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For Immediate Release
April 24, 2002

FIFTH DEFENDANT SENTENCED TO PRISON IN MODESTO- BASED IFR TRUST INVESTMENT FRAUD SCHEME

SACRAMENTO--United States Attorney John K. Vincent announced today that TIMOTHY L. McCORMICK, 42, of Chattanooga, Tennessee, was sentenced by U.S. District Court Judge William B. Shubb in Sacramento to a year in prison, to be followed by three years of supervised release, for his role in a massive investment fraud scheme. McCORMICK pleaded guilty on February 12, 2002, to two felony counts of interstate transportation of funds obtained by fraud. Parole has been abolished in the federal criminal system, and McCORMICK will be required by law to serve at least 85% of the prison time imposed.

The charges on which McCORMICK was sentenced today relate to his involvement in a massive investment fraud scheme that netted tens of millions of dollars from hundreds of investor victims around the country. The scheme, based in Modesto and operated through an entity called IFR Trust, involved the marketing of investments in what was represented to be an exclusive, high yield European trading program, that returned profits of as much as 50% per month. In fact, IFR Trust was a "ponzi scheme," that used payments from earlier investors to pay later investors. McCORMICK is the fifth defendant to be sentenced to prison in prosecutions arising from the IFR Trust investment fraud scam. A sixth defendant is the subject of extradition proceedings in the United Kingdom.

According to Assistant U.S. Attorney Benjamin B. Wagner, who prosecuted the case, McCORMICK by his plea of guilty admitted that in late 1998 and early 1999, he devised a scheme to defraud investors, in which he, operating through an entity called Castlerock Investment Group, recruited investors into the IFR Trust scheme by making material false representations to them. McCORMICK received commissions from IFR Trust for recruiting investors. Among the false statements he made to the investors were that the "trading program" would pay extremely high returns, that the investment was virtually risk-free, that the investors' funds would be fully secured, and that the investment program had been approved by various federal regulatory agencies. McCORMICK admitted that he collected over \$350,000 from investors and sent the funds on to bank accounts associated with IFR Trust.

IFR Trust was controlled by LARRY WILCOXSON, 51, of Modesto. In October, 2000, WILCOXSON pleaded guilty to money laundering charges arising out of the investigation of IFR Trust, and he was sentenced on January 11, 2001, to eight years in prison, to be followed by a three year term of supervised release. WILCOXSON also forfeited several bank accounts, vehicles and a large piece of real property that had been purchased with the proceeds of the fraud scheme. Those assets have been turned over to the Court-appointed Trustee in the case, who is liquidating the assets in order to compensate victims.

VELTON ROGERS, 68, of Modesto, a close associate of Wilcoxson's who was convicted of fraud and money laundering charges following a jury trial in November, 2001, was sentenced on February 21, 2002 to five years and four months in prison in connection with his role in recruiting investors for the investment fraud scheme. ROGERS was also ordered to pay over a million dollars in restitution and ordered to serve a three year term of supervised release following his prison sentence.

WILCOXSON's former certified public accountant, C. WILLIAM GORDIN, 51, also of Modesto, was sentenced on February 1, 2001, to four months in prison, to be followed by a year of supervised release including 2 months in a halfway house, in connection with his role in the fraud scheme. GORDIN was also ordered to pay \$100,000 to the Trustee appointed by the Court, and a \$6,000 fine. The California Board of Accountancy has revoked GORDIN's license to practice as a certified public accountant. A third defendant involved in IFR Trust, JOHN R. WITZKE, 52, also of Modesto, was sentenced on October 19, 2000, to a year in prison, to be followed by three years of supervised release, including 100 hours of community service. He also forfeited \$128,000 in fraud proceeds, and was ordered to pay a fine.

A sixth defendant in the IFR Trust case, DAVID BAXTER, 61, of the United Kingdom, was arrested in Britain in January, 2001. He was released on bail, after surrendering his passport, pending further extradition proceedings in Britain. Charges against BAXTER are still pending.

Robb Evans has been appointed by the U.S. District Court as a trustee to locate and take possession of any remaining assets arising from the IFR Trust investment fraud scheme. The trustee has taken possession of assets worth several million dollars, and is currently conducting further investigation. Seized assets will be distributed to investors at the conclusion of the trustee's investigation and analysis of the assets, and receipt of claims from victim investors. The court-appointed trustee can be reached at: Robb Evans, Trustee, P.O. Box 880, Sun Valley, California 91353. The trustee's Email address is ifr@robbevans.com. The trustee has also established a website and hotline. The trustee's website is: www.robbevans.com. The hotline is (818) 768-8906.

The case was investigated by the Federal Bureau of Investigation and the Criminal Investigation Division of the Internal Revenue Service.
