

I like to help people, Earl Jones tells trustees Disgraced money man admits he misled clients

BY ANNE SUTHERLAND, MONTREAL GAZETTE JANUARY 15, 2010



Disgraced financier Earl Jones clutches the arm of a security guard as he is escorted from the Palais de Justice in Montreal on July 28, 2009. Jones is accused of bilking Montreal-area investors of up to \$75 million.

Photograph by: Dave Sidaway, 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 many such statements about how the disgraced money manager dealt with the money entrusted him by clients.

Jones 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, 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 at 10:15 a.m. Thursday and are a matter of public record.

NEVER USED COLD-CALLING, JONES MAINTAINS

Jones maintains in the deposition that all his clients were referrals, he never used the sales routine of cold-calling and he never knocked on doors to get business.

Unlike the depositions taken of his office staff, accountant and wife, Maxine, Jones had no lawyer present when answering questions.

With him during his two days of questioning were two security guards and two individuals representing the Royal Bank, the main bank Jones used during the years he operated as an administrator of estates and wills.

Jones was grilled on the minutiae of how he set up his business, how he opened bank accounts and how he co-mingled his clients' money in a 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 asked.

USED 'IN TRUST' ACCOUNT FOR 25 YEARS

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

"And you knew when you started using the funds from 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, the guess the answer is yes," Jones replied.

Stein goes on to ask about the point in time when Jones realized that he did not have the cash on hand to pay out the interest payments he had promised to those who gave him their money, or on the wills and estates he held on behalf of clients.

Jones said it was about a year ago.

Stein then goes on to ask about the tale Jones told his clients about how could pay eight per cent interest - much higher than the bank rate - to clients because he had a longstanding relationship with the Royal Bank and had such a large balance in the account.

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

"No," Jones replied.

'AND THAT WAS ALSO TOTALLY FICTITIOUS'

"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 probed.

“Yes,” Jones answered.

In answering Stein’s questions, Jones said he did endorse cheques made out to his clients and deposit them to the “in trust” account, but said he had the client’s permission.

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

“Would you create fictitious loan agreements in the name of various individuals?” Stein went on to ask.

“Yes,” Jones answered.

Despite calling himself a financial adviser, Jones told 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 license.” Jones said.

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