Naples/Collier news

Mobley: Investors still reeling from shock of fraud allegations

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By GINA EDWARDS, Staff Writer

Over the years, David Mobley ingratiated himself with the Naples elite. He attended charity balls and rubbed elbows with the right people. He lived at the exclusive Quail West neighborhood, and he lavished money and compliments on family, friends and employees.

Investors duped by his massive securities fraud are asking how they missed the signs that Mobley wasn't who they thought.

They can't believe they fell for the lies the 43-year-old Mobley has confessed to federal securities regulators. On Tuesday, the Securities and Exchange Commission froze Mobley's assets and charged him with orchestrating a massive fraud that cheated investors out of at least $59 million over seven years. Mobley wasn't arrested, but FBI and IRS agents raided his offices Tuesday as part of on ongoing criminal probe.

David Mobley

Candy Guinn, Mobley's former secretary at Maricopa International Investments, said news of Mobley's deceit shocked her.

"Shame on us. In hindsight, I just don't know how we didn't see it," said Guinn, who said she sometimes baby-sat Mobley and his wife Gwen's three daughters.

But at least one of Maricopa's employees had suspicions.

Mahesh Johari is the mathematician who developed the computer model that Mobley touted as a market predictor for his Maricopa hedge funds.

Johari has cooperated with federal investigative authorities for months, according to Johari and his attorney, David Schippers, the Republican's chief investigative counsel in the Clinton impeachment hearings.

Last month, Johari received a subpoena from the Commodities Futures Trading Commission, a regulatory body that brought a separate fraud claim against Mobley in conjunction with the SEC this past week, Schippers said.

"The computer things were never designed with the intent to be a black box that you plug market data into," Johari said.

"I know Dave knew they weren't designed with that intent."

Johari said he still believed and hoped Mobley wasn't a con man. "I never completely believed he was a fraud until the SEC story broke," said Johari, who lives in Minnesota.

The computer models were designed to identify historic patterns in the market that produced outsized swings in either direction, Johari said.

He wondered if Mobley actually used the program much for trading.

"He would call at night, and he couldn't get it to work. I would think 'What the hell is he doing?'" Johari said.

While a graduate student in Arizona, Johari said he met Mobley who hired him to research and create the computer program later named Predator. "A predator seeks out only the best opportunities to hunt," Johari said.

But Mobley's clients, many wealthy Naples residents who trusted him with millions, appear to have been the kill.

Bodo Stierhof, owner of a health food store in Germany and visitor to Naples, said he invested tens of thousands of dollars with Mobley last year.

He doesn't want to disclose the exact figure, so he's not the butt of gossip among his German neighbors.

"The biggest challenge was to tell my wife," Stierhof said of the fraud claims against Mobley. Steirhof's wife reluctantly went along with the Maricopa investment.

Stierhof, 57, calls himself frugal. He worked hard to earn the money he invested, he said.

A golfing buddy from Fort Myers, who Stierhof said invested $5 million, pitched the Maricopa investment as great opportunity.

Now, Stierhof said he's embarrassed he fell for it along with his friends.

"You feel like you're getting raped," Stierhof said.

Investors made frantic calls to local securities attorneys in the wake of the SEC announcement in the past week.

Mobley issued a statement Thursday in which he urged investors to work with a court-appointed receiver instead of draining the remaining assets with litigation expenses. Mobley said he'd work to help "recover every cent possible for investors."

Mobley's statement angered Stierhof.

"The same man who gave us this information is telling us not to get attorneys," Stierhof said, his tone incredulous.

Contacted Friday, Mobley said, "I won't be commenting further."

The SEC, in its emergency civil action to halt Mobley's fraud, charged that Mobley at one time claimed to have $450 million in assets under management in his Maricopa hedge funds.

A hedge fund is an investment pool restricted to wealthy investors that operates similar to a mutual fund and "hedges" bets on the ups and downs of the market.

