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Suit says investor pocketed millions

29 clients lost about \$14 million, lawyer says

By VICTOR CALDERON
The Salinas Californian

Twenty-nine Monterey County residents have lost a total of about \$14 million in a case of investment fraud involving a former member of the Big Sur International Marathon board, a Monterey-based lawyer said Monday.

A lawsuit filed Monday alleges that Monterey-based investment counselor William Jay Zubick misappropriated money he pledged to invest on behalf of the 29 clients. Zubick, the lawsuit claims, spent the money on himself, buying properties and making other personal investments.

The Monterey County District Attorney's Office has launched a criminal investigation into Zubick's conduct, a prosecutor said.

Zubick has cooperated with the plaintiffs by turning over some of his assets, including his home and a boat, said James Newhouse, a Monterey-based attorney representing him on the potential criminal charges.

The lawsuit alleges that in April 2000, Zubick portrayed himself as a successful investor to the clients, many of whom he had befriended while serving on the Big Sur Marathon board. He is no longer a member of that board.

The lawsuit says Zubick persuaded clients to partner with him in placing their money into investment opportunities, said Larry Biegel, the attorney for the 29 plaintiffs.

The plaintiffs thought they were making significant returns on their money and were paying taxes on income they believed they were earning, Biegel said.

In January, Zubick became seriously ill with a heart virus, the attorney said. At that time, some of the investors obtained access to Zubick's office and found that less than 5 percent of the investments were authentic, Biegel said.

Zubick did not take any money from the Big Sur Marathon organization, said race director Wally Kastner.

Newhouse said his client has admitted to making bad investments and using poor judgment.

"Mr. Zubick has taken full responsibility for his actions and apologized personally to the investors," Newhouse said. "The whole matter has obviously been devastating to his wife and family."

The lawsuit alleges that Zubick invested the funds in several properties for personal use in Monterey, Carmel Valley and Coeur d'Alene, Idaho. Further, the plaintiffs claim Zubick spent the money on transportation expenses, including a 2006 Ferrari and a time share for jet travel.

Biegel said his clients have all sustained significant financial losses at the hands of someone they trusted as a friend.

"(The plaintiffs) have told me they have been extraordinarily wounded and bitter over this," he said. "This was a good friend of theirs that took their money."

Zubick's liquidated assets could be worth as much as \$5 million, Biegel said, adding that he and his clients appreciate that Zubick has cooperated with the investigation.

He said they want to regain the money they offered him in good faith.

The District Attorney's Office could take several weeks to decide whether to file criminal charges against Zubick, Deputy District Attorney Anne Michaels said.
