

NEWS RELEASE



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For Immediate Release

SAN DIEGO CFO SENTENCED FOR EMBEZZLING OVER \$1 MILLION TO FUND FLEDGLING PROFESSIONAL FOOTBALL LEAGUE

MAN ALSO FALSIFIED TAX RETURNS TO CONCEAL THE THEFT

NEWS RELEASE SUMMARY – November 4, 2013

United States Attorney Laura E. Duffy announced that Jaime Cuadra, the former Chief Financial Officer of Oceanic Enterprises, Inc., was sentenced today by United States District Judge Marilyn L. Huff to serve 41 months in custody based on his conviction of wire fraud and filing a false federal income tax return. The charges stemmed from Cuadra's embezzlement of \$1,089,813.26 from Oceanic and its parent company, Umami Sustainable Seafood, Inc., a San Diego-based, publically traded company. Judge Huff also ordered Cuadra to pay back the \$1,089,813.26 stolen from Umami and to pay \$387,347.58 in back taxes to the Internal Revenue Service.

According to court documents, Cuadra embezzled the money from 2010 to 2013, by taking

advantage of his access to one of Oceanic's business accounts as the company's CFO. In his guilty plea, Cuadra admitted that he carried out the scheme, in part, by falsifying Oceanic's financial records by coding illicit transfers and expenditures as legitimate business expenses.

Court records show that during the period of the fraud, Cuadra not only served as Oceanic's CFO, but also as the President and CEO of a fledgling football league. As a result of this conviction, Cuadra resigned from both organizations. Cuadra converted Oceanic's funds to financially support the football league as well as for his personal benefit. Specifically, Cuadra used stolen funds to develop the football league and attract investors by paying league executives, as well as the league's marketing, consulting, and public relations fees. For example, Cuadra directed over \$200,000 to a woman who served as the league's Chief Marketing Officer and Executive Vice President at the time. Cuadra's use of embezzled funds for his personal expenditures included: (1) support for other outside business ventures (including a T-shirt business); (2) leasing a Porsche Cayenne; (3) travel, hotels, and meals; (4) a variety of miscellaneous purchases, including artwork, designer clothing, computers and entertainment systems, and tickets to sporting events; and (5) transfers to several personal accounts.

Court documents also described Cuadra's falsification of his tax returns during the years in which he defrauded Oceanic and Umami. In particular, Cuadra failed to report his embezzled income on his 2010, 2011, and 2012 federal tax returns. And, in one instance, he wrote off an expense he had paid with embezzled funds as a "partnership loss," which further reduced his adjusted gross income. In his guilty plea, Cuadra admitted that his false tax returns resulted in a cumulative tax loss of \$387,347.58.

United States Attorney Laura E. Duffy praised the hard work of the agents from the Federal Bureau of Investigation and the Internal Revenue Service and reiterated her support of financial-crime prosecutions: "Mr. Cuadra's brazen theft of corporate funds from one of our local companies was born from base motives – ego and greed. Such crimes shake the foundations of our businesses and cause investors to lose confidence in the markets. Our office will forge ahead with our commitment to investigate and prosecute this sort of fraud wherever it may occur."

FBI Special Agent in Charge, Daphne Hearn, commented, "This case is about greed and taking advantage of a position of trust. Mr. Cuadra betrayed the trust of the company's investors and then tried to cover it up by falsifying corporate financial records. Today's sentencing should send a clear message that the FBI will continue to work with the U.S. Attorney's Office and our law enforcement partners to protect the American public from insider corporate fraud."

"Jaime Cuadra used his position of trust as the CFO of Oceanic Enterprises and Umami Sustainable Seafood to defraud them of over \$1 million and failed to report his embezzled funds to the Internal Revenue Service," said Joel P. Garland, IRS Criminal Investigation Acting Special Agent in Charge, Los Angeles Field Office. "Cuadra's crimes caused a tax loss of more than \$387,000. As a result, his future includes a period of imprisonment, being branded a convicted felon for the rest of his life, and paying restitution for all the taxes owed (plus penalties and interest). Today's sentencing of Jaime Cuadra emphasizes IRS Criminal Investigation's aggressive pursuit of those who methodically use their position of trust to commit tax crimes for their own personal benefit."

DEFENDANT **Criminal Case No. 13CR2298-H**

Jaime Cuadra

SUMMARY OF CHARGES

Count 1: Title 18, United States Code, Section 1343 – Wire Fraud

Count 2: Title 26, United States Code, Section 7206(1) – Filing a False Federal Income Tax Return

INVESTIGATING AGENCIES:

Federal Bureau of Investigation
Internal Revenue Service