Executives at Risk: Summer 2021

Litigation Alert
07.01.2021

Featured in This Edition
- Introduction
- The Impact of the Pandemic on White Collar Prosecutions
- Significant Criminal Investigations and Related Civil Suits Involving Corporate Executives
  - Cartel
  - FCPA Guilty Plea
  - Money Laundering and Bank Fraud Charges
  - Embezzlement, Kickbacks, and Other Fraud
  - Government Contracts Fraud
  - Tax
- Other Noteworthy Investigations
- Extradition and Extraterritoriality
- Noteworthy Sentencings

Introduction

This edition of Executives at Risk discusses empirical data about the impact that the pandemic has had on white collar prosecutions, grand jury activity, and trials. Notably, approximately one-third of all of the cases brought in 2020 by the DOJ’s Fraud section involved fraud concerning COVID financial relief programs. Despite the slowdown in investigations and prosecutions, we report on some significant actions against executives in the areas of cartel, money laundering and the Foreign Corrupt Practices Act (FCPA), and government contracts. In addition, we summarize developments in the ongoing auto emissions fraud scandal and the Fédération Internationale de Football Association (FIFA) corruption probe. Finally, we report on a series of extraditions and noteworthy criminal sentencings impacting corporate executives.

The Impact of the Pandemic on White Collar Prosecutions

Fraud Charges Declined, Though COVID-Related Fraud Charges Spiked During the Pandemic: In 2020, trials slowed to a near halt and grand juries were disrupted, leading to a downturn in investigations, indictments and trials. DOJ’s Fraud Section recently published its Year in Review for 2020, and the U.S. Sentencing Commission (USSC) published its Overview of Federal Criminal Cases. Both of these reports describe a marked decline in traditional fraud-related charges against individuals during the early stages of the pandemic. Overall, the Fraud Section charged 326 individuals in 2020, 31 percent fewer than in 2019. The Fraud Section secured approximately 17 percent fewer convictions in 2020 than in 2019, and the USSC reported a nearly 16 percent drop in reported convictions compared to fiscal year 2019. The decline is evident when you consider proceedings that require a jury. The Fraud Section convicted just 16 individuals after a jury trial, compared to 37 in 2019, a 57 percent drop. Cases involving fraud, theft, or embezzlement declined 24.5 percent compared to 2019. Nevertheless, DOJ brought numerous COVID-19-related fraud cases. In 2020, the Fraud Section’s Market Integrity and Major Frauds Unit charged 97 individuals in Paycheck Protection...
Antitrust Division Brings Localized New Wage-Fixing Charges, Heightening Focus on Labor Market

The Courtroom Returns to Life: After a long ban on jury trials and in-person proceedings, courts are beginning to resume in person proceedings with modifications designed to provide health and safety precautions. In March 2021, despite one jury member testing positive for COVID-19, a bank fraud trial against two former consultants for marijuana delivery site Eaze Technologies Inc. proceeded and the federal jury found the defendants guilty of conspiracy to commit federal bank fraud. As the country continues to open up, we expect that in-person court proceedings will soon become the norm, rather than the exception.

Significant Criminal Investigations and Related Civil Suits Involving Corporate Executives

Cartel

Feds Charge Belgian Execs in Security Services Bid-Rigging Scheme: In June, a federal grand jury in DC indicted a Belgian security firm, Seris Security NV (Seris), and two of its former executives for allegedly rigging bids for contracts with the Defense Department (DOD) to provide security services at military bases in Belgium in 2019-2020. Former CEO, Danny Vandormael, and former Director of Guarding & Monitoring, Peter Verpoort, allegedly fixed prices with competitors and allocated a contract among competitors. In addition, the grand jury indicted the former CEO of competitor security company G4S Secure Solution NV (G4S), Jean Paul Van Avermaet, for participating in the alleged conspiracy. G4S recently agreed to plead guilty and pay a $15 million fine for its involvement in the bid-rigging conspiracy. The case is being investigated by the Procurement Collusion Strike Force (PCSF), a multi-agency task force created by DOJ’s Antitrust Division in November 2019 and tasked with identifying, investigating, and prosecuting bid-rigging in the government procurement process. The charges here represent the PCSF’s first in a foreign-based bid-rigging conspiracy and the second overall. As we previously reported, the PCSF brought its first charges in a local, domestic investigation involving bid-rigging of North Carolina state contracts in October 2020. It remains to be seen whether the PCSF’s heightened focus on government contracts bid-rigging will result in an uptick of prosecutions in the coming year.

