

Suspected Ponzi scheme investigated

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[CBC News](#)



Insolvency lawyer Neil Stein represents one of the clients who lost money in dealings with unregistered financial adviser Perry Newman. (CBC)

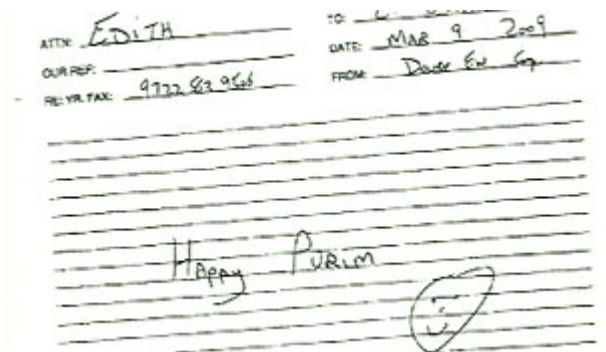
Montreal police are investigating an unregistered financial adviser in connection with what they suspect was a Ponzi scheme.

Police are probing the activities of Perry Newman of Hampstead, Que., after investors in New York said they lost millions of dollars.

Newman and his company, Dover Financial Corp., were declared bankrupt by a Montreal court on Monday.

Clients bilked

Montreal insolvency lawyer Neil Stein is representing Edith Olanoff, a New Yorker who invested \$7.5 million over the last five years with Newman.



A fax sent to Perry Newman's client Edith Olanoff, referring to a Jewish religious holiday. (CBC)

Stein said Newman told his client that all her financial reports were going through an American brokerage firm called FC Stone.

Olanoff became concerned when she tried to withdraw money to buy a house in Israel, and Newman didn't answer her emails.

In May, Olanoff tried to call the firm to check on her account.

"She received a call back from the FBI, telling her that all the statements were forgeries, and fictitious, and that the letterheads in question hadn't been used by FC Stone in over 10 years," Stein said.

The lawyer said the scheme targeted members of New York's Orthodox Jewish community.

Police searching for more clients

Police are asking members of Montreal's Orthodox community to come forward if they had dealings with Newman.

"Some people can be ashamed that they lost money in that scam but [it's important] to tell us what happened," said Mario Lamotte, commander of the Montreal police fraud squad.

Lawyers have identified about a dozen clients in New York, but investigators believe Newman likely had clients in Montreal as well.

Lamotte said the Montreal police's fraud unit will work with investigators in other jurisdictions to investigate Newman's business.

Read more: <http://www.cbc.ca/canada/montreal/story/2010/07/12/mtl-police-investigate-suspected-ponzi-scheme.html#ixzz0tefNBSYQ>