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Rochester Man Second To Plead Guilty In Ponzi Scheme That Bilked Investors Out Of Thousands Of Dollars

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ROCHESTER, NY – U.S. Attorney James P. Kennedy, Jr. announced today that John Piccarreto, Jr., 38, of Rochester, NY, pleaded guilty before Chief U.S. District Judge Frank P. Geraci, Jr. to conspiracy to commit mail fraud and filing a false tax return. The charges carry a maximum penalty of 20 years in prison and a \$250,000 fine.

Assistant U.S. Attorney John J. Field, who is handling the case, stated that between 2017 and June 2018, the defendant conspired with co-defendants Perry Santillo, Christopher Parris and others, to obtain money through an investment fraud commonly known as a Ponzi scheme. The scheme, which was conducted under the umbrella of a business entity called Lucian Development, involved the sale of fraudulent promissory notes that were issued under the names various entities that Santillo and Parris controlled, including Lucian Development, First Nationale Solutions, United RL Capital Services, and Percipience Global Corporation (the issuers), among others. These issuers had little to no substantial bona fide business activities, and other than monies obtained from defrauded investors, the issuers had no material revenue streams. The vast majority of financial activity for the issuers involved receiving money from new investors, and then redistributing that money to repay earlier investors, to pay the expenses of the scheme, and to finance the lifestyles of Santillo, Parris and others involved in the scheme.

Piccarreto began working for Lucian Development in March 2012, and initially was unaware that the business was, in fact, a Ponzi scheme. The defendant's responsibilities included assisting with the completion of transaction paperwork for clients of Lucian Development, including checks and wire transfers, and other clerical responsibilities. As he gained experience with investments and obtained a securities license, Piccarreto's responsibilities increased to include meeting with existing investors who had questions or complaints about Lucian Development and selling investment products, including promissory notes and other investments, to a few investors. By January 2017, the defendant realized that the Lucian Development business was, indeed, a Ponzi scheme after the company stopped paying promised returns to client investors whom he serviced. However, rather than severing his association with Lucian Development, Piccarreto continued to work for Santillo and Parris, knowingly lying to investors by falsely reassuring them that their investments were safe and secure, even though he knew this was not true, and encouraging investors to "reinvest" their fraudulent investments by signing new promissory notes.

For example, in May 2018, the defendant met with Victim 1 who over the years had invested approximately \$93,199.75 with Lucian Development and First Nationle Solutions. Piccarreto represented to Victim 1 that his money was safe in an account, even though he knew that was untrue. Piccarreto also tried to convince Victim 1 to reinvest his principal and accrued interest in another fraudulent promissory note. In August 2014, the defendant accompanied co-defendant Parris to meet with a potential investor who would become another victim (Victim 2). Between 2014 and 2016, Victim 2 and his wife invested a total of approximately \$660,250.00 in the Ponzi scheme,

specifically, in fraudulent promissory notes issued by United RL Capital Services and Percipience Global Corporation. Piccarreto knew by January 2017 that Victim 2 and his wife had received fraudulent promissory notes but continued to lull the couple by falsely reassuring them that their investments were safe, and they would be fully repaid.

Piccarreto admitted that from January 1, 2017, and June 19, 2018, he was involved in defrauding approximately 400 investors out of approximately \$18,081,556, which resulted in financial hardship to more than 25 of its investor victims. Piccarreto also admitted that, while working in Texas, he personally solicited and defrauded at least eight investors out of approximately \$598,695.

In addition, on his 2017 tax return, the defendant claimed that he had taxable income in the total amount of \$6,576. In fact, Piccarreto's taxable income was approximately \$538,548. As a result, the defendant avoided paying income taxes to the Internal Revenue Service in the amount of approximately \$159,423.

Perry Santillo was previously convicted and is awaiting sentencing. Charges remain pending against Christopher Parris. The fact that a defendant has been charged with a crime is merely an accusation and the defendant is presumed innocent until and unless proven guilty.

The plea is the result of an investigation by the United States Postal Inspection Service, under the direction of Acting Inspector-in-Charge Joshua McCallister, Boston Division; the Federal Bureau of Investigation, Buffalo Division, under the direction of Special Agent-in-Charge Stephen Belongia, and FBI Scranton Division; the Internal Revenue Service, Criminal Investigation Division, under the direction of Jonathan D. Larsen, Special Agent-in-Charge; the U.S. Department of Labor, Office of Inspector General, Office of Investigations – Labor Racketeering and Fraud, under the direction of Nikitas Splagounias, Acting Special Agent-in-Charge, New York Region, the New York State Department of Financial Services, under the direction of Superintendent Linda A. Laceywell; and the Securities and Exchange Commission.

Sentencing is scheduled for July 29, 2021, at 3:00 p.m. before Chief Judge Geraci.

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Topic(s):
Financial Fraud

Component(s):
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