

Naples Daily News

naplesnews.com | Wednesday, September 28, 2011

Naples mogul swept up in Ponzi scheme

Recruiter guilty of tax fraud, unaware of link to scandalous Miami booster

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As Sydney "Jack" Williams funneled dozens of investors to a \$930 million Ponzi scheme dating back to 2004, the Naples real estate mogul made nearly \$12 million off the fraudulent company.

While federal prosecutors say Williams didn't know a scandal-ridden former University of Miami booster was scamming the investors, he admitted Tuesday to hiding \$6.4 million in income made off the scheme from the IRS.

Williams, 63, now faces up to three years in prison and a \$250,000 fine after pleading guilty in New Jersey to filing a false tax return. He admitted to not disclosing commissions, fees and interest earned from Capitol Investments USA Inc., a company owned by Nevin Shapiro that took in millions of dollars of fraudulent investments, pretending to deal in wholesale grocery businesses.

Shapiro is serving a 20-year sentence in a Louisiana federal prison on fraud and money laundering charges. He's also the face of a recent scandal at the University of Miami, where Shapiro says he gave thousands of impermissible benefits to athletes between 2002 and 2010.

Court documents show Williams was the chief recruiter for investments in Capitol, mostly soliciting money from residents in Naples, Indianapolis and Chicago between 2004 and 2009. Federal prosecutors said investors recruited

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administrators made the decision not to show the speech live. Instead, the district will give teachers the opportunity to share the speech at a later day if it fits with the curriculum.

"We're trying to maximize the message," said Patton. "We want teachers to show it in a controlled setting."

Lee and Collier schools are giving parents the chance to "opt-out" from watching the speech, whether they watch it live or at a later date.

Thompson and Patton explained that teachers can present the message as a resource for history, speech writing, oral techniques or for other instructional purposes.

Joseph Burke, superintendent of Lee County Public Schools, believes it's important to make the speech available to all students.

"The president clearly defines what it means to have a good public education system," said Burke.

Miami-Dade County Public Schools aired the speech live the past two years. Before taking the Collier County superintendent job, Patton worked in Miami-Dade Public Schools for 24 years.

So then, why the decision not to show the speech live in Collier County?

"I know that historically we haven't shown it. I always want to be sensitive of the past," Patton said.

School board members and local party representatives are keeping their mouths shut. No one wants to admit that the decision is a political one.

County voter registration numbers show that Collier County has double the number of registered Republicans than Democrats — 89,603 to 44,334. Lee County has 157,876 registered Republicans and 107,196 registered Democrats.

School board member Barbara Berry said the board should not be involved in the district's decision.

"The running of the schools is left up to the district. This is not a political decision. This decision shouldn't be up to the board," Berry said.

Democratic national party chairwoman Sandra McClinton remembers there being "a big hassle" about the speech in past years.

"If you can't trust the president to talk to your children, who can you?" McClinton said.

She said that since the students are not of voting age, the president's political affiliation shouldn't make a difference.

"The students should be able to hear an even line," she said. "I would trust any of our presidents to speak to the students."

Attempts to reach the Collier County Republican executive committee Tuesday were unsuccessful.

Obama is not the first president to directly address students. In 1991, President George H.W. Bush gave an address to schools nationwide. Ronald Reagan also answered questions from students at the White House in 1986. The session aired nationally.

In last year's back-to-school speech, some of Obama's comments included:

"You future is in your hands. Your life is what you make of it. And nothing — absolutely nothing — is beyond your reach. So as you're willing to dream big. So long as you're willing to work hard. So long as you're willing to stay focused on your education.

"The farther you go in school, the farther you'll go in life.

"We shouldn't be embarrassed by the things that make us different. We should be proud of them. Because it's the things that make us different that make us who we are. And the strength and character of this country have always come from our ability recognize ourselves in one another, no matter who we are, or where we come from, what we look like, or what abilities or disabilities we have."

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by Williams put \$307 million into Capitol, ultimately losing more than \$38 million when the scheme fell apart two years ago.

Williams made nearly \$12 million in commissions and fees for his recruiting of investors to Capitol and received \$7 million from the company in interest on a \$100 million personal investment.

About \$6.4 million of that income earned from 2004 to 2007 never was reported to the IRS, leaving \$2.2 million in unpaid taxes.

Despite the commissions and interest on his investment, Williams still lost \$3 million to Shapiro in the end.

Federal officials said Tuesday that Williams' solicitation weren't criminal.

"The government does not allege that Williams was aware that Shapiro or Capitol were engaged in fraud," a statement said from the U.S. District Attorney's office in New Jersey.

In a July 2010 federal complaint seeking \$115 million from Williams, a court-appointed trustee alleged Williams was knowingly complicit in the Ponzi scheme. Those allegations were settled for \$1 million and no criminal charges related to the Ponzi scheme have been filed against Williams.

The Indianapolis Business Journal reported in January that court records showed Williams had "minimal assets to pay a judgment if the trustee was successful."

Several Naples-area investors list-

ed in court records either declined comment or didn't return messages left Tuesday. The majority of local investors lived in the Naples neighborhoods of Grey Oaks, Seagate, The Moorings and The Village on Venetian Bay.

Emails disclosed in court records show most investors trusted Williams with their money but knew little about Shapiro. In a December 2010 article by the Miami New Times, one Naples investor, Susan Grinwis, said Williams "is devastated. He's lost a lot of money and a lot of friends."

No reports confirm why Williams started working with Shapiro, although Williams was receiving a 10 percent commission on any new investments brought to Capitol.

Shapiro has admitted Capitol had no revenue-generating operations in the grocery business. The money partially went to fund his lavish lifestyle, complete with a \$6 million mansion, a \$1.5 million yacht and wild parties that attracted high-profile college and professional athletes.

While Shapiro was largely unknown outside of South Florida, he made national headlines when Yahoo! Sports published an article in August detailing thousands of impermissible benefits Shapiro said he gave to University of Miami athletes, including cash, prostitutes and jewelry.

There's no indication in any records that Williams was involved with the University of Miami athletics scandal.