Ex-TD Bank exec Spinosa charged with aiding Ponzi schemer Rothstein

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A fired Toronto Dominion Bank executive who authorities say kept Fort Lauderdale lawyer Scott Rothstein's $1.2billion Ponzi scheme alive until the end was arrested Friday on fraud charges.

Frank A. Spinosa Jr., a former regional vice president of the bank, was released on a $250,000 bond after being indicted on wire-fraud conspiracy and other counts. He allegedly helped Rothstein steal millions of dollars from trust accounts at a TD Bank branch in Fort Lauderdale that belonged to his investors, until the scheme crashed five years ago.

Spinosa is accused of lying to some of Rothstein's investors about the balances in their trust accounts, and of signing a series of misleading "lock letters" that indicated Rothstein could only distribute the money to them. Spinosa is not accused, however, of participating in Rothstein's scheme of selling fabricated confidential legal settlements to wealthy investors from Florida, Texas and New York.

Rothstein and Spinosa "would rely on the prestige and legitimacy of TD Bank … to give investors a false sense of security and induce them into investing in the confidential settlements," according to the indictment.

Although Spinosa became a huge liability for TD Bank as it faced lawsuits brought by Rothstein's investors, his defense attorney asserted he did nothing wrong.

"The indictment comes as a relief to Mr. Spinosa," Miami attorney Sam Rabin said after his bond hearing Friday in Fort Lauderdale federal court. "He will finally have his day in court and be able to explain why he is innocent to a jury."

Spinosa is among the last of about 30 co-defendants who have been charged in connection with Rothstein's investment racket, which unraveled over the Halloween weekend in 2009 as the lawyer fled to Morocco before returning to South Florida to confess to his massive financial crime. What makes Spinosa's criminal case unusual is that the vast majority of Rothstein's co-defendants cut plea deals to avoid long prison sentences.

Rothstein, convicted of racketeering, fraud and other charges, is serving a 50-year prison sentence.

In late 2011, Rothstein testified during a civil bankruptcy proceeding involving his former law firm that he paid off Spinosa. The disbarred attorney said that without help from Spinosa, his swindle would have died.

Rothstein claimed he once slid Spinosa an envelope filled with at least $50,000 during one of their regular lunch meetings at Rothstein's downtown Fort Lauderdale restaurant, Bova Prime. Spinosa helped pull off the fraud for the money and the chance to take part in the "rock star lifestyle" offered by the Rothstein Rosenfeldt Adler law firm, Rothstein alleged.

There is no reference to the alleged payoff in the indictment, filed by prosecutors Lawrence LaVecchio, Jeffrey Kaplan and Paul Schwartz.

Spinosa's attorney, Rabin, said at the time that Rothstein was lying, falsely accusing anyone he could of crimes in order to get his sentence reduced.

"Same con man, different motivation," Rabin said. "The facts are Spinosa did not take part in the 'rock star lifestyle.' He did not receive money, the amount of which changed in each [of Rothstein's] statements, and internal bank records reflect he did not look the other way."

In September of last year, TD Bank agreed to pay $52.5million in penalties to the federal government after regulators said it allowed Rothstein's Ponzi scheme to flourish.

TD Bank reached a $37.5million settlement with the Office of the Comptroller of the Currency and Financial Crimes Enforcement Network and a separate $15million deal with the U.S. Securities and Exchange Commission.

The federal fines came on top of the more than $400million that the bank has paid in restitution and damages to hundreds of Rothstein's investment victims.

During a 2012 civil trial in Miami, TD Bank officials could only cringe as their former Fort Lauderdale vice president, Spinosa, invoked his Fifth Amendment right against self-incrimination 193 times.

"Spinosa repeatedly lied to investors and signed so-called lock letters, fraudulently assuring investors that their money was safe," said Miami attorney David Mandel, who won a $67million judgment for a Texas investment group against TD Bank. He also obtained a $41million settlement from the bank for a New York group.

Said Mandel: "It's gratifying to all of the victims that one of the true villains of the fraud is finally being brought to justice."