

Accused swindler blames Syracuse-area financial advisor for failed investments



Andrew Russo and Onondaga County Legislature Chairman Ryan McMahon campaign door-to-door on Meadowbrook Drive in Syracuse in this file photo from Oct. 26, 2010, when Russo was running for state Senate. (Dennis Nett / dnett@syracuse.com)



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SYRACUSE, N.Y. -- A man accused of running a massive Ponzi scheme today blamed a Syracuse-area man for a failed Internet company that may have cost local investors thousands of dollars.

Gregory Gray, of Buffalo, told Syracuse.com that Andrew Russo, a former state Senate candidate, was the chief financial officer of Everloop Inc. before the company failed.

"He was the CFO," Gray said. "He worked for the company. We were investors in the company. He worked day-to-day with Everloop, every single day for a minimum of a year."

Gray, 39, who grew up in the Syracuse area, was charged last month with securities fraud and perjury in connection with an alleged Ponzi-like scheme that defrauded \$5 million from an investor in Uber Technologies.

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The Securities and Exchange Commission is suing Gray and his business, Archipel Capital, saying they "engaged in blatant Ponzi-type conduct."

Gray said that Russo and his friend, Onondaga County Legislature Chairman Ryan McMahon, worked on their own to recruit some Syracuse-area people to invest in Everloop, a company that marketed itself as Facebook for children.

"Andy Russo was the CFO," Gray said. "He brought some of those investors directly into Everloop, bypassing us."

McMahon "was the one bringing the investors, along with Russo, through other entities without me knowing about some," Gray said.

Russo, a concert pianist who unsuccessfully ran for state Senate in 2010, said Gray's past should be considered when assessing his credibility.

"Greg Gray stands accused of perjury," Russo said. "Greg Gray is very comfortable not telling the truth. I would ask people to consider that when they listen to anything he is willing to say."

Russo and Gray went to school together in the Syracuse area and played Little League on the same team.

Russo was one of the investors in Everloop, along with Prufrock Ventures, in which he and McMahon were partners, according to court records.

Russo would not comment further. McMahon also refused to comment.

Gray also noted that another prominent Central New Yorker, former NFL star Tim Green, was a paid advisor to Archipel and was responsible for getting the NFL involved in Everloop.

Green, who is also an author and lawyer, was supposed to use his connections to get the NFL and his publisher involved in Everloop.

"Tim Green made a boatload of money," Gray said. He would not say how much.

Green, who invested \$100,000 in Everloop, could not be reached for comment.

Gray also blamed Everloop's chief executive officer, Hilary DeCesare, for the company's failure.

"The CEO couldn't close business," he said. "When we get teams on board and she can't bring users on after we get those brands involved, that's not our job to do business development."

Everloop was the only business Archipel invested in that's not done well, Gray said.

"Everloop was the only bad investment we had," he said.

The SEC lawsuit alleges that starting in 2011, Gray and his company were commingling funds between Archipel's entities as needed, using nearly \$20 million from at least 140 investors across the country.

Among the SEC's allegations was that Gray received \$650,000 from Everloop in a settlement with the company last year. Gray used \$350,000 of that settlement to pay investors to give them their expected return on their investment, the lawsuit said.

Instead of disbursing all of that settlement money, Gray in late June transferred \$350,000 of it to the people who had invested in Twitter, to give them their expected return on investment, the SEC lawsuit said.

The SEC lawsuit accused Gray of soliciting \$5.2 million in investments for 230,000 shares of Twitter before it went public, when he had only bought 80,000 Twitter shares by the time of its initial public offering in November 2013.

Gray said today that all the investors received the Twitter shares they'd paid for.

Russo and at least 17 other people who invested in Everloop and other businesses through Gray and his company are expected to file a class-action lawsuit this week.

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