



42 of 52 DOCUMENTS

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A CHARLOTTE MAN IS ACCUSED OF ENGAGING IN EXTENSIVE FRAUD.

BYLINE: Tom Matrullo STAFF WRITER

BODY:

A Punta Gorda man who appeared to be a financial savior to the poor - until they learned the costly truth - is wanted by Florida authorities who accuse him of racketeering and grand theft.

Circuit Judge Darryl Casanueva signed an arrest warrant Thursday for Arnold J. Strom Jr., who is charged with operating numerous schemes over the last nine years to defraud more than 100 victims, many poor and elderly, of close to \$ 1 million.

Law-enforcement officers who went to Strom's swanky Emerald Pointe villa in Punta Gorda were told by his daughter that Strom is in Las Vegas.

Casanueva has ordered Strom, 55, to be held on \$ 1 million bail when he is arrested. He will be tried in Charlotte County, and if convicted of all charges, he will face up to 40 years in prison and up to \$ 55,000 in fines.

Strom engaged in two interrelated schemes, according to the Statewide Prosecutor's office, which directed the investigation. He borrowed lavishly from the rich and from banks and didn't repay them. Meanwhile, he passed himself off as a sort of '90s Robin Hood, eager to help grateful low-income people purchase affordable homes.

The problem, authorities say, is that the homes he was selling weren't his to sell. What the buyers didn't know was that the homes were mortgaged to the hilt to the wealthy lenders he consistently failed to repay.

When Harry and Jeanette Griswold moved to Punta Gorda from Massachusetts several years ago, Harry was disabled and they couldn't afford the down payment on a home.

"He helped us out," Harry Griswold recalled. "We had nothing to start with."

Strom's "help" consisted of an agreement-for-deed - basically an installment contract on a home, with no money down. The buyers received neither deed nor clear title, but simply Strom's promise that he'd deliver a clear deed if they made all their payments.

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Sarasota Herald-Tribune (Florida) October 4, 1996, Friday,

The Griswolds believed that they were buying a home Strom owned free and clear. They paid faithfully until the day a banker showed up at their door and informed them the property was in foreclosure. Strom, it turned out, had mortgaged the property and hadn't made his own mortgage payments in months.

The Griswolds soon met many others who shared their fate.

"When you get this many people involved, it ain't no accident," said Harry Griswold.

News of the warrant for Strom's arrest brought grim humor from some Charlotte residents still smarting from their losses to Strom.

"It couldn't happen to a nicer guy," said Dave Woodward of Punta Gorda.

Woodward said he gave Strom two mortgages worth \$ 100,000 in the early '90s and never saw a dime in principal or interest.

Told Strom was believed to be in Las Vegas, Woodward was not surprised.

"He'll be hard to get," he said. "He's as wily as a fox, that one."

The investigation into Strom began in 1994 after several victims' complaints reached state authorities in Tallahassee.

The FDLE joined the investigation in 1995 when it became apparent that many of the alleged victims were elderly, said Jim Myers, an investigator for that agency. He said crimes against the elderly are a priority of the agency.

Myers interviewed many of the 110 people and lending institutions that filed suits against Strom, after his mini-empire of low-income housing and high-interest debt began to collapse in 1994.

What emerged was a "classic Ponzi scheme," said Ramon de la Cabada of the state prosecutor's office in Tallahassee, in which Strom gained the trust of people who needed homes. Only later did those who thanked him discover the elaborate web of lies beneath the altruistic facade.

"This guy just leaves a path of destruction wherever he goes," said de la Cabada.

Carmen Ortiz of Port Charlotte can attest to that. She was approached by Strom when he learned that she was seeking a larger place to house the abused children she cared for.

Ortiz said she spent more than \$ 10,000 repairing the house Strom agreed to sell her before a bank agent came to her door. The bank, which had no idea anyone was living in the home, was foreclosing on Strom.

When Ortiz refused to continue paying Strom, he threatened eviction proceedings against her, Ortiz said. In the end she lost the house and her investment in it.

Among victims alleged to have lost more than \$ 100,000 through Strom's theft were Eugene Schaefer, a resident of Switzerland, who lost \$ 600,000, and SunBank/Gulf Coast in Sarasota, which gave Strom five mortgages totaling \$ 168,000.

Strom enticed Schaefer to invest in A & E Financial Inc., claiming that the company was valued at \$ 2 million, according to court papers. He used Schaefer's money to pay off personal debts, including the balance on his home. None of the money went for the 30 or 40 existing mortgages under Strom's name, said de la Cabada, although balloon payments on many of them were almost due.

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Schaefer never saw a nickel of his investment, and Strom later filed both personal bankruptcy and corporate bankruptcy on A & E Financial.

Only a few of the people who claimed losses from Strom were named in the arrest papers. Woodward was not named.

"I think I was one of the major losers," he said. "I don't know how I could be left out."

In charging Strom, de la Cabada said investigators chose those cases with the strongest evidence. Since Strom operated under a variety of corporate names - including A & E Financial Inc., Sales Dynamics International, Strom Properties, American Trust Technology, Dove International, A.K.A. Marketing Inc., Eagle Marketing, and others - the trail of paper was not easy to follow, he added.

The most recent venture Strom is known to have been associated with is a company called Nutrition For Life International, which de la Cabada described as a multilevel marketing pyramid.

It's unlikely Strom's victims will ever see their money, he said, adding, "We're not to the point where we can say we know where the money is."

The prosecution should serve to warn white-collar criminals who don't believe they'll ever be caught, he said.

Late Thursday, authorities said they were in contact with Strom's attorney, negotiating to bring him back for arrest.

GRAPHIC: PHOTO;

Arnold J. Strom Jr. is accused of using numerous fraud schemes.

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