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June 6, 2019
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FINAL DEFENDANT PLEADS GUILTY TO \$550 MILLION PONZI SCHEME—ONE OF THE LARGEST EVER CHARGED IN MARYLAND

Jay Ledford Created False Documents to Conceal the Fraud; SEC Has Related Civil Action

Baltimore, Maryland – Jay B. Ledford, age 55, of Westlake, Texas and Las Vegas, Nevada pleaded guilty today to conspiracy to commit wire fraud, aggravated identity theft, and a money-laundering transaction in excess of \$10,000, arising from a \$550 million investment fraud scheme that operated from 2013 through September 2018. Co-defendants Kevin B. Merrill, age 53, of Towson, Maryland, and Cameron R. Jezierski, age 28, of Fort Worth, Texas, previously pleaded guilty to their roles in the scheme. The U.S. Securities and Exchange Commission (SEC) has filed a parallel civil complaint in this matter.

The guilty plea was announced by United States Attorney for the District of Maryland Robert K. Hur; Acting Special Agent in Charge Jennifer L. Moore of the Federal Bureau of Investigation, Baltimore Field Office; and Special Agent in Charge Robert W. Manchak of the Federal Housing Finance Agency, Office of Inspector General.

“Jay Ledford created false documents to help lure investors through an elaborate web of lies, duping them into paying millions of dollars into this Ponzi scheme,” said U.S. Attorney Robert K. Hur. “The effects of this kind of fraud can be devastating. As a result of this scheme, a number of victims have lost their life savings. I am proud of the work of federal prosecutors, FBI agents, and our SEC partners whose efforts interrupted this ongoing fraud scheme before the defendants could victimize even more people.”

According to his plea agreement, Ledford was a certified public accountant in Texas, starting his own practice in Amarillo in 1996 and later expanding to Dallas, Texas. In 1999, Ledford met Kevin Merrill in Dallas, when Merrill was a salesman for a Baltimore company that sold supplies for X-ray machines for hospitals and doctors’ practices. Ledford and Merrill became friends, attending sporting events and visiting casinos together. Ledford prepared Merrill’s taxes for several years.

As stated in his plea agreement, in 2001, Ledford began purchasing consumer debt portfolios, forming a company which did business as Platinum Capital Investments, to hold the debt portfolios. “Consumer debt portfolios” are defaulted consumer debts to banks/credit card issuers, student loan lenders, and car/truck financiers which are sold in batches called “portfolios” to third parties that attempt to collect on the debts. Ledford also solicited investors to supply capital to buy a portfolio or invest in his company. After learning of Ledford’s financial success with Platinum Capital, Merrill expressed interest in getting started in the business. Ledford sold Merrill a few credit portfolios and introduced Merrill to his contacts with the debt reporting services. Merrill formed his own debt collection business, had capital investors, and purchased debt portfolios.

Beginning in January 2013, Ledford and his co-conspirators perpetrated a Ponzi scheme to defraud investors of more than \$394 million. Specifically, Ledford and Kevin Merrill invited investors to join them in purchasing consumer debt portfolios. Ledford provided fictitious sales agreements and other documents, including false tax returns, to Merrill, knowing that Merrill was using them to induce individuals to invest in his companies, Delmarva Capital and Global Credit Recovery. For 2013, Merrill deposited approximately \$4.3 million from investors, while Ledford raised just over \$186,000 from investors. Thereafter, Merrill's superior sales ability caused Ledford to assume a background role supplying Merrill with fictitious documents, while Merrill was the "front man," promoting the fraudulent investments to potential investors.

Specifically, the conspirators falsely represented to investors that they would use the investors' money to buy consumer debt portfolios and make money for them by (1) collecting the payments that people made on their debts or (2) selling the portfolios for a profit to other third-party debt buyers, in a practice called "flipping." According to the related complaint in the civil action filed by the SEC, the victim investors included small business owners, restaurateurs, construction contractors, retirees, doctors, lawyers, accountants, bankers, talent agents, professional athletes, and financial advisors, located in Maryland, Washington, D.C., Northern Virginia, Denver, Texas, Chicago, New York, and elsewhere.

