

12 Worst Financial Advisors in America

July 26, 2012

By Ron Pechtimaldjian, AdvisorOne



Most of these 12 advisors aren't as easy to spot as

this guy.

There are good and bad workers in all industries. Some industries' bad workers stand out more than others. In the coffee service industry, a bad barista can mess up your latte and ruin your morning. In the financial services industry, a bad financial advisor can steal your life savings and ruin your life.

So AdvisorOne found BrokerCop.com, a website for “investors only,” it said, which recently released its 2012 List of “Worst Financial Advisors in America.” A law firm based in Georgia, James A. Dunlap Jr. & Associates, which focuses on investor and consumer fraud cases, created BrokerCop.com.

BrokerCop’s website says it “provides critical consumer ratings, reviews, and information on stockbrokers, brokerage firms and investments. BrokerCop.com accepts no advertising or compensation from the brokerage or financial industry.” The site, apparently to assert a claim of independent advice, also warns that it is “not for use by stockbrokers or anyone affiliated with the brokerage or financial industry.”

Fortunately BrokerCop spared AdvisorOne from litigation and allowed us to use their “Dirty Dozen” list, which tallied the convictions of the worst advisors over the past year. So we took BrokerCop’s list and ranked each “Advisor Horribilis” in reverse order of horribleness, balancing amount of money stolen with amount of “ick” factor involved. So theft of a mere \$30 million from clients doesn’t outweigh theft of a modest \$838,000, if one of the clients happens to be a child with cerebral palsy—yes, that actually happened—or if one of the clients happens to get murdered—yes, that actually happened too.

12. Michael Sydney Wooton (Metairie, La.) \$1 Million Fraud

Wooton pleaded guilty to defrauding 14 clients out of nearly \$1 million. According to court documents, Wooton admitted that while he was employed as a stock broker for Western International Securities, he converted client funds for his personal benefit. In order to hide this fact, he created and mailed fraudulent statements to his clients.

11. Mark Madison (Little Rock, Ark.)

\$1 Million Fraud



Madison, a licensed agent for a stockbroker, pleaded guilty to cheating clients out of more than \$1 million. According to the indictment, Madison solicited funds from his clients for several different investments. However, instead of investing the funds as promised, Madison used the funds for his own personal benefit including payment of the mortgage on his personal residence, country club dues and expenses, personal tax obligations, credit card payments, and repayment of personal and business loans.

10. Molly Wilson (Seattle)

\$400,000 Fraud, Including Client Suffering From Alzheimer's

Wilson, a former Merrill Lynch securities broker, was convicted of 14 counts of theft for bilking clients out of more than \$400,000 to support her flashy lifestyle. Wilson was a first vice president and a top broker at the Seattle office of Merrill Lynch where she earned a six-figure income, drove a \$200,000 Rolls Royce and lived in a \$1.2 million home in Bellevue's Somerset Hill. She was fired in 1989 for what Merrill Lynch described as "a violation of company policy." She then formed her own firm, Wilson Securities. In 1992 she was sentenced to six years and three months in prison.

9. Richard A. Finger Jr. (Bellevue, Wash.)

\$7 Million Fraud

Finger pleaded guilty in a Seattle federal court to perpetrating a \$7 million fraud on his own clients and was sentenced in April to 54 months in prison and ordered to pay \$7 million in restitution. Finger owned and operated Black Diamond Capital Management and Black Diamond Securities of Kirkland, Wash. Finger defrauded 10 clients of as much as \$7 million. Some of the victims invested with Finger when he was working for a Seattle brokerage firm. While he was providing false statements to his clients, Finger spent his ill-gotten money on leasing a \$71,000 Cadillac Escalade and a \$13,000 Ducati motorcycle.

8. Gregg M.S. Berger (New York)

\$30 Million Stock Scam

Berger, 48, pleaded guilty last year to participating in a wide-ranging international stock fraud scheme involving the illegal use of bulk commercial e-mails, or "spamming," to promote thinly traded Chinese penny stocks to generate more than \$30 million in illegal proceeds for him and his co-conspirators.



7. Rebecca Engle (Nebraska City, Neb.) \$30 Million Stock Fraud

Former stockbroker Engle pleaded guilty for her involvement in what prosecutors called the biggest securities fraud case in state history. She was sentenced last August to two consecutive 18- to 36-month prison terms.

