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# West Palm Beach bank makes payout to swindled investors

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[Eric Ostroff](#) / *January 4, 2005*

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FORT LAUDERDALE, Fla. – Investors who were swindled out of about \$19 million in a massive Ponzi scheme, including many elderly people who lost their life savings, have won their first significant reimbursement – a \$2.25 million settlement by a bank in a bankruptcy case.

A bankruptcy judge approved the settlement with Fidelity Federal Bank & Trust in West Palm Beach, where the Pheonix Financial Group held its corporate accounts, and a bankruptcy trustee in November. The money was recently deposited with a trustee.

It was the single largest reimbursement to the investors and creditors, said Michael Budwick, who represents the bankruptcy trustee.

“It is very significant,” he said. “This is the most significant event in the case.”

The bank didn’t admit any wrongdoing in the settlement and was unaware of criminal activity by Pheonix founder Thomas D. Abrams, said Fidelity Federal’s corporate counsel, Christopher Cook.

Abrams pleaded guilty to 12 counts of fraud and three of money laundering and was sentenced to 25 years in federal prison in September 2002. The 11th U.S. Circuit Court of Appeals in Atlanta rejected his appeal of the sentence in September.

Prosecutors said Abrams defrauded 100 to 150 people of more than \$30 million. A majority were over age 60 and lost all or most of their life savings. At least three have



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died, and others have returned to work or are on public assistance.

Investors entrusted their money to Abrams with instructions to put it into secure stocks and certificates of deposit. Instead, he used it to pay other investors, underwrite celebrity appearances and entertainment for charity shows and support his image as a wealthy philanthropist.