

# ***NEWS RELEASE***

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***OFFICE OF THE UNITED STATES ATTORNEY  
SOUTHERN DISTRICT OF CALIFORNIA  
San Diego, California***

***United States Attorney  
Karen P. Hewitt***

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***For Immediate Release***

**NEWS RELEASE SUMMARY** - May 7, 2009

United States Attorney Karen P. Hewitt announced that Todd Smith, a former attorney, pled guilty today in federal court in San Diego before United States Magistrate Judge William McCurine to one count of tax evasion for the 2002 tax year. In his plea, Smith admitted to evading \$60,000 in taxes in 2002 and 2003. The plea is subject to final acceptance by a United States District Court Judge at the time of sentencing

According to documents filed in court, during 2002 and 2003, Smith was a practicing attorney who owned and operated a San Diego-based entity known as Corporate Deposit Program ("CDP"), previously known as Corporate Development Program and Corporate Development Partners. CDP raised capital for target companies through investment funds. It did so, in part, by issuing prospectuses for each investment that misrepresented to investors that the majority of investor funds were being used to acquire stock. In fact, only approximately 25% of the investor funds were used to purchase stock. The majority of investor funds were used to pay commissions and for operating expenses. Smith ended his involvement with CDP in 2003

and began to raise capital for Dermacia (a cosmetic and skin care company), through an entity called Shorepoint Financial (“Shorepoint”). Smith eventually became Vice President and General Counsel of Dermacia.

According to court documents, in 2002 and 2003, Smith received over \$219,000 of taxable income from his activities at CDP and Shorepoint in the form of sales commissions and other payments. In an attempt to evade taxes, Smith caused commission checks to be made payable to his girlfriend (and eventual wife), and to a nominee entity. Smith also never maintained a personal bank account and instead converted the majority of commission checks into either cash or cashiers’ checks and deposited numerous checks into his wife’s checking account to disguise the receipt of taxable income.

Despite his receipt of income, Smith never filed a federal individual income tax return until 2007, after being made aware of the criminal investigation. Smith’s late-filed tax returns were also false in that Smith failed to report taxable income that he received beyond what was reported on Forms 1099 issued to him and filed with the IRS. Smith admitted to evading \$60,000 in tax due and owing to the United States.

Smith is scheduled to appear before a United States District Judge for sentencing on August 3, 2009 at 9:00 a.m.

This case was investigated by agents from the United States Postal Inspection, the Federal Bureau of Investigation, and the Internal Revenue Service-Criminal Investigation and prosecuted by Special Assistant U.S. Attorney Timothy J. Stockwell and Assistant U.S. Attorney Stacey Sullivan.

**DEFENDANT**

**Criminal Case No. 08CR2194-DMS**

Todd Smith

**SUMMARY OF CHARGES**

Title 26, United States Code, Section 7201 - Tax Evasion  
Maximum penalties: Five years in prison and a \$250,000 fine.

**PARTICIPATING AGENCIES**

United States Postal Inspection Service  
Federal Bureau of Investigation  
Internal Revenue Service, Criminal Investigation