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News Release

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Minneapolis family members plead guilty to their roles in fraud scheme

Two members of a Minneapolis family who had been indicted with their daughter in an alleged fraud scheme involving the sale of sham investment programs pleaded guilty today in federal court. Nghia Trong Dao, unknown age, and his wife, Thu Nguyet Le, 52, each pleaded guilty to one count of filing a false tax return.

Their daughter, Kalin Thanh Dao, 32, pleaded guilty on May 28 to one count of conspiracy to commit mail and wire fraud and one count of engaging in monetary transactions in criminally derived property of a value greater than \$10,000. All three were indicted on Feb. 20, and all three pleas were entered before United States District Court Judge Joan Ericksen.

According to their respective plea agreements, Nghia Dao admitted that he filed 2006 and 2007 Federal Income Tax Returns with false material items. In both returns, he admitted claiming self-employed business losses for an entity over which he had no ownership or control. The business was owned and controlled by Kalin Dao. For 2006, Nghia Dao claimed a business loss of \$924,100 and in 2007 claimed a business loss of more than \$1.9 million.

By falsely claiming these business losses, Nghia Dao eliminated his taxable income and his tax due.

Le also admitted that she filed false tax returns in 2005, 2006 and 2007 by falsely claiming single, head of household status, and by falsely claiming Kalin Dao as an exemption. By falsely claiming single, head of household status and falsely claiming her daughter as an exemption, Le reduced her taxable income and her tax due.

In her plea agreement, Kalin Dao admitted that she created four companies – TD Financial Services, NLC Financial Services, TD/NLC Financial and NLC Venture Group. The purpose of these companies was to provide financial and investor services, specifically investments in securities and other investment opportunities. Kalin Dao was the CEO, principal officer and president of the corporations.

Kalin Dao admitted that from April 2006 through September 2008 she knowingly and voluntarily devised and executed a scheme to defraud and to obtain money and property by means of false and fraudulent pretenses. Dao admitted to selling sham investment programs through TD/NLC Financial, and those programs were fraudulent investments in securities, real estate, entertainment promotions and commodities. Instead of investing the investors' funds as promised, Kalin Dao diverted substantial amounts of the funds for her own purposes, including gambling, lulling payments and personal expenses. She also admitted that the fraud was between \$2.5 and \$7 million.

Investors were promised that their money would be placed in investment programs targeted within specific markets and industries. Investors were also told that Kalin Dao had a "partner" who held a seat on the New York Stock Exchange, had contacts in the emerging Asian markets who had "inside" information, and was associated with various Las Vegas casinos.

Investors were also told that Kalin Dao had developed an exclusive investment software program to determine the best time to buy and sell the investments to achieve the maximum returns, and that the returns would be as high as 2,200 percent during the course of 18 months.

Kalin Dao admitted that she solicited investors by displaying a Web site, and posting current and past investor testimonials detailing the purported investments, the potential returns, and the purported past performance of the companies' programs. She also admitted using the U.S. Mail, interstate couriers and interstate wire communications to provide investors with fraudulent monthly account statements, which furthered the scheme by lulling investors into believing their funds were safe, secure and earning the promised returns.

Kalin Dao admitted that on March 2, 2007, she wire transferred \$20,000 in proceeds of the fraud to the personal bank account of a co-conspirator.

Kalin Dao faces a potential maximum penalty of five years in prison on the conspiracy count and 10 years on the money laundering count. Nghia Dao and Le each face a potential maximum penalty of three years. Judge Ericksen will determine their sentences at a future date.

This case is the result of an investigation by the U.S. Postal Inspection Service and the Internal Revenue Service-Criminal Investigation Division. It is being prosecuted by Assistant U.S. Attorneys James E. Lackner and John R. Marti.