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Former Aequitas CEO and Company Executives Sentenced to Federal Prison for Roles in $300 Million Fraud Conspiracy

PORTLAND, Ore.—Following their conviction at trial, three former executives of Aequitas Management, LLC, and associated companies, were sentenced to federal prison today for their roles in a vast fraud conspiracy wherein the executives raised nearly $300 million from defrauded investors.

Robert J. Jesenik, 63, former chief executive officer of Aequitas and resident of Lake Oswego, Oregon, was sentenced to 14 years in prison and ordered to forfeit more than $1.5 million; Andrew N. MacRitchie, 59, formerly of Palm Harbor, Florida, was sentenced to 70 months in prison and ordered to forfeit $689,662; and Brian K. Rice, 56, of Portland, was sentenced to 37 months in prison and ordered to forfeit $116,627. Restitution will be determined at a later date.

"When a large investment company led by greedy executives collapses, it can destroy the lives of the victim investors and their families. The victims in this case experienced delayed retirements, lost college savings, physical and mental illness, and many lives were forever changed because of these defendants," said Ethan Knight, Chief of the Economic Crimes Unit for the U.S. Attorney's Office. "Bob Jesenik and other former Aequitas executives cheated their investors out of millions and went to extraordinary lengths to cover-up the rapidly-declining financial condition of their company. The sentences imposed today reflect the seriousness of these crimes and should serve as warning to other executives or financial professionals contemplating fraud as a viable path to wealth."

"This is one of the largest fraud cases ever investigated by the Portland FBI with hundreds of millions of dollars in losses," said Kieran L. Ramsey, Special Agent in Charge of the FBI Portland Field Office. "For years, the defendants deliberately deceived countless investors both internationally and domestically through an elaborate web of lies. Many of those investors were right here in Oregon. These sentences send a strong message that the FBI, our partners, and the United States Attorney's Office will continue to work together to investigate and prosecute those who perpetrate these kinds of fraud schemes for their personal gain."

"A scam is a scam, no matter how sophisticated or professional it appears," said Adam Jobes, Special Agent in Charge, IRS Criminal Investigation (IRS:CI), Seattle Field Office. "The extensive scale of this scheme was matched only by the efforts taken to unravel the truth. Unjust gain is never secure, and today's sentencings demonstrate that IRS:CI is committed to holding fraudsters accountable for their actions."

According to court documents, Jesenik, MacRitchie, Rice, and others used Aequitas, formerly headquartered in Lake Oswego, to solicit investments in a variety of notes and funds, many of which were purportedly backed by trade receivables in education, health care, transportation, and other consumer credit areas. At its peak, Aequitas employed nearly 200 people.

From June 2014 through February 2016, the former executives solicited investors by misrepresenting Aequitas' use of investor money, the financial health and strength of the company and its subsidiaries, and the risks associated with its investments and investment strategies. Collectively, the defendants also failed to disclose other critical facts about the company, including its near-constant liquidity and cash-flow crises, the use of investor money to repay other investors and to defray operating expenses, and the lack of collateral to secure funds.

In 2005, Jesenik founded the Aequitas group of companies, and, as chief executive officer, controlled the organization's structure and had ultimate decision-making authority over company activities. As elicited through trial testimony, Jesenik was a micromanager deeply entrenched in the day-to-day workings of Aequitas. He also served as the company's principal pitchman, frequently telling others that Aequitas would one day rival leading asset management firms.

MacRitchie was Aequitas's executive vice president and chief compliance officer responsible for the development and implementation of risk management and compliance processes and procedures. MacRitchie oversaw the company's accounting, legal, and auditing functions, and participated in fundraising. He also established Aequitas's New York office and directed the company's "Lux Fund," a Luxembourg-based fund used to solicit international investors.

Rice served as Aequitas's executive vice president and president of wealth management. Among other responsibilities, Rice oversaw the solicitation of investments through registered investment advisors (RIA) and managed Aequitas's affiliated RIAs.

The company's largest holdings were from various hospital networks, a consumer debt-consolidator, a motorcycle lender, and Corinthian Colleges, one of the nation's largest operators of for-profit technical and post-secondary schools. The student loans Aequitas owned from Corinthian Colleges, valued at more than $200 million, were by far the company's largest single category of receivables.

By early 2014, the U.S. Department of Education began scrutinizing Corinthian's graduation and job-placement rates and, by June of 2014, announced it would defer the payment of federal-aid funds to the schools. Soon after, Corinthian defaulted on its monthly recourse payment to Aequitas, costing the company more than $4 million per month.

The collapse of Corinthian Colleges set off a series of events that ultimately led to Aequitas's own demise. Meanwhile, Jesenik, MacRitchie, Rice, and others committed numerous financial crimes in an effort to conceal Aequitas' bleak financial picture. In June 2014, they prepared a letter to investors claiming that Corinthian's woes would not impact Aequitas's ability to recoup its investment from student borrowers. At the same time, they continued soliciting new non-equity investments in the company, falsely claiming Aequitas used new investment funds to purchase receivables when, in reality, they were using the funds to pay the company's bills and prior investors. By July 2014, Aequitas was effectively insolvent, and, in March 2016, the company collapsed.

On July 13, 2022, a federal grand jury in Portland returned a 31-count superseding indictment charging Jesenik, MacRitchie, and Rice with one count each of conspiracy to commit mail and wire fraud and conspiracy to commit money laundering, and 28 counts of wire fraud. Jesenik was also charged with a single count of making a false statement on a loan application. On May 15, 2023, after a six-week trial, a federal jury found Jesenik, MacRitchie, and Rice guilty on all charges.

In 2019, former Aequitas executives and co-conspirators Brian A. Oliver, 58, of Aurora, Oregon, and Olaf Janke, 52, of Portland, pleaded guilty to conspiring to commit mail and wire fraud and money laundering. Janke will be sentenced on October 18, 2023, and, as part of his plea agreement, has agreed to pay full restitution. Following his death on July 7, 2023, Oliver's guilty plea was vacated and his charges were dismissed.

On May 26, 2022, former Aequitas senior executive and chief financial officer Nelson Scott Gillis, 70, of Lake Oswego, pleaded guilty to making a false statement to a bank. He will be sentenced on October 10, 2023, and has also agreed to pay full restitution.

This case was investigated by the FBI, IRS-Criminal Investigation, and U.S. Department of Labor Employee Benefits Security Administration. It was prosecuted by Ryan W. Bounds and Christopher L. Cardani, Assistant U.S. Attorneys for the District of Oregon, and Siddharth Dadhich, Special Assistant U.S. Attorney for the District of Oregon. Assistant U.S. Attorney Hannah Horsley assisted the trial team.

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