

State of California • Department of Justice  
OFFICE OF THE ATTORNEY GENERAL  
Edmund G. Brown Jr.

## News Release

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FOR IMMEDIATE RELEASE

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### **Brown Arrests Mastermind of Multi-Million Dollar Ponzi Scheme**

Sacramento-Attorney General Edmund G. Brown Jr. today announced the arrest of William Arthur Sassman II who "looted" the life savings of dozens of investors to bankroll his lavish lifestyle and prop up a multi-million dollar Ponzi scheme.

Sassman, 41, of Sacramento, was arrested at his residence this morning on a total of 100 counts: 43 counts of grand theft, 40 counts of misrepresentation or omission in the sale of a security, 16 counts of first-degree burglary and 1 count of use of a device, scheme, or artifice to defraud in the sale of a security. If convicted, Sassman faces up to 52 years in prison. Sassman is being held in the Sacramento County Jail and bail has been set at \$3.2 million.

"William Arthur Sassman solicited millions of dollars from California investors with promises of high returns on business and real estate investments," Brown said. "In reality, Sassman looted their savings to prop up a Ponzi scheme, so he could buy homes and Ferraris."

Over the past decade, Sassman used four companies-InTex, LLC; Formulating Insurance Agency (FIA); Formulating Investments (FI); and Systematic Management Services (SMS)-to solicit investments ranging from approximately \$10,000 to \$500,000 from more than 50 individuals across Northern California and beyond.

Sassman, a licensed insurance agent, convinced investors, many of whom were senior citizens, to shift their savings from IRAs, annuities, life insurance accounts, 401(k)s and certificates of deposit to "high return" investments with his companies. These investments included foreclosed properties and real estate in Georgia, Mare Island and Vallejo; a strip mall in Folsom; commercial property in El Dorado Hills; the production of a laptop computer stand called the "Notefloat" and annuity, stock and foreign currency investments.

However, Sassman made few, if any, of these investments and rarely paid the double to triple digit returns he promised. Instead, Sassman spent investors' millions financing his lavish lifestyle, including \$1.1 million on his American Express card, \$300,000 on automobiles, \$75,000 at Polo Ralph Lauren and three homes.

The limited funds Sassman invested were channeled into other illegal operations including a "stock trading program" run by a group indicted in federal court earlier this year for running a Ponzi scheme and a European investment scam that promised a 200 percent profit in 45 days or 800 percent annually.

As Sassman burned through investor funds, he paid returns to early investors by using funds from new ones. Investors are still owed close to \$4.4 million, and additional losses could reach \$3 million.

In September 2009, Sassman and his companies filed for bankruptcy.

#### Some of Sassman's Victims

In October 2004, a Sacramento resident invested more than \$250,000 in FIA. Sassman promised her a seven percent annual return. Her money was combined with money from other investors for a total of more than \$700,000. Of that money, approximately \$400,000 was spent on Sassman's personal expenses, more than \$50,000 went to Sassman's

wife, and more than \$34,000 was paid in returns to other investors. The victim lost \$170,000 of her investment.

In late 2005, Sassman promised a Rancho Cordova woman that if she closed her \$78,000 life insurance policy and invested the funds with him, she would receive an 8 percent return on her investment. In early 2009, the victim was diagnosed with cancer and her son took over her finances. Her son contacted Sassman and requested \$7,000 from his mother's investment to help pay for her medical expenses. Sassman promised to send a check, which never arrived. Soon after, the victim's son contacted Sassman and asked him to return the entire balance of the \$78,000 investment. Sassman sent a check for \$14,000 that bounced. The victim's investment was never returned.

In January 2007, a Sacramento couple invested more than \$80,000 with Sassman's company SMS to be invested into real estate and to earn interest. Sassman informed the couple that their money had been used to purchase property, which was undergoing renovation. The couple was unaware that their entire investment had been used to pay other investors.

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