



Ponzi Scheme Victims At 100, Claim \$27.8M In Losses

By Anthony M. Destefano

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The number of investors who claim they were cheated out of a total of \$27.8 million by attorney Jay Korn, who killed himself last month, now number close to 100, officials said Tuesday.

Investigators with the Nassau County district attorney's office said three or four new investors are coming forward every day with complaints that Korn swindled them in a real estate investment Ponzi scheme.

Korn took money from friends and law clients for a real estate investment program that promised, and did pay out, returns of 12 percent to 15 percent a year, according to investors and records examined by Newsday.

Carole Trottere, a spokeswoman for Nassau District Attorney Kathleen Rice, said Tuesday that the investigation was looking into withdrawals of money Korn made before he died and whether others may have been involved in the fraud.

"Either he's got it somewhere or he is a horrific businessman and paid it all out in interest, but I can't imagine it being the latter," said Manhattan attorney **Richard Roth**, who is representing investors.

"He didn't spend it on a lavish lifestyle," noted **Roth** Tuesday. "Why are you committing a crime unless you are doing something with the money?"

The losses claimed by investors have been slowly but steadily mounting since Korn took his life by jumping from his Rockville Centre office building on March 24. Garden City attorney Jerome Reisman, who is representing other investors, told Newsday Tuesday that the losses could soon top \$40 million. Some investors have been reluctant to come forward until they see how the investigation proceeds, he said.

Some out-of-state investors are only just learning of the collapse of Korn's operation and may also swell the ranks of the potential victims, Reisman said.

A respected attorney on Long Island, where he was active in local schools, Korn, of Rockville Centre, ran an unlicensed investment program since at least 1993. Many investors were receiving promised investment returns regularly by check.

But in the weeks before he died, Korn was being threatened with legal action if he didn't return the original funds put up by

some investors, according to lawyers and other investors familiar with Korn's operation.

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