Criminal Cartel Investigation of the Poultry Industry Widens: In May, a federal grand jury indicted Georgia-based poultry producer Claxton Poultry Farms (Claxton) on charges that it conspired to rig bids and fix prices of broiler chickens sold to restaurants and grocery stores. Claxton is the second poultry producer to be charged as part of DOJ’s investigation into cartel conduct in the broiler chicken industry. Poultry producer Pilgrim’s Pride pled guilty to participating in the scheme in February and agreed to pay a $107 million fine. In April, Pilgrim’s Pride and its current and former chief executive officers (CEOs), Fabio Sandri and William Lovette, respectively, successfully defeated a class action lawsuit against them in the District of Colorado. The judge ruled that certain of the claims violated the five-year statute of repose for securities actions and the lead plaintiff lacked standing to sue. In addition to the two companies that have been charged in DOJ’s ongoing investigation, 10 individuals, including William Lovette, have been charged criminally.

Antitrust Division Brings Localized New Wage-Fixing Charges, Heightening Focus on Labor Market: The DOJ’s Antitrust Division is increasingly focusing upon state and local anticompetitive behavior, particularly affecting the labor market, as global conspiracy investigations continue to wane. In April, a federal grand jury in Texas indicted John Rodgers, a director of a therapist staffing company, and brought additional charges against Neeraj Jindal, the company’s former owner, for allegedly conspiring with other health care staffing companies to pay lower wages to physical therapists in Texas. Both individuals also are charged with obstructing a related Federal Trade Commission (FTC) investigation. As we previously reported, Jindal initially was indicted on wage-fixing and obstruction charges in December 2020. Jindal has subsequently filed a motion to dismiss the indictment, arguing that alleged wage fixing does not constitute per se, or criminal, antitrust conduct. In March, a federal grand jury in Nevada indicted VDA OC LLC, a health care staffing company, and Ryan Hee, a former manager of the company, with conspiring with competitors to fix wages for nurses and entering into “no-poach” agreements not to recruit or hire nurses. The recent no-poach and wage-fixing charges demonstrate the Antitrust Divisions’ increased focus on alleged collusion in the labor market. The theory that such conduct
is a criminal violation of the law is untested in court, and it remains to be seen whether the charges will result in convictions.

**Two Tuna Execs Who Pled Guilty and Cooperated with the Government Get No Jail Time for Price-Fixing**: In April, a federal judge sentenced two former Bumble Bee Foods senior vice presidents, Kenneth Worsham and Walter Scott Cameron, to three years of probation after each pled guilty to conspiring to fix prices of canned tuna and testified against the CEO of Bumble Bee. U.S. Judge Edward M. Chen of the Northern District of California attributed the lenient sentences to the executives’ extraordinary cooperation, which included assisting in the government’s investigation and testifying against former Bumble Bee Foods CEO and president, Chris Lischewski, at his trial. Cameron was the first cooperating witness in the government’s investigation. Worsham met with DOJ attorneys at least 15 times and provided a thumb drive of key documents used against Lischewski at trial. As we previously reported, Lischewski is currently serving a three-year-and-four-month prison sentence after a jury convicted him of leading a three-year conspiracy to fix canned tuna prices. The conspiracy was first uncovered when DOJ was reviewing documents as part of a proposed acquisition of Bumble Bee by competitor Chicken of the Sea International.

