

Investors' cash gets stuck in plan. Can't withdraw funds from a savings plan run by Lou Pearlman

Contributed by Lou Pearlman Writer
Wednesday, 20 December 2006

Floridians trying to get their money back from entertainment entrepreneur Lou Pearlman's controversial investment savings plan have been put on hold indefinitely.

Pearlman's Trans Continental Airlines of Orlando notified investors this week that it has stopped processing withdrawals from its "Employee Investment Savings Account";

The unusual investment promises high yields with no risk, a combination particularly appealing to retirees. However, withdrawing money has become increasingly difficult. At least one investor has been trying for five months without success.

"We have experienced some administrative setbacks," the company said in a form letter signed by vice president Harry Milner. "We anticipate a resolution soon after the first of the year."

The Florida Office of Financial Regulation is investigating the program, which was the subject of a story in Sunday's Times.

In the Tampa Bay area, two of the largest promoters were Churchill Financial in Clearwater and Seminole financial planner Ross Dickson.

Milner's letter offered reassuring words: "The good thing is that your money is secure and on deposit." However, worried investors have been calling the Times, including one who said he mailed Trans Continental a \$300,000 cashier's check last Thursday.

"I'm heartsick," said Rick Cassidy, who said his bank told him he couldn't stop payment on the check.

Several investors said their sales agent told them this week that Trans Continental's bank had frozen accounts for the savings program.

When the Times attempted to verify the information, Trans Continental's only response was that investors should call the company.

The state's Office of Financial Regulation can be reached at (813) 218-5321 in Tampa.

Danielle Brooks is the investigator.

By HELEN HUNTLEY at sptimes.com
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