Engle was accused of improperly selling risky and unsuitable investments in several interrelated Florida companies to hundreds of investors. Most of those defrauded were nearing retirement age or had already retired and were seeking conservative, stable investments with little risk. Instead, Engle invested their money in high-risk enterprises and never fully explained the risks, according to prosecutors. According to court documents, Engle characterized the Florida companies as “can’t-miss deals” or “mini-Berkshire Hathaways,” referring to the enterprise run by the billionaire Warren Buffett.



6. Richard Clark (Tulsa, Okla.) \$43 Million Stock Fraud

Former stockbroker Clark was convicted by an Oklahoma federal jury of fraud, among other charges. According to evidence presented at trial, he and other conspirators devised and engaged in a scheme to defraud investors known as a “pump-and-dump,” in which they manipulated three publicly traded stocks. The evidence at trial established that the conspirators obtained approximately \$43 million in proceeds from the stock manipulation.

5. Ross Mandell (New York) \$140 Million Boiler Room Scheme



(Mandell is the winner solely based on the massive dollar amount of his scam, but the next four swindlers had that extra personal smell that pushed them ahead.)

Mandell, 54, was convicted by a Manhattan federal jury of securities fraud, wire fraud and mail fraud, as well as other offenses, and sentenced in May to 12 years in prison and ordered to forfeit \$50 million in assets. Mandell, known as the “Bad Boy” of Wall Street, is free on bail while his appeal is considered. Mandell's Sky Capital Holdings defrauded more than \$140 million from U.S. and European investors in connection with a “boiler room” scheme to sell worthless securities.

According to the AP, the trial captured the hard-partying lifestyle brokers enjoyed during the dot-com boom of the late 1990s and early 2000s. Prosecutors say Mandell treated his brokers to fast times in London, spending \$1.3 million at the nicest hotels in Europe and bringing plenty of petty cash for strip clubs and prostitutes.

Mandell told the court before sentencing, "It was never my intention to cheat or steal."

4. Ryan Kimura (Honolulu) Embezzling \$1.5 million From Wife's Family (Stealing from his family is the reason Kimura gets the nod over Mandell.)

A former stockbroker stole more than a million dollars from his wife's family. An investigation showed that Kimura was working at Morgan Stanley Dean Witter when he embezzled \$1.5 million from a company owned by his father-in-law.

3. Dennis Bolze (Gatlinburg, Tenn.) \$21 Million Ponzi Scheme, Including Lonely Elderly Widow and Members of His Church



Stockbroker and University of Tennessee booster Bolze pleaded guilty to perpetrating fraud for more than six years, devastating more than 100 victims, and misappropriating millions of dollars. He was sentenced to 27 years in prison.

In one case, Bolze, 61, had "developed a personal relationship with an elderly widow in order to defraud her of her life's savings." Bolze's victims included personal friends and fellow church members. Unbeknownst to them, Bolze had a prior conviction for bank fraud and two for theft.

2. Ralph Edward Thomas Jr. (Reisterstown, Md.) Theft of \$838,000, Including From Sick Child and Elderly Dementia Sufferer



Former broker Thomas misappropriated money from several customers, including from a trust fund set up for a child suffering from cerebral palsy and the annuity of an 85-year-old dementia sufferer, according to prosecutors. Thomas, who was most recently with Wells Fargo Advisors but was vice president of Harbor Financial when he committed his theft, was sentenced to four years in prison and ordered to pay \$838,000 in restitution and surrender property and luxury automobiles.

1. Harvey Morrow (Long Beach, Calif.)

Theft of \$1 Million From Friend and Friend's Disabled Sister, and Murder of Friend

Former stock broker Morrow, 60, was convicted by a Los Angeles County jury of murdering his own client and friend, the legendary Denver DJ Steven B. Williams. Morrow was sentenced in December 2011 to life in prison without parole, plus an additional 25 years—just so his corpse will serve time, too.

Morrow slowly bilked Williams and his disabled sister, Jan, out of his father's trust account. Then in 2006 when Williams confronted Morrow over the money, Morrow shot Williams in the head and dumped his body in the Pacific Ocean. Jan became homeless when she couldn't afford to pay her rent. Morrow allegedly used the stolen money from the Williams' estate to overhaul a 69-foot yacht he owned, outfitting it with a fireplace, a teak deck and \$100,000 worth of electronics.



(The prison orange suits him just fine.)