



Nassau Prosecutors Eye Possible Ponzi Scheme

By Anthony M. Destefano

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Nassau prosecutors have referred the suspected Ponzi scheme run by attorney Jay Korn to the federal Securities and Exchange Commission in an effort to help his victims recoup some of the \$29 million in lost investments, according to law enforcement and legal sources.

Korn, who lived in Rockville Centre, committed suicide last month by jumping from the roof of the Hempstead office building where he had a law practice. After his death, 104 investors and legal clients surfaced saying they lost millions in a bogus real estate investment program that he ran.

Monday, a spokeswoman for Nassau County District Attorney Kathleen Rice said the office had referred investor complaints to the SEC but said a local criminal probe continues.

"Whether the SEC gets involved or not in no way affects our ongoing investigation into the Korn matter," spokeswoman Carole Trottere said Thursday.

Trottere wouldn't comment on why the Korn case files were sent to the SEC. But lawyers of investors said that Rice's action was an indication her prosecutors believe the SEC might be able to take civil action.

"They may have forwarded the matter on to the SEC on the basis that he [Korn] was selling securities and they should have jurisdiction," said Garden City attorney Jerome Reisman, who is representing investors. "It doesn't mean the SEC will do something."

A law enforcement official who didn't want to be identified said prosecutors believe the SEC can gather assets of victims more easily. Local prosecutors can't get assets forfeited as crime proceeds unless a living person is being prosecuted, the official said.

A spokesman for the SEC in Washington wouldn't confirm or deny that the agency was reviewing the case.

Richard Roth, of **The Roth Law Firm** in Manhattan, said Rice's sharing of information with the SEC indicated her staff can't prosecute anyone.

"It may very well be they did an investigation and they can't find probable cause to go after someone," **Roth** said.

In Albany, a spokesman for the Lawyers' Fund For Client Protection, a state agency that reimburses clients cheated by lawyers up to \$300,000, denied that it had made a

decision about any Korn claims. Some investors have told Newsday that the fund had said they weren't eligible to recover compensation.

"The trustees have not reviewed any matter of Mr. Korn," said spokesman Timothy O'Sullivan. "We welcome any and all claims."

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