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How Atlanta Broker Threw Pro Athletes For Major Losses --- Oscar Ayala Jr. of Shearson Played on Uneven Field, And Clients Seek Redress

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ATLANTA -- To his clients, **Oscar Ayala Jr.** led an enviable life.

The 38-year-old broker at Shearson Lehman Brothers' Robinson-Humphrey unit here wore Armani suits, colorful ties, and was once chosen by an Atlanta fashion group as one of the city's 10 best-dressed men. He drove a red Ferrari, rented an apartment in Paris and flew friends to Rio de Janeiro for Carnival.

His client list included nearly two dozen high-paid professional athletes -- among them Richard Dent of the Chicago Bears and Drew Hill of the Houston Oilers -- whom he charmed with tales of his own athletic prowess. These included his tryout for the Atlanta Hawks and the time he scored 54 points in a basketball game for Florida State University.

The stories, however, were as phony as a four-point shot. So, too, were the gains Mr. Ayala told clients he was scoring in their accounts. Even in his best year at Robinson-Humphrey, a major regional brokerage house, Mr. Ayala earned \$140,000, and in his decade at the firm he averaged just \$53,000 a year. Yet from 1986 through 1990 he deposited nearly \$1.6 million into his private Shearson account.

He used the money to impress young pro athletes, who as a group have often proved vulnerable to financial flim-flam men. Alphonso Carreker, a 29-year-old defensive end for the Denver Broncos, met Mr. Ayala at a Super Bowl party five years ago. Mr. Carreker, who lived in Atlanta in the off season, was young but on his way to earning more than half a million dollars a year playing football. He recalls being taken with Mr. Ayala's sharp clothes, easy smile and important-sounding title -- vice president. Mr. Carreker says he didn't know then that vice presidents were a dime a dozen at brokerage firms. "It seemed like he had a successful job, and I didn't think he would want to mess that up or nickel-and-dime me out of anything," Mr. Carreker says.

Soon after opening an account with Mr. Ayala, the broker was entertaining Mr. Carreker at his haunts in Atlanta's tony Buckhead section, such as the Peachtree Grill and glitzy Buckhead Diner, where Mr. Ayala's photo once shared a wall with those of Magic Johnson and Dan Aykroyd. They played one-on-one basketball. "He had a real good jump shot -- the guy could hit from anywhere on the court," recalls Mr. Carreker.

Mr. Carreker invested nearly \$1 million with Mr. Ayala and says that whenever he asked about his account, Mr. Ayala told him it was doing well. At Mr. Ayala's office, Mr. Carreker says the broker showed him big gains in the athlete's account on his desk-top computer.

Believing he had about \$1.5 million in his Robinson-Humphrey account, Mr.

Carreker says he bought a new BMW and built a \$335,000 house in a fashionable Atlanta neighborhood.

Mr. Ayala's ruse ended when Donnell Thompson of the Indianapolis Colts complained to Robinson-Humphrey about his account and demanded to know just how much money he had, people familiar with the case say. Mr. Ayala was fired soon after.

Mr. Ayala's branch manager broke the news to Mr. Carreker: The actual value of his account was nearly zero. "I just couldn't believe it -- everything he told me was a lie," Mr. Carreker says. "All my dreams went up in smoke."

Mr. Carreker says he feels guilty that he steered other athletes to Mr. Ayala, and that the whole experience has soured him on brokerage firms. Now his sole investment is a bank money-market fund.

Mr. Ayala pleaded guilty in 1990 to securities and wire fraud; he is now serving a 41-month sentence at a minimum security prison at Maxwell Air Force Base in Montgomery, Ala. In a recent interview there, Mr. Ayala concedes he "was talking trash" to woo and keep his clientele. "I deserve some time for being stupid and not using common sense," he says, clad in a gray sweatshirt and green prison pants.

But he contends that he also lent clients thousands of dollars they never paid back, and that they are partly at fault for their predicaments. "The athletes are mad as hell, but they did something wrong, too," says the 6-foot-1 Mr. Ayala. He says his big mistake was mixing friendship and business. "I became almost like a big brother to these guys. They'd say, 'Oscar, can you come here with me to buy a car, a home, a suit,'" he says. The personal relationships led to money mix-ups, he says.

Through it all, Robinson-Humphrey and Shearson, the nation's second-biggest securities firm and a unit of American Express Co., say they never caught a whiff of wrongdoing -- even though there were several red flags and compliance incidents in Mr. Ayala's file. Among other things, Mr. Ayala had been sanctioned by the National Association of Securities Dealers for unauthorized trading in a client's account and had been disciplined by the Shearson unit for buying unsuitable stocks.

Shearson officials maintain there were no overt signs of criminal behavior on Mr. Ayala's part and that the players bear some responsibility for their plight. "Oscar was notorious for not being a good detail guy -- he was sloppy," says Shearson attorney Susan Berger. "But does a light bulb go off and say, 'This guy's a crook?' No. Anyone who says that is being unreasonable."

Plaintiffs' lawyers disagree. "Nobody was watching the store," says Raymond Moss, an Atlanta attorney representing several former Ayala clients.

After Mr. Ayala bounced scores of personal checks, Shearson in 1989 yanked the check-writing privilege from his account at the firm. Now, the Securities and Exchange Commission is said to be investigating Shearson and Robinson-Humphrey for failure to supervise Mr. Ayala. (The SEC says, as a matter of policy, it won't confirm or deny the existence of any investigation.)

Shearson has paid about \$900,000 to settle 15 of the claims (including Mr. Carreker's, for \$300,000) and is fighting the others. Shearson declined to comment.

Shearson has sued Mr. Ayala in a Georgia court to recover \$2.4 million allegedly taken from client accounts. The case is pending. Mr. Ayala says he has no cash. His assets, including a \$500,000 peach colored stucco home laden with Italian marble, have been seized. Mr. Ayala says his wardrobe -- he once said he spent \$15,000 a year on clothes but now says the figure didn't exceed \$6,000 -- is stashed at a friend's house. But he frets "they may be out of style" by the time he is released. (He will be eligible to be released in early 1994.)

Mr. Ayala says he plans to repay his former clients: "That's my No. 1 priority," he says, hands clasped behind his head.

How? In his cozy prison cubicle, overlooking a golf course, Mr. Ayala spends three hours a day writing theatrical scripts which he hopes to sell upon his release. With his imagination, he says, "I should be a hell of a writer."

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