**FCPA Guilty Plea**

**Former CEO of Petrochemical Company Pleads Guilty to FCPA Conspiracy Charges**: In April, José Carlos Grubisich, former CEO of Braskem S.A. (Braskem), pled guilty to conspiracy to violate the FCPA for his role in a bribery scheme involving Braskem and its parent company, Odebrecht S.A. In 2016, Braskem resolved corporate FCPA enforcement actions arising out of Operation Car Wash, the Brazilian corruption investigation into state oil company Petróleo Brasileiro S.A. (Petrobras). The DOJ unsealed an indictment against Grubisich in November 2019. As part of his plea, Grubisich admitted to agreeing “to pay bribes to Brazilian government officials to ensure Braskem’s retention of a contract for a significant petrochemical project from [Petrobras]” and to “falsify Braskem’s books and records by causing Braskem to falsely record the payments to offshore shell companies controlled by Braskem as payments for legitimate services.”

**Money Laundering and Bank Fraud Charges**

**Odebrecht Bankers Charged with Laundering $170 Million for Bribery Slush Funds**: In May, Peter Weinzierl, the CEO of an Austrian bank and an Austrian national, was arrested in the United Kingdom for allegedly conspiring to launder hundreds of millions of dollars in connection with the bribery scandal that has engulfed Brazilian global construction conglomerate Odebrecht. A court in the Eastern District of New York (EDNY) unsealed the existing money laundering-related charges against Weinzierl and Alexander Waldstein, also an officer of the Austrian bank and an Austrian national. The two officers allegedly agreed to use fraudulent transactions to move $170 million from Odebrecht correspondent accounts in New York through the Austrian bank to offshore shell company accounts that were secretly controlled by Odebrecht. Weinzierl and Waldstein allegedly agreed to open accounts for the shell companies to move funds out of Odebrecht’s official accounts and off Odebrecht’s official books and records, according to the indictment. The payments to shell companies were then allegedly recorded by Odebrecht as legitimate business expenses, but in fact were secretly used to pay bribes to foreign officials to advance Odebrecht’s business interests. Waldstein remains a fugitive.

**Individuals Indicted for Willfully Failing to Set Up AML Compliance Program**: In March, two individuals were indicted for Bank Secrecy Act (BSA) violations for allegedly providing false assurances to unsophisticated financial institutions such as the New York State Employees Federal Credit Union that the individuals could assist in operating a compliant anti-money laundering (AML) program. According to the indictment, Gyanendra Asre and Hanan Ofer represented to the financial institutions that due to their AML experience and training, they understood the risks associated with high-risk financial business lines and would conduct appropriate AML compliance. Asre and Ofer then allegedly willfully failed to develop, implement, and maintain an effective AML program for the financial institutions. Based on their representations to the financial institutions, Asre and Ofer allegedly helped the financial institution clear nearly a billion dollars in high-risk transactions, including hundreds of millions of dollars of bulk cash deposits and transactions hundreds of millions of dollars in foreign transactions. Both individuals have pled not guilty on all charges and are awaiting trial.

© Miller & Chevalier Chartered • millerchevalier.com • Page 3 of 8
Cryptocurrency Promoter Charged with Securities Fraud: In February, cryptocurrency promoter John Demarr was arrested and charged with securities fraud for his role in defrauding investors out of $11.4 million. According to the criminal complaint, Demarr marketed investment contract securities to investors in the United States, claiming that the investor funds would be invested in digital asset mining and trading platforms that would earn guaranteed profits. Investors were later forced to roll over their accounts into an unregistered "initial coin offering" for Bitcoiin2Gen (B2G), which was described as the "next generation of Bitcoin." According to the complaint, investors in B2G never received any digital tokens from the initial coin offering but instead received account statements that falsely represented that their investments were earning large returns. Demarr has been released on bond and no trial date has been set. In addition, the U.S. Securities and Exchange Commission (SEC) also filed a civil complaint against Demarr and two other individuals – Kristijan Krstic (a/k/a Felix Logan) and Robin Enos – for engaging in a scheme to fraudulently inducing investors to invest in B2G and another company. The court has stayed the SEC proceeding as to Demarr and Krstic while the criminal case proceeds. In April, Enos entered into a consent judgment with the SEC requiring him to pay to-be-determined disgorgement and civil penalties and barring him from selling or purchasing certain securities for life.

