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Five Church Leaders Plead Guilty to Securities Fraud Conspiracy

Investor Losses Total Approximately \$10 Million

U.S. Attorney's Office
March 08, 2010

Eastern District of New York
(718) 254-7000

Late Friday afternoon, at the federal courthouse in Brooklyn, Isaac Ovid, the former Chief Executive Officer and Executive Chairman of Jadis Capital, Inc., an investment management company previously headquartered in Uniondale, New York, pled guilty to conspiring with other senior executives of Jadis Capital to commit securities fraud in connection with two hedge funds the firm managed. The plea proceedings were held before United States District Judge John Gleeson. Ovid's guilty plea was the latest in a series by Jadis Capital executives before Judge Gleeson, including those of Aaron Riddle (former Chief Financial Officer), Joseph Jonathan Coleman (former Chief Marketing Officer and CEO), Timothy Smith (former First Vice-President and Chief Business Strategist), and Robert Riddle (former Northeast Regional Vice-President of Sales).

By their guilty pleas, the defendants, all of whom held leadership positions in a Forest Hills church, admitted to their roles in a securities fraud scheme that involved two hedge funds, the Logos Multi-Strategy I, LP, and the Donum Fund, LP, which Jadis Capital created in February 2005 and August 2005, respectively. The defendants admitted that they conspired to market the hedge funds to prospective investors, including numerous members of their own church, employing material misrepresentations and omissions contained in private placement memoranda and other marketing materials concerning the management, supervision, and historical and expected trading performance of the funds. In total, the defendants collected approximately \$9.3 million in investments in the Logos Fund and approximately \$3 million in investments in the Donum Fund.

Rather than using the investors' capital to support the two funds, the defendants used the vast majority of investor money to purchase lavish gifts for their friends and themselves, including a \$200,000 Bentley automobile used by Ovid and others; to pay the inflated operating and payroll expenses of Jadis Capital, including an approximate \$1.6 million renovation of the Uniondale offices; and to satisfy debts that Ovid incurred before starting Jadis Capital. In September 2005, the defendants, without disclosing the misappropriation of investor funds and extremely poor trading performance of the Logos Fund, fraudulently solicited and accepted a \$3,000,000 investment from another victim for the Donum Fund. In total, the defendants collected approximately \$12.3 million in investments for the two funds and either lost or spent \$10.2 million of investors' money.

Mr. Campbell expressed his grateful appreciation to the Federal Bureau of Investigation, the agency responsible for leading the criminal investigation, and thanked the United States Securities & Exchange for its assistance.

The government's criminal case was prosecuted by Assistant United States Attorneys James G. McGovern and Michael L. Yaeger.

The Defendants:

Name: ISAAC OVID
Age: 29

Name: AARON RIDDLE
Age: 35

Name: JOSEPH JONATHAN COLEMAN
Age: 41

Name: TIMOTHY SMITH
Age: 36

Name: ROBERT RIDDLE
Age: 60

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