Feds Arrest Man Who Allegedly Scammed Bishop Eddie Long's Church

Remember the Ponzi scheme scandal at Bishop Eddie Long's church last year? The megachurch pastor faced a lawsuit by former church members who claim he encouraged them to invest money with a company he knew had a $3 million capital deficit.

The man behind that company, Ephren Taylor, was arrested this week on a federal indictment charging him and another defendant with defrauding investors across the country of more than $5 million.

"Mr. Taylor came into our community, promising hard-working citizens a way to make their retirement money go farther," says United States Attorney Sally Quillian Yates. "The investments he pitched proved to be worthless, along with his promises."

According to the U.S. Department of Justice, from at least April 2009 through October 2010, Taylor, then CEO of City Capital Corporation, and his co-defendant Wendy Connor, the former COO of City Capital Corporation, participated in a conspiracy to defraud investors.

As part of the scheme, Taylor traveled around the country on a "Building Wealth Tour," where he gave wealth management seminars to church congregations. At one point, they took their scheme to New Birth Missionary Baptist Church, Long's congregation. Joel Osteen's Lakewood Church in Houston was also part of the tour, according to ABC News.

Taylor claimed to be a socially conscious investor and falsely claimed that 20 percent of profits were donated to charity. While at New Birth, Taylor and Connor met potential investors to discuss possible investments. Over 80 individuals from Georgia lost more than $2 million because of Taylor’s scheme.

“It has always been our prayer for a resolution to this matter in which many lost their investments,” New Birth said in a statement. “Our hearts go out to anyone who suffered losses, and we pray for healing.”

The investments pushed by Taylor included investing in promissory notes, where the funds invested would be used to support small businesses, such as laundries, juice bars and gas stations. Taylor is alleged to have falsely represented the revenues and returns for these businesses knowing that they were not profitable.

Taylor also pushed an investment in sweepstakes machines. Sweepstakes machines are computers loaded with various games that allow players to win cash prizes. Taylor published offering materials that falsely claimed the average sweepstakes machine would generate 300 percent investor returns. He also stated that the sweepstakes machine investments were 100 percent risk free.

Taylor allegedly knew that the investments he was touting were not profitable and that investors were not receiving actual returns from their investments.

As part of the scheme, Taylor, 31, of Overland Park, Kansas, encouraged investors to use self-directed IRAs to make their investments. Many victims transferred their retirement savings to trust companies that acted as custodians for self-directed IRAs, expecting these funds to be used to fund the investments pushed by Taylor.

After victims funded their self-directed IRAs, Taylor and others directed the use of those funds. The money allegedly was not invested as promised, but rather was used to pay ongoing business expenses of City Capital, pay personal expenses for Taylor, and in some limited instances, to pay supposed returns to earlier investors.