

Prosecutor: Cosmo case losses worse than expected

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The Ponzi scheme allegedly run by a Long Island investment adviser involved much more money, more than twice as many victims and may not have been confined to the United States as previously thought, a federal prosecutor said Thursday.

During a bail hearing for the investment adviser, Nicholas Cosmo of Agape World, federal prosecutor Grace Cucchissi said the amount of money clients invested was \$413 million, not \$370 million as federal officials had thought, and clients numbered more than 6,000, not 2,500. It also appeared the Hauppauge firm's clients were more internationally widespread, potentially from China, Germany and Switzerland, she said.

"[We] are still uncovering fraud, every day," Cucchissi told the U.S. District Court at Central Islip, noting the latest figures could grow as investigators work to determine the extent of Cosmo's alleged scheme.

The prospect that foreign investors might be among victims emerged when the bankruptcy trustee began getting overseas calls from other possible victims, the prosecutor said.

Magistrate E. Thomas Boyle postponed a decision on whether to release Cosmo, 37, of Lake Grove, on bail.

Boyle said he would first have to hold a hearing in two weeks to determine whether some of the assets Cosmo wanted to use to support a bail package were "tainted," as Cucchissi said.

Earlier, Cosmo's attorney, Stacey Richman of the Bronx, explained Cosmo's family and friends could come up with only about \$660,000 of the \$750,000 bail package set by Boyle.

She told the judge the \$660,000 was the equivalent of "a billion dollars," or "10 million," to Cosmo's friends and family as it represented all they had in the world.

"The family is willing to put up everything," Richman said, noting Boyle previously had acknowledged her client was neither a flight risk nor danger to the community.

Richman said Cosmo's proposed bail package included the value of his parents' home and the money in their bank account; the value of his sister and brother-in-law's home and the value of the brother-in-law's pension; and the value of a friend's home in North Carolina.

The government had seized Cosmo's assets, and his wife was seeking a divorce, so the couple's assets were not available, Richman said.

Cucchissi objected to the package, noting the government thought it was "tainted" because investigators had discovered only this week that Cosmo had written checks worth \$208,000 to his brother-in-law. That suggested the assets they were putting up were actually the result of the Ponzi scheme, Cucchissi said.

Boyle said he was still considering releasing Cosmo on bail, pending the hearing over the assets, but he told Richman: "I'll be honest, you haven't given me very much to work with."