Embezzlement, Kickbacks, and Other Fraud

CFO Pled Guilty to Embezzling $30 Million Over Eight Years from Prestigious Shoe Company: In April, Richard Hajjar, the former chief financial officer (CFO) of Alden Shoe Company, was charged and pled guilty to wire fraud, unlawful monetary transactions, and filing false tax returns in connection with a long-running $30 million embezzlement scheme. Starting as early as 2011 and continuing through October 2019, the CFO embezzled approximately $30 million from Alden by writing himself checks from company bank accounts and transferring money from company accounts to private accounts. Additionally, between 2014 and 2019, Hajjar failed to pay approximately $5 million in taxes to the Internal Revenue Service (IRS) by failing to report the proceeds of his embezzlement scheme. A sentencing hearing has been scheduled for September of 2021.

Netflix Executive Convicted in Kickback Scheme: In May, a federal jury in California convicted Michael Kail, the former Vice President of Internet Technology at Netflix, of mail fraud, wire fraud, honest services fraud, and money laundering in connection with a scheme in which Kail received stock options and $500,000 in cash from vendors in exchange for millions of dollars of information technology contracts with Netflix. Kail signed advisory agreements with certain vendors and set up a limited liability company with no employees or operations to receive the payments. A sentencing hearing has been scheduled for September of 2021.

DOJ’s Accounting Fraud Case Against Former Brixmor Execs Crumbles: In a highly unusual move, federal prosecutors in the SDNY dropped accounting fraud charges against two former senior executives at Brixmor Property Group, Inc., former CEO Michael Carroll and former CFO Michael Pappagallo. In 2019, Carroll and Pappagallo were charged with inflating and deflating net operating income for the purpose of misleading investors about the financial stability of Brixmor. In March 2021, the government informed Judge Colleen McMahon that it could not prove that the accounting adjustments alleged were part of a scheme to defraud. In addition, the government sought leave to dismiss the indictment against two other executives, Steven Splain and Michael Mortimer, who had both already pleaded guilty and were preparing to cooperate against Carroll and Pappagallo.

Government Contracts Fraud

CEO of Japanese Company Indicted for Scheme to Defraud Navy: In February, Sojiro Imahashi, CEO of Kanto Kosan Co. Ltd., and two employees were indicted on conspiracy, major fraud, and false claims charges for their alleged roles in a scheme to illegally dump wastewater. Worth upwards of $120 million, the Navy contracts at issue required the company to remove, treat, and dispose of contaminated oily wastewater (OWW) generated by Naval ships, in accordance with Japanese environmental regulations. The indictment alleges that, beginning in 2007, the defendants dumped improperly treated water into the ocean and kept a tap water mixture on the treatment barge for environmental testing purposes. The scheme allowed Kanto Kosan to deceive the U.S. Navy into thinking proper treatments occurred and into paying invoices under the contracts.
Owner of Construction Companies Pleads Guilty to Fraudulently Claiming Company as a Service-Disabled Veteran-Owned Small Business: In March, Michael Wibracht, the former owner of several construction companies, pled guilty to one count of conspiring to commit wire fraud and to defraud the United States for his role in a scheme to obtain government contracts under programs administered by the U.S. Small Business Administration (SBA). Wibracht and others conspired with service-disabled veteran Ruben Villareal to falsely claim that Villareal was the owner of a construction company so that the company qualified as a Service-Disabled Veteran-Owned Small Business (SDVOSB). From 2004 until 2017, the company received more than $250 million worth of contracts set aside for SDVOSB contractors. Villareal pled guilty for his role in the scheme in November 2020 and both men are scheduled for sentencing in September 2021. A third conspirator, Michael Angelo Padron, was also charged in connection with the scheme in March and has entered a not guilty plea.

