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## Yusaf Jawed to plead guilty to fraud for Grifphon Ponzi scheme



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He told investors they'd get their money back. Investors were also promised again and again that their payoff was imminent.

"Investors have done really well with us," Yusaf Jawed said [in a 2010 interview](#) with The Oregonian.

But next week, federal authorities say, the Portland-area hedge-fund manager will admit in federal court that none of it was true.

U.S. prosecutors in Portland say they expect Jawed on Tuesday to plead guilty to 17 counts of mail and wire fraud related to what they say is a long-running Ponzi scheme he orchestrated through his firm, [Grifphon Asset Management](#).

Under a plea agreement, Assistant U.S. Attorney Allan Garten said he will ask U.S. District Judge Ancer Haggerty to sentence Jawed to 6-and-a-half years in prison and order him to repay \$6.4 million taken from more than 10 investors between February 2008 and September 2009.

The deal, pending judicial approval, would resolve a criminal investigation into an elaborate scheme that ran more than a decade and entailed much larger sums. Jawed claimed in the 2010 interview that he managed \$63 million for 150 investors through Lake Oswego-based Grifphon and related entities.

"The guilty plea is good because at least the taxpayers and the victims of his crime aren't going to have to pay for his criminal trial," said Michael Esler, a Portland attorney representing dozens of Grifphon investors.

Under the plea deal, Esler and Garten said, Jawed will pledge to cooperate with [the investors' lawsuit](#) against Grifphon's accounting and law firms. That lawsuit could be the only hope of investors recovering any of their money, Esler said. A federal court last year found Jawed had no money and appointed a court-paid attorney to represent him.

"No one expects the \$6.4 million will ever be paid by him," Esler said.

### More

[Continuing coverage of Yusaf Jawed and what U.S. prosecutors say is a long-running Ponzi scheme he orchestrated through Grifphon Asset Management.](#)

Jawed also will pledge to cooperate with the U.S. Securities and Exchange Commission's ongoing civil investigation into the scheme, Garten said.

Jawed's current attorney, Ron Hoevet, declined to comment.

Jawed started forming loosely regulated hedge funds in 2000 after getting fired from a securities firm in Portland. A New York Stock Exchange investigation eventually found Jawed traded without permission in a customer's account and tried to cover it up.

He used his ties -- as an alum of Reed College and a network of brokers and other associates -- to lure large and small investors to give him money.

Jawed promised to invest in publicly traded stocks, bragged of double- and triple-digit returns and offered up audited financial statements, according to information filed in U.S. District Court last month and provided to The Oregonian on Thursday by Garten.

At one point, he told investors he had lined up an overseas buyer for the fund ahead of their investments, according to the information.

In reality, very little money was ever invested, the information said. From 2008 to 2009, most of the \$6.4 million he raised was used to pay for finders' fees, commissions, loans and expenses, and to pay prior investors.

Jawed never secured a buyer for any of his funds, according to the information. He tried to cover up his diversions, including by falsely listing bonds on the books of his hedge funds, the information said.

He also sent out account and tax statements to investors that falsely depicted big returns. Investors actually paid taxes on the false gains that Jawed listed on the K-1 partnership tax statements, Garten said.

Yet privately, "Jawed was sending out internal emails stating that the Grifphon enterprise was in dire financial straits and needed fresh infusions of investor funds to survive," the federal information said.

Jawed hired attorneys to lend an air of legitimacy to his claims, and some of those "lawyers were in fact instrumental in Jawed's scheme to deceive investors," the information said.

Jawed also advertised that accountants had reviewed the accuracy of his books. But according to the federal information, accountants couldn't verify the books and records because Jawed and associates failed to respond to repeated requests for information.

SEC attorneys say they continue to press their civil fraud case, filed in U.S. District Court last year, against Jawed and one of his attorneys, Robert Custis. The suit alleges Jawed used investor money to pay for a lavish lifestyle and to settle a sexual harassment lawsuit.

Custis has denied the allegations. The SEC said that during its investigation, Custis invoked his Fifth Amendment protection against self-incrimination.

-- Brent Hunsberger

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