Mobley has never been a licensed stockbroker or investment adviser. He didn't need the registrations if he met certain regulatory criteria. For example, hedge funds are restricted to investors with net worths greater than $1 million or annual income topping $200,000. Most of Mobley's clients were wealthy Naples investors but some had only modest means.

Ten days ago, Mobley told the Naples Daily News he had $400 million under management.

It wasn't true.

Actually, Mobley collected a total of $140 million from about 170 investors since September 1992, the SEC claims in its complaint filed in Manhattan federal court. There's only $33 million left, the SEC claims, and Mobley told authorities that earlier investors withdrew $48 million - at substantial profits at the expense of the remaining investors. The courts will have to decide if those investors must repay the false profits.

Where did all the money go?

Mobley spent millions on a decadent lifestyle for himself and his family that included private jet travel, homes and real estate totaling more than $4 million in Naples and Vail, Colo.

The SEC said he bought a $40,000 diamond ring for his wife, and a $98,000 Porsche. He bought homes for his sister and daughter, and spent $300,000 furnishing his Vail home last year.

In January, after Mobley learned the Commodities Futures Trading Commission was investigating, he paid himself a $2 million bonus on top of his $1 million salary, the SEC claims.

At no time, did Mobley have more than $35 million under management for trading, the SEC claims.

Unbeknownst to investors, the SEC reports that Mobley lost most of his clients' money on a series of failed business ventures, including the defunct Stadium Naples golf spectator arena that is now the subject of a federal bribery probe involving Collier County Commissioner John Norris, who got a no-money-down stake in the deal. Norris denies wrongdoing.

Public outrage over Norris' role caused Mobley and his developer partners to scrap Stadium Naples in July 1997.

Mobley later told investigators in a sworn statement that he lost $4.5 million in the deal.

But Mobley actually lost money belonging to his hedge fund clients on Stadium Naples, the SEC claimed.

On top of that, Mobley confessed to giving $3.5 million of investors' money to charities.

In its investment brochure, Maricopa boasts donations to local charities including the Quest Educational Foundation, Youth Development Foundation, Big Brothers/Big Sisters, The Assembly Center for the Homeless and The Bread of Life Ministries.

Mobley made up phony account statements to cover mounting losses in the accounts he traded at Morgan Stanley Dean Witter in New York, the SEC claimed. Despite those losses, he reported to investors they were making on average of 51 percent annual returns.

Marketing material claimed that $100,000 invested in the Maricopa Investment Fund in 1992 would have grown to $2.1 million in December 1999. He refused to provide outside audits to investors, saying it could jeopardize his trading secrets.

Last year, Maricopa moved into the penthouse suite of the Newgate Tower on U.S. 41 North. The ostentatious seventh-floor suite, topped with a pyramid of glass skylights, sports cherry wood and leather furnishings in an Old South theme.

Mobley's former secretary Guinn, who left employment in 1998, said Maricopa employees enjoyed numerous perks. Mobley treated them to dinner cruises on Naples Bay, and parties at an exclusive Lely Barefoot Beach clubhouse and the Quail West Golf and Country Club. Last year, Mobley took employees and their significant others on an all-expense paid trip to the Cayman Islands, Guinn said her former colleagues told her.

Mobley surrounded himself with family members who worked at Maricopa. Wife Gwen was the chief financial officer, brother Bill was president, son David Jr. held the title of vice president of market analysis and trading.

There were cocktail parties and Christmas gifts for Maricopa investors. In December, investors received a pair of Waterford champagne flutes etched with "2000."

Guinn said Mobley paid for himself and his employees to attend seminars conducted by Van Tharp, a psychologist for stock traders based in North Carolina. Tharp praised Mobley's success last year on his International Institute of Trading Mastery Web site, and said he invested his own money with Mobley as a show of confidence. Tharp declined to comment.

In an interview formerly posted on the Web site, Mobley described how Tharp's training helped him to curb thoughts of invincibility, "as though whatever I did turned to gold."

