

United States Department of Justice

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Central District of California

Beverly Hills Investment Advisor Who Stole \$8 Million from Clients Sentenced to Nine Years in Federal Prison

A Beverly Hills-based investment manager and stockbroker who confessed to running a Ponzi scheme that caused clients to lose more than \$8 million was sentenced today to 108 months in federal prison.

Michael E. McCready, 46, of West Hollywood, was sentenced after pleading guilty in November to a securities fraud charge related to a Ponzi scheme he operated from 2004 through 2009.

United States District Judge George H. King sentenced McCready for operating a bogus investment scheme, saying that the crime “caused substantial and, in some cases, life-altering harm” to his victims. “He essentially stole their money,” Judge King said. “He’s a thief—a big thief—but just a thief.”

During the course of his scheme, McCready took in well over \$10 million from about two dozen clients who worked primarily in the entertainment industry and promised to invest the money professionally in safe, secure investments. McCready also told investors that he operated a private hedge fund that made sophisticated, profitable investments. McCready marketed himself and his firm, McCready and Associates, to potential clients through word-of-mouth and by conducting financial seminars at hotels and restaurants.

By pleading guilty, McCready admitted that he stole customer funds for his own purposes, and that the hedge fund never existed. To hide his theft, McCready sent phony account statements to investors and paid Ponzi-type payments to some of them. When the scheme collapsed, victims lost more than \$8 million.

McCready spent the victims’ money to pay rent on his apartment, vehicle leases, and personal travel expenses; to finance the production of a motion picture that McCready wrote; and to develop businesses operated by women he dated. Throughout the fraud scheme, McCready repeatedly lied to investors about the investments he claimed to be making. Judge King observed today that “this extremely serious fraud was fueled by [McCready’s] greed.”

Several victims of McCready’s crime spoke at today’s sentencing hearing, with each of them telling Judge King that there was a personal, direct relationship with McCready when he stole their money. Victims spoke of their lost personal savings, foreclosures of their personal homes, and other serious consequences caused by McCready’s criminal conduct.

In addition to the nine-year prison term, Judge King ordered McCready to pay \$8 million in restitution and to surrender to begin serving his prison sentence on May 17. This case was investigated by the Federal Bureau of Investigation.