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Florida Attorney General's Office News Release

Mastermind of a Million-Dollar Fraud Scheme Sentenced to 24 Years in Prison

TALLAHASSEE, Fla.—Attorney General Ashley Moody's Office of Statewide Prosecution secured a 24-year prison sentence for one of the masterminds of a million-dollar investment scheme. In May, A Broward County jury found John A. Cavallo, Jr. guilty on charges of racketeering, conspiracy to commit racketeering, fraudulent transactions, multiple degrees of grand theft and money laundering. The charges stem from an investigation into a criminal scheme involving Cavallo and other defendants defrauding victims out of more than $1.2 million. Many of the victims were seniors.

Attorney General Ashley Moody said, "Protecting seniors is a top priority of my office, and we will not stand by while fraudsters try to drain Floridians' hard-earned retirement accounts. I am proud of the work of my statewide prosecutors on this case, and for working every day to fight fraud and protect Floridians."

FDLE Commissioner Rick Swearingen said, "Thanks to the diligent investigation and convictions of these criminals, the citizens of the state, particularly our seniors, can rest a little easier."

An investigation by the Office of Statewide Prosecution, the Florida Department of Law Enforcement and the Florida Office of Financial Regulation found that from October 2009 through 2014, Cavallo and accomplices operated several shell companies purporting to broker the buying and selling of precious metals as an investment option. Many of the identified victims are elderly, some of whom passed away during the pendency of the case.

Victims were recruited primarily through unlawful telephone solicitations. The defendants incorporated company names to obtain articles of incorporation from the Florida Division of Corporations, opening more than 30 bank accounts to which victims mailed checks or wired funds. Financial analysis of the bank accounts controlled by the defendants showed that less than five percent of the funds were used for the purchase of precious metals.

The investigation revealed that most of the money funded the continuation of the fraud and for the defendants' personal use. Cavallo laundered all the money through corporate named bank accounts controlled by the defendants. Victims were identified within Florida and in several other states, including Alabama, Arizona, California, Colorado, Louisiana, Michigan, Pennsylvania, South Carolina, Tennessee, Utah and West Virginia.

The other charged co-defendants accepted plea negotiations or plead to the court. Most recently, the Honorable Judge Ilona Holmes sentenced co-defendant Allen Franks to more than 38 years in state prison.

Assistant Statewide Prosecutor Margery Lexa initiated the case, with Assistant Statewide Prosecutors Cynthia Honick and Patricia Abdi prosecuting.