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Former church leader pleads guilty to scam

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A former Elyria church leader who stole millions of dollars from people he worshipped with is likely to spend at least five years in prison.

Gary McNaughton, 51, pleaded guilty Monday in U.S. District Court to 10 counts of fraud and tax evasion.

McNaughton is a former youth assistant at Church of the Open Door. He admitted in court that between 1999 and 2003, he sold \$17 million worth of unlicensed securities and kept about \$4.6 million for himself.

Most of the 200 people McNaughton scammed attended Church of the Open Door or were related to worshippers there, Assistant U.S. Attorney Justin Roberts said.

McNaughton, a Canadian citizen, promised to pool investors' money to buy blue-chip stocks and stock options as part of a Canadian fund called Haven Equity.

In reality, McNaughton was operating a Ponzi scheme. Money from new investors was used to pay off old investors or investors who complained and threatened to contact law enforcement, prosecutors said.

McNaughton also used the money to support his lavish lifestyle, prosecutors said. He lived in a \$350,000 house and owned boats, motor homes, Corvettes and Harley-Davidson motorcycles, according to court documents.

The scheme began to unravel in 2002, when some investors demanded their money. Checks that McNaughton claimed were from dividends bounced.

McNaughton said in a deposition that his investment business had nothing to do with his job at the church.

But in a 2003 letter trying to appease disgruntled investors, McNaughton said the investments were used to help spread God's message.

"Over the years God has allowed my family to meet special people like you, who have a desire to see the nations touched by the Gospel," McNaughton wrote. "As you know, it takes money to get this message out to the lost."

McNaughton faces between 63 and 78 months in prison when he's sentenced by U.S. District Judge Dan Aaron Polster in May.

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