



Department of Justice

**United States Attorney Benjamin B. Wagner
Eastern District of California**

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CONTACT: Lauren Horwood
PHONE: (916) 554-2706
usacae.edcapress@usdoj.gov

LOS ANGELES MAN INDICTED FOR DEFRAUDING WOMAN OUT OF MORE THAN \$7 MILLION IN DIVORCE PROCEEDS

SACRAMENTO, Calif. — United States Attorney Benjamin B. Wagner announced that a 14-count indictment was unsealed today following the arrest of Troy Stratos, 45, currently of Los Angeles. He is charged with 11 counts of wire and mail fraud, two counts of money laundering, and one count of obstruction of justice. Stratos was arrested this morning in Los Angeles and will make an initial appearance before U.S. Magistrate Judge Alicia G. Rosenberg at 2:00 p.m. today.

According to the indictment, Stratos defrauded a woman of at least \$7 million by convincing her that he would manage the proceeds of her divorce by investing them overseas where they would earn a high rate of return. Stratos represented to the woman that he was himself wealthy and successful and involved in the entertainment industry. At Stratos's request and instruction, the woman executed a revocable trust with Stratos in Fair Oaks into which she placed the cash proceeds of her divorce and houses. Stratos then opened a bank account in Florida connected with the trust. The indictment alleges that Stratos never invested any money overseas as he promised. Instead, he diverted substantial sums of money from the trust for his own personal use. He also used portions of the money to pay the woman's expenses, misrepresenting to her that he was spending his own money to pay for her expenses.

The indictment alleges that Stratos told the woman that he knew members of Middle Eastern royal families and that he could broker the sale of her house in Granite Bay to them. To facilitate the sale, Stratos convinced the woman that she needed to lease luxury automobiles to make the property more enticing and that they would be purchased as part of a package deal with the house. At Stratos's request and instruction, the woman leased several luxury cars. In fact, Stratos lived in the house and made use of the automobiles, and there was never any deal arranged to sell the property to a royal family. After much of the initial cash assets had been used by Stratos, he convinced the woman to refinance several homes she owned to pull out equity, including in Granite Bay and Sacramento. Stratos told the woman this was necessary to cover her expenses while her assets were invested overseas. In fact, Stratos never invested any assets overseas, and Stratos used portions of the equity derived from refinancing the houses to pay for his own expenses.

The indictment further alleges that in February 2007, Stratos's bookkeeper was served with a grand jury subpoena that called for the production of documents relating to Troy Stratos. Stratos told the bookkeeper to not produce some of the documents covered by the subpoena.

This case is the product of an investigation by the Federal Bureau of Investigation.

Assistant United States Attorney Todd Pickles is prosecuting the case.

If convicted, Stratos faces a maximum statutory penalty for the wire and mail fraud of 20 years in prison, a three-year term of supervised release, and a \$250,000 fine. The maximum statutory penalty for the money laundering and obstruction of justice charges is 10 years in prison, a three-year term of supervised release, and a \$20,000 fine. The actual sentence, however, will be determined at the discretion of the court after consideration of any applicable statutory factors and the Federal Sentencing Guidelines, which take into account a number of variables.

The charges are only allegations and the defendant is presumed innocent until and unless proven guilty beyond a reasonable doubt.

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