



SIGTARP

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

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

FOR IMMEDIATE RELEASE

Monday, September 23, 2013

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CALIFORNIA ATTORNEY SENTENCED TO SEVEN YEARS IN FEDERAL PRISON FOR OBSTRUCTING INVESTIGATION INTO \$22 MILLION PONZI SCHEME

WASHINGTON, DC - Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and André Birotte Jr., United States Attorney for the Central District of California, today announced that a Santa Monica, Calif., lawyer who was a partner at the Nixon Peabody law firm when he helped obstruct two separate investigations into an investment scheme that ultimately took \$22 million from victims was sentenced this morning to 84 months in federal prison.

Attorney David Tamman, 46, was sentenced by United States District Judge Phillip S. Gutierrez, who also ordered the defendant to pay a \$2,500 fine.

At today's hearing, Judge Gutierrez said that, apart from the magnitude of the fraud Tamman helped cover up, the substantial sentence was warranted by the fact that the defendant lied to the Securities and Exchange Commission, and then compounded the matter by lying during his trial in 2012. Judge Gutierrez further indicated that Tamman's conduct was particularly troubling because he is a lawyer.

Following a bench trial last year, Tamman was found guilty of 10 counts that included obstruction of justice, altering records in a federal investigation, and being an accessory after the fact to the fraud scheme. The evidence presented at the trial showed that Tamman conspired with John Farahi, who operated the Ponzi scheme, to obstruct an SEC investigation into the fraud scheme. Tamman, who was suspended from practicing law earlier this year by the California State Bar, served as outside counsel for Farahi's investment company, New Point Financial Services.

"Today justice was served for Tamman's attempted massive cover-up of John Farahi's multi-million dollar Ponzi scheme in which Farahi lied to investors and claimed that he was investing in safe, TARP-backed corporate bonds," said Christy Romero, Special Inspector General for TARP (SIGTARP). "Contrary to his claims, Farahi used investors' funds to bankroll his lavish lifestyle and high-risk trading which resulted in heavy losses for investors and TARP banks. As Farahi's attorney, Tamman was Farahi's enabler, falsifying and backdating business documents to hide the fraud, and as a result, Tamman will spend the next seven years in federal prison. If you exploit TARP or otherwise help others defraud taxpayers' TARP investments, you'll be held accountable by SIGTARP and our law enforcement partners and be forced to answer for your transgressions."

"Despite being a highly educated lawyer, defendant David Tamman has displayed a remarkable disrespect for the law and the legal system over the course of almost a decade," prosecutors wrote in a sentencing brief that stated Tamman altered documents that caused the National Association of

Securities Dealers (which is now known as FINRA) to close an investigation in 2004, thereby enabling Farahi to continue bilking victims for another five years.

Prosecutors said that in 2009, in response to an investigation being conducted by the Securities and Exchange Commission (SEC), Tamman and Farahi altered and created securities offering documents and promissory notes, as well as lied to the SEC and Tamman's colleagues.

"But even after Farahi's crimes were discovered, [Tamman] still did not stop obstructing justice," prosecutors wrote in their sentencing memo. "In 2011, [Tamman] began obstructing the grand jury's investigation of his own crimes," which included lying to federal investigators, giving "false testimony" at his trial last November, and lying to a Probation Officer who was preparing a pre-sentence report after he was found guilty.

Farahi, a former investment fund manager and radio personality, was sentenced in March to 10 years in federal prison for running the \$22 million scheme (see http://www.sig tarp.gov/Press%20Releases/Farahi_Sentencing_Press_Release.pdf). Farahi, who operated the Beverly Hills-based New Point Financial Services, Inc. and had a regular radio show on KIRN-AM, admitted bilking investors by falsely promising to purchase corporate bonds backed by the Troubled Asset Relief Program (TARP).

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.

The SEC filed a federal civil complaint alleging violations of the federal securities laws against Farahi and others in January 2010. The lawsuit alleged that Farahi and others conducted an unregistered offering fraud aimed at Iranian-Americans in the Los Angeles area (see: <http://www.sec.gov/news/press/2010/2010-3.htm>). The SEC subsequently obtained a permanent injunction, as well as orders freezing Farahi's and New Point's assets and appointing a receiver over New Point Financial Services.

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.

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