

Judge freezes Cosmo's assets

BY ROBERT E. KESSLER | robert.kessler@newsday.com

March 24, 2009

A federal judge in Central Islip Tuesday granted a preliminary injunction against Nicholas Cosmo, the Hauppauge businessman accused of operating a \$380-million Ponzi scheme, barring him from engaging in commodities trading and freezing his assets.

U.S. District Court Judge Leonard Wexler granted the injunction against Cosmo, 37, on the basis of a request by the U.S. Commodity Futures Trading Commission.

The injunction was agreed to by Cosmo, who was taken to court by federal marshals. He has been in jail since his arrest in January because he has been unable to come up with a bail package acceptable to the court.

Ronald Friedman, the attorney for a federal bankruptcy trustee in the Cosmo case, also was in court and said the injunction does not bar the trustee's attempts to locate money Cosmo potentially owes. The bankruptcy trustee was appointed by the federal court to recover assets to pay people to whom Cosmo owes money, potentially including investors.

Cosmo, a Lake Grove resident who headed Agape World Inc. in Hauppauge, was not represented in court by a civil attorney.

But Stacey Richman, the attorney representing Cosmo in his criminal case, said the judge's actions were in the interest of everyone because it allowed for assets to be located.

Cosmo has not been required to plead to a criminal charge of fraud. A grand jury indictment, to which he would have to plead, has been delayed several times at the request of both Richman and federal prosecutors.

Cosmo's company was ostensibly set up to provide investors high-interest returns based on bridge loans to businesses needing short-term cash.

Friedman said that so far he has been able to locate about \$26 million of Cosmo's assets - of the \$380 million invested in the company.

That includes \$20 million in loans made to at least 15 businesses around the country; \$750,000 in cash in a bank account; \$5 million in a state-of-the-art sports complex in Hauppauge, and \$1 million invested in a Jericho restaurant, Friedman said.

Friedman said the trustee has retained attorneys in all the states where the loans amounting to \$20 million were made, in an attempt to recover that money.

Friedman also said that U.S. Bankruptcy Judge Dorothy Eisenberg has set June 18 as the last day for investors to file claims in the bankruptcy court in Central Islip.

Steven Ringer, an attorney for the trading commission, an independent federal agency, declined to comment, as did Robert Nardoza, a spokesman for the U.S. attorney for the Eastern District of New York, which is prosecuting Cosmo.

The trading commission is involved in the case because federal prosecutors have said that despite his claims to have made the bridge loans, Cosmo invested \$100 million in the commodities futures market, losing at least \$80 million.