Former General Counsel Pleads Guilty to $100 Million Accounting Fraud, Agrees to Cooperate Against Company’s CEO: In May, Brent Whiteley, the former general counsel of SAExploration Holdings Inc. (SAExploration), pled guilty to conspiracy, fraud, and obstruction charges arising out of his role in an alleged accounting fraud scheme. Between 2011 to 2019, Whiteley allegedly embezzled or funneled millions of dollars of SAExploration funds to a sham data library company, recognized fake revenue, and signed fraudulent certifications filed with the SEC. The Information filed against Whiteley states that the company’s revenue for 2015 and 2016 was exaggerated by more than $100 million. As we previously reported, the SEC also filed a complaint against SAExploration, Whiteley, and other co-conspirators and in June, the SEC informed the court that it had reached a settlement with Whiteley and co-conspirator Michael Scott, who also pled guilty to criminal charges in June. Whiteley’s plea positions him as a cooperating witness in the case against SAExploration’s former CEO, which is set to go to trial in October.

Tax

Son of Panama Papers’ Businessman Sentenced Lightly for Hiding Offshore Assets: In March, Joachim Alexander von der Goltz was sentenced to time served and three years of supervised release after pleading guilty to conspiracy to commit tax evasion, making false statements, and failing to file a Report of Foreign Bank and Financial Accounts (FBAR) to the IRS. The charges stem from the 2016 “Panama Papers” leak in which millions of confidential client files from the Panama law firm Mossack Fonseca were made public, exposing shell companies that the law firm had set up to assist clients. As we previously reported, von der Goltz’s father, German private equity manager Harold Joachim von der Goltz, received a four-year sentence (and was ordered to pay $3.4 million in restitution plus fines) in September 2020 after admitting to using Mossack Fonseca to commit tax evasion and money laundering by concealing significant assets overseas in connection with the scheme. Harold von der Goltz was the first guilty plea resulting from the Panama Papers; Joachim Alexander von der Goltz was the third.

Hedge Fund Manager Pays $105 million Fine for Tax Fraud on New York: In February, a billionaire fund manager, Thomas Sandell, and his firm, Sandell Asset Management Corp. (SAMC), paid a $105 million fine to resolve claims that they engaged in a scheme to escape paying New York state and city taxes on $450 million in deferred management and performance fees. Sandell and SAMC relied on advice from tax professionals — including a principal at a Big Four accounting firm — to eliminate SAMC’s New York presence and operations by opening an office in Boca Raton, Florida and holding it out as SAMC’s sole U.S. location while continuing to conduct business in New York. Notably, a whistleblower, Tooley LLC, triggered the investigation by filing a 2018 lawsuit under New York’s False Claims Act. The settlement agreement allocates $22 million of the settlement to this whistleblower.

Other Noteworthy Investigations

Volkswagen Executives to Pay Company €17.8 Million for Role in Emissions Testing Fraud: Since we last reported on the Volkswagen investigation, Volkswagen’s board announced in June 2021 that it had secured €17.8 million (more than $21 million) in personal compensation from former executives and board members for their roles in the Volkswagen emissions scandal. This is in addition to the nearly €270 million in directors’ and officers’ liability insurance included in the settlement. As previously reported, the DOJ charged Martin Winterkorn, the former CEO of Volkswagen AG and a German citizen and resident, of conspiracy and
wire fraud in May 2018 in connection with his knowledge of Volkswagen’s diesel emissions cheating. Winterkorn agreed to pay €11.2 million (more than $13 million) to Volkswagen, while former Audi CEO Rupert Stadler — who was arrested in June 2018 — will pay back €4.1 million (nearly $5 million) to Volkswagen and Audi. Volkswagen sought damages from the two individuals after an internal investigation determined that Winterkorn and Stadler both breached a duty of care as part of the emissions scandal.

