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FOR IMMEDIATE RELEASE
FEBRUARY 5, 2010

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**TWO FORMER INVESTMENT ADVISORS SENTENCED IN MANHATTAN
FEDERAL COURT TO NINE AND FIVE YEARS PRISON
FOR MULTIMILLION-DOLLAR FRAUD**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that ALBERTO W. VILAR and GARY A. TANAKA, the former owners of Amerindo Investment Advisors, were sentenced today to nine and five years in prison, respectively, on charges stemming from a multimillion-dollar scheme to defraud investors. VILAR and TANAKA were sentenced in Manhattan federal court by United States District Judge RICHARD J. SULLIVAN, who presided over the nine-week jury trial at which VILAR and TANAKA were convicted.

According to the evidence at trial and statements made during today's sentencing:

Amerindo Investment Advisors was a financial services company that offered investment adviser services to institutional and private investors. Beginning in 1986, VILAR and TANAKA engaged in a fraudulent investment scheme involving three entities -- Amerindo US, Amerindo UK, and Amerindo Panama -- and encouraged victims to invest funds in, among other things, a product known as the "Guaranteed Fixed Rate Deposit Account" ("GFRDA"). While doing so, VILAR and TANAKA represented to their victims that the GFRDA would provide a fixed-rate of interest for a fixed-term, and that the majority of the GFRDA funds would be invested in high quality, short-term deposits, including United States Treasury bills and other safe debt securities.

Based on VILAR and TANAKA's representations, numerous victims invested millions of dollars in GFRDAs. Contrary to their representations, however, VILAR and TANAKA invested all of the GFRDA victims' funds in risky, volatile high technology and biotechnology stocks. Following the "bursting" of the Internet bubble in the fall of 2000, VILAR and TANAKA were unable to repay

GFRDA investors. As a consequence, several victims lost millions of dollars.

In June 2002, VILAR induced LILY CATES, a long-standing client of VILAR and TANAKA, to invest \$5 million in a purported Amerindo Small Business Investment Company ("SBIC"). Shortly afterward, in order to meet personal and corporate obligations, VILAR and TANAKA misappropriated CATES's \$5 million investment by transferring \$1 million to a personal bank account held by VILAR, which VILAR then used for a variety of personal expenses, including a \$540,000 charitable contribution to his college alma mater. VILAR and TANAKA used approximately \$650,000 to pay for various Amerindo business expenses, and VILAR and TANAKA wired approximately \$2.85 million to an account in Luxembourg to repay a GFRDA investor, named BEULAH BIRRD. VILAR and TANAKA had entered into a settlement agreement with BIRRD for the repayment of her \$6 million investment in an Amerindo GFRDA.

In September 2003, TANAKA ordered his assistant to cut-and-paste the signature of CATES from one document onto another document, in order to make it appear as if CATES had authorized the transfer of \$250,000 from her account into an account controlled by the defendants. The next day, TANAKA moved that money into one of VILAR's personal bank accounts. In August 2004, VILAR and TANAKA stole an additional \$175,000 from CATES through an unauthorized wire transfer.

In May 2005, following a complaint by CATES to the United States Securities and Exchange Commission ("SEC") about VILAR and TANAKA's theft of her funds, VILAR sent a letter to the SEC falsely stating, among other things, that CATES had never been a client of VILAR and TANAKA.

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In addition to the terms of imprisonment, VILAR, 69, of New York, New York, and TANAKA, 66, of London, England, were fined \$25,000 and \$20,000, respectively.

In sentencing VILAR, Judge SULLIVAN said: "People need to be able to trust their financial advisers. [. . .] If their financial advisers are out for themselves, primarily, and use the assets of their clients as though they are their own, that undermines confidence in an entire sector - and that is dangerous.

U.S. Attorney PREET BHARARA said, "The proper functioning of our capital markets requires the integrity of its

participants. Too often we see investors victimized by professionals who publicly present an image of corporate propriety, but privately perpetrate fraud. Alberto Vilar and Gary Tanaka have finally been held accountable for their criminal acts and betrayal of their clients' trust. We will continue to work with our partners at the U.S. Postal Inspection Service and the SEC to pursue financial fraudsters and bring justice to their victims."

Mr. BHARARA praised the investigative work of the U.S. Postal Inspection Service. He also thanked the SEC and the International Assistance Unit of the United Kingdom Metropolitan Police in London for their assistance in this case.

Assistant United States Attorneys MARC LITT, BENJAMIN NAFTALIS, and AMY LESTER are in charge of the prosecution.

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