

GUARDIAN FUNDS

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son, now 14, and his adoptive father. "God forbid if something would be taken care of financially? I can't even say that."

Pineas-Pasco State Attorney Bernie McCabe said Thursday that his office is conducting an inquiry into the Corwin guardianship case and others handled by ACPS, one of the county's largest guardian services providers with more than 10 percent of Pineas's 2,400 guardianship cases.

But of the Corwin guardianship, McCabe said, "I'm not sure that one had anything in it that would involve our office," because poor investment choices do not necessarily constitute a crime.

A Pineas County audit of the Corwin guardianship identified inappropriate, high-risk investments of the ward's money, undocumented and questionable expenditures, and payment of legal bills deemed improper.

"This may be symptomatic of the guardianship situation throughout the state," said Robert Melton, head of the internal audit division for Pineas Clerk of the Circuit Court Karleen DeBlaker. "It's a situation that is ripe for fraud. We're dealing with people who are unable to take care of themselves, and guardians have been entrusted to take care of them and their assets."

A Risky Portfolio

ACPS refused to provide auditors with minutes of its board of directors' meetings, the audit report said. The minutes, which record official actions of the nonprofit corporation, were sought to ensure that its actions were properly authorized, the report said.

"The question I have to ask is, what are they trying to hide?" Melton said.

In a written response to the audit, ACPS attorney Richard Pearce said the company objected to the "very broad subpoena" seeking two years' worth of board minutes, and that it was willing to turn over the documents if ordered by the court.

He said the request went beyond the audit's financial scope, and that releasing the minutes could pose privacy issues for ACPS and other guardianship clients whose cases might be mentioned in the documents.

Pearce also wrote that ACPS was not directly responsible for how the portfolio was managed because it delegated that function to Boston Asset Management in accordance with state law and a court-approved agreement.

The audit found the Corwin portfolio, which consisted of 98 percent individual stocks and 2 percent mutual funds, was not properly diversified and was "of high risk and managed in a volatile market environment."

Portfolio holdings were traded frequently, averaging 10 trades per month in a period of 40 months, with brokerage charges attached to each transaction, the audit said. Boston Asset Management also charged a 1 percent to 1.5 percent fixed annual asset management fee, the audit said.

Fire Sale

The audit report omits financial information said to be exempt from public disclosure. But a confidential version of the report reviewed by the Tribune shows the portfolio paid \$595,329 in capital-gains taxes in April 2001 for the 2000 tax year.

The day before the federal tax was paid, the account absorbed a \$1 million "paper loss" caused by a "fire sale" of \$536,439 worth of holdings—all at a loss—to secure the money to pay the bill, the audit found.

"I'm not an investor," Corwin said. "I'm not any kind of educated person on finances. But I can tell you right now that that's wrong. It doesn't take a rocket scientist to know that."

As of August 2002, the portfolio balance was \$484,968, court records show.

Corwin said she only learned what happened to the portfolio last year through her St. Petersburg attorney, John Cappa, because she never received quarterly financial statements from Boston Asset Management.

Whenever she would inquire about the account, ACPS' former attorney and a family friend, Terry Deeb, told her that everything was fine and not to worry, she said.

Last year, Corwin successfully petitioned the Manatee County court to appoint SunTrust Bank Tampa Bay as the new guardian of her son's assets.

Deeb, the audit found, billed the boy's account \$3,720 in legal fees to fight the transfer before ACPS agreed to withdraw as guardian.

In a written statement, Deeb denied any wrongdoing.

The fees in question, he wrote, "were necessary to defend significant potential adversity to the ward's estate."



Tribune photo by BRUCE HOSKING

Corwin said she learned of the substantial losses to her son's portfolio only last year because she didn't receive quarterly financial statements from account manager Boston Asset Management.

On Tuesday, a Manatee judge will hear a motion from SunTrust to hire a Bradenton securities lawyer, Eric E. Ladin of Piper, Ladin, Howie & Werner, to sue ACPS and Boston Asset Management.

Investment Goals Lacking

Leo Govoni, president of Boston Asset Management, did not return two telephone calls seeking comment.

Clifford Hunt, an attorney for Govoni's company, said it "followed the instructions that were given to it by the guardian" regarding the handling of the account.

"It is our client's position that the account generated a net positive return," said Hunt, with the St. Petersburg law firm

Kiefer & Renaldo. "Beyond that, we believe it's inappropriate to say anything further."

But the county's audit states there were "no legitimate written investment objectives" provided to guide Boston Asset Management.

A client information form signed by Patricia Johnson, a founder of ACPS who the audit said personally handled the Corwin's guardianship case, designated all four possible investment objectives, rather than limiting them to the needs of their minor client.

"In so doing she exposed her ward to inappropriate financial risk that resulted in significant financial loss," the audit reads.

Johnson, who resigned last

year as ACPS president, referred questions to Clearwater lawyer Robert Persante. He could not be reached Thursday.

Asked why she resigned, Johnson, a professional guardian for 17 years, would say only that she had "some differences of management style" with the board of directors.

Corwin said she has tried not to let the chain of events disrupt her son's life.

"He doesn't know the magnitude of this," she said. "It's not important to him. He's got other things to concentrate on, being a 14-year-old."

Reporter Carlos Moncada can be reached at (727) 823-3412.

Drained Pond Fails To Yield Anthrax Clues

The Washington Post

Lab tests of soil samples taken from a Frederick, Md., pond that the FBI drained in June have shown no traces of anthrax bacteria, law enforcement sources said, a disappointment to authorities who were hoping the high-stakes gamble would pay off.

The FBI spent about \$250,000 and three weeks draining 1.45 million gallons of water from the pond in a search for evidence—including clothing and soil samples—that might lead to the culprit who sent the deadly anthrax bacteria in the mail that killed five people and sickened 17 others in the fall of 2001.

But the search netted nothing more than a hodgepodge of items—a gun, a bicycle, fishing lures—some of which appeared to be linked to the case, sources said.

"Clearly there were no home runs," said one law enforcement source, who acknowledged that technicians had found nothing in materials dredged from the pond.

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