

# ***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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*Assistant U. S. Attorney Stephen P. Clark (619) 546-6761*

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*For Immediate Release*

## **RECIPIENT OF PONZI SCHEMER'S FUNDS SENTENCED TO 57 MONTHS IN CUSTODY FOR EVADING MORE THAN \$1 MILLION IN INCOME TAXES**

**NEWS RELEASE SUMMARY** – February 4, 2013

United States Attorney Laura E. Duffy announced that Donald E. Lopez was sentenced today in federal court in San Diego to serve 57 months in custody for tax evasion stemming from his willful failure to pay income taxes the more than \$3.94 million in funds he received from convicted Ponzi-scheme operator Matthew La Madrid. U.S. District Judge Larry Alan Burns ordered Lopez immediately into custody, and directed him to pay \$1,345,693.26 in restitution to the Internal Revenue Service for his crimes. Lopez had previously pled guilty to a one-count felony information charging him with willfully evaded income taxes on this \$3.94 million in revenue, his concealment of his use of the money, and his false representations in court proceedings in San Diego in order to conceal the fact that he had received and spent the money for his own use and benefit.

As outlined in Lopez's plea agreement and other court records, the funds Lopez concealed were part of a \$10 million transfer La Madrid had made to Lopez's company in November 2007, as part of La Madrid's fraudulent investment, real estate, and mortgage fraud schemes. The money was identified in other proceedings as investor funds from La Madrid's and related fraud schemes. La Madrid has already been sentenced to serve ten years in prison for orchestrating these schemes, which included sending these funds to Lopez without his client's knowledge or consent.

In connection with his plea to tax evasion, Lopez admitted that, after taking these funds, he did not file tax returns for 2007 and 2008, and knowingly and willfully failed to report the funds as income for those years. As a result, the IRS lost more than \$1.3 million in tax revenue.

Previously, on November 13, 2009, Lopez had pled guilty to a federal obstruction of justice charge based on his false representations in a civil case filed in the United States District Court for the Southern District of California, seeking to recover La Madrid investor funds. Lopez admitted in that proceeding that he sought to conceal from the Court and the IRS the true location, condition, and disposition of the \$10 million wired by La Madrid to Lopez's company in November 2007. Lopez had served a 15 month sentence on the obstruction of justice conviction before being charged last year with tax evasion.

**DEFENDANT**      **Case Number: 12CR4033-LAB**

Donald E. Lopez

**SUMMARY OF CHARGE**

Income Tax Evasion, in violation of Title 26, United States Code, Section 7201

**INVESTIGATING AGENCY**

Internal Revenue Service - Criminal Investigation