



# Department of Justice

United States Attorney Melinda Haag  
Northern District of California

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**DEFENDANTS IN MULTI-MILLION DOLLAR INVESTMENT FRAUD SCHEME SENTENCED TO PRISON**

***Held Meeting with Fictional Individuals at Private Las Vegas Club to Lure Victims***

OAKLAND, Calif., - Lal Bhatia, 43, of Walnut Creek, Calif., and Steven Eugene Shelton, 61, Las Vegas, were sentenced on Wednesday for their role in a multi-million dollar investment fraud scheme, United States Attorney Melinda Haag announced. Bhatia was sentenced to 63 months in prison and ordered to pay restitution of \$1,987,250. Shelton was sentenced to 6 months in prison and ordered to pay restitution in the amount of \$1,575,250.

According to the plea agreements, beginning in June 2003 and continuing until April 2004, Bhatia devised and executed a scheme along with co-defendants Henri Berger, Marzban Mody, and Steven Shelton, to defraud two entities: One was a company formed to develop a convention hotel in Orlando, Fla., that was seeking to borrow approximately \$55 million for the project; the other company was seeking to borrow approximately \$105 million to finance the construction of an aquarium and entertainment complex in Houston. The scheme was intended to defraud the two companies out of large sums of advance fees paid with no intent or capacity by the defendants to fund the requested commercial loans.

According to the plea agreements, Bhatia was the organizer and leader of the scheme. He enrolled the help of Berger, Mody and Shelton to carry out the scheme. The scheme extended over many months and involved the creation and portrayal of fictional individuals including "Sir Richard Benson," portrayed by Berger, "Dr Adrian Michaels," portrayed by Shelton and "Atul Verma," who was represented to be an individual involved in the processing of loan applications

but was not presented in person. The scheme also involved the invention of a fictitious company called Sherwin & Noble Ltd. that was the purported source of the loan funding. The defendants created a glossy brochure falsely reflecting their financial status and a money transfer receipt that showed the transfer of \$105 million to support the false representation that they had available funds to finance the loan. In order to induce the victims to pay the advance fees, a meeting at a private club in Las Vegas was staged in November 2003. At the meeting, Bhatia introduced the prospective borrowers to Berger as “Sir Richard Benson,” a wealthy businessman and owner of Sherwin & Noble, a London business with hundreds of millions of dollars in assets. They were also introduced to Shelton as “Dr. Adrian Michaels,” an individual who was employed to conduct due diligence on the borrower’s applications on behalf of the lender, Sherwin & Noble. The information was all false and, at the meeting, the prospective borrowers were falsely informed that any advance fees they paid would be refunded with modest deductions for expenses if the loans were not funded.

According to the plea agreements, following the meetings in Las Vegas, the borrowers made three advance payments totaling \$1,978,250. After the advance fees were paid, the defendants received calls from representatives of the borrowers asking when the loans would be funded. The defendants responded with false statements with the intent to lull the borrowers into believing the scheme was not fraudulent.

Henri Berger, 80, of Beverly Hills, Calif., was sentenced on June 21, 2011, to 1 day in prison, followed by three years supervised release and ordered to pay restitution of \$1,987,250.00 for his plea of guilty to a wire fraud offense. Marzban Keki Mody, 45, of Culver City, Calif., was sentenced on July 20, 2011 to three years probation for his plea of guilty to structuring monetary transactions to avoid reporting requirements.

Stephen Corrigan is the Assistant U.S. Attorney who prosecuted the case with the assistance of Kathleen Turner. The prosecution is the result of an investigation by the Federal Bureau of Investigation and the Internal Revenue Service – Criminal Investigation.

**Further Information:**

Case # CR 05-00334 SBA

A copy of this press release may be found on the U.S. Attorney’s Office’s website at [www.usdoj.gov/usao/can](http://www.usdoj.gov/usao/can).

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges’ calendars with schedules for upcoming court hearings can be viewed on the court’s website at [www.cand.uscourts.gov](http://www.cand.uscourts.gov).

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