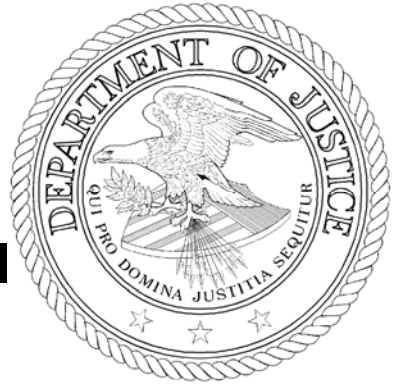


NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

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For Immediate Release

BUSINESSMAN ADMITS TO EVADING PAYMENT OF INCOME TAX ON ALMOST \$4 MILLION IN FUNDS TRACED TO PONZI SCHEME

NEWS RELEASE SUMMARY – October 4, 2012

United States Attorney Laura E. Duffy today announced that Donald E. Lopez has admitted evading the payment of income taxes on more than \$3.94 million in “investor funds” obtained from convicted fraudsters Matthew La Madrid and Moises Pacheco. Lopez took the \$3.94 million out of \$10 million in stolen investor funds that La Madrid sent to Lopez’ company in November 2007. La Madrid and Pacheco are both serving lengthy sentences for orchestrating fraudulent investment, real estate, and mortgage fraud schemes in San Diego.

Appearing before Magistrate Judge Nita L. Stormes, Lopez pled guilty to a one-count felony information charging him with willfully evading income taxes in 2007 by failing to report more than \$3.4

million in taxable income. Lopez also admitted concealing his use of this money and making false representations in United States District Court proceedings in order to conceal from both the Court and the Internal Revenue Service that he had received and spent the \$3.4 in investor funds for his own use and benefit.

This was not the first time Lopez admitted making false representations in Court related to the investor funds he received from La Madrid. On November 13, 2009, Lopez pled guilty to a federal obstruction of justice charge based on false representations to the Court (in a civil case seeking to recover La Madrid investor funds) related to the true location, condition, and disposition of the \$10 million wired by La Madrid to Lopez' company in November 2007.

As revealed in court records, Lopez received the \$10 million by wire transfer from an account controlled by La Madrid at a San Diego branch of the Bank of America on November 14, 2007. The money was identified in other proceedings as investor funds from La Madrid's and Pacheco's fraud schemes. In total, Lopez took for himself approximately \$3.94 million of the \$10 million in 2007 and 2008. Lopez admitted today that, after taking these funds, he did not file tax returns for 2007 and 2008, and knowingly and willfully failed to report the funds as income for those years. As a result, the IRS lost more than \$1.3 million in revenue.

United States Attorney Duffy emphasized that she will aggressively attack all forms of investor fraud and use the full panoply of prosecutorial weapons, including tax charges, that are at her disposal.

Leslie P. DeMarco, Special Agent in Charge of IRS-Criminal Investigation (IRS-CI) Los Angeles Field Office commented, " IRS Criminal Investigation (CI) enforces the nation's tax laws. IRS CI takes particular interest in cases where someone, for their own personal benefit, has taken investor funds from others and failed to pay their taxes. IRS CI will continue to direct our resources at those who willfully and intentionally evade their taxes."

The defendant has been released on bond pending sentencing. The case has been assigned to U.S. District Judge Larry Alan Burns; the guilty plea is not final until it has been accepted by the district court. Lopez is scheduled to be sentenced on December 17, 2012, at 9:30 a.m. before Judge Burns.

DEFENDANT **Case Number: 12CR4033-LAB**

Donald E. Lopez

SUMMARY OF CHARGES

Count 1: Income Tax Evasion, in violation of Title 26, United States Code, Section 7201 - Maximum penalties: Five years in prison, \$250,000 fine, term of supervised release of three years, restitution, and \$100 special assessment.

INVESTIGATING AGENCIES

Internal Revenue Service - Criminal Investigation