



SIGTARP

OFFICE OF THE SPECIAL INSPECTOR GENERAL
FOR THE TROUBLED ASSET RELIEF PROGRAM

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

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FORMER LAW FIRM PARTNER CONVICTED OF OBSTRUCTING A FEDERAL INVESTIGATION

Attorney Convicted on All Ten Counts on which He Was Tried

WASHINGTON, DC - The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) and United States Attorney for the Central District of California André Birotte Jr. today announced that a federal district judge in California yesterday convicted a former partner of Nixon Peabody LLP for obstructing a Securities and Exchange Commission ("SEC") investigation into whether one of the law firm's former clients was running a Ponzi scheme.

Following a two-week bench trial, attorney David Tamman, 45, of Santa Monica, was convicted on all ten counts on which he was tried: one count of conspiring to obstruct justice, five counts of altering documents, one count of being an accessory after the fact to co-defendant John Farahi's mail and securities fraud crimes (via NewPoint Financial Services), and three counts of aiding and abetting Farahi's false testimony before the SEC.

"As NewPoint's lawyer, Tamman helped John Farahi violate the most basic investor protection law--that you tell investors the truth," said Christy Romero, Special Inspector General for TARP (SIGTARP). "Tamman created false disclosure documents and engaged in a massive cover-up which aided in hiding a multi-million dollar Ponzi scheme orchestrated by Farahi, who duped investors by falsely claiming to invest in safe, TARP-backed corporate bonds to instead bankroll his lavish lifestyle and high-risk trading which resulted in massive losses for investors and TARP banks. Our key partners, U.S. Attorney André Birotte Jr. and the SEC, took strong action in this case to protect investors in the Los Angeles community and taxpayers who funded TARP, and we will continue to work together to bring justice for crimes related to TARP."

"A case like this reveals the lengths to which those committing frauds will go to conceal their criminal deeds," said United States Attorney André Birotte Jr., whose office prosecuted the case. "It also demonstrates that we will go to equal lengths to overcome these efforts at concealment and cast a bright light on fraudulent schemes that threaten investors and others in today's difficult financial environment."

The evidence at trial showed that immediately after the SEC made a surprise inspection of Farahi's business, Tamman met with Farahi and began altering and backdating documents to make it appear that Farahi had been disclosing to investors that Farahi was himself taking the majority of investors' funds. Those altered documents were later produced to the SEC and falsely represented by Farahi to be the

actual documents that had earlier been given to investors. The evidence at trial also showed that Tamman created and backdated promissory notes and supplemental disclosure documents and lied to his partners and co-counsel about the creation and alteration of documents that the SEC was seeking.

Tamman and Farahi were both originally charged in an indictment returned on December 7, 2011. In June 2012, Farahi pled guilty to charges that he ran a Ponzi scheme, sold unregistered securities, committed bank fraud, and conspired with Tamman to obstruct justice.

Tamman's sentencing is scheduled for February 11, 2013. He faces a statutory maximum sentence of up to 190 years in prison. Farahi's sentencing is scheduled for December 17, 2012. Under the terms of Farahi's plea agreement, the government agreed to recommend a sentence of no more than 10 years in federal prison.

The case against Farahi and Tamman is the result of an investigation by SIGTARP and the Federal Bureau of Investigation. The SEC provided substantial assistance during the investigation. Nixon Peabody provided significant assistance to the government in the course of its investigation and prosecution of this matter.

This prosecution was brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force, which was established to wage an aggressive and coordinated effort to investigate and prosecute financial crimes. SIGTARP is a member of the task force. To learn more about the President's Financial Fraud Enforcement Task Force, please visit www.StopFraud.gov.

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program investigates fraud, waste, and abuse in connection with TARP.

To report suspected illicit activity involving TARP, dial the **SIGTARP Hotline:** 1-877-SIG-2009 (1-877-744-2009).

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