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SEC says Plantation pair misappropriated \$30 million

Pair is accused of using investors' money to support lavish lifestyles

By [Jon Burstein](#), Sun Sentinel

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Two Plantation residents ran a Ponzi scheme that took in more than \$30 million from investors nationwide, using some of the money to fund their jet-set lifestyles, the U.S. Securities and Exchange Commission alleged Wednesday in a civil lawsuit.

James Clements and Zeina Smidi—who controlled a group of firms under the names MRT or Maximum Return Transaction—initially told clients that their money was being used to trade in foreign currencies, but later said it was being invested in overseas products, federal authorities allege.

Instead, old investors were being paid off with new investors' money while only a fraction of the funds—\$2.25 million—was used for foreign currency trading, according to the lawsuit filed at the Fort Lauderdale federal courthouse.

About \$3 million of investors' money flowed into the personal bank accounts of Clements and Smidi, while another \$3 million was used for travel, luxury items and other expenses, federal authorities allege. The two spent \$280,000 alone on professional sporting events and more than \$270,000 on hotel stays, according to the lawsuit.

The SEC action seeks to force the pair to turn over all ill-gotten gains. It comes more than a year after U.S. District Judge James I. Cohn entered a \$50 million judgment against MRT in a class-action lawsuit filed by investors.

In addition, federal court records show the U.S. Attorney's Office sent letters in March 2010 to Clements and Smidi informing them that they were the targets of a criminal investigation. The attorneys representing them in that matter declined to comment on Wednesday.

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Inger Garcia, the attorney for MRT in the class-action case, could not be reached for comment Wednesday by phone. She said in a January 2009 interview that the money people gave to MRT was in the form of loans that Clements intended to repay.

MRT LLC was formed in August 2005 with the company's address as a private mailbox at a packing and shipping store in a Plantation strip mall, state records show. The company pitched itself to investors as a "\$50 million success" that could offer investors up to 11 percent in monthly returns, court records show.

Clements told investors in June 2007 that the company would stop trading foreign currencies and start putting clients' money into an annuity handled by Swiss bankers, court records show. By fall 2007, MRT stopped answering investors' phone calls and e-mails, the SEC alleges.

Jeffrey Sonn, the Fort Lauderdale attorney who brought the class-action case, has described MRT as a "classic Ponzi scheme."

"We're very pleased the SEC has stepped in," Sonn said Wednesday.

While the SEC alleges the scheme took in more than \$30 million, the court-appointed receiver for MRT has reported that the company received about \$50.7 million from investors. About 700 investors lost about \$21 million, according to documents submitted by the receiver, attorney Jim Sallah.

Sallah filed a lawsuit in November against about 120 people and businesses who made money from their investments in MRT—what's alleged to be "false profit payments." Court records show that one person paid \$20,000 to MRT and walked away with \$561,000.

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