Ex-Pastor Charged With Multimillion-Dollar Financial Scam

A former pastor at a Florida church and a partner tried to use the 2012 bankruptcy of brokerage Peregrine Financial Group to hide their theft of $2 million from investors in a commodity trading scam, according to a lawsuit filed by U.S. regulators.

The Commodity Futures Trading Commission said on Tuesday that it had sued Wesley Allen Brown of Florida, Edward Rubin of North Carolina and their trading firm in U.S. court in Florida for taking money from clients for the purpose of trading commodities and then using the funds for their personal benefit.

Neither Brown nor Rubin, who were principals of Maverick International, could immediately be reached for comment. Court records did not list a lawyer for either.

Brown, an former associate pastor in Flagler Beach, Florida, told investors, including members of his congregation, that he and Rubin profitably traded commodity futures and precious metals on behalf of clients, the CFTC said.

However, neither man actually traded on behalf of investors and instead misappropriated all their clients' money for meals, travel and other personal expenses, according to the lawsuit.

To conceal the theft, Brown and Rubin mailed investors a fake "Semi-Annual Report" that purported to show each participant his respective portfolio holdings, the lawsuit says.

The men then claimed they "sustained a complete loss of their funds" because of Peregrine Financial's bankruptcy, according to court documents. They had actually misused all their clients’ money before the bankruptcy, the lawsuit says.

Peregrine Financial, known as PFGBest, collapsed in 2012 after founder Russell Wasendorf Sr. attempted suicide and confessed to a long-running fraud. He was later sentenced to 50 years in prison for looting hundreds of millions of dollars from his clients, who are still missing money.

Wasendorf used fake financial statements to hide his crime and said he had spent his clients’ money on personal expenses.

The CFTC is seeking restitution for people who invested with Brown and Rubin, disgorgement of any ill-gotten gains, a civil monetary penalty and permanent trading bans for both.

Last year Brown was arrested for securities fraud, grand theft and other state charges, according to the Florida Office of Financial Regulation, which spelled Brown’s middle name as “Alan” and said he as a former assistant pastor.

The case is United States Commodity Futures Trading Commission v. Brown et al, U.S. District Court, Middle District of Florida, No. 15-cv-00354.