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Barry Minkow Charged with Conspiracy to Manipulate Common Stock of Fortune 500 Company

U.S. Attorney's Office

March 24, 2011

Southern District of Florida

(305) 961-9001

Wifredo A. Ferrer, United States Attorney for the Southern District of Florida, and William J. Maddalena, Acting Special Agent in Charge, Federal Bureau of Investigation (FBI), Miami Field Office, announce the filing of a criminal information charging Barry Minkow, 44, of San Diego, California, with conspiracy to manipulate the stock price of Lennar Corporation (Lennar), a former Fortune 500 company doing business in Miami-Dade, by making false and misleading statements about Lennar's business operations and management. Minkow is expected to make his initial appearance in federal court next week.

According to the charging document, Minkow operated Fraud Discovery Institute, a for-profit fraud investigation firm based in California. In this way, Minkow developed ties with federal law enforcement agencies as a purported fraud-finder. Today, Minkow was charged with making false and misleading statements alleging wide-spread improprieties in Lennar Corporation's financial reporting and business structure, and attacking the personal character of Lennar's management.

According to the information, Minkow was hired to put economic pressure on Lennar to pay money demanded by a business partner in a prior land deal. To this end, beginning in January 2009, Minkow used the Internet, press releases, e-mail communications, Youtube.com videos, and the U.S. mail to broadcast false and misleading statements about Lennar, with the intent of artificially depressing Lennar's stock price.

In addition, the information alleges that Minkow abused his relationship with federal law enforcement agencies to report false allegations of criminal conduct purportedly committed by Lennar and its management. Once Minkow confirmed that his allegations had successfully induced law enforcement to open a criminal investigation, Minkow allegedly used that knowledge and information to trade Lennar securities for his own benefit.

U.S. Attorney Wifredo Ferrer stated, "In this case, Minkow's manipulation of the market and his relationship with the FBI for his personal gain caused a severe drop in the stock prices of a large local corporation. This type of deceit and abuse of trust will not be tolerated. Together with the FBI and the cooperative efforts of the SEC, we will investigate and prosecute stock manipulation cases to help protect the integrity of our capital markets."

William J. Maddalena, Acting Special Agent in Charge of the FBI's Miami Office, stated, "When false statements are disseminated to deceive the investing public, whether they're designed to prop up a company or tear it down, the FBI will dedicate all available resources to bring disseminators of such falsehoods to justice."

If convicted, Minkow faces a statutory maximum penalty of five years in prison.

Mr. Ferrer commended the investigative efforts of the FBI and the cooperative efforts of the Miami Regional Office and the Washington DC Office of the Securities and Exchange Commission. This case is being handled by Assistant U.S. Attorneys Ryan Dwight O'Quinn and Cristina Perez Soto.

An Information is only an accusation and is not evidence of guilt. A defendant is presumed innocent until proven guilty.

A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Florida at www.usdoj.gov/usao/fls. Related court documents and information may be found on the website of the United States District Court for the Southern District of Florida at www.flsd.uscourts.gov or <http://pacer.flsd.uscourts.gov>.

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