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## CHARGES IN FRAUD SCHEME

**BYLINE:** Patricia Hurtado

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A former lawyer for the pension fund of the Queens-based International Brotherhood of Teamsters' Local 875 has been charged with conspiracy for his role in a international investment scheme that resulted in more than a \$9 million loss to the union.

In 1993, the indictment charges, Burton Horowitz and his partner Sanford Pollack persuaded the union's pension fund to invest \$9.3 million in "prime bank debentures," a fraud scheme involving fake bonds that promise a high rate of return. The indictment charges that Horowitz recommended the investment because he expected to receive a kickback.

The pension fund deposited that money in June, 1994, after the Securities and Exchange Commission issued a warning alerting investors about such schemes. The pension fund never received the bonds and lost \$9.1 million, federal officials said. Horowitz is charged with conspiring to receive a kickback and conspiring to commit wire fraud. If convicted, he faces up to five years in prison, a \$250,000 fine and could have to pay up to \$9.15 million in restitution.

The charges against Horowitz are the result of a 14-month investigation by the Brooklyn U.S. attorney's office, the Department of Labor's department of labor racketeering and the FBI.

Federal law enforcement officials, who spoke on the condition of anonymity, said \$8.3 million has been located in German off-shore bank accounts.

In February, Pollack pleaded guilty to conspiring to receive a kickback. U.S. District Court Judge Reena Raggi sentenced him in April to 71 months in jail and ordered him to pay \$9.15 million in restitution.

**PERSON:** REENA RAGGI (74%);

**ORGANIZATION:** INTERNATIONAL BROTHERHOOD OF TEAMSTERS (91%); SECURITIES & EXCHANGE COMMISSION (56%); SECURITIES & EXCHANGE COMMISSION (56%); FEDERAL BUREAU OF INVESTIGATION (55%); FEDERAL BUREAU OF INVESTIGATION (55%);

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**STATE:** NEW YORK, USA (79%);

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