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Contact Kylie Mason

Phone 850-245-0150

OFFICE OF THE ATTORNEY GENERAL STATE OF FLORIDA

Florida Attorney General's Office News Release

Guilty Verdict Secred in Multistate Million-Dollar Fraud Scheme

TALLAHASSEE, Fla.— Attorney General Ashley Moody's Office of Statewide Prosecution secured the conviction of a man on multiple offenses in a racketeering and money laundering scheme. A Broward County jury found the defendant, John A. Cavallo, Jr., guilty on charges of racketeering, conspiracy to commit racketeering, fraudulent transactions, multiple degrees of grand theft and money laundering. The conviction stems from a criminal scheme involving Cavallo and other defendants defrauding victims out of more than $1.2 million. The defendants mainly targeted senior or disabled citizens. The Florida Department of Law Enforcement and Office of Financial Regulation conducted the criminal investigation that led to the arrest of Cavallo.

Attorney General Ashley Moody said, "Our office is doing everything within our jurisdiction to identify, investigate and stop fraud targeting seniors. I want to thank my statewide prosecutors for securing a guilty verdict in this million-dollar fake investment scheme to drain seniors' bank accounts. I also want to thank the Florida Department of Law Enforcement and the Office of Financial Regulation for their tireless investigation efforts to stop this fraud."

FDLE Commissioner Rick Swearingen said, "I want to thank Attorney General Moody, the Office of Statewide Prosecution and our FDLE investigators for their dedication to this case. Cavallo preyed on citizens who saved their entire lives for retirement, and his greed cost victims not only their financial security, but also, in many cases, their wellbeing."

OFR Commissioner Ronald L. Rubin said, "The Office of Financial Regulation is proud to work with our partners to put criminals like these in prison, where they belong. I appreciate the hard work of our investigative team, as well as FDLE and the Office of Statewide Prosecution. Together, we will continue to fight financial fraud, especially schemes that target Florida's seniors."

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 Honorable Judge Tim Bailey of the 17th Judicial Circuit is presiding over the case. A sentencing date for Cavallo is not yet scheduled. 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.