



## Dallas Division

[Home](#) • [Dallas](#) • [Press Releases](#) • 2012 • [Dallas Man Sentenced in Half-Billion-Dollar Ponzi Scheme](#)

### Dallas Man Sentenced in Half-Billion-Dollar Ponzi Scheme

*Nearly 8,000 Citizens were Victims of the Scheme That Stretched from Texas to Michigan*

**U.S. Attorney's Office**  
May 04, 2012

**Eastern District of Texas**  
(409) 839-2538

BEAUMONT, TX—A federal judge has sentenced a 36-year-old Dallas man in connection with his role in a pair of complex, lucrative oil and gas Ponzi schemes that operated in Michigan and Texas, U.S. Attorney for the Eastern District of Texas John M. Bales announced today.

Joseph Blimline was sentenced to 240 months in federal prison on each of the charges related to the Ponzi schemes following a five-hour sentencing hearing on May 3, 2012, before U.S. District Judge Marcia A. Crone. Judge Crone ordered the sentences to run concurrently and ordered that restitution be made to the victims of the schemes.

"The Michigan agents worked hand in hand with the agents in Texas and with federal and state securities regulators to untangle both of these complicated Ponzi schemes and bring the perpetrators to justice for their abuse of the trust of others to obtain criminal profits," said U.S. Attorney Bales. "To all potential investors, I urge you to be wary of investment vehicles that promise exorbitant rates of return. Remember: If the opportunity appears too good to be true, then it probably is."

At the sentencing hearing, the government presented testimony and evidence which established that Blimline and others began operating a Ponzi scheme in Michigan between November 2003 and December 2005, specifically by promising inflated rates of return in order to obtain payments from investors. Lacking any legitimate source of income with which to make payouts to the investors, Blimline directed that later investor payments be used to pay previous investors and diverted investor payments for his own personal benefit. The Michigan scheme netted over \$28 million from its investor victims before its collapse.

In early 2006, Blimline exported the Michigan Ponzi scheme to Texas, where Blimline and his new co-conspirators began the operation of Provident Royalties in Dallas. Consistent with his previous actions in Michigan, Blimline made materially false representations and failed to disclose material facts to their investors in order to induce the investors into providing payments to Provident. Blimline received millions of dollars in unsecured loans from investor funds and also directed the purchase by Provident of worthless assets from his Michigan enterprise. In the Provident scheme, funds from later investors were also consistently used to make payments to early investors, resulting in the collapse of the scheme in 2009. The Provident scheme netted over \$400 million from approximately 7,700 investor victims.

U.S. Attorney for the Western District of Michigan Donald A. Davis praised the diligent work and cooperation of all involved and said, "Stealing money through fraud and deceit will not be tolerated."

FBI Detroit Division Special Agent in Charge Andrew G. Arena said, "This sentencing comes as a result of the hard work performed by agents committed to stopping this type of fraud. Those who choose to steal money through the operation of these schemes will be arrested and brought to justice."

U.S. Postal Inspector in Charge E.C. Woodson said, "The Michigan case is the result of the cooperation between the U.S. Postal Inspection Service, the U.S. Attorney's Office, and the FBI in protecting the American public. Together we investigated and brought to justice those individuals who attempted to victimize the public. Know that we will continue to supply the resources necessary to investigate arrest and prosecute anyone who would utilize the mail to perpetuate a fraud against the American people."

This law enforcement action is part of President Barack Obama's Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

### Dallas Division Links

#### Dallas Home

#### Contact Us

- Overview
- Territory/Jurisdiction

#### News and Outreach

- Press Room | Stories
- In Your Community

#### About Us

- Our People & Capabilities
- What We Investigate
- Our Partnerships
- Dallas History

#### Wanted by the FBI - Dallas

#### FBI Jobs

For more information about the task force visit: [www.stopfraud.gov](http://www.stopfraud.gov).

The Michigan case was investigated by the FBI and the U.S. Postal Inspection Service and was prosecuted by Assistant U.S. Attorney for the Western District of Michigan Nils Kessler. The Texas case was investigated by the FBI and prosecuted by Assistant U.S. Attorney for the Eastern District of Texas Shamoil T. Shipchandler.

[Accessibility](#) | [eRulemaking](#) | [Freedom of Information Act](#) | [Legal Notices](#) | [Legal Policies and Disclaimers](#) | [Links](#) | [Privacy Policy](#) | [USA.gov](#) | [White House](#)  
FBI.gov is an official site of the U.S. Federal Government, U.S. Department of Justice

Close