Mistakes repeated

Guinn said employees thought of Mobley as some kind of a god. She said it seems odd now that Mobley would only put in rare appearances at the office, communicating mostly by phone and e-mail.

He'd pull up on his Harley Davidson or in his Jaguar and employees would rush to please him, Guinn said.

"Everybody was awed," she said. "He had his charm and his looks and his money."

Guinn, who said she earned $22,000 as Mobley's assistant, isn't hopeful she'll see any of the $5,000 she contributed to Retirement Accounts Inc. that was in turn invested with Maricopa.

She's angry with herself for getting suckered by the Maricopa glitz.

But Mobley's glass pyramid shattered two weeks ago when a front-cover article in Barron's financial weekly questioned the veracity of Mobley's investment claims and revealed a checkered past in Ohio. That past includes bad check convictions, a personal bankruptcy and a grand theft indictment for stealing $20,000 from a friend.

The Wood County prosecutor dismissed the charges only after Mobley agreed to repay the money he stole from Dallas Oberdick.

The investigative file for that case includes a transcript of a taped conversation between Oberdick and Mobley's sister, Diane Kibby.

On tape, Kibby paints an unflattering portrait of her brother and describes a series of sour business deals in which Mobley burned others.

At the time of the theft indictment in 1992, Mobley had moved to Naples.

"What can you do? He can't run forever," Kibby told Oberdick.

Later she said, "Well, if he ends up going to prison and in big trouble, we all have to remember that he put himself there."

Oberdick met Mobley through an evangelical church where Mobley practiced charismatic worship like speaking in tongues.

"Maybe he felt like church people were gullible or easy to take advantage of," Oberdick said. But he said he didn't believe Mobley was a religious phony.

"He could actually make himself believe he was a Christian person," Oberdick said.

"Then he would get out in the business world and it was like a switch was flipped. All the things he prayed about in church just 24 hours before were just put on a back burner."

Oberdick said he's not surprised at the securities fraud charges against Mobley involving millions of dollars.

Mobley ruined people's lives in Ohio, Oberdick said. And Mobley showed no remorse then. "I'd hoped he would have learned his lesson from our case against him," Oberdick said. "We thought we should try to show our forgiveness as Christians. Looking back on it now, maybe it wasn't the right thing to do."

Bob Bratton, the Ohio investigator who built the case against Mobley, said Mobley learned that quick repentance would ease his way through the criminal justice system.

"But when you make a mistake and do it over and over again, you haven't learned.

He's about as born again as the tree out here in our courtyard," Bratton said.

'Knew the game would end'

A recent marketing brochure described the Maricopa philosophy:

"The success we enjoy today is a direct result of the values shared by every member of the Maricopa family. Integrity. Respect for others. A sense of community. A commitment to excellence."

Mobley confessed and provided sworn testimony to the SEC in which he admitted masterminding and carrying out the elements of his scheme: lying to investors, stealing their money for himself, his family and his failed businesses and using new investors' money to repay earlier investors.

By the time he traveled to Washington, D.C., to meet with SEC officials, Mobley had to know the charade was over, some observers say.

In the wake of the Barron's story, investors began a scramble to withdraw their money, $40 million according to Mobley - more than he had left.

Local securities attorneys praised the SEC's quick intervention to preserve assets for investors.

Mobley pledged cooperation with authorities to identify assets. But attorneys are skeptical of Mobley's pledge for assistance given his track record.

That hunt for assets will stretch overseas, where Mobley had corporations in Belize and the Cayman Islands. SEC officials expect the court to appoint a receiver, who will oversee the search for assets and later distributions to investors.

Private investigator Bill Branscum, who probed Mobley's past and business operations for former investors, said Mobley is a sociopath who can't empathize with anyone.

"Mobley knew this game would come to an end, and he deliberately attempted to leave the community with the perception that those who got hurt deserved it or could afford it," Branscum said.

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