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NEWS

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MADIGAN, WHITE: INVESTMENT "PREACHER" HEADED FOR PRISON; SCHEMER BILKED UNWITTING INVESTORS OUT OF MILLIONS

Chicago – Attorney General Lisa Madigan and Secretary of State Jesse White today announced that a Chicago-area man who used his religious ties with pastors and fellow church members to lure them into a web that snared 144 victims in nine states with promises of big investment returns has pleaded guilty to numerous felonies and has been sentenced to serve 7.5 years in prison.

Madigan and White said James E. Upshaw of Oak Brook pleaded guilty during a morning arraignment to the charges against him. Although some of the charges are consolidated in the plea, Upshaw originally was indicted on four counts of theft of over \$100,000, a Class One Felony; six counts of theft of over \$10,000, a Class Two Felony; and 16 counts of securities fraud, a Class Three Felony.

Upshaw's victims included a destitute woman who took her last dollars and won \$812,000 at a casino only to be taken in by the con artist, a woman represented by famed lawyer Johnnie Cochran who won a medical malpractice settlement and a pastor who invested church funds. Several of Upshaw's victims were older than 60.

Holding himself out as a preacher, praying during his presentations and implying that his investment decisions were communicated to him by God, Upshaw duped his victims into "investing" \$6.5 million with him between 2001 and 2004. Upshaw paid out approximately \$4.5 of the \$6.5 million to investors as purported returns on their investments, and in some instances, as a return of principal. Upshaw used the remaining \$2 million to run his business, pay himself and his wife, make a down payment on a \$1 million house in Oak Brook and pay other debts. It appears from thousands of records that only about \$80,000 of the \$6.5 million actually was invested. All the investors' funds were deposited in Illinois banks. Upshaw managed to pay money to early investors by using money that came in from new investors, a classic pyramid scheme. However, his failure to invest the money and his lavish lifestyle eventually caught up with him and his checks to investors started bouncing.

Known as an "affinity fraud," in which a criminal or con artist convinces people to trust him because they share a common religious or ethnic background, Upshaw not only hit Chicago-area churches but made numerous presentations across the country to preach his special brand of investment gospel.

“James Upshaw used his charisma, charm and seeming trustworthiness to bilk nearly 150 people to hand over their hard-earned money and savings,” Madigan said. “This crime is especially heinous because people truly believed he was looking out for their best interests. In fact, the only interest he was looking out for was his own.”

“This case shows how important it is to research possible investments and the people selling them, no matter who they are,” White said. “Unfortunately this man used his position in the church to defraud people who trusted him. We encourage people to call our Securities Department anytime they have any questions about investments at 800-628-7937.”

Madigan and White said that Upshaw operated a company called Upshaw and Associates, LLC, located in Westchester. The business provided tax return preparation and consultation services, and after 2001, investment advice. Upshaw would pitch one of several purported investment vehicles to unwitting victims, including investments in commodities, commercial paper and silver and gold. He sold a monthly program, a quarterly program and a two-year program as well as a money market plan. The amount of interest earned from a particular program was different for different investors depending on how much they invested, how they wanted the interest paid and how strapped Upshaw was for money.

Madigan’s office separated the charges into two different indictments because one of the cases involved Upshaw promising to represent a victim in a tax matter she was involved in with the Internal Revenue Service (IRS), which was different from his other crimes. In that case, Upshaw not only failed to provide the woman with the promised representation, but he also stole the money she gave him to pay the IRS.

While Madigan’s office is seeking restitution for investors, at this time, there are no known assets with which to repay victims roughly \$3 million they are owed. In a civil case last year, the Securities and Exchange Commission (SEC) seized Upshaw’s home and other assets.

“A man who once had millions of other people’s money now has about \$700 in a bank account,” Madigan said. “This is a heartbreaking, cautionary tale for potential investors to very carefully check out whom they trust their money with, no matter how that person presents himself.”

The case, which was referred to Madigan’s office by White’s office, was handled in Madigan’s office by Senior Assistant Attorney General Dan Carter and in White’s office by Dick McDaniel and Ken Podeschi. The investigation and prosecution also were aided by the New Jersey and Ohio Securities Departments.