



Markets

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Broker Admits Stealing More Than \$4M

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NEW HAVEN, Conn. — The owner of an Avon, Conn., investment firm admitted Tuesday to using more than \$4 million stolen from investors for gambling, lavish vacations and expensive cars, federal authorities said.

David M. Faubert, 50, of Simsbury, pleaded guilty in U.S. District Court in New Haven to 10 counts of mail fraud, one count of embezzlement from an employee benefit plan and four counts of filing false tax returns.

Faubert, owner of Faubert Investment Group, Inc., provided insurance and other financial services to about 225 clients. Faubert told clients that he would guarantee them an 8 percent rate of return if the clients invested money in a fixed investment account he controlled, authorities said.

As a result of Faubert's promises, 21 clients provided him with about \$5.5 million. But authorities say the fixed investment account did not exist, and Faubert deposited the money into his business and personal accounts.

As part of the scheme, Faubert spent about \$4.45 million on gambling, vacations and cars for his personal use and for business expenses, authorities said.

In order to lull the investors into believing that the investments were earning the promised rate of return, Faubert mailed false monthly financial statements to his clients.

"Crimes committed by registered investment advisers who victimize individuals hoping for a relatively modest return on their investments are particularly reprehensible," said U.S. Attorney Kevin O'Connor. "We will argue for a strict sentence for this defendant, and will vigorously prosecute any broker who robs from trusting investors."

Faubert also embezzled \$27,079 from his company's retirement plan by falsely telling two employees that the money had been withheld from their paychecks and invested in the retirement plan.

Faubert filed false income tax returns for 2000 through 2003 because he failed to report the funds he embezzled from the investment clients, resulting in a tax loss to the government of nearly \$1 million.

Faubert faces up to 20 years in prison and a fine of \$250,000 on each of the mail fraud counts, five years and a \$250,000 fine on the embezzlement count and three years and a \$100,000 fine on each charge of filing false tax returns. He will be sentenced on Jan. 31.



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