



UNITED STATES POSTAL INSPECTION SERVICE

LOS ANGELES DIVISION

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NEWS RELEASE

FOR IMMEDIATE RELEASE

Former PowerSource CEO Convicted in Multi-Million Dollar Scam

The head of a defunct California power company was found guilty in federal court Monday of fraud.

Illya Bond, the chief executive officer of PowerSource Corporation, was the eighth person convicted in connection with PowerSource. The case was jointly investigated by the United States Postal Inspection Service, the FBI, and the Federal Trade Commission, and the prosecution was handled by the United States Department of Justice's Office of Consumer Litigation.

Bond, 56, was convicted of seven counts of mail fraud, three counts of wire fraud, one count of conspiracy, and one count of making a false statement to the FBI. He faces up to five years in prison for each charge when he is sentenced on April 3 by U.S. District Court Judge Percy Anderson.

Los Angeles-based PowerSource was one of a host of "energy service providers" that entered California's newly deregulated electricity industry in 1998. PowerSource went out of business in 2001 and investors lost the nearly \$2.5 million they had invested.

According to evidence introduced during the two-week trial, Bond helped create fraudulent sales materials that were provided to investors. The sales materials hid the fact that 61% of investments went to sales commissions, listed impressive resumes for individuals who supposedly sat on an "Executive Utility Committee" that did not actually exist, claimed that the start-up company had 10 years of experience, and contained exaggerated profit projections.

The evidence at trial also indicated that Bond made numerous misstatements during telephone conference calls with investors. Some of the victims made additional investments following those conference calls.

The scheme used spam email, an Internet website, and fraudulent telemarketing sales calls to lure in victims across the country. The investors purchased \$10,000 units in a series of limited liability partnerships that were supposed to finance PowerSource.

PowerSource's president, E. Douglas Mitchell, of San Marcos, Calif., was convicted of similar charges after a trial in 2004 in Fort Lauderdale, Florida. Mitchell died before sentencing. Three other men from southern California - Ronald W. Johnson of Rancho Santa Margarita, James V. Miles of Bakersfield, and Gary Spink of Menifee - and three individuals from Florida who were involved in the telemarketing of the investments pled guilty and are currently in federal prison or have completed their prison terms.

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