At today's hearing, Ledford admitted that to induce investors to participate, he and his co-conspirators falsely represented who they were buying the debt portfolios from and how much they were paying for the portfolios, whether they were investing their own funds, and their track record of success. According to the plea agreement, sometimes there was no underlying debt portfolio purchased with the investors' money. To conceal the truth, Ledford, Merrill, and Jeziarski, created imposter companies with names similar to actual consumer debt sellers or brokers and opened bank accounts in the names of those imposter companies. In addition, to lend credibility to the transactions, Ledford created false portfolio overviews, sales agreements which used the names and forged signatures of actual employees of the sellers, created false collections reports, and falsified bank statements and merchant account reports. In late 2014, Ledford transferred Cameron Jeziarski to manage debt collections for Riverwalk/DeVille. DeVille had a collections center in Euless, Texas, and the conspirators began to invite prospective investors to tour Riverwalk's office and the collections center, which added substance to their claims regarding the success of their portfolio purchasing strategy and collections efforts. In December 2017, Ledford recruited Jeziarski to the criminal conspiracy because his analytical skills enabled him to contribute significantly to creating false documentation to induce investors to invest, and to conceal the mark-up Ledford and Merrill added to the purchase price charged to investors for debt portfolios.

Further, Ledford admitted that he and Merrill falsely represented that the monies the conspirators paid to investors were "proceeds" from collections and/or flipping debt portfolios, when in fact, the proceeds were paid from funds provided by other investors. Merrill and Ledford provided monthly or quarterly reports to investors regarding the "purported progress of the portfolio and its recovery," which Ledford and Merrill created. From 2013 - 2018, the scheme to defraud took in over \$394 million, and at the time of their arrests, the co-conspirators were attempting to obtain an additional \$260 million from investors. Ledford assisted Merrill to divert investors' funds to purchase a home in Naples, Florida, and also helped Merrill falsify records to the bank lender. Ledford diverted fraud proceeds to purchase and renovate a home in Las Vegas, Nevada, to refinance a home in Texas, to gamble at casinos, purchase luxury automobiles, jewelry, and to support a lavish lifestyle.

As part of his plea agreement, Ledford is required to pay restitution in the full amount of the victims' losses and to forfeit property acquired with the proceeds of the offenses. The U.S. District Court has appointed a receiver to marshal the assets for the benefit of the victims.

Anyone who thinks they may be a victim is urged to contact the FBI at www.FBI.Gov/MerrillLedford or e-mail MerrillLedford@fbi.gov.

Ledford faces a maximum of 20 years in prison for the wire fraud conspiracy; a mandatory two years

in prison, consecutive to any other sentence, for aggravated identity theft; and a maximum of 10 years in prison for money laundering, as well as a possible fine of \$250,000, or twice the gross gain, for each of the three counts. U.S. District Judge Richard D. Bennett has scheduled sentencing for October 29, 2019, at 10 a.m.

Kevin B. Merrill, age 53, of Towson, Maryland, and Cameron R. Jezierski, age 28, of Fort Worth, Texas, previously pleaded guilty to their roles in the scheme. Judge Bennett has scheduled sentencing for Merrill on October 10, 2019, at 9:30 a.m., and for Jezierski on August 12, 2019 at 3:00 p.m. Kevin Merrill's wife, Amanda Merrill, age 30 of Towson, Maryland, is charged with conspiracy to obstruct justice. No court appearance is currently scheduled for Amanda Merrill. Kevin Merrill and Ledford have been detained since their arrests on September 18, 2018, and Amanda Merrill and Cameron Jezierski are released under the supervision of U.S. Pretrial Services.

United States Attorney Robert K. Hur commended the FBI in Baltimore, Dallas, Las Vegas and Tampa; the Federal Housing Finance Agency, Office of the Inspector General; and the SEC for their work in this investigation. Mr. Hur thanked Assistant U.S. Attorneys Joyce K. McDonald and Martin J. Clarke, who are prosecuting the criminal case.

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