**Two Italian Fiat Managers Charged in U.S. Emissions Probe** : In April, a superseding federal indictment was unsealed in Michigan charging two Italian nationals who were senior diesel managers at Fiat Chrysler Automobiles Italy S.p.A. with conspiracy related to falsifying emissions controls. The indictment alleges that the two men, along with a previously charged co-conspirator, purposely calibrated the emissions control function of a diesel engine used in certain vehicles to produce lower nitrogen oxide emissions when the vehicles were undergoing testing. In January 2019, Fiat Chrysler Automobiles NV agreed to pay more than $800 million to settle civil claims that it illegally equipped diesel vehicles with software that enabled them to cheat emissions tests.

**Police Raid Soccer Club in Spain and Arrest Four Current and Former Executives** : In March, the Catalan police raided the headquarters of Spanish soccer club FC Barcelona and arrested four current and former executives, including the club’s CEO, chief legal officer, and former president. The Mossos d’Esquadra confirmed that its economic crimes unit had seized evidence from FC Barcelona’s offices and that four people had been detained. FC Barcelona stated that it is cooperating with the investigation. The investigation reportedly stems from the so-called “Barcagate” scandal, which revealed that FC Barcelona secretly paid a marketing company to produce disparaging social media content about people critical of the club, including current and former players. The scandal led to protests, resignations of several board members, and the arrest of the former president of the club.

**Former Salvadorian Soccer Federation President Extradited to U.S. to Face FIFA Bribery Charges** : In other news related to the FIFA corruption probe, in January, former Salvadorian soccer federation president, Reynaldo Vasquez, was extradited to the U.S. to face bribery charges in connection with the FIFA corruption scandal. Prosecutors allege that Vasquez took bribes to award media and marketing rights for Salvadorian national team games. Arrested in El Salvador in 2016, Vasquez has since fought to prevent extradition. Vasquez pled not guilty to the charges and is awaiting trial in the EDNY. As we previously reported, two South American soccer officials were convicted in December 2017 and several other executives have pled guilty as part of this long-running investigation into corruption involving FIFA and international soccer.

**Extradition & Extraterritoriality**

**McAfee Antivirus Founder Dead After Spanish Court Orders Extradition to the U.S.** : In June, John McAfee, the founder of the McAfee Associates antivirus software company, was found dead by apparent suicide in his Spanish prison cell shortly after a court ordered him extradited to Tennessee to face tax evasion charges. An indictment was unsealed against McAfee in October 2020, for failing to pay taxes on millions of dollars of income that he earned from promoting cryptocurrencies, consulting, speaking engagements, and selling the rights to his life story for a documentary. McAfee was arrested at an airport in Barcelona that same month and had been detained pending resolution of the extradition proceeding. In March 2021, McAfee was charged in the Southern District of New York (SDNY) with securities fraud and money laundering-related charges for allegedly engaging in a pump-and-dump scheme with cryptocurrencies in which he would purchase inexpensive cryptocurrencies and then promote them on his Twitter feed before selling. The SDNY indictment also alleged that McAfee used his Twitter feed to promote initial coin offerings (ICO) while concealing the fact that the ICO issuers were paying McAfee more than $11 million to promote to products. The 75-year-old already faced decades in prison on the Tennessee tax evasion charges.

