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Ogden man charged with real-estate fraud

By Ben Winslow

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The Utah Attorney General's Office has filed criminal charges against an Ogden businessman accused of bilking hundreds of investors out of more than \$140 million.

Val Edmund Southwick, 62, was charged in Salt Lake City's 3rd District Court today with nine counts of securities fraud, a second-degree felony. Prosecutors accuse him of bilking 817 investors out of millions in a commercial real-estate investment scheme.

The federal Securities and Exchange Commission filed a separate civil action against Southwick over his Ogden-based business, VesCor Capital, which it alleges was a "massive Ponzi scheme."

The SEC complaint alleges Southwick formed 150 companies that the commission labeled the "VesCor enterprise" and fraudulently raised \$180 million from investors. The money was used to pay off other investors and to support Southwick and his family.

"Southwick told investors that he was planning to develop large real-estate projects and that their investments would be secured by interests in those projects," the SEC complaint states.

Instead, the SEC contends that Southwick operated a Ponzi scheme and used new investments to pay off old investors.

"Payments to almost all VesCor noteholders stopped in or about May 2006," the complaint said. "Virtually all of the VesCor real-estate developments were unprofitable."

A Utah Division of Securities investigator said that Southwick lured investors with promises of high returns and trustworthy investment management.

"Southwick emphasized his membership and ecclesiastical roles in The Church of Jesus Christ of Latter-day Saints during solicitation of meetings with investors," state investigators wrote in public summary of their case. "Southwick showed his LDS temple recommend, or mentioned its existence, to several investors, and his office contains LDS 'memorabilia,' all of which appeared designed to breed a sense of trust between Southwick and investors."

Investigators said Southwick touted himself as a "respectable LDS gentleman, who was more concerned about the consequences of the after-life than those in this life if he lied to investors."

Prosecutors said that the Ponzi scheme was kept afloat for at least 17 years, with investors' money being used to pay for his personal mortgage, massages, vacations, LDS tithing, moving costs and attorneys fees.

"The VesCor Ponzi scheme imploded in May 2006, when VesCor ceased making interest payments to investors and stopped honoring withdrawal requests," investigators wrote.

No one answered the phone at a number listed for VesCor Capital in Ogden. Southwick did not return a call seeking comment Wednesday.

E-MAIL: bwinslow@desnews.com>WIDTH="250">

E-MAIL: bwinslow@desnews.com

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