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Multi-million dollar Ponzi scheme investigation in west end

By Joel Goldenberg

Hampstead resident Perry Newman is being investigated by Montreal police for a suspected Ponzi scheme, lawyer Neil Stein said Tuesday. Stein, who also represents the victims of convicted West Island fraudster Earl Jones, told The Suburban that on Monday, two bankruptcy petitions were granted, one against Newman and another against his company Dover Financial Corp.

"The petitions were taken by Edith Olanoff, originally a New Yorker who now lives in Jerusalem," Stein explained. "She advanced more than \$7 million to Mr. Newman in Montreal for purposes of investing that money. Mr. Newman, unbeknownst to her, operated through this company Dover, a Turks and Caicos company nonregistered in Quebec. Every month for the last five years, Mr. Newman would send Mrs. Olanoff a statement showing her money and where it was located, and what the profit or loss was for that month.

"The statement she received was from a very large brokerage firm in the U.S. called F.C. Stone, one of the largest commodity securities brokers in America, and it showed what she had in her account," he added. "In May of this year, she was building an apartment in Jerusalem and needed some money from her account. She first asked for \$200,000, which Mr. Newman wired to her. Then she needed another \$200,000, and she started to have trouble getting that money. She received all kinds of excuses why the money couldn't come."

Stein said Olanoff then called F.C. Stone directly, and was told there was no account at the firm in her name or any reference to Newman. Olanoff was then asked to fax copies of her statement to F.C. Stone, and the next call she received was from the FBI.

"They advised her the statements were forgeries and that F.C. Stone hadn't used that letterhead in over 10 years," Stein said. "At that point, she e-mailed Mr. Newman and asked for the return of her money and he replied not to worry, that the money was at Scotiabank and he would wire her the money. Some e-mails went back and forth, with excuses why the money could not come immediately, and then we were called and we intervened in the file. We communicated with the bank and, needless to say, they advised us there was no such wire transfer or any instructions to do so, and even if there was, there wouldn't be sufficient funds to make the transfer."

The petitions for bankruptcy was then submitted and, on Monday, granted by the courts. Local police were also notified of an alleged fraud, theft and forgery, the lawyer explained, and they proceeded with an investigation.

"Now, we are starting to analyze all of the bank accounts, which the bank has provided us with, and all of the cheques and we see that a large part of the money this individual has used over the last five years was for his own living purposes — travel, putting children through American universities, such as Yeshiva University," Stein said. "We're doing the analysis now, and we're proceeding on the criminal side as well."

According to media reports, the Montreal police fraud squad is asking possible victims, especially members of the Orthodox Jewish community, to call the squad.