

# ***NEWS RELEASE***

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## ***OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA***

***San Diego, California***

***United States Attorney  
Laura E. Duffy***

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***For Immediate Release***

### **ATTORNEY SENTENCED FOR COVERING-UP AND PROFITING FROM CLIENT'S PONZI SCHEME**

#### **NEWS RELEASE SUMMARY - January 3, 2011**

United States Attorney Laura E. Duffy announced that Escondido attorney Gustav G. Bujkovsky was sentenced today by United States District Court Judge Larry A. Burns to serve 12 months in federal prison and ordered to pay \$76,800 in restitution for his role concealing proceeds of a Ponzi scheme operated by his client, Mohit Khanna ("Khanna"), and Khanna's business, Mak 1 Enterprises ("MAK 1"). Bujkovsky had previously pled guilty on August 31, 2010 to an Information charging him with one count of obstruction of justice and one count of tax evasion. The defendant was remanded into custody immediately after receiving his sentence.

According to the plea agreement and various court records, between 2004 and 2009, Khanna solicited millions of dollars from members of the public by falsely claiming that he was engaged in a foreign currency trading program. The scheme collapsed in or about August 2009 when Khanna was unable to repay investors. Thereafter, the United States Securities & Exchange Commission ("SEC") initiated a formal investigation.

Bujkovsky, an attorney, defended Khanna and MAK 1 in connection with civil lawsuits filed by the SEC and a group of investors who lost money in Khanna's Ponzi scheme.

Bujkovsky obstructed justice by, among other things, concealing MAK 1 investor funds in his attorney-client trust account and lying to federal regulators about Khanna. In order to prevent victim investors from locating monies they had entrusted to Khanna, Bujkovsky deposited \$1,562,000 of MAK 1 investor funds into his attorney-client trust account between April and August 2009. During that same time period, Bujkovsky disbursed to Khanna and his designees \$981,600 of the MAK 1 investor funds he had just deposited into his attorney-client trust account.

Additionally, Bujkovsky transferred \$368,000 of the MAK 1 investor funds from his attorney-client trust account to several bank accounts that he controlled. Bujkovsky then used these investor funds to pay personal expenses he (and his wife) had incurred, including the repayment of a loan Bujkovsky owed to his father-in-law. Although the improper use of these funds resulted in additional income to Bujkovsky and his wife, he did not file a federal income tax return for the year 2009 and thereby willfully evaded over \$76,000 in taxes.

In connection with his plea of guilty to obstruction of justice, Bujkovsky admitted that in or around July 2009, he learned that the SEC was investigating Khanna and the MAK 1 Ponzi scheme. On or about July 7, 2009, Khanna was personally served with an SEC subpoena requiring him to appear before the SEC to produce records and give testimony. After being advised of this subpoena, Bujkovsky told Khanna to flee San Diego and travel to India, so he would not have to attend the SEC testimony or produce records. After Khanna left for India, Bujkovsky obtained two continuances of Khanna's testimony by intentionally misleading the SEC into believing that Khanna would appear for testimony if the SEC rescheduled it for July 21, 2009. On July 21, 2009, Bujkovsky left a telephone message with the SEC attorney conducting the agency's investigation, claiming to be ignorant of Khanna's whereabouts. In fact, however, Bujkovsky knew that Khanna had fled to India on Bujkovsky's advice in order to avoid the SEC's subpoena.

One month later, on August 20, 2009, Bujkovsky was personally served with a Temporary Restraining Order ("TRO") issued by United States District Court Judge Roger T. Benitez in the case SEC

v. Mohit Khanna, et al., 09cv1784-BEN (S.D. Cal.). The TRO froze all of the assets and accounts of Khanna, MAK 1, their affiliates and attorneys. In response to the TRO, Bujkovsky falsely claimed that he did not have any MAK 1 funds remaining in his attorney-client trust account. In fact, however, Bujkovsky was continuing to conceal \$459,508.12 in MAK 1 funds in his account. Instead of maintaining these funds for defrauded investors, Bujkovsky created and back-dated a fictitious, non-refundable retainer agreement which falsely claimed that he was entitled to \$300,000 for legal services he allegedly provided between April 2009 and August 2009. Bujkovsky later presented this fictitious retainer agreement to the District Court and the Court-appointed Receiver in order to justify his attempt to keep \$300,000 of MAK 1 investor funds remaining in his attorney-client trust account.

Bujkovsky is the second defendant sentenced for his role in a MAK 1-related scheme. On November 15, 2010, Khanna was sentenced to serve 41 months in custody. Sentencing for Randolph Hirsch, an accountant who falsely verified MAK 1 account balances, is scheduled for January 24, 2011.

United States Attorney Duffy thanked the Federal Bureau of Investigation, Internal Revenue Service, Criminal Investigation, and United States Postal Inspection Service for their assistance in promptly investigating and prosecuting the MAK 1-related cases. United States Attorney Duffy also expressed her appreciation to the United States Securities and Exchange Commission, Division of Enforcement, for its cooperation and assistance.

**DEFENDANT**

**Case Number: 10cr3467-LAB**

Gustav G. Bujkovsky

**SUMMARY OF CHARGES**

Count 1:	Title 18, United States Code, Section 1505 (Obstruction of Justice)
Count 2	Title 26, United States Code, Section 7201 (Income Tax Evasion)

**AGENCIES**

Federal Bureau of Investigation  
Internal Revenue Service - Criminal Investigation

United States Postal Inspection Service