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From the Los Angeles Times

COURTS

Jeanne Rowzee arrested on wire fraud charges

Irvine lawyer allegedly bilked investors of millions of dollars.

By Kim Christensen

Los Angeles Times Staff Writer

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Jeanne M. Rowzee, an Irvine securities lawyer accused of bilking scores of individuals of more than \$20 million in a sophisticated investment scheme, was arrested at her home Tuesday on federal wire fraud charges.

FBI agents picked up Rowzee at 2:55 p.m., hours after she agreed in U.S. District Court in Santa Ana to pay about \$66 million in compensatory and punitive damages to plaintiffs in a civil lawsuit accusing her and Santa Ana insurance salesman James R. Halstead of taking their money.

Shortly after her court appearance, a group of about 30 plaintiffs and their lawyers descended on the U.S. attorney's office. The group voiced concerns to a prosecutor that Rowzee's willingness to settle for such a large amount was an indication that she had no intention of paying and was preparing to leave the country.

"There was certainly an increasing concern that this was the end and she was going to flee," said lawyer William L. Buus, who represents some of the investors.

Rowzee, 49, is to appear in court today to answer the charges, said U.S. attorney's office spokesman Thom Mrozek. Rowzee could not be reached for comment.

The lawsuit is among at least half a dozen filed in state and federal courts accusing Rowzee and Halstead of promising investors returns of as much as 40% in an investment strategy usually reserved for hedge funds and other major Wall Street players.

More than 80 investors allege that the pair took in tens of millions of dollars from 2004 to 2006 but invested none of it in the private investment in public equities, or PIPEs, they touted.

FBI Special Agent Brad Howard's review of Rowzee's financial records confirmed that, according to an affidavit he filed with her arrest warrant.

"Instead of investing the money as promised, Rowzee would use victims' money to make phony investment return payments to other victims, for her own personal use, and for the personal use of others involved in the scheme," he wrote.

He estimated there were 150 victims with total losses exceeding \$20 million.

Rowzee is accused in the civil lawsuits of stashing much of the investors' money in offshore banks, including \$2 million she allegedly wired to a former client described as "a fugitive hiding in Brazil."

Halstead allegedly blew millions of dollars on jewelry, frequent strip-club visits and two houses with panoramic views of Las Vegas, according to the suits. He also had a yen for top-end sports cars, including a 605-horsepower Porsche Carrera GT for which he paid \$368,000, according to a dealership's sales records.

Halstead, 61, has not been charged. He declined to comment on Rowzee's arrest or whether prosecutors might also charge him.

"They are going to do what they're going to do," he said.

In March, he told The Times he was in discussions with prosecutors but declined to elaborate.

Most of the investors were from Southern California and Arizona and ran the gamut from wealthy developers to retirees on fixed incomes. Some used their home equity to invest, or brought friends or relatives into the deal.

Several detailed their allegations to the Securities and Exchange Commission and the FBI months ago and were frustrated that no action had been taken.

"I'm sure every single one of my clients is celebrating right now," attorney Buus said, "because they have told me on more than one occasion that if they can't get their money back they hope that Halstead and Rowzee spend time behind bars for what they've done."

John M. Powers Sr., an Arizona real estate agent who claims losses of more than \$1 million in the federal lawsuit, said that until now, Rowzee had used her knowledge as a lawyer to outfox the legal system.

"I think she has played the system so long and so hard and so far that maybe the system finally caught up to her," he said.

Steve Perebzhak, who said he lost \$450,000 he and his mother borrowed against their homes, said he was thrilled by Rowzee's arrest. "Now maybe we'll get some justice," he said.

kim.christensen@latimes.com

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