

Illegal PONZI scheme had expat agent in Vanuatu

By Marc Neil-Jones

CONCERNS ARE RIFE THAT a multi million dollar illegal PONZI scheme that has been busted in Canada could have milked investors in Vanuatu.

In the US District Court in Florida, the US Securities and Exchange Commission to legal action against Robert Buckhannon, Terry Rawston, Dale St Jean and Gregory Tindall, the managing members of two Florida based hedge funds, engaged in a fraudulent scheme to misappropriate US\$34 million from investors funds in these hedge funds.

In April 2010 as a result of the fraud, the two hedge funds voluntarily filed for bankruptcy.

St Jean and Tindall are both Canadian citizens and reside in Alberta, Canada. They are both managing members of Vestium Management Group and Arcanum, two companies that they then steered millions of dollars out of and then into other companies that they held undisclosed financial interests.

One of those companies is Transcap Corp, a Canadian investment company that received millions of dollars illegally from the funds.

Between October 2008 and July 2009, Transcap received US\$12.9 million, which has not been paid back to the bankrupt funds and was operating illegally with stolen funds.

Transcap has been operating in Vanuatu through a locally registered company called Select Services Corporation, PO Box 3099, in Port Vila through a Mr Calvin Fitzpatrick. His email address is through Transcap in Canada and email states it provides services to Transcap Corp in Canada.

When the Vanuatu Financial Services Commission was contacted over the information they seemed not the slightest bit interested which is ridiculous as they should be responsible for raising the alarm over illegal schemes operating in Vanuatu.

St Jean and Tindall were the two principals of Transcap Corporation. They did disclose to investors the \$12.9 million in transfers to Transcap that violated the Fund's investment parameters and did not disclose the conflict of interest the transfers posed, which was a breach of their fiduciary duty to the funds and

investors.

The court documents clearly show that the Defendants went to great lengths to avoid returning money to Fund investors. To help placate investors who wanted redemptions, the Defendants used detailed, colour-coded contact sheets to keep track of communications with investors seeking redemptions and other payments from the Funds. These schedules included the date and amount of the requested redemption, the investor's reason for the redemption request, and an assessment of how likely the investor was to take legal action or report the Funds' failure to redeem the money to regulators.

The president of Transcap Corporation of Canada, Dale St. Jean, has succeeded in bilking scores of unwary investors out of literally millions of dollars. Promising investors, "secured principle" investments (loans) and heavy interest rates, has worked like a "charm" for St. Jean and just the opposite for his victims.

Dale St. Jean structured and fronted Transcap so as to make it appear as a legitimate,

strong and established company. The reassuring paperwork and level of security implied by agents, helped to convince investors that Transcap was a safe and sound investment. Transcap's security statement reads, "Loaned funds can only be utilized for qualified Transactions." For years, St. Jean and his agents have maintained the false claim of investor's principle being secure.

St. Jean's TransCap Corporation of Calgary, Alberta, Canada has reportedly been declared a Ponzi by a Canadian government investigator. President Dale St. Jean has been assisted in his alleged fraudulent activity by Gregory Tindall, agent Blair Carmichael and presumably, most if not all other agents in Canada, the United States and Vanuatu.

Indeed in Vanuatu Calvin Fitzpatrick, the agent for Transcap, openly declares he can get ridiculously high investment returns of 18%-28% and concern is now rife that some people in Vanuatu may have been taken in by a reported PONZI scheme using illegally gained funding that has now been exposed in Canada.