

Earl Jones admits he misled his clients

He said, 'I don't recall' 42 times

BY ANNE SUTHERLAND, THE GAZETTE JANUARY 15, 2010



Earl Jones, led from the Palais du Justice by guards last July, says in a disposition he was less than truthful with clients.

Photograph by: DAVE SIDAWAY, GAZETTE FILE, The Gazette

"It's just me, that my personality likes to help people. It - and quite frankly, I knew most of my clients better than their kids knew them, and did more for them than their kids and their families."

- Bertram Earl Jones, Dec. 7, 2009

MONTREAL – The transcripts of Earl Jones's deposition before trustees in his bankruptcy case are full of such statements about how the disgraced money manager dealt with the funds entrusted to him by clients.

Jones has been charged with four counts each of theft and fraud. Close to \$75 million in funds held by Jones on behalf of clients and estates evaporated last summer in what police believe was an elaborate Ponzi scheme.

He was subpoenaed to answer questions as part of his business and personal bankruptcy and insolvency.

Through 381 pages of testimony Jones gave to lawyer Neil Stein at the beginning of last month, he denies soliciting clients, soliciting second mortgages for elderly widows, or attending funerals to prey on the bereaved or, in his own words, "chasing ambulances."

The transcripts of that deposition were filed into the court records for bankruptcy and insolvency yesterday and are a matter of public record.

Jones maintains that all his clients were referrals, he never made unsolicited phone calls to prospective customers, and never knocked on doors to get business.

Unlike the earlier depositions by his office staff, his accountant, and his wife, Maxine, Jones had no lawyer present when it was his turn to answer questions.

During his two days of questioning, however, he did have two security guards and two lawyers representing the Royal Bank, the main bank Jones used during the years he operated as an administrator of estates and wills.

In the deposition, Jones is grilled on the minutia of how he set up his business, how he opened bank accounts and how he combined his clients' money in one large account, Earl Jones in Trust.

"Can you tell the court when you first started to use the in-trust account for your own personal benefit?" Stein asks.

"I'm guessing three to five years after I started my business, so some 25 years ago," Jones replies.

"And you knew when you started using the funds in that trust account for your own personal business, that you were commencing to deceive the clients. Is that correct?"

"Originally, I had set up, I think, some agreements between the clients and myself, but, you know, realistically, I guess the answer is yes," Jones says.

Stein then asks when Jones realized he did not have the cash to pay the interest he had promised to those who gave him their money, or on the wills and estates he held on behalf of clients.

About a year ago, Jones replies.

Stein then asks what tale Jones told his clients about them making eight-per-cent interest - higher than the bank rate - because he had a long-standing relationship with the Royal Bank, a large balance and was locked into a higher rate than others.

"You never had such an account and you never had what is referred to, or what you referred to, as a pooled account at the Royal Bank yielding eight-per-cent interest?" the lawyer asks.

"No," Jones replies.

"You would have in addition sent statements to your clients showing that they were earning this eight-per cent interest at the Royal Bank?"

"Yes."

"Okay, and that was also totally fictitious?" Stein asks.

"Yes," Jones answers.

In answering Stein's questions, Jones says he did endorse cheques made out to his clients and deposited them in the "in trust" account, but he had the clients' permission.

As for the many bridge loans Jones solicited from his clients - for example, one client loaning another client money to tide the person over during the settlement of an estate - Jones admitted that this was a tactic he used to bring in more funds.

"Would you create fictitious loan agreements in the name of various individuals?" Stein asks.

"Yes," Jones said.

Despite calling himself a financial adviser, Jones tells Stein he was never registered with the Autorité des marchés financiers to act as one.

"My understanding at that time was that starting when I did, I did not require a licence," Jones says.

In some instances during the deposition, Jones contradicts the testimony given by his wife. In other places, he contradicts himself, such as in the exchange concerning whose money purchased a condominium in Hyannis, Mass., for his daughter Kimberly.

Jones uses the expression "I don't recall" 42 times, and the second part of the deposition, in which he is presented with a slew of cheques from the "in trust" account to various people, answers, "I don't know" and "I'm not sure" when questioned what the amounts were for.

Jones says he started cashing in his own life insurance policies in the last two to three years "because I needed money."

"Would it be true to say, Mr. Jones, that the statements which you sent out to your clients over the years were basically internally made-up documents that at no time resembled reality?" Stein asks.

"In general, I would say, yeah," Jones replied.

Jones is scheduled to appear in court this morning.

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