**North Korean National Extraded to Face U.S. Money Laundering Charges** : In March, Mun Chol Myung became the first North Korean national extradited to the U.S. after a Malaysian court granted his extradition to face criminal charges that he engaged in a money laundering scheme to provide luxury goods to North Korea and defrauded U.S. banks in violation of U.S. and United Nations sanctions. The indictment further alleges that Mun is connected to the North Korean regime’s Reconnaissance General Bureau intelligence agency, which is subject to U.S. sanctions. Mun had been detained in Malaysia since May 2019. He has pled not guilty to all charges and is awaiting trial.
Private Equity Firm Founder Ordered Extradited to U.S. to Face Fraud-Related Charges: In January, a London judge held that Arif Naqvi, a Pakistani businessman and founder of the Abraaj Group, formerly the largest Middle East private equity firm, could be extradited to the U.S. to face fraud, theft, bribery, and racketeering charges in the SDNY. Naqvi allegedly collected more than $400 million from charitable organizations, misappropriated the funds for personal use and to manage the firm’s insolvency, and made false statements to investors about their investments. The SEC has also filed a civil complaint against Naqvi and the Abraaj Group. Naqvi’s once-influential emerging market investment group collapsed in 2018, with Abraaj owing creditors over $1 billion. Judge Emma Arbuthnot rejected Naqvi’s arguments that extradition would violate his human rights due to the suicide risk posed by the poor conditions of U.S. jails. Naqvi can appeal the decision paving way for his extradition.

Ukrainians Accused of Money Laundering for Cybercriminals Extradited to U.S.: In March, Ukrainian nationals Viktor Vorontsov and Zlata Hanska Muzhuk were extradited from the Czech Republic to Texas to face money laundering conspiracy charges. Prosecutors allege that Vorontosov and Muzhuk are members of a criminal organization that cashed out and laundered $500,000 stolen from victims’ bank accounts by online identity thieves and fraudsters. Czech authorities promptly arrested Vorontosov and Muzhuk at the DOJ’s request in February 2020 and the Czech Ministry of Justice granted their extraditions in January 2021 and December 2020, respectively. Both have made their initial appearances in court, entering not guilty pleas.

Noteworthy Sentencings

CEO Sentenced to 15 Years for Telling Patients Death Was Near in Order to Provide Unnecessary Hospice Care: In February, the CEO of Merida Health Care Group, Inc., Henry McInnis, was sentenced to 15 years in prison for his role in a health care fraud conspiracy. McInnis had been charged with conspiring with others to falsely tell thousands of patients that they had less than six months to live in order to cause them to enroll in hospice programs in order to increase revenue for his company. Following a three-week trial after which he was found guilty, McInnis was sentenced to 180 months and his co-conspirator Rodney Mesquias was sentenced to 20 years in prison. Meanwhile, Jose Garza, another co-conspirator who pled guilty, was sentenced to just over two years in prison, a downward departure from the approximately four to five years recommended in the federal Sentencing Guidelines.

Financial Planner Sentenced to 17 Years in Prison for Defrauding Clients: In March, Anthony Diaz, a certified financial planner, was sentenced to more than 17 years in prison after being convicted at trial of defrauding clients of his financial planning business. According to the indictment, Diaz sold alternative investment products to his clients and failed to explain that these investments lacked liquidity and resale value, causing over two dozen victims to lose between $1.5 and $3.5 million in savings. Diaz also falsified documents to avoid Pennsylvania regulations designed to protect investors. The defense sought a sentence of two-and-a-half to three years, but the government argued for 18 to 20 years, stating that Diaz “remains unrepentant, having enjoyed the luxury of the ill-gotten gains secured through his clients’ misplaced trust in his integrity.”

Editors: Ian A. Herbert, Katherine E. Pappas, Lauren E. Briggerman, Kirby D. Behre

Contributors: Marcus A.R. Childress, Nicole Gökcebay, Nina C. Gupta, Colin J. Handzo, Calvin Lee, Danielle Winston, Sarah Barney,* Connor Farrell,* Helen Mitsuko Marsh*

*Law clerk

The information contained in this communication is not intended as legal advice or as an opinion on specific facts. This information is not intended to create, and receipt of it does not constitute, a lawyer-client relationship. For more information, please contact one of the senders or your existing Miller & Chevalier lawyer contact. The invitation to contact the firm and its lawyers is not to be construed as a solicitation for legal work. Any new lawyer-client relationship will be confirmed in writing.

This, and related communications, are protected by copyright laws and treaties. You may make a single copy for personal use. You may make copies for others, but not for