



Jones Probe Finds Less Than C\$100,000 Trustee Says (Update1)

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By Frederic Tomesco and Chris Fournier

July 29 (Bloomberg) -- Investigators looking into fraud accusations against [Earl Jones](#) found less than 1 percent of the C\$90 million (\$82 million) the financial adviser claimed to manage at his firm, which today was declared bankrupt.

"For now we haven't even found C\$100,000," said [Gilles Robillard](#), an accountant with Montreal-based RSM Richter Inc., which is acting as [interim receiver](#) in the Jones bankruptcy case. "There wasn't even C\$30,000 in his bank accounts," Robillard told reporters at the Montreal courthouse today in comments that were broadcast on local television.

[Autorite Des Marches Financiers](#), Quebec's securities regulator, said on July 10 it would freeze Jones's bank accounts after complaints from investors in Montreal and other parts of the U.S. and Canada. Jones may have defrauded clients of as much as C\$50 million, the regulator said.

"Based on the statements he produced, he claimed to have about C\$90 million, but this included all sorts of false data," Robillard said. "It's hard to say how much he managed."

Earl Jones Consultant and Administration Corp., a Pointe- Claire, Quebec-based company managed by Jones, was declared bankrupt in Montreal today. The declaration clears the way for investigators to start collecting [evidence](#) and force Jones's former employees to testify, Robillard said.

Within 21 days, creditors will elect five "inspectors" to represent the group, said Neil Stein, a lawyer at Montreal firm [Stein & Stein](#), who filed bankruptcy petitions against Jones and his company for at least two Jones clients. The five will tell the trustee which examinations to conduct under oath, he said.

Personal Bankruptcy

"They'll want to certainly examine Mr. Jones and certain of the banks and certain recipients of either checks or drafts or things of that nature," said Stein.

A petition of [personal bankruptcy](#) against Jones is due to be heard Aug. 19, Stein said.

Jones paid himself and his wife "several tens of thousands of dollars every month," Robillard said. "They wrote themselves sizable checks on a regular basis from the same bank accounts that were used to pay investors."

Stein confirmed an earlier newspaper [report](#) that Jones and his wife, Maxine, spent C\$60,000 to C\$70,000 a month on items such as airplane tickets, meals and hotels. The total amount of money missing is "probably south of C\$20 million," Stein said.

"It depends how you value things," the lawyer said. "If you start to value things on fictitious statements, then the numbers can get out of whack, but if you take a look at the actual amount of money that was put in, less the amounts taken out, I cannot see how you're going to get to a C\$50 million or a C\$30 million number."

Jones, 67, was freed yesterday on C\$30,000 bail. He is due back in court Sept. 28 to face four charges

each of fraud and theft. Jones will probably plead not guilty, said his lawyer, **Jeff Boro** of Montreal law firm Boro, Polnicky, Lighter. Boro didn't enter a plea when Jones appeared in court yesterday.

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