the investors, said Buswell made “extraordinarily risky” investments that resulted in losses of 50 percent to 75 percent in a matter of months.

Those clients were “blue-collar unsophisticated investors” who allegedly told the defendants they were conservative to moderate investors and were depending on the funds for their future retirements, the lawsuit states.

Instead, the funds were concentrated in national banks and in financial stocks during an economic downturn and amid news of numerous bank failures, along with other investments of “dubious” merit, the suit states.

“Within a few short months ... the Claimants’ portfolios declined precipitously,” the lawsuit says.

“I do this work for a living and I’ve never seen anything like this,” Peiffer said.

“It’s like (the clients) were walking down the street and an anvil dropped on their head and the name on the anvil was Brookstone Securities.”

A spokeswoman for the FBI, Shelia Thorne, said agents were at the Bowman Investment Group offices, 100 William O. Stutes St., on Wednesday.

Thorne could not elaborate as to what the agents were doing there or whether it related to the complaint.

She could only say the agents’ visit “relates to an ongoing criminal investigation.”

A representative of Brookstone said he could not comment on the arbitration.

According to FINRA’s Web site, both Buswell and Fouke were terminated and are employed by LaSalle St. Securities in Elmhurst, Ill.

All the others are still employed by Brookstone, according to the Web site.