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Friday, March 08, 2002

Late
Update

Wellington investors' money gone

By Cliff Peale, cpeale@enquirer.com
 The Cincinnati Enquirer

A three-state investigation of securities dealers selling unregistered notes in a Grenadian bank has turned up no money for investors so far.

The latest turn, a \$4,000 civil fine against Northern Kentucky dealer Greg Ballard for selling notes worth more than \$800,000, has only further frustrated investors.

A probe by the Securities and Exchange Commission that touched two Tristate companies, Wellington Bank & Trust and Global Financial Strategies, where Mr. Ballard worked, has had similarly futile results.

"I had hoped the SEC would knock on some doors and rattle some cages," said Robert Williams of Independence, who bought \$150,000 in securities, including some from Wellington, from Mr. Ballard about two years ago. "But there doesn't seem to be any sense of urgency or outrage, or even anyone that's interested."

The case shows the difficulty of recovering funds that were invested offshore. The government has advised investors to hire lawyers, but those lawyers recognize the high costs and low chances and are asking for retainers of up to \$50,000.

The SEC and lawyers handling the civil case said there are few assets to chase. Even the assets recovered so far will not cover costs of the investigation.

"There's a lot of people we could sue, but many of those people don't appear to be collectible," said Jim Knauer, an Indianapolis lawyer and the receiver looking for assets. "I think we've located most of the available assets and concluded that there's not much there."

Wellington raised more than \$20 million from investors, and most of that is gone, Mr. Knauer concluded in a report last year. More than \$3 million was invested in the First International Bank of Grenada, which is the subject of a fraud investigation and is under receivership, Mr. Knauer's report said.

Wellington operator John Brinker of Pierce Township has been forced from his luxury house, and partner Gary Bentz of Loveland has another job outside the securities industry, his lawyer said.

Kevin McShane, the Indianapolis lawyer who has represented both Mr. Brinker and Mr. Bentz, said it was Mr. Knauer's job to find

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the assets, but he didn't know of any sums of money available.

One of the dealers that sold Wellington securities was Global Financial Strategies in Fort Wright, partly owned by Mr. Ballard. Mr. Knauer said Wellington paid Mr. Ballard more than \$100,000 in fees.

Mr. Ballard settled with Kentucky officials in January for a \$4,000 fine. His lawyer could not be reached for comment.

Another owner, Paul Suchanek, agreed to a similar fine last year.

Colleen Keefe, director of the Kentucky Division of Securities, said the investigation was closed.

"We've reached as far as we can," she said.

Mr. Williams said a group of investors has asked civil lawyers such as Cincinnati's Stan Chesley to represent them, and has pleaded with the SEC to prosecute and find more assets. But neither has been willing to take on the investigation, he said.

"They're telling us they really can't do much," he said.

Other news from the investigation:

- Mr. Brinker's house in the exclusive Legendary Run community was mortgaged so heavily that it did not produce any cash. He moved out of the house last fall, Mr. Knauer said.

The receiver sold the furniture in the house for about \$45,000.

- There still is about \$77,000 in an overseas bank account and a boat that could be sold, Mr. Knauer said.

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